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Chair

The Honourable John McKay

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•(0845)

[English]

The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)): Ladies and gentlemen, I call this meeting to order.

[Translation]

Welcome to this 31st meeting of the Standing Committee on Government Operations and Estimates.

Welcome, Mr. Asselin and Mr. Ouellet. Each witness has five minutes for an opening statement. After hearing your testimony, members will have questions for you.

Mr. Asselin, I would ask that you begin now.

Mr. Gérard Asselin (Manicouagan, BQ): Mr. Chairman, thank you very much for inviting us and the other witnesses to appear before the Standing Committee on Government Operations and Estimates. Mr. Labbé is not here yet, but he should join us soon as a witness.

Mr. Chairman, Bill C-429 has just completed another step—an important one. Today, we are appearing before you, before your staff and our colleagues from the House of Commons. I am accompanied today by a number of witnesses, including our researcher who is responsible for Bill 429, as well as Mr. Ouellet, the member of Parliament for Brome—Missisquoi and an architect. I would like to ask the people seated to my left to introduce themselves.

[English]

Ms. Marianne Berube (Executive Director, Ontario Wood WORKS!, Canadian Wood Council): I'm Marianne Berube. I am the director for Wood WORKS!, Canadian Wood Council.

Mr. Gérard Asselin: Thank you.

Next.

Mr. Andrew Casey (Vice-President, Public Affairs and International Trade, Forest Products Association of Canada): Good morning. I'm Andrew Casey. I'm the vice-president of public affairs and international trade with the Forest Products Association. I'm joined by my colleague Isabelle Des Chênes, the vice-president of market relations and market development.

[Translation]

Mr. Gérard Asselin: As you can see, Mr. Chairman, this is a bill containing only one paragraph, but it is worth its weight in gold. There is absolutely no point in having a 100-page bill if, ultimately, it can be summarized in a single paragraph. You will see, as I have, that this one paragraph in Bill C-129 is worth its weight in gold.

Mr. Chairman, I am proud of the fact that a majority of colleagues in the House voted in favour of this bill. That gives us an opportunity to review it in committee and hear today from witnesses who may or may not support it. Our hope is that when the Committee has completed its review of the bill, the vote will be a favourable one, which will give the House of Commons the opportunity to examine the bill at third reading.

Mr. Chairman, like my colleagues and myself, you will note that the bill has three objectives. The first objective of Bill C-429, an Act to Amend the Department of Public Works and Government Services Act (use of wood), is to help the forest industry. I would like to take the time to read that paragraph.

(1.1) Despite subsection (1), before soliciting bids for the construction, maintenance or repair of public works, federal immovables and federal real property, the Minister shall give preference to the concept that promotes the use of wood, while taking into account the cost and greenhouse gas emissions.

Mr. Chairman, as I was saying, although it is short, this bill is worth its weight in gold. It presents three goals, the first and foremost of which is to assist the forest industry, which is currently struggling, through greater use of wood when repairs are made to public works and federal buildings. Furthermore, Mr. Chairman, I imagine that if I asked all the members who are here today and support the idea of helping the forest industry, to raise their hands if they are in favour of passing this bill, I imagine that everyone would do that. If I asked that members raise their hands if they are in favour of the government meeting its greenhouse gas reduction targets, Mr. Chairman, I'm sure you would see that everyone would do that. The fact is that everyone is in favour.

When the government issues a call for tenders with respect to the construction, renovation or maintenance of federal buildings and allows entrepreneurs to use wood as a material, that is free competition. Companies that work with steel are not the only ones that can bid on a building project; there are also companies out there that prefer to work with wood. When there is competition, Mr. Chairman, like myself, you will see that, very often, the work that is carried out is of a very high quality and is performed at a better price.

In closing, Mr. Chairman, I hope that the Committee will fully consider the perspective of witnesses who will be presenting their views—because they are highly qualified to address this and have come a long way. They come from Ontario, British Columbia and all across Canada. The forest industry is not only a concern in Quebec, but all across Ontario, British Columbia and the four corners of the country.

I would like to turn it over now to Ms. Berube, who will make her opening statement.

● (0850)

The Chair: Thank you, Mr. Asselin.

[English]

Ms. Berube, the Quebec Wood Export Bureau was to be next, according to the order, but I understand that Mr. Labbé is in traffic. Go ahead, *s'il vous plaît*.

Ms. Marianne Berube: Honourable chair, members of the Standing Committee on Government Operations and Estimates, I'd like to thank you for the opportunity to speak today. This is an important issue for all of us and we want to make sure that everyone is making informed choices.

I represent the Canadian Wood Council and Wood WORKS! The Canadian Wood Council represents the wood products associations across Canada. It takes care of market access and shares codes and standards. Wood WORKS! is a special project that promotes the use of wood in non-residential construction and provides technical support and education to the design communities across Canada.

First, I'd like to let you know that I'm not here to lobby for or against Bill C-429, but rather to educate the MPs who will have to make a strategic decision on why using wood is good.

For the past 10 years, we in Ontario and my colleagues across Canada have been building a wood culture. For a country that depends so heavily on our forest economy, we do not stand up and take pride in our wood products and resources as you see in very many European countries. We have, however, made great progress with many communities across Canada, with specified wood options and buildings that will leave a lasting legacy for many generations. Hospitals, cultural centres, and community centres I can speak for in Ontario. You all are very familiar with the Olympic venues and many projects in B.C. and others across Canada. These are a few that have demonstrated we can build cost-effective, sustainable buildings using Canadian wood products that will last for generations.

Now more than ever, designers and leaders are seeing that wood has a critical role to play in achieving green building mandates. Wood is the only renewable product; wood outperforms other major building materials with regard to life-cycle assessment, or LCA. This is a scientific process for assessing the impact that building materials have on our environment. LCA assesses the impact of materials from extraction through manufacturing, processing, transportation, use on site, maintenance, disposal, and reuse. In some countries, including France and New Zealand, government policy has been put in place to use more wood in public buildings to help them reach the carbon goals. Using wood is good for mitigating climate change, and helps sequester carbon.

In Canada, B.C. has enacted a Wood First Act and Quebec has established policies for using more wood in public buildings. Ontario is currently studying similar policies. I was just yesterday in Toronto, where we're also working on and moving ahead with changing building codes that will permit the use of wood in more buildings.

Over the past two years, Wood WORKS! and the Canadian Wood Council have tried to get the federal government to use wood in some of their buildings, only to find that current policy restricts its usage. It is discouraging to see this type of prejudice against the wood industry. For example, we were working on a project, a forestry service centre in northern Ontario, in Sault Ste. Marie. They were doing a retrofit and they couldn't even get a wood floor in their entranceway because current policy forbids the use of wood, not only structurally but even for interior finishes.

Other perfect examples that have happened have involved mixed-use projects, such as the new hospitals in Ontario. We've made great strides in health care. A North Bay hospital is about to open, and Credit Valley in Mississauga. This is a perfect example whereby wood is featured in public corridors, exterior canopies. Of course, with large buildings, like many of the federal government buildings, you're going to have a lot of areas that cannot use wood, but there are opportunities to use it in public places.

Whatever you decide going forward, we ask that wood be considered on as equal a playing field as other building materials such as steel and concrete. We are not asking for any exclusion of a product. In fact, the use of mixed materials, which includes wood, is very competitive, innovative, and aesthetically pleasing.

Let's leave a lasting legacy and be proud of Canada's forest sector, an industry that is very much the fabric of Canadian culture, while helping to meet our environmental goals.

Thank you.

● (0855)

The Chair: Thank you, Ms. Berube, and thank you for staying within the time limit.

Mr. Casey.

Mr. Andrew Casey: Thank you, Mr. Chairman, and thank you, committee.

I thank you on behalf of the members of the Forest Products Association for this opportunity to contribute to your study of Bill C-429.

By way of introduction, the Forest Products Association is Canada's national association representing the forest products industry of Canada. Our members have operations from coast to coast in virtually every province across this country.

The industry, more broadly, is a significant part of the Canadian economy. We represent about 12% of Canada's manufacturing GDP. We directly employ over 200,000 Canadians and another 366,000 or so indirectly. That makes us a significant player in the economy, but also, more importantly, to a number of communities across the country—over 200, to be exact—that are highly dependent on this industry and its well-being.

The past couple of years, as parliamentarians are well aware, have been a particularly challenging period of time for the industry. We've seen our markets go soft quite dramatically. We've arguably been the hardest hit of all industries in the economy. Certainly a number of MPs in the House and some around this table have had constituencies that have been particularly hard hit by the economic downturn of the past couple of years.

We certainly appreciate the strong support we've received from all sides of the House for the industry over the past couple of years as we sort of work through this economic challenge. I'm pleased to say that it does look like there's some light at the end of the tunnel. How quickly we get to that light is still yet to be determined. While economists debate whether or not we're in a "W" or a long "U", the industry is quickly getting prepared for when markets do return to full strength.

As part of that preparation, we've put in place sort of a four-part strategy. If I might, I'll just walk you through a little bit of that to give you a sense as to where we're going. Part of this bill folds into that overall strategy.

The first part is to make ourselves a little bit more productive and more competitive. The past couple of years have provided the industry the opportunity to restructure and to get leaner and meaner, to use an overused expression.

A second part of it is that we have to continue to improve our environmental performance and leverage that environmental performance in the marketplace, where it's becoming an importantly critical part of our marketing. The industry has done so. In fact, we're one of the leaders in sustainable forestry in the world.

A third important part of our strategy moving forward is the aggressive move into the bio-economy. We have to find ways to maximize the use of the fibre and what we extract out of the forest, and one of the ways we're doing that is moving into the bio-chemical and bio-product field. When we layer that on top of the existing industry structure, we see a very strong and healthy industry and an enormous opportunity ahead.

The fourth part is to make sure that we expand and diversify our markets. We're an enormously dependent industry on exports: \$24 billion a year is what we export of what we make. A lion's share of that, obviously, goes down to the U.S. housing market. We've seen what that can do when that market goes south, and that's one of the key reasons we have to diversify and find new markets outside of the U.S. We've done so aggressively and through great support of the Canadian government. We've moved into new marketplaces, such as China, where we're trying to find new ways to build with wood and change cultures.

That's one of our big challenges abroad, changing wood cultures and changing stereotypical thoughts of what wood can be used for. For that reason, we are urging the government to do likewise here in Canada. We need to demonstrate abroad that we as Canadians support the use of wood and understand that wood can be used in new ways that we couldn't possibly use it for before.

As for Bill C-429, we understand that there are some technical challenges to the bill, and if I might, I'll maybe suggest a few places where we could look to improve the bill.

The first one is that the bill makes no mention of where the wood needs to come from. We as a country are great leaders in sustainable and certified forests. We think the bill could use a change that would insist that the wood comes from legal, certified sources. We've seen too much illegal timber enter the marketplace, a large contributor to deforestation around the world, and that has to come to an end. Canada has to show leadership from that standpoint.

The second one, and it's one that Marianne just spoke a bit to, is the national building code. It has not kept pace with the technological developments in wood and the achievements that we've been able to do with wood. It needs to be updated, or modernized if you will.

The third one is to include life-cycle assessment in the choosing of materials for buildings and structures. We need to do a better job of ensuring that our buildings have the least amount of environmental impact possible. If you take a look at the resurgence of wood in the world, a big part of it is because we've now reached new technical achievements with the ability to use wood and the environmental performance of wood. We need to understand that wood—I'll use a transportation analogy—is a Prius, not a horse and buggy.

● (0900)

I would encourage the committee to help educate Canadians, as Marianne was saying, on better ways to use wood. It helps us abroad and it helps us here.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Casey.

Has Mr. Labbé arrived yet?

Colleagues, I propose at this point to open it up to questioning by members, but in the event that Mr. Labbé arrives, I propose to halt the questioning—at the end of the member's time—and give him an opportunity to say what he needs to say.

Mr. Regan, you have eight minutes.

Hon. Geoff Regan (Halifax West, Lib.): Thank you, Mr. Chair.

Mr. Casey, I enjoyed your comparison to the Prius, because I'm an owner of a Prius. There's a high initial cost but a low operating cost. In fact, they say that even the maintenance cost is low.

I don't know if that's true with wood as compared to other products, but do you want to elaborate on that?

Mr. Andrew Casey: Well, we would say that it's low-cost to begin with.

I think the point I'm trying to make is that the Prius is seen as an environmental step forward. Part of it is due to the technological achievements that the Prius engineers have been able to achieve. We think there are different ways to use wood, and if you take into account the life-cycle assessment of the making of the material and then of course the building itself that the materials are used for, we should be looking longer-term.

One of the challenges you have with the Prius is that, as I understand it, there are some high-end expenses put into it, but then also it becomes like a regular car at the end of the day, and maybe even more environmentally detrimental at the end of the day. We think using wood is a better way for the long-term horizon for the building structure.

• (0905)

Hon. Geoff Regan: Thank you.

I see that neither you nor Ms. Berube had much to say about the bill itself. You're here advocating on behalf of the forest products industry, the wood industry. I'm certainly very aware of the challenges that the lumber industry is having these days.

I'm not only concerned about the fact that we have the housing situation in the U.S., where there is something like a glut of a million houses available and there's not likely going to be a takeoff in construction of houses in the U.S. anytime soon, which is very important to our lumber mills across Canada and to an awful lot of small communities. Not only that, but there is also the problem when they do get going—when the housing construction sector gets taking off in the U.S. again—you still have the problem now that pulp and paper mills are less active. Fewer people are buying *The Washington Post* and *The New York Times* and reading those newspapers, for example. It means that there is less demand for pulp and paper, and therefore the sharing of the cost of bringing the lumber out of the woods is less there. That's more challenging for our lumber industry and makes them a little less competitive. That's an ongoing concern that I'm very aware of, as a former critic on our side for natural resources.

Let me ask you something. This bill would give preference to wood, and that's a real concern to other industries, as you're no doubt aware. We're going to hear from some of those today. Do you think that on all sides...? I think Ms. Berube mentioned the need to put wood on an equal footing, as opposed to a preferred footing. Is there a way to do that?

Secondly, what is the best way for the Government of Canada to support the forestry industry, perhaps without taking jobs away from other industries, which I don't think you want to do?

Mr. Andrew Casey: I think that's right. I don't think you want to get into a situation where you're looking at a forestry job as being more important than a steel job or a cement job. I think that's exactly right, Mr. Regan.

To your question, we support the bill because it advocates the use of wood. Are there technical ways to make it better? I'll leave that up to the committee as legislators, but we certainly think that one way to do it is to put everything on a level playing field. The way to do that is through the life-cycle assessment and incorporating that into the decision-making process in terms of choosing materials for your buildings and for your upgrades.

The other part of it of course is one I highlighted in my notes, which is to update or modernize the national building code, which right now doesn't allow structures beyond four stories to be made out of wood. Other parts of the world are doing that; other parts of this country are doing that. We see no reason why you can't. With the engineered woods that we have out there, we can go well beyond; if

you look at the Richmond oval in Vancouver that was used for the Olympics, you're spanning a 300-foot span with that.

Wood has gone well beyond where we used to think of it being used for 10 or 15 years ago, and we think the code should reflect those changes.

Hon. Geoff Regan: You talked about the importance of—

Oh, Madame Berube, I'm sorry. Go ahead, please.

Ms. Marianne Berube: Okay. I would just add a couple of quick comments to that.

That is what we have been doing with the Wood WORKS! project for the last two years. You mentioned access to the United States, and relying so heavily on that economy. That's why we are trying to encourage more use of wood in Canada. But I mentioned several specific examples; there is a place for all building products. These hospitals are a great example of where we can all work together, and hybrid projects do work very well. That's why it's important, though, that we look in Canada and use more wood here to diversify our markets.

Hon. Geoff Regan: Well, as we look around this room, we see the very nice wood panelling on the lower third, or whatever that is, of these walls, and there's no question it's very attractive. Obviously it wasn't put there yesterday. I don't think it's brand new. But it is good to see.

Back to Mr. Casey, on the concern you had about the need to specify legal, certified sources of wood, if that were not in this bill, what would be the implications?

Mr. Andrew Casey: I think it would be a lost opportunity, quite frankly.

The largest amount of certified forest in the world is found in Canada. We're leaders from that standpoint. It's a market advantage when we go out into the marketplace. A number of customers now—global customers, large customers—are insisting that it come from legal and certified sources. We've gone to great lengths to make sure our wood does come from legal and certified sources. Why would we not take advantage of that opportunity and show leadership here?

Perhaps I can ask my colleague to elaborate a little bit further.

Ms. Isabelle Des Chênes (Vice President, Market Relations and Communications, Forest Products Association of Canada): Certainly one of the things we do in the marketplace...and particularly we've been focusing a lot on the emerging market in China. The important thing there is that they're in the process of developing their policies. They're doing a lot of work around trying to wrap their heads around certification, and legality of supply.

China is also a large remanufacturer, so it's top-of-mind for them. They're being faced with issues like...in the United States, there's the Lacey Act. Europe recently passed its due diligence requirements around illegal logging.

So it's really important for us to demonstrate to them that we have a strong story on that side and that, if we're asking them to source from legal suppliers, we have policies in place that recognize that, too.

• (0910)

[*Translation*]

Hon. Geoff Regan: Thank you very much.

Do any of the witnesses have suggestions as to how to enhance this bill?

The Chair: Mr. Asselin.

Mr. Gérard Asselin: I think it's important that people understand that, when I tabled and sponsored Bill C-429, my goal was not to promote the use of wood to the detriment of steel. Steel certainly has its role to play in the market. But we also want to give wood its rightful place in the market. We simply want to ensure that the sun shines for everyone.

When drawings and specifications are being prepared, we will just be putting another player on the ice; that is what we will tell the forest industry and our sawmills—on the North Shore, in Manicouagan, there are municipalities like Schefferville, Fermont, Havre-Saint-Pierre, Sept-Îles and Baie-Comeau which have mining resources. There are also a lot of sawmills, such as in Rivière-Pentecôte, Rivière-Saint-Jean, Baie-Trinité, Ragueneau and Forestville, which are closed.

To answer the member's question, I would say that the government will come out a winner once it has created a structure and lumber suppliers can bid, in the same way that steel suppliers can. And when there is market competition, we should end up with better quality and a better price.

The Chair: Thank you, Mr. Asselin.

[*English*]

Thank you, Mr. Regan.

I see that you have arrived, Mr. Labbé. Welcome to the committee.

[*Translation*]

You have five minutes.

After that, a member of the Bloc Québécois will have five minutes.

Mr. Sylvain Labbé (Chief Executive Officer, Quebec Wood Export Bureau): Thank you very much.

I have just come back from Geneva, and that is the reason why I arrived a little late. There a UN committee is working on environmental construction rules and discussing exactly the same issues that have been raised here.

Every country in the world knows, as a result of the 2007 IPCC report, that when wood replaces concrete or steel, greenhouse gas emissions are reduced. What is currently being negotiated is the sequestration of wood products—in other words, the carbon found in wood. Those negotiations will take place in Cancun. Everyone agreed on the science, and now begins the political process to secure acceptance of carbon credits for sequestration. So, in South Africa, it

is quite possible that there will be another ton of emissions when wood products are used.

The procedure differs from one country to the next. Some countries have strict policies: wood is included and the volume is calculated to determine the emission level. Other countries are softer. For example, what is proposed here is very soft, in my opinion. If words like “reduce the environmental footprint of public buildings” is too tough, you can use any words you like, because the result will be the same. It is important for Canada to play a leadership role, since we are in fact a wood producer.

The Chair: Ms. Bourgeois, please.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Mr. Chairman.

Ladies and gentlemen, thank you for being with us this morning to explain this very important piece of legislation, for both Canada and Quebec. I take great pride in the fact that the Bloc Québécois was the party that proposed this bill.

I think it's a shame that my NDP colleague is away today, because if we are talking about wood, we are necessarily talking about wood for framing, about finished lumber, and about carpenters. I believe that my NDP colleague was a carpenter, and I am certain that he would understand the importance of what you are proposing this morning.

As regards the bill and our discussion of it here in Committee, the argument that has been heard repeatedly—and I quote from the summary here—is that this will “give preference to the concept that promotes the use of wood”. It is the expression “give preference” that seems to scare a lot of people sitting at this table.

Could one of you possibly explain that the expression “give preference to”—and I'm not sure whether the English translation elicits the same kind of fearful reaction—does not mean that wood will be used ahead of any other product, but rather, that wood will be on an equal footing with other products? As I see it, that is the important point here.

• (0915)

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Mr. Chairman, if you don't mind, I would like to answer that question.

Ms. Diane Bourgeois: Mr. Chairman, I have a point of order. I would like Opposition MPs to listen carefully to the answers. I have a feeling that everyone is not listening. Thank you, Mr. Chairman.

Mr. Christian Ouellet: To answer that question, I have to tell you what I have done in life. I was an architect for 50 years. I am now an honorary member of the Royal Architectural Institute of Canada. I began in 1954, at McGill. Just to follow up on what Mr. Asselin said, which is that we want to put a new player on the ice, I would say that in the 1960s, wood was on an equal footing with other types of materials. So, there is nothing new in this. We are simply acknowledging that wood is a normal structural material or finish.

To specifically answer Ms. Bourgeois' question, I would say that, in the construction industry, it is perfectly normal to have a preference for a particular material. When the Canadian Parliament was built, stone was the preferred material. The decision was not to use just any outside cladding—such as brick; no, stone was the preferred material. When the floors of this room were designed, wood was the preferred material, as it was for the panels covering these walls. So, in the construction industry, it is perfectly normal to determine in advance the materials that you want to use. There is nothing new in that; that is the way it has always been.

Indeed, it is the same thing for steel. Developers may decide that the building will be made of steel or wood. So, as you see, the expressing “give preference to”, which is used in the bill, is not contrary to current practice. It is normal, under current practice—

[English]

The Chair: Excuse me, Mr. Ouellet, we have a point of order by Mr. Calandra.

Mr. Paul Calandra (Oak Ridges—Markham, CPC): Mr. Chair, I'm just worried that my friend from the Bloc is missing some of the testimony that she asked us to listen to. Maybe he might want to delay until she returns to the table. I'd hate for her to miss some of this important—

The Chair: I don't wish to delay it.

Mr. Paul Calandra: Oh, okay.

The Chair: Mr. Ouellet, please proceed.

[Translation]

Mr. Christian Ouellet: Thank you, I was at the end of my demonstration. Indeed, in the construction industry, it is perfectly normal to prefer a specific kind of material. That has always been the case and always will. The principal contractor decides whether wood or another material will be used.

Coming back to wood construction again, Mr. Chairman, it's not a single type of structure that is being promoted. There are at least three ways of building with wood, and there is competition among the three. They are: solid wood, composite wood or laminated wood construction. So, there is already competition among the three. When we talk about giving preference to wood, we are not saying which manufacturer will be doing the work; we're simply saying that the main construction material will be wood. The witness is absolutely correct to say that our wood products are increasingly consistent with the FSC, or Forest Stewardship Council, standard. That takes time, but it is going to happen, and there was no need to specify that in the bill.

[English]

The Chair: Thank you, Monsieur Ouellet.

Madame Bourgeois, thank you for rejoining us. You have two minutes left.

[Translation]

Ms. Diane Bourgeois: There is another reason why people are somewhat reluctant to pass this bill. Initially, even I was not sure how I felt about this. I have always believed that steel and concrete were more environmental than wood, because I assumed that using wood means cutting down trees, which is not environmental. I also

always believed that wood was not as strong as concrete and steel, but it would seem that is not the case.

Can you explain that for me?

• (0920)

Mr. Christian Ouellet: Absolutely. Wood is just as strong. When calculating what is needed for a wood construction, the resistance must meet the requirements in terms of the weight to be supported on and in the building. So, whether it is made of wood, steel or concrete, the structure is designed based on the support that is required, as calculated.

Recently, I was in the United States, in Glasgow in the State of Maine, where I saw large wooden buildings that are 140 years old and don't have a single crack in them. The structure has remained intact, there has been no sagging or anything of the sort. So, wood is just as tough a material and actually has a higher fire resistance than other materials. It is also a material that doesn't deteriorate, which can remain in place as long as any other type of structure and which is environmental, in the sense that this is a renewable resource, since trees grow back. In fact, if you don't use a tree once it has reached full maturity, you will lose it—it rots.

In Canada, we have a large number of trees that have reached full maturity. If we don't use them, we will simply lose them, which is not the case for steel—given that it is derived from an ore—or for concrete, which is produced using large amounts of energy.

The Chair: Ms. Bourgeois, you have less than 20 seconds left.

Ms. Diane Bourgeois: All right. I have just enough time to make a comment. As I understand it—and please correct me if I'm mistaken—what you are seeking today is approval of this bill by Committee members so that it can be sent back to the House of Commons for future discussion.

Mr. Gérard Asselin: Yes, you're absolutely right. I believe the bill, which was tabled in March of 2010 in the House of Commons, has passed first reading. Furthermore, a majority of Liberal and NDP members supported Bloc members, and that made it possible for us to hear from witnesses today who may be for or against the bill. Our hope is that a majority of members of the Committee will vote in favour of the bill moving to the next stage in the House of Commons.

I would just like to say to the NDP, which has close ties to workers and unions, that this is their opportunity to prove that they are truly concerned about the forest industry, which represents thousands of jobs. I am also asking the Liberal Party to support this bill.

[English]

The Vice-Chair (Mr. Chris Warkentin (Peace River, CPC)): Thank you, Mr. Asselin.

You're cutting into the ninth minute now, so I'm going to move on to the next questioner.

Monsieur Gourde, you have eight minutes.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Mr. Chairman.

Mr. Asselin, I understand the merit of this initiative. We are all aware that wood, concrete, steel and other materials are all used in government works and buildings. In terms of the percentage, what improvement would result from this bill, were it to pass, as regards the use of wood in buildings, in relation to the overall wood products market? Have you done any analysis of that? Would it have a significant value?

Mr. Gérard Asselin: First of all, we would like to see the federal government lead by example. It owns a lot of buildings in Canada. Whether we're talking about post offices or government service facilities, the federal government owns a great many buildings. They have to be maintained, renovated, and sometimes, rebuilt. So, we would like Public Works and Government Services Canada to include an alternative in the form of wood when preparing its specifications.

At the present time, for buildings with more than one storey, there seems to be no consideration given to the possibility of using wood. I am sure there are a number of things that could be included in their construction which would allow the forest industry and our sawmills to be productive and produce wood products that could be used in federal buildings.

Mr. Jacques Gourde: Mr. Asselin, I understand what your goal is, but I also see that you did not actually do a study before tabling your bill.

Mr. Gérard Asselin: No, I didn't do a study, but I am sure you understand that, by tabling this bill, the Bloc Québécois is walking the talk. Talking about helping the forest industry—

Mr. Jacques Gourde: Yes, Mr. Asselin, I asked you the question and I take your point. You will surely agree with me and all the other members of the Committee that the wood products industry in Canada, both in your riding and in many others, is extremely important. It's an industry that involves major exports to the United States and elsewhere.

Do you know what proportion of current production is exported, compared to what remains in Canada?

• (0925)

Mr. Gérard Asselin: In terms of exports to the United States, we all know that the forest industry in Quebec and Canada was hit hard by the surtax, to the point where some businesses and sawmills went under. I think that if the federal government were to lead by example in allowing wood to be used as a construction material, that would allow some provinces... That is already being done in British Columbia—

Mr. Jacques Gourde: Mr. Asselin, do you have any idea of the percentage of wood being exported, in relation to our gross domestic product? Is it 50%, 70%, 80%?

Mr. Gérard Asselin: I don't know whether one of the witnesses has the answer to that. One does apparently.

Mr. Andrew Casey: That is easy to answer. It is more than 50%, which represents \$24 billion. Most of our products are exported.

Mr. Jacques Gourde: Thank you very much. So, Canadian wood products, valued at \$24 billion, are exported around the world, but primarily to the United States?

Mr. Andrew Casey: Yes, 70% of our production goes to the United States.

Mr. Jacques Gourde: Seventy per cent of our wood product exports, for a total value of \$24 billion, goes to the United States.

Mr. Asselin, are you aware that we have trade agreements with our U.S. and other partners which prevent us from giving preferential treatment to one type of material or another because it is a free market where there is free competition? Are you aware of that?

Mr. Christian Ouellet: I would be pleased to answer that. We did a study of wood at the Standing Committee on Natural Resources, right here, a year ago. We realized that exports are constantly falling and that there was a need to develop our domestic market so that we can use the wood that we have. So, that very subject was studied here. And, in a way, this bill responds to the recommendations of the report on wood.

Mr. Jacques Gourde: Since we don't have any figures on the potential development of the domestic market through the use of wood in government buildings, is there a danger that we will jeopardize a \$24 billion industry that is covered under our trade agreements?

Mr. Christian Ouellet: No, not at all, because as I was saying, exports are currently falling, and we want to make the wood product market more secure by sending the message that this is a material that must, first and foremost, be used here in Canada.

Mr. Jacques Gourde: Should we not be seeking to make the export market more secure through promotion programs and by closely monitoring the market? We could promote our wood products internationally, because we know there is a major market outside Canada. We have a population of 33 million, in the U.S., it's 325 million, and global population exceeds several billion.

So, do you not agree that we should be promoting our exports rather than focussing on the domestic market?

Mr. Christian Ouellet: That in no way prevents us from promoting exports—

The Chair: Mr. Ouellet, please be quick. After that, I have Mr. Labbé, Mr. Casey and possibly Mr. Warkentin, who would like to ask questions.

Mr. Christian Ouellet: Just to complete my point, there is a reason why we are asking that wood be preferred as a construction material here in Canada. There is a need to secure our markets and, internationally, there is no way of doing that. We are not the ones who decide if the market in the U.S. will decline or not. We have no choice but to accept whatever happens and the belief is that, if the Canadian market can be secured, the market will be steadier.

The Chair: Mr. Labbé, please.

Mr. Sylvain Labbé: I agree with you on those two points. Canada is an exporting country and we should be promoting our exports and developing outside markets. The countries where we sell our products are currently introducing policies on wood use as a means of reducing their greenhouse gas emissions.

It would be quite inappropriate for us, as exporters, not to at least consider doing what our clients are doing. We will never be blocked because of a greenhouse gas reduction policy. And it's the same in the auto industry; it will never complain about a policy aimed at reducing gas consumption in vehicles. It means we'll be selling fewer cars. But no one will complain about that kind of policy. It's not a matter of favouring—

[English]

Mr. Chris Warkentin: Okay. Thank you very much.

I'm just going to cut in here, and I do apologize for that—

[Translation]

Mr. Christian Ouellet: There is Mr. Casey before you.

[English]

The Chair: I think Mr. Casey wanted to get in on that.

Mr. Chris Warkentin: I'd like—

The Chair: Possibly he could get into it briefly, and then you, Mr. Warkentin.

Mr. Chris Warkentin: Sure.

Mr. Andrew Casey: Monsieur Labbé said it well, but just very quickly, clearly the Government of Canada is not going to.... This is not our most important market. Our most important markets are outside of the border. But I will say that it's important that we demonstrate at home that we support the use of wood in our buildings. It's an important tool for us in the new marketplace.

• (0930)

Mr. Chris Warkentin: That's exactly the point I want to get to here, Mr. Casey.

I'm wondering if you could add some clarification, then. You are supportive of the wood industry, as am I. I come from an area that is a lumber-producing community.

What this bill presents to me is a threat to our international markets. Let's look at the specific wording of the bill. It calls for a preferential treatment for a specific type of building material. In the trade agreements...and you guys are experts on these. In the trade agreements, including the internal trade articles of 504(2) and 504(3) (b), including NAFTA agreements, including the WTO—all of these make it absolutely clear that any specific preferential treatment given by the Government of Canada is in contravention of these agreements.

We have a huge possibility to lose a huge market if this bill is passed as is. I am going to vote against this bill in defence of the lumber industry, in defence of the forest product industry that I represent.

I need to know—because we're here to hear about this specific bill, the wording of this bill—do you support a bill that in its wording would actually contravene our trade agreements, and the impacts that might flow out of that? You and I know very well that the United States is looking for any excuse to shut our border. Would you support a bill that would be seen as protectionist and would then limit our access to an international market?

The Chair: Mr. Casey, unfortunately Mr. Warkentin has left you with no time to answer that question. I anticipate, however, that you, being an experienced witness, will be able to respond to his very good question over the course of the balance of the time we have left.

Mr. Martin.

Mr. Pat Martin (Winnipeg Centre, NDP): Well, thank you. I'm actually tempted to follow up on what my colleague Chris was raising, but I'd like to begin with a bit of a preamble.

It seems to me you've brought to the table.... The leading authorities of the industry are with us here today. But it seems to me that there are things that we could....

You know, in the best interests of the lumber industry, etc., this is a relatively minor point. We have bigger fish to fry and bigger problems to deal with than the moulding and the trim around the decorative use of wood in some of our government buildings.

Now, I say this as a certified journeyman carpenter by trade. I used to be the head of the carpenters union, I worked in three sawmills, and I worked for the forest service for four years, so I have an affection and an affinity for the use of lumber and the use of wood. My first reaction when I saw this bill was how can we possibly dictate the use of building materials for Public Works? It seemed ridiculous to me. But I understand it better now, having listened to some of the arguments put forward.

I, too, have been concerned that if we're using all of this energy, the combined might of the whole industry, to push for something, we'd be better off promoting platform framing in Japan or someplace where they need a lot of homes built, or trying to redraft the catastrophic softwood lumber agreement with the United States to protect ourselves from tariffs and things.

This is the Parliament of Canada. We really shouldn't be seized of the issue of what kind of flooring we're going to put into the next public building that we build. It's almost insulting, frankly, for us to be using our time on this. I mean, are we going to have a private members' bill to dictate what kind of curtains we put in the next building we build? I'm starting to get frustrated with this.

There's a second thing, too. I understand that the logging industry, lumber industry, ranges from among the most responsible industries in the world to the most irresponsible industries in the world. It covers that whole spectrum. I've seen clear-cut logging, as we call it, in Canada, and I'm also well aware that we're defoliating the rain forests so we can get rosewood, decorative timbers, etc.

This committee should probably be looking at a sustainable future, in terms of using inorganic materials instead of organic materials to build with. I'm a carpenter by trade, I made my living for all of my adult life and I raised a family working with wood, but I'm ready to concede that wood, by its very nature, begins to decompose the minute you cut it down. This whole planet has a tiny thin layer of life on it. The ecstatic layer of the planet is so thin and so vulnerable that we could build our buildings with what's beneath that ecstatic layer. It doesn't decompose and we don't have to eliminate habitat, etc.

If we were talking big picture, about a sustainable future, we wouldn't be talking about a better way to cut down more trees and build with material that begins to rot the moment you use it. We would be talking about a way to build things without....

At any rate, I hope we can deal with this quickly and move major amendments to this bill so that it doesn't interfere with our trade relations. And maybe—maybe, as there's really no room in legislation to dictate this kind of thing anyway—we could advise the government to consider the advantages of using wood domestically, when it's appropriate, but that's about as far as I would go.

• (0935)

The Chair: Mr. Martin, I'm not sure there's a question there, but I noticed that Monsieur Labbé, Ms. Berube, and Mr. Casey all wanted to comment.

Among you, you have three minutes.

Mr. Sylvain Labbé: I'm just out of a science meeting about this, and the IPCC stated clearly the differences between biogenic material versus non-renewable resources. What we face is that non-renewable resources, like steel, concrete, everything we extract, fossil fuels, which is totally different, have been—

Mr. Pat Martin: I just took a course in rammed earth construction. When I finish being a member of Parliament, I'm going to build rammed earth buildings. That's using sand and gravel. We have lots of that.

Mr. Sylvain Labbé: Oh yes, there are other building materials that are fine ecologically. I'm not saying wood is the only one. But clearly concrete and steel have been identified by the IPCC as the second and third sources after fossil fuels. The credits are accepted. It's a scientific fact. Deforestation and LUC, which is land use change, are a totally different issue. If you do land use change, you cut down the forest and you bring in a building—

Mr. Pat Martin: You can't separate the two. I was a land use officer for the forest service, and the two are integrally linked, sir.

Mr. Sylvain Labbé: But the scientific fact is that the fibre you take out of the forest, which is renewed, will decompose and be re-emitted. It's a closed circle. If you take it out and replace fossil fuels, you have a net carbon credit. It's neutral. It will be emitted there or there. That's what we are negotiating for the sequestration in the next round. It is science-approved.

Mr. Pat Martin: Naturally it's part of life that carbon-based things begin to decompose and go back into the atmosphere. That's what I'm saying about wood. The only way you can stop wood from rotting is by soaking it in chemicals, and we're frankly getting tired of being saturated with chemicals in our homes.

Mr. Sylvain Labbé: No, no, there are no chemicals in this—

Mr. Pat Martin: I mean in a building sense, to protect it from moisture.

The Chair: Maybe we can let the other two witnesses in on the conversation. We're almost out of time, but maybe they would have a brief comment on the exchange between Mr. Labbé and Mr. Martin.

Ms. Marianne Berube: I have just a quick comment. You were talking about the mouldings and panelling and that sort of thing. We've been working with the federal government to try to get wood

into buildings. There have been a lot of successes. Municipalities and provinces are doing it and taking pride in that. We have to show as an example that we can do it right at home, so the States will follow. They're actually copying our project and form of education on using wood with the Wood WORKS! project in the U.S. But current policy does not allow for the projects we've been trying to work on with the Canadian government.

So that's all we're asking. We can't even get wood—and structurally, too—in projects. That's the way it stands with Public Works and the current policy right now. So all we're asking for. There are appropriate times when wood would be competitive, less costly, but there are other times when, yes, steel and concrete are better choices.

The Chair: We'll hear from Mr. Casey for the final word.

Mr. Andrew Casey: I have two quick points.

Mr. Martin, your concern for the sort of overall environmental impact is exactly right, and that's why we say let's go after the life-cycle assessment and get that into the process. We will go up against any other building product out there, and gladly do so, and we will beat it based on science, as Monsieur Labbé pointed out.

The second point is that we're not talking about panelling. We're talking about major structures. We're doing a lot of marketing out there in the world. Our biggest markets are out in China and, as you said, in Japan. One of the things we're running up against is educating people, changing cultures. One of the best ways we can do that is to change our culture here to demonstrate that we support the industry that way.

• (0940)

The Chair: Thank you, Mr. Casey.

Madam Coady.

[*Translation*]

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): Thank you for being here this morning.

[*English*]

Thank you for coming here this morning. We certainly appreciate the opportunity to talk to you and speak to you about this bill.

We're very supportive of the forestry industry, and I'm glad to hear about some of the changes you've made, some of the new practices that you're trying to implement to ensure a vibrant industry, so thank you for that.

I have a number of questions.

First, Madam Berube, you said that current policy restricts the usage of wood. You said at the very beginning of your discourse that you were not here to lobby for this bill particularly but because you want people to make informed choices, because the current policy restricts the usage of wood. You talked about the changes that might be required to the national building code and to other things. Could you just elaborate on that for a moment?

Ms. Marianne Berube: First of all, current government policy, as I mentioned, does not allow wood usage. We've tried to get that for many projects. That's within current building codes. Codes are subject to interpretation, so again we need to do more education and work more with the government. But we would just like there to be a fair playing field. Even within current codes, we can do a lot more, but there's also the opportunity to get better understanding and look at changing the national building codes. Ontario is doing something similar, and it's been moving forward. In B.C. it's already done. So that would help immensely.

Ms. Siobhan Coady: Could you also elaborate on the life-cycle assessment? You said you were undergoing that, but can you give more examples of the life-cycle assessment and why you're concerned about that?

Ms. Marianne Berube: Currently, as Andrew mentioned, life-cycle assessment should be part of the bill going forward. That can help. Instead of stating "preferred" building products, if you use a life-cycle assessment and look at the energy usage from cradle to grave of a product, then wood comes out ahead, with less energy usage.

Ms. Siobhan Coady: Thank you.

Mr. Casey, you talked about the fact that you'd like to have a level playing field. I think that was your term, a level playing field, and that was really your concern.

There are some technical challenges with the bill. You talked about how you want to have legal, certified sources.

I'm getting the sense that really what you're looking for is what Madam Berube just said: you're looking more for that level playing field, changes to the Canadian building code, using life-cycle assessment, and so on. Could you elaborate on that as well?

Mr. Andrew Casey: I think you're exactly right, Ms. Coady. The level playing field is essentially that we now start taking a look at the buildings from a more holistic standpoint. Up until now, we've sort of said "Can you build ten storeys with...or what can you build with, given the fire codes and all the other things?"

We've seen enormous advances in the technology in terms of what we can build with wood, and we've also seen other changes, including the life cycle. I think if you did all that, you'd put everybody on the same level playing field, and you'd have to incorporate the environmental footprint of a building.

Ms. Siobhan Coady: Thank you.

I only have a minute left, so I'll turn to Mr. Asselin.

Mr. Asselin, when you spoke you said that you didn't want wood to be superior over other products like steel and concrete, but that you want to be able to give consideration to wood. I think that was your language.

Considering some of the international and domestic trade challenges there may be because of the language in your bill, have you considered any changes? I think it's the word "preferential" that seems to be the cause of concern.

[*Translation*]

Mr. Gérard Asselin: Indeed.

[*English*]

The Chair: Very briefly, please.

[*Translation*]

Mr. Gérard Asselin: Well, Mr. Chairman, we realize that and that is the wording that appears in the bill. "Give preference to" means that when a product is requested—such as wood or steel—and greenhouse gas emissions are considered, wood would be deemed preferable as a material if the cost is the same. That is the important point: if it costs no more and it will make for a greater reduction in greenhouse gas emissions, wood should be given preference. This brings into focus the importance of reducing greenhouse gas emissions and also helping the forest industry.

When bids are being reviewed based on the drawings and specifications that have been drawn up, and when engineers have to select the lowest bidder, they will consider the cost of carrying out the project and the greenhouse gas emissions produced using steel and wood. Once it has been determined by how much those emissions could be reduced, if the cost is the same, preference will be given to wood. That is an even more important determination to make when there is a competitor. That way, the government will be a winner and save money.

● (0945)

The Chair: Thank you, Mr. Asselin.

[*English*]

Colleagues, I have four minutes left and two questioners, Madame Bourgeois and Monsieur Warkentin...or, sorry, it's Monsieur Bouchard.

Mr. Chris Warkentin: Two minutes apiece.

[*Translation*]

The Chair: You have two minutes.

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

Good morning, ladies and gentlemen. I have one question for you. Since I have very little time, I will get right to the point. We were discussing wood exports and foreign trade.

My question is addressed to Mr. Beaulieu. In what way would giving preference to wood in the construction of federal government buildings violate international agreements?

Mr. Jean-David Beaulieu (Researcher, Bloc Québécois Research Bureau, Bloc Québécois): There are currently three agreements that apply to government procurement: the WTO Government Procurement Agreement, the NAFTA rules and the Internal Trade Agreement.

In all of these agreements, the non-discrimination obligations relating to products used by the Canadian government deal only with what are called similar products. As Mr. Labbé pointed out, it is now internationally recognized that wood is a very different product from concrete or steel. So, we are not talking about similar products.

It should also be noted that the bill refers to “wood”, as opposed to “Canadian wood”. Therefore, the wood used could come from the United States or another country. In no way does this bill pose a threat to our export markets.

Mr. Robert Bouchard: I have a short question for Mr. Ouellet.

We were talking about competition. Just to reassure the Liberals on this point, perhaps you could very briefly explain the process, the concept and cost evaluation. What is the process? How does it work? When there is a call for tenders, how does the principle of competition in terms of the price of materials or a preference for wood actually apply? We talked about this briefly, but only in general terms; could you explain that again?

Mr. Christian Ouellet: To begin with, when the decision is made to construct the building, a plan is developed. You start by determining how the work will be carried out and by what means. In any contract, the first thing to be specified is the materials that are to be used. Now if you're only building a garage, that may not be the case. It could even be a rammed earth construction as Mr. Martin was saying, if that was the decision, except that the code does not allow for that. What he said goes against the code.

The Chair: To respond to that answer, Mr. Warkentin, you have two minutes.

[English]

Mr. Chris Warkentin: Thank you, Mr. Chair. I'll try to be quick, because I do need to get out a number of points.

First, I'm going to read from the international trade articles. It states that documents can contain specific requirements for particular materials when required for technical or operational reasons, but “the biasing of technical specifications in favour of, or against, particular goods or services, including those goods or services included in construction contracts” is prohibited. You can reference the trade agreements.

Then, in the WTO agreements, it makes it very clear that the preference for wood in tenders, in the absence of technical reasons, would be an unnecessary obstacle to trade.

So what I am suggesting is that we have a bill right now that has a good intent. It has a good intent to promote wood. I come from a lumber-producing area. Let me tell you that there'd be nothing greater for me than to be able to go home and tell my folks to open up the mills, to fire everything up because we're going to build every federal government building with wood. It's not going to happen, though. In fact, if we were in contravention of the trade agreements, we would shut down all the mills that are currently open.

I think what I'd like to know, Mr. Casey and Ms. Berube, is this. If in fact this would impact international trade agreements, is this a correct way to go? Or would you prefer that this committee look at levelling the playing field for wood at the national level, if we as a committee were to look at the national building code and something like that? Because let me be absolutely clear: if this bill passes this

committee and becomes law, you have to live with all of the impacts, including the possible shutting down of international trade agreements. So will you live with that if in fact that's what this bill does?

• (0950)

The Chair: Mr. Casey, Mr. Warkentin just blew through the two minutes, but out of courtesy I'm going to give you 30 seconds to respond to what is actually a very important question.

Mr. Andrew Casey: Absolutely.

As legislators, as parliamentarians, you always have a balance of interests you've got to keep in mind, and you have to keep it. So there may be technical problems with this bill, I don't doubt that. I have not seen the technical language around those bills. I believe that.

I also believe that you support the intention of the bill. And if that is the case, then I would urge the committee, if this bill does not work, to sit down with the industry and let's figure out a way to make it work—maybe that's life-cycle assessment or changing the building codes—and we'd be more than happy to come back at any given point in time to do that with you.

The Chair: Thank you, Monsieur Asselin, and all the witnesses.

I'm going to suspend for two minutes. We're just going to do a technical check with Vancouver.

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_____ (Pause) _____

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The Chair: Ladies and gentlemen, could we call this meeting to order, please.

We are starting the second hour of our study of Bill C-429. We have four more witnesses: Canadian Construction Association; Canadian Concrete Masonry Producers; ARXX Building Products Inc.; and Quebec Forest Industry Council. Joining us from Vancouver via video conference is Coast Forest Products Association.

I'm assuming, Mr. Jeffery, you can hear me.

• (0955)

Mr. Rick Jeffery (President and Chief Executive Officer, Coast Forest Products Association): Yes indeed, I can hear you.

The Chair: Good. Thank you very much.

We will go in the order in which you're listed on the order paper. We'll start with the Canadian Construction Association.

Mr. Atkinson, five minutes, please.

Mr. Michael Atkinson (President, Canadian Construction Association): Thank you, Mr. Chairman.

As you heard, my name is Michael Atkinson. I am president of the Canadian Construction Association. I'm here today not only in that capacity, but also as a member of the Coalition for Fair Construction Practices. Joining me this morning are three other members of our coalition: Mr. Gary Sturgeon, technical services engineer for the Canadian Concrete Masonry Producers Association, who will also be speaking before you today; Mr. Ed Whalen, president of Canadian Institute of Steel Construction; and Ms. Marina de Souza, managing director of the Canadian Concrete Masonry Producers Association. Since our concerns are very similar, Mr. Sturgeon and I have agreed to combine our statements and our time.

Our coalition consists of 20 members representing the steel, cement, concrete, concrete product, brick, and masonry industrial sectors. Collectively we represent hundreds of thousands of jobs and workers from every community in this country, 1.2 million in the construction industry alone. Combined, we account for billions of dollars in domestic sales, exports, and construction services in Canada every year. Again, construction alone accounts for just under 7% of Canada's gross domestic product.

Many of the heads and senior executives of the coalition members are here with us today. This large and varied group has come together to oppose the passage of this bill because it would: one, favour wood over other construction materials, which is not only discriminatory but could increase construction costs by limiting the types of materials available for use on federal projects; two, limit the design freedom of construction professionals in the selection of materials; three, potentially undermine the National Building Code of Canada; and four, possibly violate Canada's obligations under domestic and international trade agreements.

To begin, I think it's important to state that all of the members of our coalition support a healthy Canadian wood industry. Wood, steel, brick, concrete, and other construction materials, are vital to construction in Canada. Together these materials and their associated industries offer synergy. All contribute to providing Canada's sustainable social and commercial environments. Like the wood industry, coalition industries are located in small towns and communities across this country, and have been hard hit by the economic events of the past two years and continue to struggle with declining demand in both domestic and traditional export markets.

To be clear on this point, the Canadian Construction Association and the coalition oppose Bill C-429. We do not oppose the wood forestry industry. Assuredly, we would have been here today united to oppose the bill had it otherwise been written to favour any particular building material. The fact that it is wood is immaterial.

To my first point, the federal government is a significant purchaser of construction materials across this country. As such, its activities affect the national economy and can influence both the price and the availability of goods and services, including construction services, within the marketplace. Furthermore, decisions of Public Works and Government Services Canada on procurement practices often influence not only the practices of other levels of government, but also those of the private sector. Therefore, the impact of any change in federal procurement policy must be viewed through that lens.

We believe it is neither good nor acceptable public policy for our governments to promote one building material—in this case wood—

by excluding alternative, viable, and competitive Canadian materials from Canadian construction markets. We strongly believe that all construction materials should operate on a level playing field and in a competitive, fair, and open economic environment.

Specific to the federal government, proposed Bill C-429 is philosophically contrary to the performance and procurement policies and methods currently followed by the Department of Public Works and Government Services Canada that actively promote and ensure openness, fairness, and transparency. If enacted, we believe that Bill C-429 would eliminate these fundamental qualities within our built environment. Bill C-429 would effectively legislate advantage, protection, and gain for the wood industry at the expense of other supplier industries to the construction industry. Ultimately, if enacted, it would assuredly not create any new jobs.

● (1000)

I move now to our second objection. Bill C-429 will limit and undermine the freedom of a design professional or experienced contractor to select the most appropriate construction material for its intended function and service.

Legislation that compels or influences our design professionals to specify the preferred product for use where it is not suited to the function or service has attendant risks. Consequences include an increased likelihood of non-performance, premature failure, and higher initial costs for construction or ongoing costs for repair and maintenance.

The selection of the appropriate building material must remain the purview of those qualified and licensed to practise in the area of building design and construction.

The Canadian built environment is founded on this principle. Our slogan is, "Choose the right building material for the right job". With no artificial preference currently in place in the design and construction industry, the right material for the right job is already being selected.

With that, I would now like to turn to Mr. Sturgeon to expand on our other comments.

The Chair: Thank you.

Mr. Sturgeon, you have four minutes.

Mr. Gary Sturgeon (Consultant and Structural Engineer, Canadian Concrete Masonry Producers Association): Mr. Chairman, I also want to thank you and the committee for the opportunity to speak with you today.

Let me begin by building on Mr. Atkinson's comments about material selection and specification, and the relation of Bill C-429 to the National Building Code of Canada.

The motto of the National Building Code of Canada serves as the basis for specifying materials, testing, design, and construction. The National Building Code of Canada is an objective-based code.

Unlike a prescriptive-based code, the objective-based code is specifically intended to facilitate the selection and use of any and all materials that satisfy its stated objectives and performance requirements. It's specifically intended not to limit the application and use of any material component or assembly. Whereas the objective-based National Building Code of Canada is inclusive, a "wood first" policy is exclusive by its very nature. Bill C-429 could undermine the effectiveness and credibility of the National Building Code of Canada.

A wood first policy is intended to influence a designer's choice of construction material. Simply, a designer is encouraged to select wood. Wood becomes the prescribed preference. In effect, Bill C-429 positions wood as the performance benchmark against which all other materials and assemblies will be measured, contrasted, compared, and judged for use in selection. Ultimately, this will adversely affect the development of performance requirements in the National Building Code of Canada by virtually substituting the properties of wood as the performance targets.

This is assuredly not desirable, and effectively caps material and assembly performance to equivalency with those of wood, undermines the spirit of competition to achieve higher performances through research and development, and subordinates and marginalizes other preferred properties not characterized by wood.

Canadian building codes have effectively served the needs and expectations of Canadians for over 60 years. The coalition is steadfast in its belief that Canadian building codes already provide the needed flexibility for design professionals to appropriately select construction materials. The very fact that our building codes prescribe certain conditions under which construction materials, including wood, cannot be used is evidence that no material is always the most appropriate choice.

Publicly funded construction should respect our Canadian building codes, their philosophy for development, system for development, content application, and credibility. A policy for preferential choice of a particular building material does not respect these.

This brings us to our fourth point for consideration: a free marketplace. There are significant legal and trade implications that we believe Bill C-429 cannot avoid. In the interest of time today, I think this was well vetted in the earlier presentations. I think this group has a good understanding of the contraventions that this bill could propose for international trade agreements and domestic trade agreements.

As a final discussion today, we're compelled to address some of the claims made about the sustainable attributes of wood. Certainly, it's a positive step for governments to increasingly demand that buildings and infrastructure be constructed and operated in a more sustainable manner. It's our observation and opinion that all industries that manufacture materials and components for construction are rapidly greening their processes and better respecting principles of sustainability.

Some proponents of Bill C-429 argue that wood is a preferred environmental building material because of its carbon sequestration attributes and because wood products require comparatively less

fossil fuel to manufacture. While these material attributes are positive, alone they provide a very limited picture of whole building sustainability. Only a life-cycle assessment of the environmental impact of a whole building over its full service life can identify all attributes that potentially offset greenhouse gases and underscore the real carbon cost.

The honourable members have copies of the presentations. Again, in the interest of time I'll summarize.

Life-cycle analysis provides a complete picture. It requires careful and detailed work by the building sustainability and scientific communities. This type of research has led to the emergence, development, and indeed application and practice of advanced and comprehensive design specifications, and guidelines found in such programs as LEED and other green building programs. A wood first policy undermines their development and use.

In conclusion, we can all agree we want our economy to get moving again and we want all Canadian building products to be more widely used. However, all members of the Coalition for Fair Construction Practices believe that no construction material or assembly should be awarded a legislated priority over others. Let professional judgment, practical application, fair competition, and respect for our building code system determine the best materials for the application and service.

All of the members of the Coalition for Fair Construction Practices express strong disapproval with Bill C-429. Honourable government and opposition members of this committee, we respectfully request that Bill C-429, or any such similar legislation, be not recommended for consideration by the House of Commons.

•(1005)

The Chair: Thank you, Mr. Sturgeon.

Ms. Mourant from ARXX Building Products Inc. is next.

Ms. Gael Mourant (President and Chief Executive Officer, ARXX Building Products Inc.): Thank you, Mr. Chairman, and honourable members of the committee.

My name is Gael Mourant, and I am president and CEO of ARXX Building Products, based in Cobourg, Ontario. I'd like to thank the committee for the opportunity to appear before you and provide some insight with respect to Bill C-429.

Our company is a leading supplier of insulating concrete forms, also known as ICFs, an innovative green building material. ICFs represent Canadian technology that is being successfully exported to many parts of the world. Our wall assemblies are highly energy efficient, fire-resistant, can withstand tornado and hurricane force winds, can be engineered for the highest seismic zones, are resistant to rot, mold, and mildew, and meet the U.S. federal government design criteria for minimum anti-terrorism standards.

I'm not here to advocate for one construction material over another. I'm here to say that Canadian public policy should support innovation that achieves critical goals for our society such as the reduced cost of construction and operation of buildings—including government buildings—higher energy efficiency, and support for the development of—and investment in—emerging Canadian companies, industries, and technology.

Through providing preference for wood, Bill C-429 is at odds with these objectives and can result in unintended consequences. Bill C-429 advocates convention over innovation. Conventional building methods and materials need to adapt and change in order to improve energy efficiency and save natural resources. According to McKinsey & Company, energy efficiency in built form represents some of the lowest cost abatement alternatives for greenhouse gas emissions.

There's no question that wood plays an important role as a construction material. But in the same way that wood construction materials have evolved through innovation from conventional lumber to engineered wood products, there is a need for continued innovation in building materials to meet the challenges of achieving cost-effective energy-efficient construction. Wood may not always represent the best alternative, and the choice of building material and method should be left in the hands of building scientists and professionals.

Fundamentally, though, natural resources, like taxpayers' funds, are scarce resources. Government policy should seek to maximize the opportunity to reduce the cost of ownership of public buildings and minimize the impact on the environment.

Bill C-429 moves Canada at odds with the EU and the U.S. in terms of recognizing the importance of energy efficiency in federally owned and publicly funded buildings. In fact the enactment of the U.S. Energy Independence and Security Act, which requires all U.S. federal buildings to achieve a 55% reduction in energy use by 2010 and a 100% reduction by 2030, has opened up new opportunities for our company. We expect to complete two projects for the U.S. military later this year.

It is unfortunate, as a company based in Canada, to have opportunities outside Canada driven by public policy initiatives, yet stifled within Canada by public policy initiatives such as Bill C-429.

Bill C-429 sends the wrong message to investors in clean tech. Our company is owned by three major venture capital investors in clean tech and green building materials, two of whom are based in the U.S. and one who is based in Switzerland. Our investors have over \$2 billion in investments in clean tech.

We have successfully brought tens of millions of dollars of investment to Canada, supporting Canadian jobs, technology, and business. Canada should demonstrate that government policy supports investment in companies in Canada offering innovative solutions to global energy, resource, and environmental problems.

Investors do not expect protectionist policies to thwart the commercialization of emerging technology. They expect a level playing field. Bill C-429 flies in the face of this and can make it more difficult for companies in Canada to attract investment for developing energy-efficient and cost-effective means and methods for construction.

Bill C-429 represents a threat to jobs in other sectors. The manufacture and supply of ICFs employ thousands of Canadians. For example, Vaudreuil, Quebec, has two plants in that city. Granby, Quebec, has four plants. There's an ICF manufacturer based in Dartmouth, Nova Scotia, with two plants in the Atlantic provinces. Ontario, Alberta, and British Columbia have multiple plants making

ICFs. This does not include the plastic injection moulding facilities, the tool and die moulders, and the transportation providers and thousands of building materials distributors and ICF installers who all look to ICF as a means of growing and developing their businesses.

ICFs are manufactured in plastic and foam-moulding facilities, many of which have had to turn to new products like ICFs in order to maintain volumes as reduction in volumes from automotive and packaging materials have threatened their businesses.

• (1010)

The Chair: Ms. Mourant, you're right at the very edge of five minutes. Could you wind it up, please?

Ms. Gael Mourant: Sure.

In conclusion, I want to reiterate our belief that public policy should support initiatives that are good for the environment, support sound fiscal management objectives, stimulate innovation and investment in desired areas, and support development of better means and methods. Bill C-429, in our view, does none of these things.

The Chair: Thank you, Ms. Mourant.

[*Translation*]

Mr. Chevette, from the Quebec Forest Industry Council, you have five minutes for your presentation.

Mr. Guy Chevette (President and Chief Executive Officer, Quebec Forest Industry Council): Good morning and thank you for the invitation to appear. I wasted no time answering it.

I would like to begin by saying that I do not appear before the Committee today with the intention of denigrating other construction materials. Rather, I am here to talk about the advantages and benefits of wood as a construction material, particularly in public buildings.

Furthermore, my participation today should not be seen as in any way partisan; rather it is intended as a constructive contribution addressed to all members of Parliament represented in the House of Commons.

Wood is considered to be the most environmental material of all, something which is prompting governments to promote it.

The Coalition BOIS Québec, for instance, which was supported by the two levels of government, carried out an awareness campaign on the uses of wood in not only the residential sector, but the commercial and industrial sectors as well. That campaign, whose spokespersons were the very well-known environmentalist, Steven Guilbeault, Assistant General Coordinator of the Équiterre group, Claudette Carbonneau, from the CSN central union body, and Alain Lemaire, from Cascades Papers, who is also a very well-known industrialist from Quebec, has had a real impact.

For several years now, governments have been talking a great deal about global warming and greenhouse gas reduction. And it's great to hear them talk about it. Now, however, the House of Commons has an opportunity to walk the talk by passing a bill that would allow us to capture greenhouse gas emissions by using wood, and to do so for dozens, and perhaps even hundreds, of years.

In addition, there would be nothing revolutionary about this at a global level, since many European countries are already advocating the use of wood for the construction of public buildings, by setting a minimum percentage of wood to be used for the construction of their own buildings.

Furthermore, I think it's time to take this opportunity to respond to certain completely false allegations which are clearly tendentious and misleading. The forest industry is not asking for any government grants. We are asking the government to set an appropriate minimum standard for the use of wood in the construction of public buildings.

The age-old fearmongering strategy has already surfaced in our industry. We are now told that it's a dangerous material in cases of fire or earthquakes, and so on, and I have just heard more of the same. Basically, everything is dangerous. There again, I have to say that this is absolutely false. Wooden structures resist fire longer than some built with other materials, and that has been tested not only in Quebec and Canada, but also in the United States.

I would add that, in terms of the visual environment, wood is a far more attractive and pleasant looking material than many others. Some examples that come to mind are Gene-H.-Kruger Hall at Laval University, the Chauveau soccer stadium in Quebec City and the skating oval that is part of the Olympic facilities in British Columbia.

I would also like to add that one of my groups is returning from Sweden, where they have begun to build bridges with wood beams. These bridges are guaranteed to have the same longevity as viaducts built with other materials. There are now more than 100 of them. So, let's set aside the taboos, look at what is being done around the world and open our eyes.

The forest industry represents more than 525,000 jobs in Canada and has every right to expect that the government and all political parties represented in the House of Commons will provide some support for such an initiative.

Where we're from, there is an expression in French we often hear, which may seem a little crude, but that I would like to use anyway, and which is that the boots have to follow the lips or walk the talk. What does that mean? It means that you cannot be saying one thing and doing another. It means there has to be some consistency between our actions and what we preach, recommend and advocate.

Now every leader of every political party in Canada has a chance to demonstrate that consistency between their actions and what they're saying in public. Yes, we are experiencing global warming; everyone knows that. So why not seize the opportunity to improve our environmental record? This is what we are offering.

Our industry, which has been pretty well abandoned in the economic crisis we have just been through, deserves a little bit of attention. This bill can be amended. That decision rests with you, not me.

● (1015)

Rather than talking about priorities, we should be talking about equity or I don't know what. We await the evidence.

Wood is a renewable resource and the most environmentally friendly material of all. Here in Canada, it generates jobs and is an economic engine in every one of the resource regions of this country.

In closing, I would just like to say that it is a renewable resource—

The Chair: Thank you, Mr. Chevrette. Your time is up.

Mr. Guy Chevrette: I thought I would have as much time as this lady here to complete my statement.

Thank you.

[*English*]

The Chair: Well, you were actually neck-and-neck.

Mr. Jeffery from the Coast Forest Products Association is next, via video conference .

Mr. Rick Jeffery: Thank you, Mr. Chair.

Thank you for accommodating us out here on the west coast via video conference. It certainly helps reduce greenhouse gas emissions in that I didn't have to fly to Ottawa.

I'm Rick Jeffery, president and CEO of Coast Forest Products Association. We represent 24 companies on the coast of British Columbia, with over 12,000 employees.

I also wear two hats here, though. I am the chair of the Canada Wood group. We're responsible for ensuring market access and market promotion of Canadian wood products in global markets offshore. Our membership is located across Quebec, Ontario, Alberta, and B.C. We represent most of the companies there and over 200,000 employees.

I'd like to speak in favour of Bill C-429 for a number of reasons. First, it creates an opportunity to support the domestic forest industry and create jobs in communities across our country.

Second, the use of wood in construction can contribute to greenhouse gas reductions, carbon management, and climate change. As we say in the industry, "Tackle climate change: use wood".

Third, it provides us with the opportunity to demonstrate the value of using wood in construction. Just a few of the attributes of wood are its energy efficiency, carbon storage, seismic performance, cost-effectiveness, strength, durability, and aesthetic beauty.

What I would say to you is that, in the demonstration context, this bill is very important for us. As Mr. Chevrette just indicated, Canada needs to walk the talk. I'd like to tell you a story about that. We are actively promoting the use of wood in construction in China. In order for us to be able to do that, we have to be able to demonstrate to the Chinese—who build, by the way, eight million to ten million housing units a year—that we indeed also use wood in our construction techniques.

The best story we have on that front is that over 50% of the housing units in China are six-floor walk-ups. When we told the Chinese that they should be building these buildings out of wood, they said, "Well, show us." Lo and behold, we didn't have a six-floor building code here in Canada. So in British Columbia, we adopted a six-floor building code, much like Washington State and Oregon have, in order for us to be able to demonstrate to China that you can indeed use wood for these things. So we need to build with wood if we expect other people in our key markets to also build with wood. Canada must be a leader in this regard.

I'd like to talk about some of the allegations that are levelled against this thing, and do this from a B.C. context. As you may know, the B.C. government has instituted a "wood first" policy. Over a dozen of our municipalities have followed suit. We have no unintended consequences or market influences that are causing problems for other building material suppliers. Allegations that wood increases costs are quite unfounded. As we see the price of concrete and steel rise, as a matter of fact the converse is true: wood is becoming a much more cost-effective building material.

People say that wood is not safe. The use of wood is subject to national and international standards. That's some of the work we do with the Canada Wood group on building codes in Japan, China, Korea, and those kinds of places so wood can be used safely. Wood is a strong material.

It has not wiped out jobs in other building materials industries here in British Columbia. It has not created bankruptcies or distorted market prices. None of these things have happened. We have that experience here in B.C.

I'd like to also note that the proof is in the pudding on this stuff. I'd like to give you an example of what this kind of wood first policy can do.

We have two iconic buildings here that were showcased to the world during the 2010 Olympics, in which all Canadians showed great pride.

• (1020)

The Chair: Mr. Jeffery, you have actually exceeded your five minutes. Could you wind up in 10 seconds or less, please?

Mr. Rick Jeffery: Sure.

Those two buildings show that modern building applications, innovations, and high-tech technology transfers can be used. And what are those buildings made of? Those buildings are made of wood, steel, and concrete. They're hybrid.

This isn't an "us versus them" discussion. This is about getting more wood into buildings.

Thank you.

The Chair: Thank you, Mr. Jeffery.

Colleagues, we are under the gun for time. We have 20 minutes left. There's also a procedural motion that we're supposed to deal with at the end. I'm going to arbitrarily, therefore, cut the round of questioning down to five minutes each.

Mr. Regan or Madam Coady, for five minutes.

Hon. Geoff Regan: Thank you very much, Mr. Chairman.

Thank you, witnesses, for being with us today.

Mr. Atkinson, you're here on behalf of the construction industry, so let me ask you this. There is a concern, I think, across the country, particularly in small rural communities, lumber communities, that have been suffering because of the downturn, particularly in the U.S. housing construction market. They've also been affected by the downturn in pulp and paper. A lot of jobs have been lost, and there's a concern about that. There's also a concern about encouraging the export of wood products to places like China, as we just heard from Mr. Jeffery.

Do you see a way in which the Government of Canada can legitimately support the lumber industry as it goes through these difficult times? As well, what are your thoughts on the suggestions we've heard about the national building code?

• (1025)

Mr. Michael Atkinson: First of all, it's a bit like déjà vu all over again, as Yogi Berra said. We were before the Senate committee on agriculture and forestry, which was looking at exactly the kinds of questions you are looking at—i.e., how to enhance the use of wood products in the non-residential construction industry. They were taking a very general comprehensive look at what needed to be done. They were looking at the building code and they were looking at the need for more R and I in the industry, etc.

I think those were positive steps. They were talking and consulting with the industry at large about how best to proceed, how best to help the forest industry along, without it being in a situation where they were setting them up against other building suppliers. So I think that's number one.

The Senate committee spent several months looking at this issue, and one of the things we said to them was, yes, look at those areas. There is already a process in place, a very clear process, on how to change the Canada building code. The Canadian building code itself to a great degree doesn't have any force and effect until adopted by other jurisdictions, but there is a process in place by which to make changes through that process, to have them critiqued by experts, by scientists, by researchers, etc.

Hon. Geoff Regan: So would you agree, for example, with the suggestion we heard from Mr. Jeffery, I think, that rather than limit construction with wood to four floors, make a six-floor provision? Is that something you would agree with?

Mr. Michael Atkinson: I would suggest that if you are looking at an amendment to the Canadian building code, use the process that's already in place to make those changes. Don't unilaterally make a change that inhibits or undermines the processes that are in place.

Hon. Geoff Regan: Okay. Thank you very much.

Mr. Sturgeon, you're here on behalf of the concrete industry, if I'm not mistaken. I'll ask you, and I'll also ask Ms. Mourant, about the suggestion we heard from the mover of the bill and from the forest industry that they're looking to be on an equal footing.

What would your view be of this bill if, rather than saying that the minister shall give preference to wood, etc., it says that the minister shall give “consideration”?

Does that change your view of this bill?

Mr. Gary Sturgeon: No, it doesn't change the masonry industry's view of this bill, because implicit in that is some favour or gain for the wood industry. So the masonry industry would not support that. There are other means—

Hon. Geoff Regan: Is it your view that this would mean that it wouldn't also give consideration...? I mean, doesn't it already give consideration to, obviously, concrete and steel—

Mr. Gary Sturgeon: Well, certainly it does, but what it's implicitly doing in that is it's flagging and singling out a single product and the assemblies that are produced by that product. One is best to leave that to the purview of the designer. The designer makes those decisions based upon the requirements of the National Building Code of Canada, and makes those decisions based on the education that's been provided for that individual—by the wood industry, by the steel industry, by the concrete industry—with the tools that are available for that professional to design, etc.

Hon. Geoff Regan: Thank you.

I have only a minute left, so I'll ask Ms. Mourant for her comment on that.

Ms. Gael Mourant: If you're talking about trying to get to a level playing field, then you don't single out a material and say, “It's still a level playing field, but let us call attention to this particular material.” We would not support that.

Hon. Geoff Regan: What are your thoughts on the question of the national building code amendments?

Ms. Gael Mourant: There's an infrastructure in place to address these issues. It has worked for many years and it should be the method that's followed.

Hon. Geoff Regan: I don't know if I have time to ask Monsieur Chevette....

Oh, okay. Twenty seconds is not enough time to ask very much, so I'll pass to the next questioner, Mr. Chair.

The Chair: Okay.

Monsieur Bouchard.

[*Translation*]

Mr. Robert Bouchard: Thank you, Mr. Chairman.

Good morning, ladies and gentlemen.

My first question is addressed to Mr. Chevette. Mr. Jeffery may want to add his own comments afterwards.

Mr. Chevette, you said that several European countries are using wood to build their buildings and that several governments are also promoting wood. You referred to Sweden and other European countries. Would you say that those countries are all unaware of international law and the fact that certain rights could be violated under certain agreements?

Before you answer, I would just like to mention that someone made that point. In your opinion, is it possible that Bill C-429, which

priorizes wood based on cost and the potential for greenhouse gas reduction, would violate these international agreements?

• (1030)

Mr. Guy Chevette: I do not see how it could violate international agreements. We are asking neither for subsidies nor price cuts. We simply want to be given a chance and have our say in the matter, something we don't have at this time. I was listening to witnesses from the Canadian Construction Association say that they have no objection to the use of wood. But they are not in favour either, because they even object to there being equity in terms of materials.

I personally opened the door to one amendment a little earlier, at the end of my statement. If the word “preference” doesn't suit you, by all means change it in favour of words like “equity” or “access and equity”. We don't have either. The benefits are all going elsewhere. And now they're going to scare people by talking about earthquakes in Canada. As we speak, they are building small houses that can resist earthquakes in Haiti, where they have more earthquakes than anywhere else in the world, and wood holds up better than concrete.

Mr. Robert Bouchard: In other words, if Canada were to pass Bill C-429, the Canadian government would not be the first government to do this; it would not in any way be innovative in that regard since this is already being done elsewhere.

Can you give us some specific examples, perhaps even from Quebec or British Columbia? I noted that France has set a percentage. Could you tell us about that?

Mr. Guy Chevette: There are no two places where it's the same. In some countries, there is a policy in place on the use of wood. In others, regulations require a certain percentage of wood—10%, 15% or 20%—to be used for the construction of public buildings. It's highly variable. In Sweden, for example, it took a very long time before they were able to start building bridges. It took them 10 years to convince their inner circle, like this one. However, 10 years afterwards, they built more than 100 bridges, to everyone's complete satisfaction. They are quicker to repair and to maintain.

There are taboos out there. I realize that everyone is trying to get a bigger piece of the pie, but I am stunned to hear groups like the Canadian Construction Association object to equality in the use of materials—particularly because the Canadian Construction Association is made up of people who perform work for the people giving them work, and we give the work. Governments also give lots of work. How could they possibly be affected by the fact that materials would all be on an equal footing? So, I beg you to show some rigour here.

Mr. Robert Bouchard: Mr. Chevette, you talked about equity. In the bill, as you know, the expression “give preference to” means that if the cost is the same or less, wood would be used, and if the cost is greater, an alternative solution would be sought.

Is that how you interpret Bill C-429?

Mr. Guy Chevette: I interpreted it—

[*English*]

The Chair: You have less than a minute.

[*Translation*]

Mr. Guy Chevette: I understood it to mean at equal cost. That's why I used the word "equity" a little earlier. If certain words bother you, the dictionary is filled with synonyms. I have no objection to using a synonym that garners the greatest possible support. However, people should not be out there saying they're in favour of something when they actually oppose it and are not the least bit interested in making changes.

[*English*]

The Chair: Thank you, Monsieur Bouchard.

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you, Chair.

I'd like to thank all of our guests for what I believe are very thoughtful presentations today.

As I've reviewed and heard your comments today, let me say, first, I think the intention behind the bill is very sincere. I think we would all acknowledge that there are challenges in the forestry industry. In that respect, I do believe that what Bill C-429 is intended to do is to highlight the challenges that are reflected in the industry. But in my opinion, from what I've seen, there are flaws in this bill.

I sit on the Standing Committee for International Trade. One of your representatives, who was one of our guests in the first hour of testimony, talked about the importance of the forestry industry in terms of exports worldwide.

Mr. Jeffery, thank you for being here through video link. You may have not been privy to some of the information that was presented in the first hour. As I heard your comments, you talked about the importance of wood; you talked about trying to demonstrate to the Chinese the importance. But it's rather interesting that when I look at the concerns that I would have on this, as a member of international trade, in complying with this kind of legislation—were it to become law—we would contravene Canada's procurement obligations under international and, for that matter, domestic agreements. That does include issues relating to NAFTA, the WTO Agreement on Government Procurement. We actually have some advice that preferences for wood and tenders would be considered terrific obstacles to trade were we to be challenged in a Canadian international trade tribunal. We deem that to be very serious for the sake of the forestry industry.

By the way, Mr. Jeffery, as part of background, you may or may not be aware—and I hope that you are—that the Government of Canada, over the last several years, has invested something in excess of \$1.5 billion to support wood programs in the forestry industry. Even things like \$400 million, which relates to our competitiveness in the forestry sector, even \$100 million spent on pine beetle eradication...there's a lot of support in that \$1.5 billion plus, supporting development, commercialization, and implementation of advanced technologies in the forestry sector.

My concern is that in light of the challenges that would happen internationally to us, Mr. Jeffery, in terms of the potential to sacrifice our forestry exports, is this the bill you'd want us to go forward with, sir?

●(1035)

Mr. Rick Jeffery: I don't actually agree with your assessment there, to tell you the truth. I'll lead you to Japan; the Japan national government just passed a wood first policy. It is very similar to what you're being asked to consider here.

B.C. has passed—

Mr. Ed Holder: Mr. Jeffery, I'm sorry to interrupt, but the time is limited.

I'll quote this prohibition for you from the Agreement on Internal Trade:

the biasing of technical specifications in favour of, or against, particular goods or services, including those goods or services included in construction contracts

That comes from articles 504(2) and 504(3)(b). I appreciate, of course, that I have that in front of me and you don't.

We have more specifics: NAFTA article 1007(1), which talks about "unnecessary obstacles to trade", and the WTO Agreement on Government Procurement, article VI(I).

I think it's fairly clear, sir, that this creates great impediments for our forestry industry nationally to be able to export. You might reference something else, but I have grave concerns for the sake of the greater good of the Canadian forestry industry.

Any comment on that?

Mr. Rick Jeffery: The forest industry doesn't share your view on that. We believe this bill doesn't tell you that you have to use wood; it levels the playing field.

Mr. Ed Holder: Well, I would say to you that some of your colleagues don't share that view.

In the limited time I have left, I would like to ask you this, if I might, Mr. Atkinson. If this were to be enacted, have you put together any financial impact on other members relating to your industry?

Mr. Michael Atkinson: No, we haven't, but we would oppose this bill even if it had minimal impact, because it's a slippery slope. It's setting a dangerous precedent. It's bad public policy, period. In essence, it pre-selects or makes a predetermination as to what ought to be the preferred building materials on a project and takes that decision out of the hands of the design professionals and experienced builders in those situations.

I cannot stress this enough: we would be here regardless of what material was being preferred. The material is immaterial in this situation. The impact, whether it's significant or not on the marketplace, is not the issue. It could establish a dangerous precedent; it's a slippery slope.

The Chair: Thank you.

I apologize to both witnesses and members. Time is the enemy here.

Mr. Martin, five minutes.

Mr. Pat Martin: Thank you, Mr. Chair.

Given that the federal government is one of the major purchasers of construction industry services, I think the only thing our committee or members of Parliament should be concerned about is getting the best value for the construction dollar invested. Other regional concerns or industry sector concerns should be dealt with as policy matters for the government, but not legislated. I keep getting caught up on that.

Mr. Atkinson, in your report I think you used language that I would use. You pointed out that it shouldn't be a legislated matter: "no construction material...should be awarded a legislated priority over others". I can't disagree.

But I'm also sympathetic. It seems that the wood producers and the forest industry claim that they don't have an equal footing, that the government isn't allowed to consider the use of wood in building projects. That is what I understood from some of the presentations.

Is it your understanding that there is a bias against using wood, as opposed to an equal opportunity for building materials? Is there any evidence of this?

• (1040)

Mr. Ed Whalen (President, Canadian Institute of Steel Construction, Canadian Construction Association): I think this is one of the problems I am hearing today.

I represent the steel industry, and it's all about a level playing field. From what I've been hearing from the wood industry, they are superior in every way. If that is the case, they should be able to be competitive and innovative and compete against any building material.

Mr. Pat Martin: That's kind of my point. If that's the best value for the construction dollar invested on behalf of the taxpayer, I think the case makes itself.

Is there anything in the tendering process that precludes the use of wood?

Mr. Ed Whalen: There is absolutely nothing that precludes the use of wood—

Mr. Pat Martin: Then I honestly don't know why we're seized of this issue.

Mr. Ed Whalen:—and everything the wood industry has brought forward today is a non-government issue and can be dealt with in other ways. You could go to the building code. If you have something innovative and you want to make a change, make a change in the building code. If you have some environmental concerns and you think you're the superior product environmentally, that will be chosen by the design team.

We even have a program in North America, not just in Canada, but in North America, called LEED.

Mr. Pat Martin: It's a wonderful program, yes.

Mr. Ed Whalen: That sets points for environmental performance.

If the wood industry and that particular product will be superior, that material will be chosen.

Mr. Pat Martin: There is only one other example that I can find where a parliamentary committee was seized with the issue of

promoting one construction product over another. There was a report from the committee on international trade, in 2005, that said Canada should promote the use of asbestos at every opportunity: we should use it more domestically; we should export more; we should mine it more; we should promote it in every respect.

I used to work in the asbestos mines, and it bothered me that we would be using a parliamentary committee to promote one regional issue like that for building material.

Nowhere else in the history of Parliament can I find a bunch of MPs trying to dictate what kind of doorknobs should go on the next.... You know, that's as silly as it is, to me.

Mr. Ed Whalen: One of the things that was interesting in the *Ottawa Citizen* yesterday was that the wood industry admitted that, really, this wouldn't have any real impact to their industry. They want to show the rest of the world that Canada is making a stand.

We need to give architects and engineers around the world a little more credit than that. If you mandate the use of a particular product, do you think that is going to change their idea on the use of that product elsewhere?

Mr. Pat Martin: I think most of the world does associate Canada with wood products—the iconic image of a lumberjack in a red-checked shirt sort of thing. It's already how other countries view Canada.

I don't have any other questions, other than to say that I hope we can amend this bill to perhaps satisfy the concerns brought forward by the forest products industry.

The Chair: Mr. Whalen, therefore, gets the last word.

Mr. Ed Whalen: One of the things we need to realize is that over the last two years or so, Canada and the U.S. have been working on programs, issues related to Buy American. This issue is coming up again.

We can't forget that, and this fall the Canadian government has to start negotiations, again, on a longer-term relationship on procurement between our two countries. This type of move will certainly set certain material industries in the U.S. totally against Canada, and it will have long-term negative effects—guaranteed.

The Chair: Thank you, Mr. Whalen.

Thank you to each and every one of the witnesses. Thank you particularly to Mr. Jeffery, who got up a bit early just to join us.

Colleagues, I'm going to continue with the meeting but will ask the witnesses to leave.

As you can see, we have less than 30 seconds of our allotted time left. I may be able to have some discretion in running over for a moment.

Colleagues, we are at the end of our allotted day for this particular bill. We are ready for clause-by-clause. I also have a motion before me from the Conservative Party for a 30-day extension. I also have an amendment put forward by Mr. Martin on this item.

The chair is therefore in your hands as to how we proceed with this particular bill at this time. I am open to suggestions. We could deal with the amendment first. You could introduce yourself, read the amendment into the record, and give us your opinion on it.

I suppose the first question, ladies and gentlemen, is whether we go to clause-by-clause at this time. Is there any point in debate, or should we just vote on whether we go to clause-by-clause at this time?

Go ahead, Mr. Warkentin.

• (1045)

Mr. Chris Warkentin: Mr. Chair, at the risk of dragging this out, I believe we've heard a number of different testimonies today that have raised grave concerns about aspects of this bill. I think we need some recommendations from international trade lawyers. I think it's also important that we hear from third-party folks who have analyzed the wording of this bill. I think there are some technical issues with regard to this piece of legislation that need to be fully explored.

Therefore, I think it's important that I move my motion to give an extension for the consideration of this bill so that we might be able to do our job in an effective way to ensure that we're protecting the forests sector but that we're not impacting the international trade agreements that we have signed as a country.

My biggest fear is that this bill moves from this place and, for political reasons, gets approved in the House, and becomes legislation, and it impacts far worse the trade agreements as it relates to wood than any benefit that might be realized from this bill.

So that's my concern. I think it's important that we fully explore that and fully understand the impacts this bill may have.

The Chair: I take your intervention as you formally moving your motion. Is that correct?

Mr. Chris Warkentin: That's correct, yes.

The Chair: We therefore have a motion, which is to ask for an extension from the House.

Mr. Chris Warkentin: That's right.

The Chair: Does everyone understand that? Is there any other debate on that point?

Those in favour of the motion? Those against the motion?

(Motion agreed to)

The Chair: The chair rules in favour of the motion, and the reason is that the speaker always rules in favour of extension of debate, and this is a motion for extension of debate. That may be, however, the last time the chair rules on this matter in favour of the mover.

I therefore interpret the motion as carried, and we will formally ask the House for an extension of debate.

Thank you.

The meeting is adjourned.

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