

Minutes  
**CSA Community Advisory Group**  
**To Western Forest Products**  
**February 15, 2016**  
**Western Forest Products Boardroom**

Attendance: refer to attached sheet

6:00 pm: Meeting called to order  
Quorum met.

**Safety Review**

Facilitator noted fire exits and first aid attendants in case of emergency. Meeting place in case of emergency was noted.

**Code of Conduct**

Code of Conduct for Community Advisory Group was reviewed.

**Welcome and Introductions**

Chair welcomed guest speakers and members introduced themselves.

**Review and Acceptance of Agenda**

Agenda was accepted.

**Review and Acceptance of Minutes**

Minutes not yet available for review.

**Correspondence**

Copies of recent correspondence was provided and reviewed

Letter to PRPAWS

Emails to First Nations

Cathy Bartfai resignation letter

**Action Item Review**

Stuart spoke to Ken and Amanda about the Road Hotline. Amanda would really like to make it work on the website. She will come to the next meeting and review what her process is and how she will perfect it for the website and keep current road hotline items up to date.

**Murray Hall, Fibre Supply Consultant**

Murray has been working as a fibre supply consultant for around 15 years. Prior to that period he worked for Catalyst's predecessors. He has a partner, Jim Girvan, who is a modeler, a forester and has an MBA. He ran the Truck Loggers Association for a number of years. Over the last 10 years Murray and Jim have built the BC Fibre Model. In 2003 they took the model to a number of organizations and nobody was interested. Then the pine beetle happened. Suddenly their model became the strategic planning tool for the industry. They were funded by Canfor to get it completely up and running by 2005. They had directors on the boards of Howe Sound, Canfor and Canfor Pulp and they wanted a common tool. They make new copies each year and update it. It allows them to show the past and present and make projections into the future. Over the last 3 or 4 months they have done 3 major jobs for government who are under intense pressure particularly in the Interior to make decisions on what is left over on the land base for logging. The government has also been looking at the coast and pulp and paper around the province.

## Minutes

Murray presented a number of graphs from this model to give the group an idea of what to expect in the near future in terms of fibre supply. Pine beetle wood is virtually finished. The impact of the Interior on the Coast is far greater than people think. There is not enough wood on the Coast to run the pulp and paper mills. The Powell River mill runs on 100% SPF and there is declining SPF.

Saw logs had a harvest of 80 million cubic metres in 2005. The pine beetle hit and volume started declining. There was a harvest of 60 million cubic metres in 2015 and there will be 50 million for the next 40 years. It is not enough wood to keep the sawmills going.

The pine beetle is fading into the background. The Ministry of Forests estimates that the beetle has killed a cumulative total of 710 million cubic metres of timber. The cumulative area of BC affected to some degree is estimated at 18.1 million hectares (5 times the size of Vancouver Island) which is 20% of BC. The beetle epidemic peaked in terms of volume killed annually in 2005 and has slowed considerably since then.

Prior to the beetle kill the historic trend of cut level of the Interior was 50 million cubic metres per year. After the beetle started killing all of the pine trees the cut level was raised but industry was unable to take advantage of this because the economy crashed so instead the trees died and fell over. In the future the cut level in the Interior will now be 38 million cubic metres per year. This is not enough to support the sawmills. 20 sawmills have already shut down and 5 more will go down in the next 3 years. One big mill will go down in Merritt, one in Chasm, One in Prince George and a number of small ones in other Interior communities.

There is a shelf life for all of the dying trees. At the point when 90% of the trees are dead (on a dry site which is most of the Interior) you are still able to harvest about 50% of the wood after 10 years. Half of them are saw logs and half of them are something else like pulp logs. Is this economically viable? Many would choose not to log these areas. The beetle hit in 2005 and we are now over 10 years out.

There are a number of 'hot' regions. Prince George is one of these regions. They have already shut down many mills. In 2005 at their peak, sawmills in Prince George were processing 16 million cubic metres, in 2015 is at 11 million, and the future will be 9 million. They believe one more mill will go down and the other mills will have to cut back.

100 Mile House had an AAC (Annual Allowable Cut) of 1,948,002 cubic metres in 2015 and the Chief Forester will be cutting the AAC for this area to 967,805 cubic metres in 2019. Half of the existing cut.

The Quesnel region's cut will go from 4 million in 2015 down to 1.1 million in 2025. Powell River gets its fibre from these areas. If they don't go down the local pulp mill will outbid Catalyst to get those chips.

The Kamloops and Okanogan area drops from 12 million to 7 million. Many mills have shut down and they expect to see the mill at Merritt and a mill in Kelowna to shut down.

Murray's forecast predicts the Interior Pulp mills will continue running but instead of using residual chips the saw mills will use more and more whole logs to make chips to keep them running. The Interior mills are going to try to stop the chips from being shipped to the Coast.

## Minutes

The Coast is a different story. In 2005 the AAC was 20 million and in 2015 was 19 million. It is not expected to change much and they see logs available supporting a saw log industry in a very steady state.

The issues for the industry from 2016 forward include the expiry of the softwood lumber agreement. Interfor, West Fraser and Canfor are investing in mills in the States because they can no longer invest in BC because we don't have the trees. They think it is better to optimize existing mills rather than build new mills. These BC companies own more in the States than on the BC Coast now.

The MFLNRO is getting better at understanding the issues with the business. They are actively managing the public timber base through proactive policy. They have ongoing reviews - 5 year TSA (Timber Supply Analysis) particularly in the Interior. They are using "Forests for Tomorrow" funds which is money used to get to unusual forest sites to allow harvesting that might not otherwise happen for reclamation and rehabilitation. This will be the vehicle they will use in some of the marginal sites which should be logged where there are markets. There is a Forest Fibre Working Group which is a collaboration of power industry, pulp industry, pellet industry, logging industry and government coming together to make sure the fibre is used correctly. This is the beginning of looking at the woods holistically. In Prince George there is a power plant that has machinery working on old landings creating fibre for the pellets. The Ministry can now give a license on the land base to a non-saw mill company.

Murray made the following forecasts for the Interior: pulp will continue as it has, 2 to 3 saw mills will shut down over the next three years, and pellets are here to stay - there are 120 ships of pellets that go to England from this province every year. Plus there are two big independent power operations to start up over the next two years.

He made the following forecasts for the Coast: pulp will continue on as it has, paper has tough metrics for the 6 remaining paper mills on the Coast because of markets, costs and fibre, lumber will have static output and there will be some consolidation, and pulp mills will be making power.

*Question: What kind of fibre do they use to make paper towels? There is a project to try making them here.*

You can use just about any kind of fibre to make paper towels. Certainly the spruce pine that remains would be fine and hemlock would work. It is an interesting project. You sell it for a lot more per tonne but you make a lot less because it is paper towel. I have heard that Catalyst has a strong commitment to this project here.

*Question: Would there be enough fibre if they can use anything?*

Yes. They will use less fibre because you sell a much lower number of tonnes because paper towel is light.

*Question: If there is going to be another fight over softwood how will the supply of fibre from Eastern Canada will play into that?*

There is a lot less coming out of Eastern Canada and Alberta. Eastern Canada is rationalized and they have serious issues with AACs in Quebec. It has been dramatically slashed. There are different deals for different parts of the country so it is independent of us. If we don't get the agreement solved by October 8<sup>th</sup> of next year it goes to litigation.

## Minutes

*Question: Has any of the First Nations negotiations been calculated out of the Crown Land?*

No. We have taken nothing out of the forest based upon First Nations reconciliation.

*Question: Could you talk a little more about the pellet plant on Vancouver Island concept?*

The pellet plant on Vancouver Island concept is fascinating. It is a bad idea to make pellets on the Coast because we move our logs in salt water. That salt is very harmful when you are trying to burn the bark later. All of the mills have precipitators on them. The limit in Europe is 350 parts of chloride per million and we found that our trees have 60 or 70 just while they are growing. They were looking at building a plant in Nanaimo using 70% material from haystacks and add cedar from around Vancouver Island and create a 220,000 tonne plant. The advantage is they could do this without bringing it out of the Interior, but the disadvantage is the salt. It has been shelved. It would have been a new and innovative way of using roadside waste.

*Question: Can you see another coming?*

It is pretty quiet and things have slowed down in Europe.

*Question: You project the pulp and paper mills going forward as they are. Is this what you really think?*

The pulp mill at Crofton is solid and the paper machines at Crofton are good because of the pulp mill. One of them is world class. Port Alberni is in serious trouble mainly because they have a light weight coated machine which is 20 years old now and a directory machine that is only running to support them other. They do not have power. This mill is in the middle of the two others. The biggest concern is the mills in the States that they bought make the same stuff. The highlight is that the power is made here and the mill runs almost exclusively on dam power and hog fuel which is relatively inexpensive. There is a lot of work to be done at this mill. Will it run forever? No, but I see it running through this decade and maybe into the next one.

### **Terms of Reference Review**

Group reviewed suggested changes to the Terms of Reference and approved.

### **2015 SFMP Indicator Results – Nancy Pezel**

Indicator 1.2.3 Proportion of regeneration comprised of native tree species

SFO met the target for 2015

Indicator 1.3.1 Percentage of the trees planted annually that are GMOs

SFO Met the target for 2015.

Indicator 1.4.2 Protection of identified sacred and culturally important sites with implemented management strategies

SFO Met the target for 2015.

Indicator 2.1.1 Reforestation success

SFO Met the target for 2015.

Indicator 2.2.3 Amount of area treated with herbicides

Minutes

SFO Met the target for 2015.

Indicator 3.1.1 Level of soil disturbance  
SFO Met the target for 2015.

Indicator 5.2.2 Level of investment in training and skills development  
SFO Met the target for 2015.

Indicator 5.2.3 Level of direct and indirect employment  
SFO Met the target for 2015.

**Action List Items**

**Action Items**

| <i>Ongoing</i>  | Who        | Meeting       | When |
|---|------------|---------------|------|
| Fix Road Hotline  | Stuart/Zac | February 2016 |      |
| Look into having the website send emails regarding updates to subscribers | Stuart/Zac | January 2016  |      |

**Adjourned 8:25 pm**

**Stillwater CSA Community Advisory Group  
Western Forest Products  
February 15th Attendance**

| <b>Name</b>          | <b>Position</b> | <b>Member Seat</b> |
|----------------------|-----------------|--------------------|
| <b>PRESENT</b>       |                 |                    |
| Jane Cameron – Chair | Primary         | Member at Large    |
| Nancy Hollmann       | Primary         | Tourism            |
| Wayne Brewer         | Alternate       | Tourism            |
| Colin Palmer         | Primary         | Local Governments  |
| Russ Parsons         | Alternate       | DFA Worker         |
| Doug Fuller          | Primary         | DFA Worker         |
| Dave Hodgins         | Primary         | Recreation         |
| Bill Maitland        | Primary         | Local Business     |
| Read English         | Alternate       | Recreation         |
| Joseph McLean        | Alternate       | Local Business     |

Minutes

|                          |                          |                        |
|--------------------------|--------------------------|------------------------|
| Rory Maitland            | Primary                  | Contractor             |
| Paul Goodwin             | Primary                  | Forest Dependent       |
| Andy Payne               | Primary                  | Employment & Education |
| Mark Hassett             | Alternate                | Contractor             |
| 9 Seats represented      |                          |                        |
| ABSENT MEMBERS           |                          |                        |
| George Illes             | Alternate                | Environment            |
| Barry Miller             | Primary                  | Environment            |
| Karen Skadsheim          | Alternate                | Local Governments      |
| Mark Anderson            | Alternate                | Member at large        |
| <b>Resource – others</b> | <b>Resource – others</b> |                        |
| Murray Hall              |                          |                        |
| Stuart Glen              | WFP                      |                        |
| Valerie Thompson         | Facilitator/Secretary    |                        |
| Ken McKenzie             | WFP                      |                        |
| Nancy Pezel              | WFP                      |                        |
| Mike Dunn                | WFP                      |                        |