LOG SCALING STUDY

Final Report to the 52nd
Montana State Legislature

Prepared by the Environmental Quality Council,
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I. INTRODUCTION

This is the Environmental Quality Council's final report to the 52nd Legislature regarding the EQC Log Scaling Study. While making no recommendations regarding log scaling practices in Montana, the Council believes that the study provided a needed forum for interested persons to discuss the issues in an open and informal fashion.

This report will briefly review the background and purpose of the study and present a summary of the public comments received by the Council. A brief review of log scaling programs in neighboring states is also provided. The Council hopes that this report will lead to a better understanding of the issues involved.

A. Background

Log scaling, in brief, is the measuring of a log to determine the amount of timber in that log. A number of different units of measurement exist but the most common is the "board foot", i.e. a piece of timber one foot long, one foot wide and one inch thick. Loggers, and for the purposes of this report the term "loggers" includes anyone whose financial return depends directly on log scale, have expressed concern about the accuracy of log scaling in Montana.

Bills authorizing state regulation of log scaling have been introduced during past legislative sessions, but none have been enacted.

The 45th Legislature (1975) requested that the Legislative Council prepare a memo detailing log scaling practices in other timber producing states and outlining potential log scaling regulatory programs. No legislative action followed.

A proposal requesting an interim study to:

> . . . undertake a comprehensive study of log scaling in Montana to determine the practicality of establishing a certification procedure for scalers in Montana, acceptable uniform standards of measurements, and regulatory procedures for log scaling. . . .;

was defeated in the 47th Legislature (1981).

Lastly, the 51st Legislature (1989) appropriated $5,000 to the Environmental Quality Council:

> (f)or the purposes of conducting public hearings on problems associated with log scaling practices and their effects on the economic health of the timber industry and on the timber resource in Montana . . . .

B. Purpose

Working within the broad guidelines set by the 51st Legislature, the Council developed a three phase log scaling study plan.

The goals of the study were to:

1. provide a public forum for interested Montanans to convey their views on log scaling issues to Council members;

2. generate information on current log scaling regulations in other timber producing states; and

3. ensure that log scaling practices are conducted in a manner that is consistent and fair to all persons involved.

C. Study Structure

The first phase of the study involved gathering information on current log scaling practices in Montana and framing issues that would be addressed by participants at the public meetings. The Council hoped that by stating and publicizing the relevant issues, the public meetings would be more focused and more productive.

The following is an excerpt from the public meeting notices:

The purpose of the public hearings is to provide a public forum for interested people to present their views on log scaling to the Council. The Council will use these hearings to decide what further action is needed on this matter during the 1991 legislative session. Anyone having an interest in log scaling issues is strongly encouraged to attend. The involvement of people affected by log scaling is crucial to the success of this study.

The study is currently focused on the following questions. These questions should be used only as a starting point for the public hearings. If there are other areas of concern involving log scaling in Montana it is important to let the Council know.

1. *Are log scaling practices inconsistent in Montana?*
2. *If log scaling practices are inconsistent, where are the problems? Is scaling inconsistent -*
   - A. *Within the mills?*
   - B. *Between the mills?*
   - C. *Between federal, state and private scalers?*
3. *What is causing the inconsistency?*
   - A. *Type of scale used?*
   - B. *Harvesting of smaller timber?*
   - C. *Inadequate scaling?*
   - D. *Intentional mis-scaling?*
4. *How widespread is the problem?*
   - A. *Mainly a small mill problem?*
   - B. *Mainly a large mill problem?*
   - C. *Is the problem occurring statewide or is it localized or isolated?*
5. *How can the problem be corrected?*
   - A. *Changing to cubic and/or weight scale?*
   - B. *Independent check scaler program?*
   - C. *Increased flexibility in mill contracts?*
6. *Who should correct the problem, and who pays?*
   - A. *Voluntary agreement within the timber industry?*
   - B. *State regulatory program?*
7. *If log scaling practices are not inconsistent, can the perception of inconsistency be removed by increased communication within the timber industry?*
8. *Are there other concerns with log scaling that should be addressed?*

The second study phase consisted of scheduling, publicizing and conducting the three public meetings. The Council attempted to ensure that the meetings were well publicized by sending out press releases to all area radio and television stations, weekly and daily newspapers, and timber trade publications. Information regarding the meetings was also sent to all interested persons on the Council mailing list. The meetings were all scheduled for Saturday mornings to facilitate maximum participation by interested persons.

The following is a summary of meeting locations, dates and approximate attendance:

Location	Date	Approximate Public Attendance
Missoula	April 28th	75
Livingston	June 16th	25
Kalispell	August 4th	25

Different reasons for the relatively low attendance in Livingston and Kalispell have been suggested. Some observers believe that any problem, perceived or actual, with log scaling is a localized problem. This theory is supported by the fact that many of the people attending the Livingston and Kalispell meetings were from the Missoula area and had attended the Missoula meeting. Other reasons for the low attendance at the last two meetings were logger frustration and the lack of confidence in reaching a solution. However, the Council also received unsubstantiated reports of logger intimidation, i.e. threats of decreased employment opportunities if the logger attended the public meetings.

The last phase of the study involved the compilation and review of the comments generated at the public meetings and of the relevant information from other timber producing states.

II. SUMMARY OF PUBLIC COMMENT

Note: The following is a summary of public comments received by the Council at the public meetings. It is included here to encourage a better understanding of the issues. While the information below is a fair representation of the comments received, the Council can take no position on the factual accuracy of the views expressed by the meeting participants.

A. Loggers

From the comments received in the three public meetings, the apparent underlying problem with log scaling in Montana is that the loggers do not trust the mills to give them an accurate scale. The specific problems, and potential solutions, mentioned most often are listed below.

1. The scaling is not fair.

(a) Overruns - Most mills actually realize between one and one half and two board feet (BF) for every BF for which the logger is paid. Many of the loggers said they felt that the mills are "stealing" this wood from them.

What is causing the overrun?

(i) Scribner decimal "C" scale - This scaling method, the most commonly used in Montana and other states, is outdated and cannot accurately scale the new smaller diameter logs. Decimal "C" was originally designed to include taper and defect, but this is now figured separately and subtracted from the gross scale without any corresponding "credit" given to the logger. Additionally, the saw kerf in the decimal "C" was designed at 1/4 inch, the kerf is now 1/8 inch, again with no corresponding "credit" given to the logger.

(ii) Cull logs - Any log that has over 50% defect is a cull log and most mills will not pay for it. However, some mills can still use the cull logs for chips, etc. The logger cannot get the cull logs back.

(b) Mis-scaling - The scalers are not independent. They are paid by the mills, and even if they do not intentionally mis-scale the logs, there will be pressure to make sure that their "employer" comes out on top. This perception of potential bias may be the largest reason for the distrust between the loggers and the mills.

(c) No recourse for a logger with a complaint. If a logger complains about a scale, the logger must complain to the mill. If the mill does not agree, or does not fully agree, with the logger about an incorrect scale, the logger can go to no one else. It is also difficult for a logger to challenge the mill on a particular scale because of the "yard" practice of putting a scaled load on the deck, with other logs, as soon as possible.

After a scaling problem has developed, it is possible for a logger to employ, often at the logger's expense, a check scaler on a particular load of logs, but this does not solve the problem of the first questionable load. And even if the mill is "caught" with a bad scale, the logger can do nothing about it. A legal action, or even complaining too loudly, will only get the logger "black-balled" in the area.

2. The scaling is inconsistent. Despite the dissatisfaction with the decimal "C" scale, most loggers agreed that if the scale was consistent, they could live with it.

What is causing the inconsistent scaling?

(a) Mis-scaling - (See 1.(b) above)

(b) Inaccurate scaling - Montana has no scaler certification process to ensure that all scalers are at least minimally proficient.

(c) Destination dependant scaling - Loggers have noticed that logs of similar quality will be scaled differently depending on the ultimate use of the logs. A BF of one tree should be the same as a BF of any other tree. It should make no difference whether the log is being sent out of state, sent out of the country, used for log homes, veneer, poles, posts, 2x4's etc.

3. How can the problem be corrected?

Most loggers stated that getting paid by weight is more consistent than the decimal "C" method. However, most loggers also stated that, for various reasons, they do not support a state law requiring pay by weight. There were many comments regarding the shift to the "cubic" scale. This would remove some of the problems with decimal "C", e.g. failure to account for taper. But regardless of the type of scale used, if the mills are not consistent, the loggers felt that the underlying problem of mistrust would remain. The following potential solutions were suggested at the public meetings.

(a) Use independent scalers, paid by both the loggers and the mills. This would remove the appearance of bias on the part of the scalers.

(b) Create a state agency, with enforcement power under the Weights and Measures Bureau of the Department of Commerce, to randomly spot check scalers. Even using independent scalers, most loggers want someone to go to if there is a disagreement over the scale. This state check scaler must have the authority and ability to ensure that the loggers get a fair scale.

B. Montana Wood Products Association (MWPA) Comments

The MWPA, generally representing the mills, believes that the underlying mistrust between the loggers and the mills stems from an incomplete understanding of both the scaling practices and the important role individual contracts play in the entire scaling process.

1. Overruns

Responding to specific logger comments, the MWPA emphasized that overruns, taper, and the new narrower kerf, are all included into the calculations that determine the total cost of a timber sale. For example, while it is true that the mills commonly receive one to two times as much timber as they pay for by scale - this "extra" timber is included in the equation that determines how much the mill pays per BF. In other words, if the mills reduced their overrun, i.e. actually received the same amount of timber that was scaled, the purchase price of that timber would decrease. So while the logger would get a higher scale, the timber would be worth less and the logger would end up with the same amount of money.

2. Cull logs

The MWPA stated that a log must now contain at least 66% defect, i.e. unusable timber, before it will be classified as a cull log. MWPA also stated that the cost of handling a cull log through a mill exceeds the value recovered.

3. No recourse when scaling problems arise

The MWPA stated that, to their knowledge, all major log yards in Montana are open for check scaling. When buying timber from state, federal or large industrial entities, the mill scale is regularly check scaled by the sellers. The mill scale is usually higher, to the mills disadvantage, than the check scale. There are consultant foresters and check scalers available in Montana but there has been little interest on the part of independent loggers to pay for use these services.

4. Scaler proficiency

The MWPA agreed that Montana has no scaler certification program, but went on to say that many scalers in Montana have been licensed in other states, attend periodic scaling workshops, and belong to professional scaling societies.

5. Contracts

The MWPA emphasized that most of the problems identified by the loggers could and should be addressed through the contracting process. The contract can specify the type of scale used, establish appropriate taper, reserve the right to use a check scaler, etc.

6. Education

The MWPA informed the Council that it would sponsor an education program involving landowners, loggers, mills, and scalers, to provide information on scaling practices and the importance of contracts. Representatives of the Montana Loggers Association also supported the program.

III. OTHER SCALING PROGRAMS

The following is a brief review of the scaling programs in other timber producing states. More complete information on these programs is available from the Council staff.

A. Idaho

Idaho requires that all log scalers be licensed by the state. The licensing procedure involves a written and practical application test. Licensed scalers are checked every two years by state check scalers to ensure compliance with state standards. If the licensed scaler is located in another state, the scaler must travel to Idaho every two years for relicensing. A Board of Scaling Practices, funded by log purchasers, oversees the licensing and scaling standards.

B. Oregon

Scaling bureaus, independent of either industry or public agencies, scale logs in Oregon. The timber purchaser is required to pay the scaling bureau.

C. Washington

Washington also uses independent scaling bureaus. But log scaling costs are split between the purchaser and the seller.

IV. CONCLUSION

After receiving the public comments regarding log scaling practices in Montana and information regarding log scaling regulation in other states, the Council decided to prepare this report and transmit it to the 52nd legislature with no final recommendation. The Council decided that, while a problem exists, the scope of the problem was insufficient to warrant further Council action. The Council hopes that the information included in this report will assist individual legislators to better understand the issues.