

Need of standard measurement units for timber sales in Mufindi, Njombe and Kilolo Districts



Market-oriented agriculture calls for a competitive and commercial approach to farming. This approach has become a major development strategy in most developing nations, including Tanzania. A study has reviewed the units used to measure timber in the Districts of Mufindi, Njombe and Kilolo. The purpose of the study was to gather data to influence Local Government Authorities (LGAs) to develop by-laws with guidelines on how to measure timber so that dealers get more value for the quantities of timber they sell.

FACTS

The measurement units commonly used in the timber market are: 'pieces', 'cubic meters/cubic feet', and 'running meters/feet.' A majority (88%) of dealers use 'pieces' even though this is not recommended for timber marketing. Analysis from the study shows the following:

- Dealers selling timber by the cubic meter gain 50% more profit than those selling timber per piece.
- Dealers selling timber by the running meter gain 39% more profit than those selling timber per piece.
- Losses from selling timber per piece are significant, justifying the need to amend timber by-laws in each District.
- With timber measurement by the cubic meter, Local Government Revenue will also increase, from nearly TZS 600 million (USD 375,000) to TZS 1,2 billion (USD 750,000) annually.
- One cubic meter of timber is sold at prices between TZS 360,000 and TZS 450,000.
- Cess (a Local Government crop levy) is charged at 5% of the purchase price.



Proper use of measurements will benefit traders and local revenue income.

Absence of Standard Measure Use cause serious losses

Losses incurred when selling timber per piece instead of per running meter or cubic meter are shown below:

| Wood size in inches | Average price per piece (in Tanzanian shillings) | Indicative loss per piece for selling timber per piece instead of per running meter (in Tanzanian shillings) | Indicative loss per piece for selling timber per piece instead of per cubic meter (in Tanzanian shillings) |
|---------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 1 x 4 | TZS 2,000 | TZS 305 ± 47 | TZS 761 ± 139 |
| 1 x 6 | TZS 3,000 | TZS 2,096 ± 52 | TZS 2,918 ± 155 |
| 1 x 8 | TZS 7,000 | TZS 1,053 ± 49 | TZS 1,810 ± 322 |
| 2 x 3 | TZS 3,250 | TZS 2,669 ± 44 | TZS 1,863 ± 212 |
| 2 x 4 | TZS 4,000 | TZS 3,783 ± 77 | TZS 3,376 ± 202 |
| 2 x 6 | TZS 7,000 | TZS 2,210 ± 138 | TZS 3,772 ± 311 |

- Annual loss of Local Government Revenue when using pieces instead of running meters is estimated to be approximately TZS 232 million, which equals USD 145,000.
- Annual loss when using pieces instead of cubic meters is estimated to be approximately TZS 603 million, which equals USD 377,000.

Costs of lack and poor use of standard measures

- Use of non-standard measures adds cost in terms of time and depreciation of machines and tools.
- Relatively low tree-farm gate prices ranging between TZS 3,000 and TZS 5,000 per piece.
- Loss of Local Government Revenue.
- Smallholder tree growers are being discouraged to grow trees due to low profits.



Farm gate prices need to be increased

Main challenges and impacts

- Most smallholder tree growers sell standing trees without the use of any standard measurements. The buyer has more control of the selling price.
- Use of non-standard measures leads to conflict of structural dimensions.
- LGAs usually charge CESS from all crops, including trees harvested on farms.



Sawn and treated timber from Mufindi

Outcome of lack and poor use of standards

- Low farm gate price of trees, ranging between TZS 3,000 and TZS 5,000 per piece, especially in Kilolo District.
- A mismatch between what constructors expect and what they actually receive, affecting their structural plans.
- Legal confusion as a result of Local Government charging a crop cess on timber. Timber is a secondary product and should draw a tax, not a crop CESS.



Capital loss on wheels

What should be done?

- Smallholder timber dealers and buyers should think of shifting to a measurement unit which benefits both sides.
- The timber harvesting committee in each District should pay more attention to smallholder woodlots to make sure that they comply with guidelines for harvesting, processing and selling timber.
- Tree growers should join together in cooperatives to oversee timber marketing.

POLICY CHANGES ADVOCATED

*“District Councils should collaborate with TCCIA to review and amend existing **by-laws** to make sure they comply with major forest laws, regulations and guidelines.”*

*“New **forestry policies, laws and guidelines** should address private tree growers (especially smallholder woodlot owners) and emphasize standard measurement units.”*

For more information:

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