

# TAKING THE RISK OUT OF CONVERSION: ENSURING YOU GET PAID FOR WHAT YOU DELIVER

TLA Editorial



In BC, the forest industry operates by the cubic metre. The AAC (allowable annual cut) allows for the harvest of a set number of cubic metres annually; companies are allocated a portion of those cubic metres via tenure; sawmill efficiency is measured in board feet per cubic metre of log processed and most logging rates are based upon a dollar per cubic metre of delivered wood.

The measurement of cubic metres, however, is costly and to reduce costs in an effort to stay globally competitive, delivered logs are typi-

cally weighed (which is much less costly) and a small, statistically significant sample of the logs are then measured to determine cubic metres. These samples are then used to determine the conversion from weight to cubic metres for all loads not sampled.

In the BC Interior, some loggers and many truckers are paid by the tonne, as opposed to the cubic metre. When a load of logs crosses the scale, the driver knows immediately what he is being paid. The same cannot be said for a contractor being paid by the cubic metre. When they deliver a load to a mill or

when they dump a bundle of logs in the water, they must wait for the conversion to take place to understand just how many cubic metres they delivered.

The use of the weight scaling and sampling approach to the measurement of total cubic metres, which is being adopted more broadly on the coast, is a valid way to determine the volume harvested in large, stable populations of trees. This approach is therefore appropriate in its dominant use in the BC Interior where the species harvested are few and the weight to volume conversion is rather stable. It also has application to homoge-





neous populations of logs on the coast.

However, adoption of weight scaling on the coast has resulted in a noticeable inequity between some loggers who deliver logs of the same stratum for weight scaling. Underlying this inequity is the reality that not all coastal logs of the same species and quality (i.e. the stratum) weigh the same amount based on their specific gravity and moisture content, both of which can be affected by where the trees grow and the time of year they are harvested.

By broadly sampling the population of all loads delivered of the same stratum,

it is assumed that the variability in the weight to volume ratio are accounted for and for the entire stratum, the derivation of total cubic metres is reasonable. Frequently, however, there are winners and losers depending on the actual weight of the logs delivered by an individual contractor to a sample stratum that is large and potentially variable.

The underlying issue for individual coastal contractors is that when scaling stratum are designed to address government requirements for accuracy, cut control and stumpage payments—while at the same time attempting to gain

some efficiencies in the number of (costly) samples that are taken by creating large stratum—it is virtually impossible for an individual contractor to track which samples apply to the logs they have delivered, what the conversion to cubic metres is and whether or not it is reasonable given the logs they are delivering. As a result, they are unsure if they are being paid correctly for the logs they deliver.

So, while the current process results in accurate estimates of volume harvested for the purposes of





One key factor that may vary the weight to volume conversion is the length of time logs have been on the ground before they are weighed, as this significantly impacts drying and thus the weight of the log.

cut control compliance and stumpage, when the results are applied to individual contractors that are delivering logs to a large stratum, some may get paid

more and some get paid less depending on the physical characteristics and weight of the trees they are harvesting. An example of a key factor that may

vary the weight to volume conversion is the length of time logs have been on the ground before they are weighed, as this significantly impacts drying and as



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a result, the weight of the logs. This is of particular concern in second-growth hemlock loads.

A second solution being put forward by many is the idea of simply paying loggers by the tonne of logs they deliver

The solution would be to simply set rates by species and then adjust tonnes delivered based on the species scale since there are few problems in distinguishing species on the sort.

**To add to the frustration, the major companies are rarely transparent with respect to data being used to determine the weight to volume conversion.**

This situation is then compounded for those operations where logs are dumped and towed to a central sort for scaling. It is very common for booms to break up or bundles to break as they are dewatered. With almost total certainty, not all of the logs delivered make it to the sort for scaling in these instances. The result is, again, not being paid correctly for all the logs the contractor delivered.

To add to the frustration, the major companies are rarely transparent with respect to the data being used to determine the weight to volume conversion.

The obvious solution to this dilemma would be to implement a sample scaling regime that ensures all logs delivered by all contractors are fairly represented in the sample plan. Alternatively, scaling for contractor payment purposes could be separated from scaling for government reporting as is commonly done in Alberta.

where weight scaling is being utilized, rather than by the cubic metre. In New Zealand, virtually all contractors are paid by the tonne for wood they harvest and deliver. While this may require the installation of scales at all log dumps, it would certainly eliminate the lack of transparency and frustration contractors experience with the current process. In both cases, when logs are delivered or when logs are bundled for tow and weighed, the contractor knows immediately what they are being paid.

Critics of this idea point to the fact that each species of log has a different density and weight and with a single dollar per tonne rate, the logger would be inclined to focus on heavier logs. For example, the same volume of hemlock weighs more than a comparable volume of cedar and the moisture content could impact the results with either species.

While the jury is out on whether this approach to contractor rates would work, it is clear that the current process implemented to reduce costs of scaling results in a severe lack of transparency in how the conversion is done and there are many contractors not being paid for what they deliver because weight of log loss or variability within sample stratum.

At a time when contractor sustainability is at the forefront of the industry, ensuring payment for all logs delivered is key to ensuring not only contractor sustainability, but the sustainability of the industry as a whole.▲

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