

# Billionaire Irvings get help from the feds

By Cloe Logan | News | March 1st 2023



Matthew Abbott of the Conservation Council of New Brunswick in front of the Irving Pulp and Paper mill in Saint John, N.B. Photo by Keith Minchin/Canada's National Observer

About five years after being slapped with one of the largest fines for environmental pollution in Canadian history, Irving Pulp and Paper has received a federal loan for up to \$100 million to help clean up waste effluent from the mill.

In 2018, the company was ordered to pay a [\\$3.5-million fine](#) for illegal dumping at its New Brunswick mill on the Saint John River and promised to build a treatment facility for waste produced during pulp and paper production. Five years later, the promise still has not been met and in December, Export and Development Canada (EDC) advanced its billionaire owners a loan to help build the waste treatment facility, *Canada's National Observer* has learned.

Irving Pulp and Paper is part of J.D. Irving Limited, a conglomerate that falls under the Irving Group of Companies umbrella, owned by James Irving, who has a net worth of around \$4 billion, [according to Forbes](#). Meanwhile, his brother Arthur Irving runs Irving Oil and is [436th](#) on Bloomberg's Billionaires Index at a net worth of over US\$5 billion: almost 80,000 times the median household income in the United States.

The Irvings are by far New Brunswick's most wealthy and powerful corporate family: Irving-owned stores sit at key corners in many towns and cities, and in Saint John, the company operates Canada's largest oil refinery, a stone's throw away from the pulp mill.

Irving Pulp and Paper was found guilty in 2016 of illegal dumping of untreated effluent at the mill, which sits on the Saint John River near where it empties into the Bay of Fundy. Effluent is a "complex combination of waste" created during the production of pulp and paper, [according to the federal government](#). As of now, waste from the pulp mill is cleaned on-site and the treated wastewater flows into the river, much like the sewage process.

However, when the company was charged with three Fisheries Act violations (reduced from 15), it was pouring improperly treated effluent into the riverway, which is home to dozens of [species at risk](#), including Atlantic salmon.

During the trial, the company failed a mandatory pollution test, which analyzed the toxicity of its effluent on rainbow trout. The company attempted to [challenge](#) the constitutionality of the test but ultimately [pleaded guilty](#), and along with the fines, committed to invest in an environmental treatment facility for its byproducts within five years. According to the company, its current system [meets](#) the present regulations for effluent, set in the 1990s, but once the regulations are updated, the old system will be insufficient. Irving also says the new facility will reduce its freshwater consumption by over half, which is currently double all of Saint John's water use combined.

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12-12-2022	Canada	Irving Pulp & Paper, Limited, Irving Paper Limited	Financing	Export Capacity	Forestry	Support in relation to pulp and paper facilities and operations	75 - <100 million	Irving Pulp & Paper, Limited, Irving Paper Limited
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Screenshot from EDC's Transaction Information list showing its loan to Irving Pulp and Paper. Base photo by Keith Minchin/Canada's National Observer

News of the loan is raising eyebrows among environmentalists, who question why the Irvings would need government help to finance the plant. Over the years, the Irvings have consistently [ranked](#) as one of the richest families in Canada while finding ways to cut costs. [The CBC reported](#) the company created an offshore insurance company in the tax haven of Bermuda that allowed it to accumulate over \$13 million in untaxed income between 1973 and 2001. The Paradise Paper [leak](#) in 2022 showed Irving Oil made \$250.7 million in 2005, the same year it persuaded Saint John city council to give the company a tax break for 25 years. The documents also showed over \$100 million in profits during the 2008 financial crisis, when the price of oil crashed.

“We know they're wealthy, we know their companies make a profit,” said Matt Abbott of the Conservation Council of New Brunswick. “First of all, why don't they just have the best pollution treatment system in the first place? And then when they're caught without it, why don't they just build it as quickly as possible?” he said.

EDC and Irving would not provide details on the loan, such as an interest rate or the date when it needs to be paid back. Anne McInerney, vice-president of communications for Irving, said the loan was “syndicated” with the five [big banks](#), and that the total amount was larger than EDC’s contribution.

## Pollution charges

The series of events that led to the pollution trial and the followup actions by Irving also rub Abbott the wrong way.

The company self-reported the dumpings, which occurred between 2014 and 2016. Of its \$3.5-million fine, \$1.1 million was directed to the Canadian Rivers Institute, a research organization run out of the University of New Brunswick, and \$2.4 million was put towards Environment and Climate Change Canada’s Environmental Damages Fund.

During the plea process, a joint proposition from the Crown and Irving argued that \$1.1 million of the fine should go to a salmon conservation non-profit created by Jim Irving called Collaboration for Atlantic Salmon Tomorrow. The group’s salmon-stocking plan has been [contentious](#): it was repeatedly rejected by the Department of Fisheries and Oceans and criticized by local First Nations. The idea was eventually abandoned, but Abbott said suggesting that a supposedly punitive fine should be shovelled back to a non-profit they back "speaks to Irvings' character."

*Canada’s National Observer* reached out to ECCC to request an interview, which the department could not provide. It said Irving Pulp and Paper provided the ministry with a plan to prevent future deposits of deleterious substances into the Saint John River. The company is also required to provide updates to the department twice a year on their efforts to prevent future pollution, “including until a new effluent treatment plant is commissioned.” The ECCC notes the company has been complying with the direction.

Irving Pulp and Paper did not respond to questions on criticism of the funding and pointed to a [press release](#) on the environmental treatment facility.

“The construction of this new on-site facility using world-class technology will help us continue to achieve our long-term environmental objectives by substantially improving water quality while reducing water consumption by up to 50 per cent,” said vice-president Mark Mosher in the release.

“We have been operating at the westside location since 1946, so we value the feedback of our neighbours in the community and we look forward to hearing from them through this process.”

For Abbott, the memory of the pollution events is still clear and the violation people felt when hearing the company had dumped untreated waste into the river for years is still raw. He said people called the Conservation Council of New Brunswick’s office when they heard the news, and asked if they were safe after diving or boating on the river.

“Because there is commercial, industrial, scientific diving. All sorts of things,” he explained.

“We think of Saint John Harbor as an industrial harbour, but people are in it and on it for a whole host of reasons. And even if you're on a tug, you know, moving Irving oil tankers, you should still not be exposed to pollution.”

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**Updates and corrections** | [Corrections policy](#)

**March 28, 2023, 10:00 am**

This article has been updated to include the correct figure for the median household income in the United States.

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## Comments

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M. L. | 2 hours ago

Stories such as this one reminds me that many wealthy business people simply live their lives without much regard to their fellow Canadians or the shared environment. Their ability to ignore or profess ignorance of certain regulations and legislations galling but is second only in comparison to their ability to have their hands out ready for additional corporate welfare. It makes this Canadian wonder if we actually have a free market or is it mostly a tax-payer subsidized market economy where all profits are collected by the corporation but risks and losses or investment costs are supported by the taxpayer with the proffered rationale (blackmail) of having saved local jobs. Corporate welfare seems too common in Canada and I wonder how these subsidies don't offend our fair trade agreements. There is also the concern that in this type of market that a Canadian competitor who follows all laws and regs is disadvantaged by these loans and handouts. Can a corporation request an operating grant due to undue hardship created by govt support of their competitor?

I wonder if all govt corporate support should be either by secured, market rate loans or if "required", that what we used to call grants, (free money) are treated as actual investments with taxpayer ownership in corporate stock.

Perhaps if this model had been in play then we may not be lending money to the Irving's or doling out billion dollar grants to Oil and Gas corporations to clean up the thousands of orphaned wells out west.

Canadian natural resources are always in high demand; it's tragic that too many who wish to explore and export these resources don't value the land, water, air or people next to these resources and more tragic that we enable this behaviour.

Reply

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f nordvie | 43 minutes ago

1. What's happening is what "free market" means.
  2. Why would the Canadian government (i.e., its citizens) want to take on an ownership interest in a crooked, dirty, polluting industry that lies and asks poor people to pay its bills for it?
  3. You might want to think twice about compensating foreign owners for "loss of competitiveness"
  - ...
  4. The biggest problem, to me, is not even the ongoing and ridiculous corporate welfare, but that it all comes with zero strings attached. If there were real need by the recipient company, it \*could\* be doled out to meet expenses already incurred rather than as a Big Gift Up Front.
  5. Government loan support is usually by way of guaranteeing low-interest loans advanced by Canadian chartered banks. No one's attending to the "shareholders' demands for better profits" in that case, which gives the lie to their stated approach. On the other hand, "the government" (meaning the country's citizenry) at least sort of pays lip service to keeping the interest rates low.
  6. None of the propositions by M.L. in the name of a "free market" are "free market" provisions, in the way a lot of people understand them. They are, however, consistent with how "free markets" actually work, in terms of everything being free to the "producer" (unless mega-purchase/distribution/brokerage is involved, as in agricultural products).
  7. Don't forget that these companies are also often given tax holidays by any or all levels of government.
- "Free" means \*free\*!

Finally, "Abbott said suggesting that a supposedly punitive fine should be shovelled back to a non-profit they back 'speaks to Irvings' character'!"

I would suggest it speaks much more loudly to the "character" of the prosecutor's office that they'd propose it in a joint submission. We have elected politicians, civil servants and officials by the thousands who bend over backwards to break the law for the wealthy ... again, think Jody Wilson-Raybould.

I, for one, hoped (against hope) that a few examples like hers, of integrity in government, might embolden others to do their job as it would in fact be done in a country that paid more than lip service to "rule of law."

But "rule of law" applies to "the little guys," not to the wealthy, the ruling class, or their government henchmen.

Reply

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