

**CSA Community Advisory Group**  
To Western Forest Products  
March 13, 2019  
Western Forest Products Boardroom

**Attendance**

**Present**

Jane Cameron - Chair

Wayne Brewer

Mark Hassett

Joseph McLean

Cindy Elliot

Tom Koleszar

George Illes

Barry Miller

Doug Fuller

Clay Brander

Dave Hodgins

Andy Payne

Paul Goodwin

Murray Hall – Guest Speaker

Darwyn Koch - WFP

Val Thompson – Facilitator/Secretary

**Absent**

Ben Berukoff

Bill Maitland

Rory Maitland

Mark Anderson

6:10 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.

### **Review and Acceptance of Agenda**

Agenda was accepted as amended.

### **Review and Acceptance of Minutes**

Minutes were accepted.

### **Welcome and Introductions**

Chair welcomed group, new member Cindy Elliot and guest, Murray Hall. Members introduced themselves

### **Correspondence**

Copies of recent correspondence were provided and reviewed

Emails to First Nations

Letter to PRPAWS

### **Company News**

Committee was set up to review Terms of Reference.

**ACTION:** committee members to review TOR

### **Company Update**

#### **Operational Information Map Update**

#### **New Blocks on the Map**

**New Blocks** –PD-253, PD-415, PD-445, PD-480, PD-520, PD-521, ST-081, ST-182, ST-188, ST-248, ST-279, ST-293, ST-299, ST343, ST-366, ST-400, ST-433, ST-823, TM-192, UL-822, UL-824, UL826, and NA-947

### **Current Activities**

**Harvesting** –ST-271, ST-354, WL-024, ST-347, ST-077, GI-012, GI-072, and GI-138.

**Road Construction** – ST-060 (postponed), PL-003, ST-077, UL-017, and ST-200.

### **Sunshine Coast Trail**

No activity at this time.

### **Fires/Slides/Spills (YTD):**

No new Fires.

No new spills

No new slides.

### **Harvesting Stats (YTD):**

2019: As of February 28, 2019 the total amount harvested from the TFL (YTD) is 43,453 m3. The budget target was 46,114 m3.

## **The Significant Vulnerabilities for Community Sustainability Linked to Forest and Timber Supply Conditions Over Time – Murray Hall**

Murray is a fibre supply consultant that has been in the business for forty years. Fifteen years ago he and a friend teamed up and created a fibre supply model for the province. For the last fifteen years they have been helping the government, investors, and companies by monitoring and explaining the fibre supply situation around the province. Murray presented a number of slides depicting the circumstances of BC's fibre supply based on the model. Murray and his partner were not heavily in demand until the mountain pine beetle hit the Interior. The model became the blueprint of the story of what the pine beetle would do to communities and to the province. Murray feels that Powell River is sitting in an area of strength in timber supply, transportation efficiencies, infrastructure, a mill that is already built that has many opportunities to do things differently than it does today. At this point the Powell River mill uses 100% Interior chips and there are none left for Powell River to use once the Interior saw mills have been supplied. No pulp mills have shut down in the Interior and 30% of the trees died and 30% of the Interior mills have shut down. 28 sawmills have shut down in the Interior since 2005 and there are still another 5 or 6 to go. In 2005, prior to the beetles, the Annual Allowable Cut (AAC) for BC was around 90 million metres, it is now 70 million metres, and by around 2024 it will drop to 62 million metres. A mill uses around a million metres so several mills will need to go down. There has been not one pulp mill shut down in the Interior. Murray mentioned this because the Coast uses Interior chips.

Prince George was hit particularly hard as their forests were predominately pine. In 2005 they were harvesting 16 million metres but will be down to 9 million. One of the pulp mills is threatened.

*Question: How many people work at the pulp mill?*

I would guess around 300 people.

Quesnel has even a worse situation. They went from 12 million metres to 6 million and they are primarily a forest industry town. They have taken a shift out at there and at Fraser Lake so things are rationalizing but there are likely two more sawmills that will shut down in this region.

The US still thinks we are doing things to support soft wood lumber and they believe we have a wall of wood up here that we could swamp them with at any time but the reality is they are likely going to have to start buying lumber from Germany and other places in the world because we won't be able to supply enough.

The Kootenays are pretty stable, Kamloops/Okanogan has taken a big hit as they have lots of pine, Makenzie and North are doing fine. The area from Prince George to Kitimat got hit hard.

*Question: Are some areas doing better than others due to species composition?*

Correct.

Caribou habitat is the next threat to the AAC for the province. Another 10 – 15% will likely come out which will have a big impact even though it is the right thing to do.

The future forecast of Interior chip supply will drop to 12,000,000 cubic metres with the demand over 16 million. In 2006 pulp mills ran almost completely on residual chips. The 25 % difference now needs to be made up of whole log chips which are 15 – 25% more. If the markets do not sustain the high value (and pulp is doing very well right now and has been for the last couple of years) some mills will be threatened. At this point no mills in the Interior are going down and that means the Coast will have a real problem getting fibre. The Powell River mill runs entirely on SPF from the Interior. It is trucked at tremendous cost to the Coast and in the future, you may not even be able to get it.

The Annual Allowable Cut (AAC) for the Coast has dropped from over 25 million cubic metres in 2005 to 21 million now. We don't see much more taken out over the next few years. Only 25% of logs harvested on the Coast ended up in a Coastal sawmill last year. There are only 28 sawmills left on the Coast and they are not very modern. Veneer is a very successful part of the business – green veneer or plywood would be a good investment for Powell River. Shake and shingle is a small part of the business and dropping fast as few people use them now. Some logs are ground into chips for Harmac, Crofton and Howe Sound. Export makes up about 30% of the harvest. In the past harvest waste was burnt because it was too expensive to bring out to market but now the government is getting involved using policy levers to try and change that. Generally today the market is good right now.

*Question: Then why don't we see the exports decreasing?*

Because the Domestic business cannot afford to buy them. These are manufactured logs not raw.

Paper Excellence is buying the three Catalyst mills on Friday. They are paying top dollar. They didn't want Powell River or Port Alberni. They just wanted Crofton. In the process that involved 3 parties they were the winning bid and it is my understanding that they made an agreement with the Premier of BC to run the mills. The Premier does not want a mill going down on his watch. Paper Excellence said they are going to invest in the Powell River mill. They have paid a lot of money and they are a smart savvy Asian company. It is owned by one 40 year old man called Jackson Widjaja. His father, Teguh Widjaja, owns Asia Pulp and Paper which has over 125 pulp and paper mills in Asia. The family is Chinese and the company is centered in Jakarta, Indonesia. They bought a mill in Nova Scotia, the Mackenzie pulp mill, the Chetwin mill (which is no longer running), Howe Sound Pulp and Paper, and two mills in Saskatchewan. Jackson will now own 10 mills in Canada. All of the products from the other mills go to Asia and never go on the market. Murray believes the Powell River mill would have gone down if it were not for it's purchase by this company. It has been losing a million plus per month for at least two years. During this time Port Alberni has been breaking even and Crofton has been making lots of money which has allowed the Powell River losses to go on. We have been predicting for 5 years that this mill will go down because of lack of fibre. The good news is this mill will now run. 30% of the hog fuel in BC is burned in the Powell River mill's boiler so if this mill went down the entire coast would be threatened because hog fuel could not be piled up and mills on the Fraser River would go down within weeks if this mill was not burning hog fuel. The company will soon announce to the town what their plans are.

There are 3 pulp mills left on the Coast – Howe Sound, Crofton and Harmac. Port Alice shut down 10 days ago. There are 6 paper machines – 2 in Powell River, 2 in Port Alberni and 2 in Crofton. They will all need to be making different products are they won't survive and they will do so with investment. Port Alberni is at the highest risk because of its location and fibre supply. Sawmills are not likely to change – we don't see any being built and if any go down the fibre would go to other mills and continue to be used. They need to be modernized. WFP has started. Veneer and plywood is a solid good business. There are 2 plywood plants in the lower mainland and one in Nanaimo. We need log exports to provide logs for Domestic. The pulp mill power plants are in jeopardy. BC Hydro is not happy that they have to buy that power for more than they sell it for and the power is not needed. The Coast needs a pellet plant. We need something to do with hog fuel. Hog fuel is a big problem on the Coast. Salt is a problem because all of the logs travel through salt water but sometime in the next five years somebody will build a pellet plant on the Coast.

*Question: Why has Neucel gone down?*

It is 100 years old and they could not get it to run efficiently. Also, they have no wood. The markets dropped from \$2500 to \$800.

We are retiring and our model has been purchased by a company in Prince George. They are going to put it on a new platform and they industry still wants it. The company is mostly on the ground foresters but they have set up a strategic arm. Murray will still be doing arbitrations and government work.

### **2019 SFMP Indicator Review**

#### **Indicator 1.1.1** Ecosystem area by type

SFO met the variance for 2018 – numbers are very similar to previous years because we have not been harvesting in these areas. We have started the colocation project and are looking for good candidates for new recruitment areas.

#### **Indicator 1.1.2** Forest area by species composition.

SFO met the variance for 2018. The target was met in all species groups other than the “other species” and “Yellow Cedar” groupings. The target baseline species inventory will be revised in 2019 or 2020 to reflect the individual tree inventory based on the LiDAR data.

#### **Indicator 1.1.3** Forest area by seral stage.

SFO met the target for 2018

#### **Indicator 1.1.4** Degree of within-stand structural retention.

SFO met the target for 2018 and the division met variance for 3 of 4 zones. This indicator is based on a 5 year rolling average. Overall WFP met the target percentages in all zones. Since 2017 we have been harvesting a lot of pre 2016 layout. In 2019 we still have a half a dozen blocks that are from this era. Some of these blocks we are looking at changing them to VR before they go into permit. We are also looking at 2020 harvest plans to see if we are continuing to trend in the right direction.

#### **Indicator 1.2.1** Degree of habitat protection for selected focal species, including species at risk.

SFO met the target for 2018.

**Indicator 1.2.2** Degree of suitable habitat in the long term for selected focal species, including species at risk.

SFO met the target for 2018

**Indicator 1.2.3** Proportion of regeneration comprised of native tree species.

SFO met the target for 2018

**11** people will be required to meet quorum at the next meeting.

Adjourned: 8:30pm

**Action List Items**

<b>Action Items</b>	<b>Who</b>	<b>When</b>
Darwyn to ask Will Sloan to talk about synthetic oil.	Darwyn	February 13, 2019
Review TOR	Jane and Tom	March 13, 2019

