

**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS
DECISION NOTE**

Updated: September 5, 2014
Previous Note: August 25, 2014
File: 2011-0343
CLIFF/tracking #: 208844

PREPARED FOR: Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations

ISSUE: Grace Islet – Development of Private Property Conflicts with First Nations’ Sacred Site

BACKGROUND:

The islet was Crown granted in 1913 at a time when consultation with First Nations was not part of land transactions in the Province. The current owner, Barry Slawsky, bought the islet in December 1990 for \$270,000 according to the current land title. At that time the Archaeology Branch inventory recorded only midden not burials on the islet. The property remained untouched from that time until 2006.

The first remains found on the islet were partial remains found on the beach by kayakers in early 2006. Later in 2006, a local archaeologist came across a disturbed cairn containing multiple bones. As the property owner was planning to build his house on the islet the finding of the remains initiated the permitting process of the *Heritage Conservation Act* (Act).

The following permits were issued in accordance with the Act:

- 2007: Archaeological Impact Assessment that found 15 cairns on the islet.
- 2011: Site Alteration Permit issued to begin process of building the house
- 2012: Site Alteration Permit amended to require the owner to screen all disturbed soils that were disturbed contrary to the conditions of the permit. No damage was done to the cairns and, other than two projectiles, no artifacts were found.
- April 2013: Permit amendment issued just extending expiry date.
- July 2013: Permit amendment issued increasing the protective measures for the burial cairns including archaeological monitoring of all land altering activities, placement of barriers around the cairns during construction, none of the house features were to touch or damage the cairns and a restrictive covenant depicting the surveyed location of the cairns would be registered against title.
- September 2013: Permit amendment issued extending expiry date to November 2016.

In June 2012, there was unauthorised construction activity on the islet that was investigated by the Archaeology Branch and RCMP. A subsequent permitted archaeological study showed that no damage to the cairns or disturbance of human remains resulted from the unauthorised activity.

In July 2013, the site alteration permit was amended such that the development of the private dwelling could continue subject to ongoing archaeological monitoring of all land

altering activities, placement of barriers around the cairns, requirement that none of the house features were to touch or damage the cairns and, ultimately, the registration of a restrictive covenant against title for long-term protection.

However, there is substantial resistance, particularly among First Nations, to any development on Grace Islet as the area is considered a cemetery.

DISCUSSION:

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OPTIONS:

Option 1: Taking next steps toward purchasing the islet and retaining as a protected heritage property.

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RECOMMENDATION:

Option 1: Taking next steps toward purchasing the islet and retaining as a protected heritage property.

_____/_____
DECISION & SIGNATURE
Steve Thomson
Minister

DATE SIGNED

Contact:
Craig Sutherland, ADM
Regional Operations, Coast
250 387-9773

Alternate Contact:
Kevin Edquist, A/ADM
Integrated Resource Operations
250 387-3745

Prepared by:
Justine Batten, Director
Archaeology
250 953-3355

Reviewed by	Initials	Date
A/DM	TJ	September 5/14
DMO		
ADM COAST	CS	September 5/14
A/ADM, IROD	KE	September 5/14

**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS
DECISION NOTE**

Date: September 30, 2014
File: 19720-00
CLIFF: **209386**
(xref: 202454, 201653, 178556)

PREPARED FOR: Honourable Steve Thomson, Minister of Forests Lands and Natural Resource Operations

ISSUE: Woodlot Licence Program Expansion

BACKGROUND:

In 2007, the minister made a commitment to expand the Woodlot Licence Program by 150,000 m³/year. This commitment was reconfirmed by the minister in 2011, and the delivery date was subsequently extended to March 31, 2015, to accommodate continuing difficulties in meeting this commitment. At the Federation of BC Woodlot Associations' annual general meeting in September 2014, the minister reiterated government's commitment to meet the existing 150,000 m³ expansion goal for woodlots.

DISCUSSION:

Area	Target (m ³ /year)	Awarded and Advertised to Date (m ³ /year)
South	40,200	32,969
North	47,845	47,275
Coast	62,089	50,210
Total	150,134	130,454

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OPTIONS:

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Option 3. Continue to work towards the target over a longer period of time. This would require advertising one or two woodlots per year to show some ongoing progress.

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RECOMMENDATION:

Option 3. Continue to work towards the target over a longer period of time. This would require advertising one or two woodlots per year to show some ongoing progress.



Dec. 22/2014

Approved / Not Approved

Signature

Date

Honourable Steve Thomson
Minister of Forests, Lands and Natural
Resource Operations

Contact: and prepared by:

Alternate Contact:

ADM: Kevin Kriese

Name: Dave Peterson

Phone: 250.847.7759

Phone: 250.387.8729

Reviewed by	Initials	Date
DM		
ADM	Kevin Kriese	December 2014

**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS
DECISION NOTE**

Date: February 5, 2014

Date of previous note: May 14, 2014

File: 19040-01

CLIFF: 209403 (xref 209886 & 210738)

PREPARED FOR: Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations

ISSUE: CANFOR – WEST FRASER CHANGE IN CONTROL

BACKGROUND:

On October 24, 2013, Canadian Forest Products Ltd. (Canfor) and West Fraser Mills Ltd. (West Fraser) announced the closures of Canfor's Quesnel sawmill and West Fraser's Houston sawmill. The companies also reported a change in control of the companies as a means to exchange tenures to more effectively reflect the new milling structure.

With a change of control, the holder of an agreement amalgamates with another corporation or the control of the holder is acquired or disposed of. Section 54.5 of the *Forest Act* (the *Act*) describes the process and requirements for a change of control. A change of control differs from a transfer as there is no requirement to provide previous notice to the ministry prior to the change of control transaction occurring. When a change of control completes, the minister may review the transaction and may cancel an agreement if he determines that the change of control would unduly restrict competition in the standing timber market, log market or chip market. As a result of the change in control, the ministry undertook a competition assessment to inform considerations under Section 54.5 of the *Act*.

As part of the assessment process, on August 11, 2014, the ministry provided Canfor and West Fraser with a copy of the Report titled "Competition Assessment of the Canfor – West Fraser Change in Control" (the Report). The Report examined the competitive implications of the October 24, 2013 tenure exchange. On August 29, 2014, FLNR received comments from West Fraser regarding the Report and Section 54.5 of the *Act* in general and Canfor provided comments on September 19, 2014. The central theme in the above letters and other letters from the companies was that the new structure is necessary to maintaining global competitiveness in a declining timber supply. Please see Appendix 3: Competition Assessment of the Canfor – West Fraser Change in Control and Industry Letters.

The purpose of this note is for the minister to determine if any conditions indicate that the change in control will result in an undue restriction of the standing timber, log, or chip markets and to implement potential next steps.

DISCUSSION:

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First Nations Consulation
s.13,s.14,s.16

OPTIONS:

Option 1. Minister is satisfied that the change of control does not unduly restrict competition in the standing timber market, log market or chip market.

RECOMMENDATION:

Option 1. It is also recommended that the minister sign the attached letters to West Fraser, Canfor, Nazko and Cheslatta.

Approved / Not Approved

Steve Thomson

March 2/2015

Signature

Date

Honourable Steve Thomson, Minister of
Forests, Lands and Natural Resource
Operations

Contact:

ADM: Dave Peterson
Div: TCI
Phone: 250-387-1057

Alternate Contact:

Doug Stewart, Director
Forest Tenures Branch
Phone: 250-387-8729

Prepared by:

Patrick Russell, Senior Timber Tenures Forester
Forest Tenures Branch
Phone: 250-387-8955

Reviewed by	Initials	Date
DM	TE for TS	Feb. 24, 2015
ADM	DP	Feb. 12, 2015
ED	DW	Feb. 11, 2015
PRGM Dir./Mgr.	DS	Feb. 11, 2015

- Attachments:
- (1) Appendix 1: Proposed Communications and Next Steps
 - (2) Appendix 2: First Nations Summary on Change of Control
 - (3) Appendix 3: Competition Assessment of the Canfor – West Fraser Change in Control and Industry Letters
 - (4) Letters to Canfor, West Fraser, Nazko and Cheslatta First Nation for the Minister's signature

Appendix 1: Proposed Communication and Next Steps

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Contact:
ADM: Dave Peterson
Div: TCI
Phone: 250-387-1057

Alternate Contact:
Paul Knowles
Competitiveness and Innovation
250-953-3988

Prepared by:
Sinclair Tedder
Competitiveness and Innovation
250-387-8608

Appendix 2: First Nations Summary on Change of Control

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Competition assessment of the Canfor-West Fraser change in control

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Mr. Don Kayne
President
Canfor
100-1700 West 75th Avenue
Vancouver, British Columbia
V6P 6B2

Dear Mr. Kayne:

I want to inform you of the outcome of my competition assessment regarding the West Fraser Mills Ltd./Canadian Forest Products Ltd. change of control in the Morice and Lakes Timber Supply Areas.

On October 24, 2013, Canadian Forest Products Ltd. (Canfor) and West Fraser Mills Ltd. (West Fraser) announced the closures of Canfor's Quesnel sawmill and West Fraser's Houston sawmill. The companies also reported a change in control of the companies as a means to exchange forest tenures to more effectively reflect the new milling structure. As a result of the change in control, my ministry undertook a competition assessment to inform considerations under Section 54.5 of the *Forest Act*.

I have examined the Canfor/West Fraser transaction and concluded that as a result of changing timber supply created by the Mountain Pine Beetle (MPB) epidemic, the transaction is part of the necessary adjustments in the sector to maintain viability and competitiveness in global markets. I will not be taking any further action.

I have heard significant concerns at the community level about this change in control and much of that concern stems from the closure of the sawmills rather than from the actual tenure transaction. I am well aware of the critical importance of maintaining competitive log and timber market conditions to support the market pricing system in BC as we transition through this period of declining timber supplies, and will be directing my staff to examine that issue in the context of international trade agreements.

Thank you for continued attention to the economic health of the forest sector in BC.

Page 1 of 2

Mr. Don Kayne

Sincerely,

A handwritten signature in black ink that reads "Steve Thomson". The signature is fluid and cursive, with the first name "Steve" being more prominent than the last name "Thomson".

Steve Thomson
Minister

pc: Tim Sheldan, Deputy Minister
Dave Peterson, ADM, Tenures, Competitiveness and Innovation Division
Kevin Kriese, ADM, North Area
Rick Manwaring, ADM, South Area
Tom Jensen, ADM, Timber Operations, Pricing and First Nations Division
Josh Pressey, Natural Resource District Manager, Nadina Natural Resource District
Eamon O'Donoghue Regional Executive Director, Skeena Region
Paul Knowles, Director, Competitiveness and Innovation Branch
Doug Stewart, Director, Forest Tenures Branch



Mr. Ted Seraphim
President and CEO
West Fraser
Suite 501 – 858 Beatty Street
Vancouver, British Columbia
V6B 1C1

Dear Mr. Seraphim:

I want to inform you of the outcome of my competition assessment regarding the West Fraser Mills Ltd./Canadian Forest Products Ltd. change of control in the Morice and Lakes Timber Supply Areas.

On October 24, 2013, Canadian Forest Products Ltd. (Canfor) and West Fraser Mills Ltd. (West Fraser) announced the closures of Canfor's Quesnel sawmill and West Fraser's Houston sawmill. The companies also reported a change in control of the companies as a means to exchange forest tenures to more effectively reflect the new milling structure. As a result of the change in control, my ministry undertook a competition assessment to inform considerations under Section 54.5 of the *Forest Act*.

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Thank you for continued attention to the economic health of the forest sector in BC.

Page 1 of 2

Mr. Ted Seraphim

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Steve Thomson
Minister

pc: Tim Sheldan, Deputy Minister
Dave Peterson, ADM, Tenures, Competitiveness and Innovation Division
Kevin Kriese, ADM, North Area
Rick Manwaring, ADM South Area
Tom Jensen, ADM, Timber Operations, Pricing and First Nations Division
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