

## BRIEFING NOTE FOR INFORMATION

**DATE:** February 2, 2023  
**PREPARED FOR:** Honourable Bruce Ralston, Minister of Forests  
**ISSUE:** Kruger Pulp Mill meeting February 2, 2023

### BACKGROUND:

- The Thompson Rivers District (the District) along with South Area tenures has been working with Domtar (now Kruger) for a number of years suggesting different fibre options.
- Discussions have indicated that their fibre needs are upwards of 2 million cubic metres annually.
- To fill this need, Kruger works closely with Arrow Transport and Rivercity Fibre Ltd as fibre supply partners. In past meetings with all three companies there has been urgency around fibre needs with messaging of 5-6 days of fibre availability and threat of shut down. While this threat seemed to have eased recently, the need for economical fibre for the mill remains top of mind.
- The Thompson Rivers District continues to be in contact with Kruger, Rivercity Fibre Ltd and Arrow Transport on a regular basis to discuss fiber opportunities available to them.
- Over the past number of years, the District has been encouraging Kruger (previously Domtar) to form partnerships with First Nations in order to secure more long term fiber options. Concerted efforts on this are relatively recent.
- Up until recently burned wood was not acceptable in their profile.
- Sawmills are a primary supplier of wood chips for Pulp mills. Recent depressed lumber markets have led to curtailments of many sawmills, creating pressure for pulp mills like Kruger.

### DISCUSSION:

Kruger sits as a member of the pulp coalition where the District and other ministry representatives are present and conversations are ongoing. The District is currently working to develop a pilot with local bands through Wildfire Salvage Opportunity Agreements and to connect Kruger to this initiative with a supply of burned fibre. The intent is to make harvesting some of these stands more economical by removing some silviculture obligations without creating areas that are not sufficiently stocked. Ideally this could help mitigate long term impacts to Annual Allowable Cut and result in more fire affected areas being harvested. As a start, Kruger has been asked to reconnaissance the Tremont fire for candidate areas to support the pilot.

### MINISTRY RESPONSE:

- The Thompson Rivers District and local tenures staff are exploring creative solutions to support the fibre needs of the mill.
- While the declining AAC in the Kamloops Timber Supply Area leaves no opportunity for new commitments of additional green fibre, there are opportunities in areas affected by wildfire and through wildfire risk reduction projects.
- We also encourage Kruger to continue to work and partner with local First Nations communities to ensure future flow of fibre for their facility.

**PREPARED BY:**

Gerry MacDougall  
Regional Executive Director  
Thompson Okanagan Region

**REVIEWED BY:**

	Initials	Date
DM	RM	Jan 31, 2023
Associate DM	EOD	
ADM	MS	
ADM	JJ	Jan 6, 2023
Program Dir/Mgr.	GM	Jan 5, 2023

## BRIEFING NOTE FOR INFORMATION

**DATE:** January 13, 2023  
**PREPARED FOR:** Honourable Bruce Ralston, Minister of Forests  
**ISSUE:** Prince George Biofuel Plant Project Status

### BACKGROUND:

- Canfor has been exploring options to produce biofuel products since 2016, utilizing biomass residuals from their pulp mill operations.
- In October 2020, Canfor announced a joint venture with Licella Holdings (Australia) to form Arbios Biotech. Arbios would integrate Licella's catalytic hydrothermal reactor technology with Canfor's feedstock to produce "biofuel(s)". A facility would be constructed in Prince George.
- In 2021, Arbios and Sustane Tech presented plans to include a second facility that would sort municipal solid waste and convert it into biomass pellets, diesel fuel, and recyclable metals but Arbios has since scaled the project down and is currently moving forward with the renewable biofuels facility.
- On August 22, 2022, Arbios and the Lheidli T'enneh First Nation (partner First Nation) announced the name of the Prince George facility as *Chuntoh Ghuna*. Scheduled to start producing sustainable, renewable biocrude in 2023, Chuntoh Ghuna is being built on a portion of Canfor's Intercontinental Pulp Mill site.

### DISCUSSION:

A biorefinery converts biomass into fuels, chemicals, and other value-added outputs. The main contrast with conventional refineries is the use of renewable resources, but the products are essentially the same. It is estimated that less than one percent of global biofuels production comes from wood-based biomass, with most of the feedstock being purpose-grown crops such as soybeans, corn, and sugar cane.

Arbios will be using Licella's Catalytic Hydrothermal Reactor technology to produce low-carbon biocrude, from which low-carbon transportation fuels and chemicals can be produced. The Chuntoh Ghuna facility in Prince George is being developed in a phased approach. The facility will initially consist of one processing line that will convert 25,000 dry tonnes of woody biomass into 50,000 barrels of sustainable bio-oil per year. The facility has the potential to expand up to four processing lines. Arbios has indicated that the bio-oil will be inputted/mixed into the existing Tidewater refinement facilities adjacent to the Intercontinental pulp mill site.

### ***First Nation Partnership***

The project is being developed within the traditional territory of the Lheidli T'enneh First Nation. Arbios has been working in partnership with Lheidli T'enneh and jointly announced the ground-breaking of the Chuntoh Ghuna facility. In a media release Arbios also announced that, "the project is receiving strong support from both federal and provincial government programs, including receiving credits under *BC's Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*; funding from Sustainable Development Technology Canada; the BC Ministry of Energy and Mines and Low Carbon Innovation's *Innovative Clean Energy Fund*; and the Department of Natural Resources Canada's Clean Growth Program".

### *Fibre Availability*

Forest licences in the Prince George Timber Supply Area (PG TSA) were recently proportionally reduced to reflect the 2017 allowable annual cut (AAC) determination. Additional proportionate reductions will be needed to account for the recent October 2022 step down to the PG TSA AAC. With licence reductions and declining AAC in the PG TSA, access to residual fibre will be reduced. Competition for access to economic residual fibre from pellet and other secondary users may also restrict availability.

Currently, sawmill residuals and signed business-to-business arrangements with licensees fulfill the wood residue requirements for one processing line. s.13

s.13

### **CONCLUSION:**

If successful, the development of the Arbios Chuntoh Ghuna biofuel facility could increase the availability of low-carbon transportation fuels and further promote industry/First Nation partnerships in the Province. With potential expansion, access to a larger fibre supply in the future may be necessary to support this project but there are no requirements of the Ministry of Forests at present to explore tenure opportunities.

#### **PREPARED BY:**

Emily Ackroyd, RPF  
Timber Tenure Specialist, North Area  
Ministry of Forests  
(250) 876-7068

#### **REVIEWED BY:**

	Initials	Date
DM		
DMO		
ADM		
RED		
Program Dir/Mgr.		

## MEETING BULLETS

**DATE:** March 21, 2023  
**PREPARED FOR:** Honourable Bruce Ralston, Minister of Forests  
**REGARDING:** Meeting on March 23, 2023 on Mosaic's Sustainable Forestry Work and BigCoast Forest Climate Initiative

**INTRODUCTIONS:** Sarah Fraser, Assistant Deputy Minister, Coast Area

**LOCATION:**

**STRATEGIC CONSIDERATION AND KEY MESSAGES:**

- Climate action is a priority of this government and BigCoast aligns with our goals for forests to support carbon mitigation.
- Mosaic is a critical forest sector operator on the Coast, through both its private land holdings in the Private Managed Forest Land Program and Crown tenures.
- Your leadership in our Coastal sector, through partnership with Indigenous Nations and communities on recreational opportunities and stewardship of shared environments communities, is recognized by the Province.
- The Province's forest sector is transitioning to be more inclusive with Indigenous Nations and communities. Key initiatives for sustainability include implementing the recommendations of the Old Growth Strategic Review, amendments to the Forest and Range Practices Act, policy initiatives in the Intentions Paper, Great Bear Rainforest Land Use Orders, Watershed Security Strategy and Private Managed Forest Land Program Review.
- This work will provide Indigenous Nations with a greater role in the forest sector, advancing meaningful reconciliation commitments under the Declaration on the Rights of Indigenous Peoples Act and move the sector past transactional consultation and decision-making hurdles that Mosaic and others are experiencing regarding permitting and licensing.
- First Nations seek direct engagement with licence holders, including planning and partnership solutions and I encourage

you to continue to work with Nations and your local district offices on solutions to operational challenges.

**BACKGROUND:**

- Mosaic Forest Management Corporation (Mosaic) was created through the affiliation of TimberWest and Island Timberlands in 2018.
- Mosaic directly employs ~200 people and an additional 2,000 in its direct contractor workforce.
- Mosaic manages the affiliation and providing a range of services from harvest planning to operations, marketing, and sales.
- They managed approximately 575,000 of private managed forest land on Vancouver Island, mainland coast and Haida Gwaii.
- In March 2022, Mosaic announced the BigCoast Forest Climate Initiative (BigCoast Forest) as a means to reduce in greenhouse gas emissions and generate revenue through carbon credits.
- BigCoast Forest defers the harvesting of up to 40,000 hectares of their private land for 25 years to increase carbon storage and reduce GHG from logging operations by more than 10 million tonnes of carbon dioxide.
- Proceeds from BigCoast support partnerships with Pacific Salmon Foundation and the Indigenous Protected and Conserved Area Innovation Program to promote scientific and First Nations cultural research.
- As the largest landowner in the Private Managed Forest Land Program, they have worked with the Province in updating the methodology to assess the value of land for taxation purposes. Ministry of Finance is the point of contact.
- Mosaic is a significant player in the Coastal forest sector, selling approximately 5.5 million m<sup>3</sup>/yr from its private land and Crown tenures, and is a key supplier of logs to secondary manufacturers but is also the largest provincial log exporter including their private holdings.
- s.13; s.16
- Mosaic is part of the Coast Forest Conservation Initiative, working with ENGOs, Coastal First Nations, Nanwakolas First Nations and the Province on amendments to the Great Bear Rainforest (GBR) Land Use Orders.
- Mosaic is active with communities, providing access to their private lands, working with various groups who provide recreational opportunities (camping and mountain biking) and engaging on community watershed management.
- Mosaic is facing similar challenges to many licence holders and BC Timber Sales on the Coast around operational certainty and forest permitting as the Province advances key initiatives with Nations including Old Growth Strategic Review, Forest Landscape Planning, tenure diversification and treaty negotiations.

**PREPARED BY:**

Randy Husband  
Director, Pricing, Tenures & Administration  
Coast Area  
(250) 739-8352

**REVIEWED BY:**

	Initials	Date
DM		
Assoc. DM		
ADM	SF	March 21/23
RED	SH	March 21/23
Program Dir/Mgr.	RH	March 21/23

## BRIEFING NOTE

**Western Forest Products meeting with Premier David Eby**

**Location – Vancouver Cabinet Office (740-999 Canada Place)**

**CLIFF: 273969**

### Briefing Note

#### **What:**

*Steven Hofer, President & CEO, of Western Forest Products Inc. (Western) to meet with the Premier to discuss the Minister's mandate letter, how their corporate objectives support the Ministry of Forests objectives and sustainable forestry stewardship.*

#### **Who:**

*Steven Hofer, President & CEO, of Western, Minister Bruce Ralston, and Deputy Minister Rick Manwaring.*

#### **Executive Summary:**

*Western is an integrated Canadian forest products company with approximately 2,000 employees, managing forests and manufacturing wood products and is the largest operation on the Coast with approximately 38% of the timber harvest rights, 6 sawmills, 2 value added facilities (Attachment 1) with a total of 1 billion board feet production capacity. <sup>s.13</sup>*

*s.13*

*They are leaders on the coast working with Nations on Forest Landscape Planning.*

*s.13*

#### **Background:**

- The Coast Area's total allowable annual cut (AAC) is approximately 15.3 million cubic metres per year (m<sup>3</sup>/yr), with Western holding an AAC of approximately 5.8 million m<sup>3</sup>/yr or 38% of that total. Their annual harvest is approximately 82% of*

## BRIEFING NOTE

**Western Forest Products meeting with Premier David Eby**

**Location – Vancouver Cabinet Office (740-999 Canada Place)**

**CLIFF: 273969**

*their available cut.* s.13; s.17

s.13; s.17

- *Western holds 6 tree farm licences (TFL), 5 replaceable forest licences (FL) (Attachment 2), and 191 Timber Licences.*
- *Western has partnered with the Huu-ay-aht Nation by creating Tsawak-qin Forest Limited Partnership* s.13; s.16

s.13; s.16

• s.13; s.16

- *Western will be a key player in advancing two of the eight new forest landscape plans in collaboration with the Province and First Nations related to accelerating the old growth strategic review.*

### Recommendations:

- *I remain encouraged by Western's leadership of partnering with First Nations, leading Forest Landscape Plans on the Coast and commitment to implementing the recommendations from the Old Growth Strategic Review.*
- *The Province is committed to working with the forest industry to develop a strategy prioritizing high-value manufacturing in British Columbia to support local employment.*
- *I would like to thank you for the role you play in supporting the forest industry and providing employment to the citizens of British Columbia. We are actively*



## **BRIEFING NOTE**

**Western Forest Products meeting with Premier David Eby**

**Location – Vancouver Cabinet Office (740-999 Canada Place)**

**CLIFF: 273969**

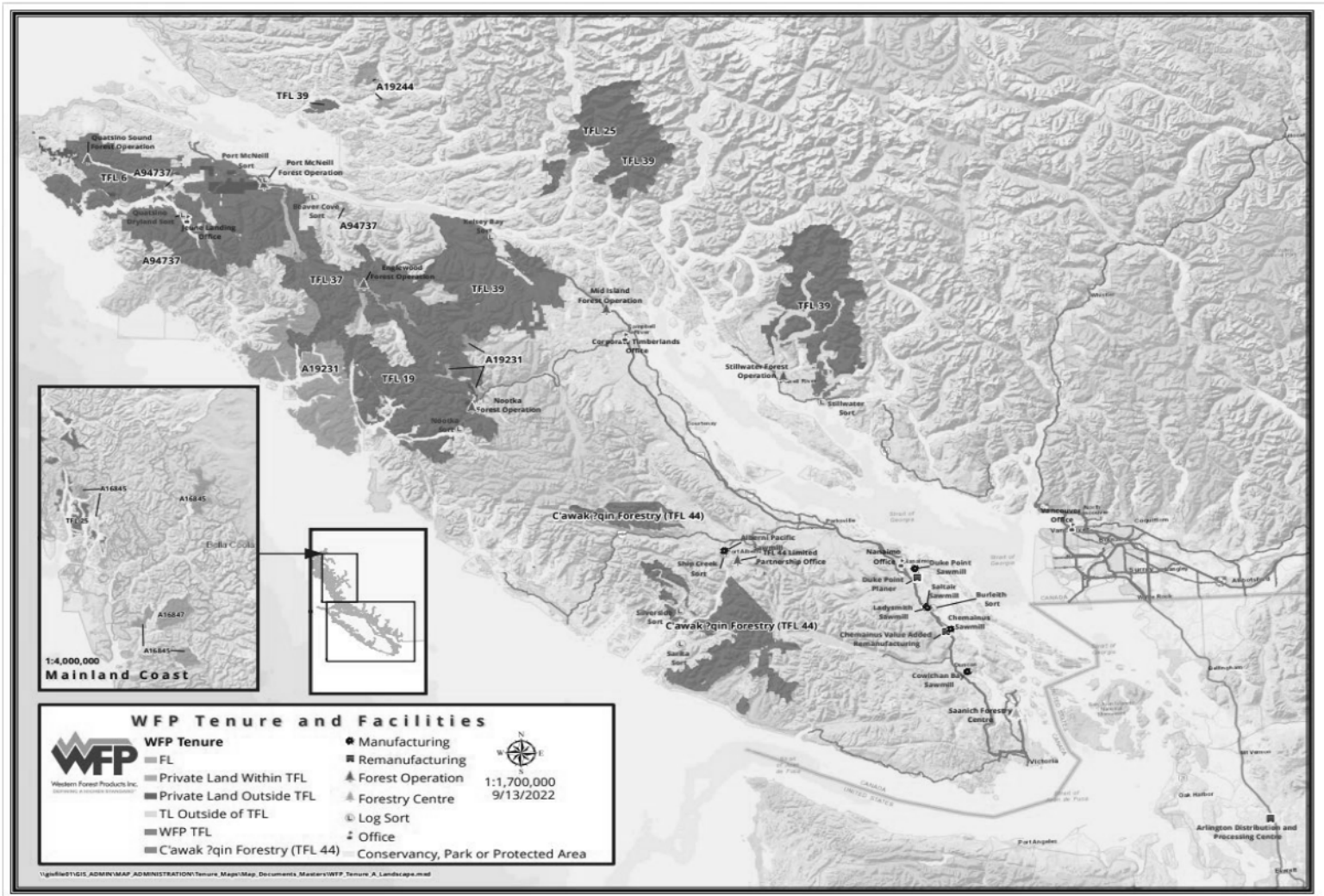
*working with First Nation and the industry to find long term solutions to permitting and licensing challenges.*

**Attachments:** 1. *Western's Tenures and Facilities Map*

s.13; s.16; s.17

# Attachment 1

Map provided by WFP illustrating their various tenures and facilities throughout the Coast Area:



## Attachment 2

s.13; s.16; s.17

s.13; s.16

AAC = Allowable annual cut  
DCR = Campbell River Natural Resource District  
DNI = North Island Central Coast Natural Resource District  
DSC = Sunshine Coast Natural Resource District  
DSI = South Island Natural Resource District  
DKM = Coast Mountain Natural Resource District  
FL = Forest Licence  
GBR = Great Bear Rainforest  
TFL = Tree Farm Licence  
TL = Timber Licence  
TSA = Timber Supply Area

s.13

## BRIEFING NOTE FOR INFORMATION

**DATE:** April 12, 2023

**PREPARED FOR:** Honourable David Eby, Premier of British Columbia

**ISSUE:** Kruger Kamloops Pulp Mill Meeting May 1

### BACKGROUND:

- The Kruger Pulp mill in Kamloops BC consumes approximately 2 Million m<sup>3</sup> of fibre per year and produces 5 grades of pulp for a variety of products.
- The Thompson Rivers District (DTR) meets regularly with Kruger through the Pulp and Paper Working Group and individually (ongoing for past 5 years).
- Kruger has a strong partnership with River City Fibre and Arrow Transportation. DTR has been working with all three to identify fibre options and encourage partnerships with local First Nations.
- Kruger purchases pulp logs from major licensees, FN licensees, area based tenures and BC Timber Sales (BCTS).
- Impacts from Wildfire, and Old Growth deferrals have had impacts on economical sources of pulp wood to feed the mill.
- Kruger purchases chips from sawmills and most sawmills supplying Kruger will experience curtailments or reduce production which will exacerbate Kruger's low inventory level.
- In fiscal 22/23 the Kamloops BCTS plan was to deliver 500,000m<sup>3</sup>, down from 1.1 million m<sup>3</sup> apportionment. The sales plan focused on fire salvage and reductions in sales will also likely impact fibre flow to Kruger.
- s.13

### DISCUSSION:

In 2022 Kruger purchased the Kamloops based Domtar Pulp Mill. Kruger executives have met with Ministry staff multiple times and have expressed their excitement about the acquisition and their commitment to the Kamloops operation. Kruger staff have indicated that they are working on plans to further invest in the mill to create efficiency. They are also actively working with local First Nations to build partnerships and agreements.

Prior to the closure of Canfor Vavenby operations, Kruger (then Domtar) was relatively well supplied with fibre. With fewer sawmills producing chips as a by-product, Kruger's fibre supply has been disrupted and their business model has not fully adapted to the new market conditions.

Over the past year Rivercity Fibre Ltd & Kruger have indicated that they can take burned fibre but wood free of char is needed for chips. The ratio of pulp log recovery from burned timber is approximately 30% of the total volume. DTR has been working with Kruger to identify further opportunities in the areas affected by wildfire but the economics related to silviculture, logging and hauling costs limits access to these lower quality stands.

s.13

The Thompson Rivers District is continuing to explore options to encourage further harvesting in fire salvage areas and is also looking at some short-term fibre options that would benefit Kruger through projects provided through Wildfire Risk Reduction and Forest Enhancement Society. Most importantly, government needs to clarify policy related to non-sawlog salvage tenuring and pricing. The District sees longer term opportunities if Kruger was to form strong partnerships with local First Nations.

s.13

**MINISTRY RESPONSE:**

- Declining timber supplies that have been expected for some time, are impacting secondary users and requiring them to restructure their business models to adapt to changing market conditions.
- We have announced our intention to increase First Nations participation in the Forest Sector over the next number of years and we encourage you to continue to explore partnerships with local First Nation Communities.
- BCTS is actively developing salvage sales in both Hundred Mile House and Kamloops business units that could support Kruger
- The Ministry encourages Kruger to continue to work with the local District offices to identify any opportunities.

**Attachment(s):****PREPARED BY:**

Edi Torrans  
District Manager  
Thompson Rivers District  
(250) 320-2496

**REVIEWED BY:**

	Initials	Date
DM	RM	Apr 26/23
DM, LNRO		
Associate DM	EOD	Apr 26/23
ADM	JJ	Apr 24/23
Program Dir/Mgr.	GM	Apr 24/23

## BRIEFING NOTE FOR INFORMATION

**DATE:** May 5, 2023

**PREPARED FOR:** Honourable Bruce Ralston, Minister of Forests

**ISSUE:** UNIFOR meeting with Premier Eby, Minister Bains, and Minister Ralston

### BACKGROUND:

s.13; s.16; s.17

- s.13; s.16; s.17

- 

- 

Actions of the Ministry in support of the Pulp sector:

- The ministry working with pulp companies created the Pulp Fibre Supply Task Force consisting of senior representatives from the six pulp companies and the Ministry of Forests. Over the last 12 months, the Task Force developed a range of policy tools that support pulp mills' access to residual fibre now and into the future. The following are a number of key initiatives:
  - In January 2023, the Province provided \$50 million in new funding for that the Forest Enhancement Society of B.C. continues to fund projects that utilize slash piles and burnt timber.
  - Re-instated the Fibre Recovery Zone on the Coast to salvage pulp logs.
  - Begun commercial thinning trials.
  - Introduced the Wildfire Salvage Opportunity Agreement, a tool that will expand the salvage of burnt timber.
- Collectively waste has been reduced in the Interior by 38% and by 61% on the Coast between 2017 and 2021.

### DISCUSSION:

A healthy pulp sector is vital to the viability of B.C.'s primary sawmilling sector. Pulp mills utilize hog fuel (residual bark and waste) produced in the de-barking process in their boilers used to produce the heat needed to create pulp. Pulp mills also buy chips created through the sawmilling process. Revenues from the sale of residual fibre helps to stabilize the revenues of sawmills over the business cycle.

---

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

s.13; s.16; s.17

**MINISTRY RESPONSE:**

- A healthy pulp sector is vital to maintaining good union, family supporting jobs and supporting rural community stability.
- Access to residual fiber is a critical to help reduce reliance on sawmill residuals.
- In January 2023, the Premier announced \$50 million in new funding for the Forest Enhancement Society of B.C. to fund projects that utilize slash piles and burnt timber.
- My staff are working closely with the pulp sector through the Pulp Sector Task Force to improve access to residual fibre across the province that will increase access to economic fibre for pulp mills.
- We have introduced the Wildfire Salvage Opportunity Agreement, a tool that will expand the salvage of burnt timber and support increased First Nations participation in the forest sector.
- Our actions to date have collectively reduced waste in the Interior by 38% and by 61% on the Coast between 2017 and 2021.

**Attachment(s):****PREPARED BY:**

Peter Jacobsen  
Executive Director  
Compensation Business Analysis  
(250) 415 - 6638

**REVIEWED BY:**

	Initials	Date
DM	MA	May 5, 2023
Assoc. DM		
ADM	MS	May 4, 2023
Program ED.	PJ	May 3, 2023

---

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.