

On Thursday, March 20, 2014 6:38:29 PM, Jerry Viel wrote:
Honourable Paul Robichaud, Minister Department of Natural
Resources, Government of New Brunswick.

Dear Mr Robichaud,

I am sure by now you have received a number of objections to the planned strategy as announced on March 12, 2014 by the Premier's office for Forest Management in New Brunswick, No doubt most of these objections were in regard to the sustainability of the forest eco-system on crown lands under the stress of increased logging. This is truly an issue but there are other serious economic problems with your plan. As a citizen, I would like to have your comments on some on some inconsistencies in the Government's statement. There are numbers that just don't add up.

The following statement in the press release was attributed to you:

"We are at a crossroads in New Brunswick," said Natural Resources Minister Paul Robichaud. "Since 2004, the number of mills operating in New Brunswick has been reduced by half, resulting in the loss of thousands of jobs. Four of these were significant pulp mills that provided a market anchor for sawmill byproducts and low-grade forest products."

Now please have a look at the following harvest numbers (as provided by the Department of Natural Resources) from crown land during the period in question:

Year Softwood harvest (Cubic Metres)

2002/03	3,200,000
2003/04	3,260,000
2004/05	3,290,000
2005/06	3,210,000
2006/07	3,475,634
2007/08	2,898,128
2008/09	3,189,972
2009/10	2,335,423
2010/11	3,496,945
2011/12	3,365,496
2012/13	3,033,802

Something doesn't look right. Your statement said that we lost half of the mills in the past ten years yet we harvested almost as much wood as if they were still there. In fact there were several years in that period where we harvested more wood than we used when all of the mills were running. Where did that wood go? Since it appears from subsequent announcements that the Irving mills will be the main benefactor of your management policy, how much of it did the Irving Mills already get? Did they get most of the wood that was harvested in the above numbers? How much has their wood supply from Crown land already increased as compared with 2004? If we are harvesting almost the same amount (some years even more) how come we lost so many jobs? If the Irving Mills received any of that wood, how many jobs were created by them?

I'm certain you are aware of the sorry state that our forest industry has reached. This has happened in spite of the government of the day continually increasing the wood supply and providing more and more aid to the industry. In the case of the Irving Mills, there is a long, long list of funding and subsidies that they are given and yet they are continually looking for more. Their power rates are subsidized, their property taxes have been reduced, they have been given Government loans, their personal taxes have been reduced (I assume the Irvings are in the higher income brackets that the liberals generously helped out), and corporate taxes were substantially reduced. All the while, this group of companies, through its lean management programs, has been cutting jobs to increase profit margins.

Here is one case of how we as a Province have done things with this company. The JD Irving Company built a sawmill in Deersdale in the early 1960's. It is very close to their tree nursery operation (which, incidentally, has received a great deal of public money over the years), and was in the heart of their forest land holdings, which was claimed to be sustainably managed. The mill was expanded over the years and the surrounding forests were stripped to feed it. I have no idea of how much Government assistance was provided to that operation since it was established but I do know that it was a part of the Irving's vision of a "sustainable" forest products industry. In 2008, the Government loaned the Irvings \$4.5 million to install a biomass boiler there. 3 years later, the company closed the mill, citing lack of raw material as the main reason. 73 people lost their jobs. If sustainable forestry practices were in fact being used, why did this operation shut down? Doesn't "sustainable" mean that there would be raw material in perpetuity? At the time, the closure was claimed to be temporary but since then, machinery has been removed and in fact the boiler, for which the province provided a loan 3 years earlier, is being installed in Irving's new Ashland mill in Maine. Did they ever repay the loan? How come JD Irving can open a mill in Ashland Maine where the power rates are three times higher than what he pays in New Brunswick? Will he be using New Brunswick wood from crown lands in this mill? When the Deersdale mill was shut down, was the Irving wood allocation from crown land reduced to reflect this? Isn't the crown allocation tied to mill requirements? Deersdale was using a substantial amount of wood and it didn't disappear over night. Where did that wood go? I could go on and on but I'm sure you see the point. The citizens of New Brunswick have a right to know what is happening on their crown land and how the resource is being used.

In the past forty years the total number of jobs in the forest industries has been steadily declining and the public, through its government, has been largely subsidizing this decline. Large scale mechanized harvesting is only feasible on large blocks like the ones provided by the Government through its licenses. This type of harvesting is less labour intensive and means fewer jobs. So not only do the major companies purchase the standing wood at reduced cost from the Government, it is cheaper to harvest. It would seem logical that providing easier and cheaper access to the resource should command a premium in the price paid for that resource but it is the other way around. Meanwhile, the private woodlot owners cannot compete because they are not as mechanized and are more labour intensive (jobs!). The mills have been continually modernized and made more productive, often with Government assistance, and the number of jobs has been reduced as a result. All of this so the large companies can produce a commodity product as cheaply as they can to compete for the US housing market. This sounds like the proverbial "race to the bottom".

If you look at pictures of logging operations in the province from forty or fifty years ago and compare them with what we are producing now you will visually see the decrease in log size and quality. We said that the resource was sustainable back then but it wasn't. You are now saying that with your plan the current resource is sustainable but it isn't either.

Based on past performance, the Irving Company has not demonstrated an interest in sustaining the forests. Their principal motivation is increasing profits by creating a crop of easily harvested trees that may not even have a market in another fifty years. If they want to do that on their own land, that is their business. Crown land, however, should be managed to provide a diversity of products for a healthy and diverse wood products industry. And as trustees of Crown land, that is the responsibility of the Government.

The Irving Company in particular has repeatedly used the threat of plant closure and job loss to get its way in terms of raw material supply and cost concessions. The fact is we are enduring a slow and painful loss of jobs anyway. When the resource is depleted the jobs will all be gone, and so will Irving, so we are simply postponing the inevitable. A couple of years ago the Irving companies announced with great

fanfare that they would be hiring 6500 people in the following two year period. It has been very quiet since then and people are still moving to Alberta.

I was raised in this province and attended University here. I am a forester by training and worked over forty years in the wood products industry. Over that period, I have watched how our forests have been decimated and transformed. In many places it is not now what I would call a forest. At the same time, I have watched the decline in the number of jobs and the reduction of opportunity for anybody to develop and grow a wood products business because they cannot access the raw material. If you really want to create jobs and develop a sustainable forest resource then you should scrap the present system and start over - it's that messed up. The press releases made by J.D. Irving Ltd following your announcement claimed that their investment in the proposed pulp mill modernization was unique in that it was the only one announced outside of third world countries in recent years. One could interpret that as saying we have finally reduced the value of our resource to third world levels so that we can compete. I believe that is the wrong direction to go.

While doing research for this letter, I came across an article written by Erin Steuter from Mount Allison University about monopolies in the News Media and used the Irving owned newspapers as a case study. It is titled "He who Pays the Piper Calls the Tune" and refers to New Brunswick as an Irving fiefdom. That's a sad commentary about our province but she has a point. The Irving organization exerts undue control and influence to protect and promote their interests and, in my opinion, this results in a considerable drag on the New Brunswick economy.

I would like to close by requesting again that you will consider the questions and comments I have put forward. Hopefully your Government will change direction so that we can reverse the decline of a once vibrant industry in our province. I look forward to your response.

Sincerely
Gerald (Jerry) Viel

I have copied this letter to the leaders of the provincial opposition parties and the news media who may also have an interest in your response.