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# Standing Committee on Natural Resources

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Chair: Mr. John Aldag





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• (1555)

[English]

**The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)):** Good afternoon, everyone.

I call this meeting to order.

Welcome to meeting number 42 of the House of Commons Standing Committee on Natural Resources.

Pursuant to Standing Order 108(2), the committee is meeting to hear from witnesses for its study of federal assistance for various natural resources industries.

Today's meeting is taking place in hybrid format, pursuant to the House order of June 23, 2022.

Now that we're in session, I would like to remind all participants that screenshots and taking photos are no longer allowed. The proceedings are being televised and made available via the House of Commons website.

I have a few quick comments for the benefit of our witnesses.

Please wait until I recognize you by name before starting to speak. Those of you participating by video conference will have to activate your own microphones, so click on the microphone to activate your mike, and please mute yourself when not speaking. For those on Zoom, there is interpretation available. You have the choice of either the floor, English or French. For those in the room, there is the earpiece you can use for the translation.

All comments should be addressed through the chair. If those on screen want to speak, please use the “raise hand” function. When we get into the questions and answers section, I do allow the members a fair bit of latitude—whoever is questioning—so if they don't get to you, it's because they have a line of questioning that they may want to be pursuing. However, if you feel you want to weigh in, raise your hand, and if they get to you, they get to you.

In accordance with the routine motion, the committee is notified that all witnesses appearing virtually have completed the required connection tests in advance of the meeting.

Now I would like to welcome our witnesses.

Virtually, we have Linda Coady, president and CEO, BC Council of Forest Industries; and Jean-François Samray, president and CEO, Quebec Forest Industry Council. I have been notified that Monsieur Samray has to depart by 5:15 p.m. today, so if anyone has any questions for the Quebec Forest Industry Council, try to get those in be-

fore 5:15 p.m. We also have, from the Prospectors and Developers Association of Canada, Lisa McDonald, executive director; and Jeff Killeen, director, policy and programs.

In person, we have three organizations represented. From the Forest Products Association of Canada, we have Derek Nighbor, president and CEO; from FPInnovations, Stéphane Renou, president and CEO; and from the National Aboriginal Forestry Association, Bradley Young, executive director.

Welcome.

With that, we're going to five-minute opening statements by each of you.

If you're ready, Ms. Coady, I will start the clock when you start speaking.

I also will say that I have a handy card system, so I will give you the yellow card when there are 30 seconds left on the clock. The red card means that time's up. Don't stop mid-sentence, but wind up your thoughts. Then we can go on to the next person.

By way of other introductions, welcome to Ms. Gladu for joining us today, and welcome back to Mr. Maloney, who is filling in while Ms. Jones is away.

James, it's good to see you.

With that, Ms. Coady, we'll go over to you for your five-minute opening statement.

**Ms. Linda Coady (President and Chief Executive Officer, British Columbia Council of Forest Industries):** Thank you, Chair and members of the committee.

As the president and CEO of the BC Council of Forest Industries, I have the pleasure of representing forest products producers in B.C. Our membership includes companies big and small that make everything from lumber to pulp and paper, and from high-value engineered wood products to biofuels.

We appreciate the committee's interest in our sector. Forestry is an industry that will continue to play a major role in supporting good jobs and helping to fight climate change. These are both, as you know, dual imperatives at this critical time in history.

For those of you who may not be familiar with it, I want to say a few words about the role the forest sector plays in B.C., as well as in the rest of Canada's resource economy. While it obviously isn't as big an economic player as the energy sector, it has a presence at a landscape level that arguably elevates and extends its influence in rural communities and urban centres alike across Canada.

In B.C.'s case, the forest industry contributes \$13 billion to B.C.'s GDP and even more in taxes and fees, and creates 100,000 direct and indirect jobs. The sector has an outsized impact on wages and government revenues in B.C., as well as on exports and trade balances that help support the standard of living both in B.C. and in the rest of Canada.

Today, forest products make up one-third of B.C.'s exports, with an exciting opportunity to grow our sector as customers around the world turn to low-carbon, renewable forest products as the building and packaging materials of choice.

Being part of a country with a small, open economy means that strong trade relations and diversified markets are critical to our industry's success. So, too, is our ability to demonstrate global leadership and innovation on sustainable forest practices and low-carbon forest products.

This brings me to the topic of your study. Which federal assistance measures for Canada's forest industry can make a difference? I have five points.

First, Canada needs to stand firm on the role that sustainable forest management and forest products—from lumber and food packaging to biofuels—can play as tools to fight climate change and pollution, while supporting local livelihoods. It is critical that Canadians and customers around the world know the facts about our regulatory regimes and systems for forest product certification and assurance. It is also critical that we show the world we're doing the work to continuously evolve and strengthen our forest management regimes to keep forests and biodiversity healthy and safe, and deal with the impacts of climate change and the disruption caused by forest fires, pests and more.

Second, we must backstop Canada's reputation for sustainable natural resources with policy, regulations and incentives that improve predictability and investment on the land base and enable product innovation and adoption. Among other things, this means taking a more integrated approach to everything we do. This includes maximizing climate-smart forestry and managing forests for all the different values they represent, including timber, carbon and other natural infrastructure.

This will require doubling down on important national initiatives aimed at addressing critical gaps in workforce and skills development, as well as delivering on other federal strategic priorities, such as the buy clean strategy, the national net-zero building strategy and the low-carbon building materials innovation hub. It will require effective engagement at both the global and local levels on the development of emerging frameworks for regulation, the trading of carbon and biodiversity.

Third, as we look to the future, our industry has an incredible opportunity to help meet the growing global demand for climate-friendly products. This includes our biggest trading partner to the

south of the border. It's why a team Canada approach to the softwood lumber dispute is critical.

For decades, and regardless of who is in government, Canadians have benefited from a unified voice on this issue that has extended across party lines and across different regions of the country. We appreciate that, like her predecessors, Minister Ng and the team at Global Affairs are continuing this approach, while driving discussions with the U.S.

Fourth, as we look to the future, we need to continue our efforts on both market and product diversification. Over the last two decades, in partnership with the provincial and federal governments, our industry has developed new overseas markets, particularly in Asia. Our partnership with NRCan on this program has been recognized globally as a leading example of private-public partnerships on delivering results.

However, developing new markets and products is not a short-term exercise. It takes years, product familiarity, codes, standards and market acceptance. That's why this partnership must continue. The point is we have a real opportunity to grow these programs and this opportunity.

● (1600)

Lastly, and equally critically, we need to continue to grow our relationship with indigenous nations as true partners in Canada's forest sector. B.C. became the first jurisdiction, as you know, to adopt and begin to implement the UN Declaration on the Rights of Indigenous Peoples. As Canada looks to implement its own legislation ensuring that first nations and indigenous peoples have the decision-making framework capacity and the resources they need to participate in our sector, this will be key.

In closing—

**The Chair:** I'm sorry, but I'm just going to jump in. We're about half a minute over, and I do want to get to the next ones.

If you can make a quick conclusion, that would be great.

**Ms. Linda Coady:** Thank you.

In closing, I would like to leave you with the thought that amidst a lot of global uncertainty, B.C. and Canada's forest industry have the people, the products and the know-how to make a difference.

Thank you.

**The Chair:** Great. Thank you.

We'll move next to the Quebec Forest Industry Council, and Monsieur Samray.

If I have mispronounced anybody's names in my introductions, please correct me when you take over the microphone.

Monsieur Samray, you have five minutes.

**Mr. Jean-François Samray (President and Chief Executive Officer, Quebec Forest Industry Council):** Thank you, Mr. Chair.

I'll do my presentation in French in order to accelerate this a little bit.

*[Translation]*

The Quebec Forest Industry Council, or QFIC for short, brings together softwood and hardwood sawmills, peeling mills, pulp, paper, cardboard and panel board companies, engineered wood manufacturers and wood-based building material manufacturers.

I'm speaking to you today from Distillerie du St. Laurent, in Rimouski. This building is a marvellous example of a company that wanted to use wood in the building's construction. If a company like this can do it, so can the federal government. Its customers love the wooden building, and so do the employees. What a wonderful way to reduce greenhouse gas, GHG, emissions, while making a building aesthetically pleasing.

The lumber industry is an important part of the economy. In Quebec, the forest sector creates direct jobs. In Canada, the sector employs over 230,000 Canadians across 600 communities. I should note that 12,000 of those workers belong to first nations communities. The sector generates more than \$80 billion in revenue annually. In Quebec, the forest industry is responsible for more than 140,000 jobs and over \$20 billion in sales.

Beyond its economic contribution, the forest is also a powerful tool in the fight against climate change and ecological recovery. Acting as an enormous carbon reservoir, the forest can help us fight global warming. We need to use and manage our forests as sustainably and effectively as possible to enhance their role in carbon capture and sequestration. How? By strengthening forest management and encouraging the use of wood to replace carbon-intensive building materials, thereby supporting long-term carbon storage. That's the case here, at Distillerie du St. Laurent.

That is fully aligned with the direction and priorities the Inter-governmental Panel on Climate Change has set for the international community.

As far as the QFIC is concerned, the Government of Canada must lead by example by encouraging and requiring the use of less carbon-intensive products in its own procurement projects. Every tonne of cement or steel that is replaced by wood cuts GHG emissions by one tonne.

In co-operation with the Canadian Wood Council, and with the financial support of the governments of Quebec and Canada, the QFIC has developed Gestimat, a tool that measures a building's carbon footprint.

The government should work with us to systematically incorporate the tool's use in retrofit and construction projects, in order to measure the impact associated with the federal government's projects and funding.

Investing in research and development partnerships would result in new wood-based building materials and encourage the use of those materials in construction projects in Canada. The benefit would be twofold: support the development of a strong circular economy and reduce Canada's environmental footprint. This measure could also be used to replace single-use plastics.

Lastly, the investments in forest industry transformation, IFIT, program is one of the funding tools available to our sector through the Department of Natural Resources. Although incredibly helpful, the program is underfunded, especially when compared with the amount of funding invested in decarbonization projects in other sectors. Carrying out transformation projects in the forestry sector is expensive, so government support is needed to speed up not just implementation but also GHG emission reductions. Take, for example, projects to convert newsprint mills into large biochemical plants.

In conclusion, the forest industry follows responsible and sustainable practices in Quebec and in the rest of Canada. The industry is made up of men and women who endeavour to do things better every single day, to leave future generations forests they can rely on and live in harmony with.

If we want forests to continue playing a key economic role and if we want to fight climate change, we need all hands on deck, especially the federal government's. The forest sector is ready to contribute to Canada's economic recovery and our ambitious environmental targets. We are here to work with you.

Thank you.

I would be happy to answer any questions you have.

• (1605)

*[English]*

**The Chair:** Thank you for your opening comments.

We're going next to Ms. McDonald from the Prospectors and Developers Association of Canada.

When you're ready, please begin.

**Ms. Lisa McDonald (Executive Director, Prospectors and Developers Association of Canada):** Good afternoon. Thank you, Mr. Chair and committee members.

Thank you for inviting me and my colleague, Jeff Killeen, to appear today on behalf of Canada's mineral exploration and development industry.

First, I acknowledge that I come to you today from Toronto on the traditional lands of the Huron, the Chippewa, the Haudenosaunee, Wendat and Oneida peoples, the Anishinabe and the Mississaugas of the Credit, and all of the indigenous nations that have lived on these lands over the centuries.

PDAC is the leading voice of the mineral exploration and development industry, with over 6,000 members in Canada and around the world, including nearly 1,000 corporate members. Our work focuses on supporting a competitive, responsible and sustainable mineral industry. We host the world's premier mineral industry event each year, attracting tens of thousands of people from more than 100 countries to Toronto for the PDAC convention in March.

Notably, Canada's mineral industry consists of more than 1,100 public companies representing a full one-third of all listings on Canadian exchanges. It is also the largest private sector industrial employer of indigenous people in Canada on a proportional basis and a key partner of indigenous businesses across the country.

Mineral exploration and mining is a major economic driver, supporting 664,000 direct and indirect jobs, and contributing \$132 billion to Canada's GDP last year. The economic opportunities presented by the mineral industry are heavily weighted towards northern and remote regions of Canada, and a job in exploration or mining will typically offer a salary nearly three times the national average.

As the world looks for new sources of critical mineral inputs, Canada's vast potential for new discoveries represents one of the greatest economic opportunities in a generation and a fundamental component of meeting our own domestic needs over the coming decades. We know that demand for critical minerals will increase substantially as jurisdictions around the globe attempt to transition to lower carbon footprints, and there is no energy transition without minerals.

Canada can be "the" supplier of choice, both domestically and for our strategic partners. However, to capitalize on this opportunity, we must attract investment in mineral exploration and downstream processing so that our minerals and metals can reach markets within realistic timeframes.

We understand that to drive such meaningful change we must align government policies to strengthen our mineral sector and curtail our reliance on foreign sources that often leverage lower environmental, sustainability and governance standards to compete economically.

It is imperative that support be directed towards mineral supply chains in a logical and rational order so that we build up our natural resource wealth in step with downstream capacity. Otherwise, we risk creating a major supply chain imbalance, as domestic demand could spike well in advance of any foreseeable ability to meet those demands from Canadian mineral sources.

Mineral exploration and mining will increasingly be looking to Canada's north for new opportunities and our critical mineral strategy hinges on industry having access to prospective land. Therefore, it is extremely important that we consider the northern infrastructure deficit and our critical mineral strategy in working towards

conserving 30% of Canada's lands and oceans by 2030 and achieving net-zero carbon emissions by 2050.

To achieve such long-term goals in a sustainable way, we must base land management decisions on evidence, such as public geoscience, and maintain a competitive landscape to attract investment into Canadian projects.

Budget 2022 was a great first step by the federal government in dedicating new funding and incentives. However, reaching net zero will require additional financial and fiscal tools considering the sheer scale of electrification and infrastructure development involved in reaching this goal.

We must also be mindful of the level of funding that the U.S. and other nations are willing to commit to secure access to these necessary resources for future generations.

Under this backdrop, we have offered recommendations for budget 2023 that include the following

- Increase the mineral exploration tax credit, METC, from 15% to 30% in the territories, and renew it until 2027 in alignment with the new critical minerals exploration tax credit.

- Expand the eligibility of Canadian development expenses for critical mineral mine development from 30% to 100% to match eligibility under the current Canadian exploration expenses.

- Establish a one-window approach to available funding for early engagement and community capacity building to support indigenous participation in critical mineral projects.

- Provide co-funding opportunities to regional geoscience organizations to develop comprehensive regional level mineral and energy potential models to use in land management and conservation.

- (1610)

Thank you again for your time. We welcome any questions.

**The Chair:** Mr. Nighbor, we'll go to you.

When you're ready, you'll have five minutes.

**Mr. Derek Nighbor (President and Chief Executive Officer, Forest Products Association of Canada):** Thanks, Mr. Chair and members of the committee, and to Lisa and Jeff for enduring all the forestry people today. It's nice to see you both.

Canada's forest products sector is the national voice of the sector. We welcome the discussion. It's a timely one for a few reasons.

One reason is that, as Lisa said as the government prepares to make decisions for federal budget 2023, it's important that we work in partnership to set our sector and its people up for success in the long term.

Second, as we push through these challenging times, we absolutely need greater regulatory and policy certainty. There's a lot and a very heavy agenda at Environment and Climate Change Canada, an agenda whose objectives our sector is very much aligned with, but some of the execution is falling a bit flat for us in some spots. We would really like to see CCC better understand how our sector works. We need it to be more responsive to our concerns in the national and global context. For us, initiatives like the clean fuel regulations and the output-based pricing system, which we support, are creating some problems for us rather than solutions, and are bringing some uncertainty to future investment in Canada.

Third, and importantly, we're seeing a number of things south of the border that must be considered if we're to ensure that forestry workers and broader Canadian manufacturing workers aren't left behind. The U.S. Inflation Reduction Act requires a robust response. While there are some positive signals in the fall economic statement around tax credits and the Canada growth fund, many details are still unclear. The competitiveness risk this poses to Canadian industry cannot be understated, and the speed at which the Americans are moving cannot be underestimated.

The U.S. buy clean agenda is another big factor. Just on September 15, the Biden administration made another America first move, prioritizing the purchase of low-carbon construction materials covering 98% of the materials purchased by the U.S. government. This was announced not only to green federal infrastructure in the U.S., but also to boost U.S. manufacturing. We need a strong made-in-Canada, buy clean, build clean plan in response.

While the softwood lumber dispute continues—and Linda spoke a bit to that—our sector is facing additional trade risk with U.S. customers and in some U.S. states based on American-rooted campaigns of misinformation in an effort to restrict forest product exports heading to the U.S..

FPAC's federal budget submission outlines the areas where we believe sustained investment is required. We're focused on supporting winning programs and on programs that accelerate innovation, that strengthen prospects for Canadian workers and that deliver return on investment for the federal government and Canadian taxpayers.

We have seen proven success in core funding programs supporting FPInnovations, which I'm sure Stéphane will talk about; the leading export market development work by Canada Wood; the leading building codes and standards work that's done by our partners at the Canadian Wood Council; and key NRCan dollars that power the indigenous forestry initiative, which I hope Bradley is going to speak to in a bit. The investments in forest industry transformation are also highly regarded programs by our sector and are consistently and massively oversubscribed annually.

There are a couple of areas where we'd like to see a bit of a different work path with the federal government.

One is on accelerating sector decarbonization. NRCan is our home for forest policy and science, but over the past few years, billion of federal dollars that power industrial decarbonization have been more centralized over at ISED. This has put us at a bit of a disadvantage, as we're not among the heaviest emitters. We have already reduced GHG emissions at our mills by nearly 70% since the early 1990s, so it's a case of what got us here is not going to get us there. Over at ISED, we're being overshadowed by other sectors with bigger decarbonization needs, and the prevailing sense across government is that NRCan is our home. Unfortunately, it's a home that doesn't fund the decarbonization support programs we need.

As I discussed with Minister Champagne on Friday and Minister Wilkinson a few weeks ago, we need a clearer decarbonization road map and action plan for forestry with the federal government so that our opportunities are not overlooked. We need access to our fair share of federal decarbonization dollars. We are finding ourselves in a situation where we're being left out because we're not big enough emitters.

The second and final point I'll make is on promoting and defending Canadian forestry workers. We've seen an uptick in anti-Canadian forestry activism in the U.S., and it's impacting our relationships with U.S.-based customers. We're also seeing state legislators in California and New York advancing anti-Canadian procurement bills to restrict Canadian forest products from going into those states.

We're grateful for the support of our federal and provincial governments, but we continue to be in reactive mode. We need a proactive team Canada approach to address these issues. For states like New York, which seemed immovable in their efforts, we need the federal government to send a strong signal back that such a move would have consequences to Canada-New York trade.

• (1615)

I'll leave it there. I look forward to responding to any questions.

Again, Mr. Chair, I appreciate the opportunity.

**The Chair:** Thank you.

We'll now move to FPInnovations, with Monsieur Renou.

The floor is yours. You have five minutes.

**Mr. Stéphane Renou (President and Chief Executive Officer, FPInnovations):** Thank you, Mr. Chair and committee members.

My presentation will be in English, but first let me say a few words in French.

[*Translation*]

Thank you for this opportunity to share our views as part of your comparative study. I am proud to be here with my partners in the forest industry. It's a real pleasure.

[*English*]

Thanks a lot, committee members, for letting us in your room today to talk about forestry and where we are. It's great to be with the leading voices in forestry: NAFA, COFI, FPAC, all of the players around us—and don't forget QFIC, of course. We all share this passion for the forest industry, and we all share this vision that the forest industry can have a bigger role to play in the carbon equation going forward.

The world is changing fast, folks. Global warming and the geopolitics of energy and technology will change drastically the landscape of natural resources going forward. We must prepare now. The industry needs to transform to be ready for that world. We need to be in a place where every molecule from every tree needs to be put to good use towards keeping the carbon in the economy as long as it can.

Innovation efforts will be critical to achieve this goal.

According to the 2021 global innovation index, Canada actually excelled in research—patents, papers, all those metrics.

There is one place where we fell short: transferring it to a commercial product. This is where we're lagging versus the rest of the world. This is where we need to put the effort. That's the critical gap that needs fixing, crossing what we call the technology valley of death. This is where I want to play. This is where FPInnovations is playing.

We're focused on the impact in mills, demonstration at pilot scale and results in the marketplace.

Our R and D laboratories now employ about 400 people across Canada. We have labs in Quebec City, Montreal and Vancouver. We actually have programs in every province and territory today. Some are smaller and some are bigger, but we're a bit everywhere.

We have a unique model. We are right between government and industry, right in the happy place. We are trying to please both at the same time, which is interesting, believe me.

Our ambition is basically to get the maximum value we can out of wood. There are two fundamental things we need to do.

Number one is to expand the wood usage. We all talk about it. Make sure wood has its place in construction everywhere. Number two is that all the residues from the industry of traditional wood need to be put to their best use to keep carbon in the loop as much as we can.

The challenges are enormous. We have a big role as the forest industry. There is the reduction of GHG, yes, but there is also substi-

tion. Substitute all products. Sequester carbon into wood construction and other products. That's where we can play a role. Let me give you a couple of examples.

Today we have several demonstrations across Canada where we are paving roads with asphalt that has lignin in it. That's a by-product of the pulp and paper mills—10% substitution. Today we have a mask that we created based on the challenge we got. It's fully recyclable, compostable, based on natural fibre. In a few months that product will be on the shelves.

There is truck platooning. We talked before this session about the challenge of truckers up north and everywhere. We can do a train of trucks, where only one driver is at the front. That helps, basically, to reduce this challenge and will affect 300 communities across Canada.

In collaboration with the Canadian Wood Council, we're working a lot with standards, regulations and guides to help the construction industry to use more wood at every location.

Moving forward now, we're looking, with the Canadian Forest Service at Natural Resources Canada, to create the next generation of programs for innovation. There are three main aspects.

The first is common goods—all the regulation work, wildfire research, carbon evaluation in processes and products, everything we can do to give that strong basis.

The second is to create a pipeline of innovation—all those programs, all those ideas we take from academia, from the world of creation of knowledge, and figure out how we transfer them to a commercial product. Reduce risk to get there.

The third one is my cherished one, pre-commercialization. Get those ideas closer towards commercialization, which involves, actually, collaborating with others on industry, yes, chemical industry, yes, every place where we can basically have a new product, use the fibre, the wood product to create new chemicals, to create new bioproducts, to create a new place where we can have a longer carbon life.

Canada's renewable forests are our natural resource. They have the potential to ensure our sustainable future. Innovation is how we transform the industry.

We have to work together across government and industry every day to get the path forward. We can change the world this way.



• (1620)

We have to grab the opportunity. It is a significant challenge to get all the programs in the right place. It needs your leadership and your support to create the path for innovation. I believe we're going to get there.

I thank you all for your support.

**The Chair:** Thank you for your comments.

I recently had the chance to spend an afternoon at the Vancouver facility. I saw some amazing innovations there. I was sent back with some samples. I might even bring some in for a show and tell here, at some point. It was a very worthwhile afternoon.

We will now go to Mr. Young with the National Aboriginal Forestry Association.

Mr. Young, when you're ready, you have five minutes.

**Mr. Bradley Young (Executive Director, National Aboriginal Forestry Association):** Thank you, Mr. Chair, committee members and colleagues.

I'd like to thank the committee for the invitation to contribute to the study under way. My name is Bradley Young. I am the executive director of the National Aboriginal Forestry Association. I'm also a citizen of the Opaskwayak Cree Nation in northern Manitoba. I would like to take this time to recognize the traditional territory of the Algonquin first nations, Kichi Sipi Aski, otherwise referred to as Ottawa.

First, to give a little background on NAFA, we are a non-governmental, first nations-controlled organization focused on indigenous forest stewardship and associated economic development. Over 1,200 indigenous forest sector businesses and over 15,000-plus full-time employees comprise the indigenous forest sector. Maybe it's 30,000 now. In Canada 80% of first nations communities call the forest home. This is where the indigenous forest sector comes from, and NAFA works hard to support it.

I'll turn now to the business at hand. The indigenous forest sector is supported by ISC and CIRNAC economic development programs. However, these economic development funds are spread over 633-plus first nations and their myriad of business entities. Indigenous forestry projects must compete for space in the program with all other sectors of economic activity. The other major support is Natural Resources Canada's indigenous forestry initiative. We suggest modernization of both these budget line items with sector-specific fairness as a principle.

ISC and CIRNAC economic development budgets should be increased by a minimum of 15% to address the historic underfunding of economic development. The indigenous forestry initiative should be renewed at \$12 million per year, at a minimum, for five years, from the current \$6.6 million per year for three years. Both of these programs suffer from substantial underfunding and oversubscription, from our perspective.

We have followed some of the committee's work on these matters. We remind Parliament that the indigenous forest space communities suffer from unemployment numbers ranging from 50% to 90%. The employment, capital attraction, manufacturing and tax-

based maintenance that the indigenous forest sector anchors are absolutely vital for the rural and northern regions they operate in. We also note that many funding envelopes across many other departments contribute to indigenous natural resource development initiatives in part. We suggest that these programs continue to be supported but that we do not forget about the indigenous forest sector, including it as a discrete silo in their eligible sector program and project criteria.

We also take note of the Inflation Reduction Act in the U.S., including the \$20 billion over a number of years for American tribal renewable, green and climate change transition projects. This should be studied carefully. Relative supports and time horizons for Canadian indigenous nations, including the bioeconomy, should be considered. The indigenous forest sector has something to add to each of these.

Sectorally, many forest management firms and smaller manufacturing mills are family-run small or medium enterprises. They are greying and rusting, and need fresh capital and energy to operate into the future. Most of their kids and grandkids don't want the businesses. NAFA is advising that a national major indigenous forest sector projects envelope to convert these grey, rusty enterprises into green operations, owned and operated by indigenous groups and entrepreneurs, be established. BDC, EDC, the Canada Infrastructure Bank and related provincial structures for the necessary major capital and finance support resources, along with other indigenous economic development programs and funds for project feasibility and development, should be oriented or reoriented around this pressing structural problem in Canada's forest sector.

Importantly, all working forest businesses, including manufacturing facility projects, should be eligible. With foreign-owned interest, some friendly and some not, circling our natural resources, there's good security rationale behind this suggestion as well. With 10% of Canada's fibre basket under indigenous commercial management now, manufacturers and forest sector businesses continue to emerge and grow.

Supporting indigenous trade missions to take advantage of our progressive trade agreements, such as IPETCA, APEC, CETA, CUSMA and others under negotiation, will also be vital.

• (1625)

Can we start thinking about an Indo-Pacific indigenous forestry trade mission? How about Africa? Non-indigenous industry and indigenous groups in these economic blocs have requested Canadian indigenous forest sector trade missions in the past five years. As of yet, they have largely been unanswered.

[*Witness spoke in Cree and provided the following translation:*]

Thank you very much, non-indigenous leaders, and also, thank you to all my colleagues and all my indigenous relations.

**The Chair:** Thank you so much for your opening comments.

We'll now go into our first round of questions, which will be six minutes each. We'll have four of those.

Just so everybody knows, we were a few minutes late in starting. We'll check in at 5:30 and see where everybody's at and where we're at with our questioning. We may be able to go a little bit beyond, but we'll check in at 5:30.

First up, I have Ms. Gladu for six minutes.

The floor is yours.

• (1630)

**Ms. Marilyn Gladu (Sarnia—Lambton, CPC):** Thank you, Chair. It's a pleasure to be at your committee today.

We're talking about how the federal government can better support various industries. My question direction today will be about what governments do and what they don't do, what they fund and what they don't fund, and how that is impacting you.

I'm going to start with the British Columbia Council of Forest Industries.

In 2015, Chrystia Freeland said that within weeks we would have a softwood lumber contract. That never happened. We had the CUSMA negotiations and again, there was still no deal. Then we've seen multiple tariffs from the U.S. and basically protectionism happening.

How has all this lack of action on the part of the government impacted your industry?

**Ms. Linda Coady:** As you know, this is almost an intergenerational dispute that's been going on. As I said in my remarks, the federal government does play a key role in anchoring the relationship with the U.S. and in developing consensus on the Canadian side on how to approach things.

Our understanding right now is that the opportunity for a negotiation with the U.S.—another negotiation that might lead to a settlement—isn't on the table in 2022-23, but there will be opportunities moving forward.

It is something that our industry is working very closely with the federal government on and we do rely on them.

**Ms. Marilyn Gladu:** Sure. Thank you so much. That's seven years with no action and no plan for next year.

Let's go then to the Forest Products Association of Canada.

I want to talk about the clean fuel standard. You mentioned regulatory certainty.

What problems with the clean fuel standard are impacting your industry?

**Mr. Derek Nighbor:** Thanks.

There are two main things. One is around how Canadian biomass is viewed. This is what otherwise would be wood waste from our sawmill. The tree is harvested after the plan and the consultation happen. It goes to the mill, wood is created and you get shavings, bark and sawdust. The treatment of that biomass under the clean fuel regulations is not yet recognized. That's one of our big issues and we need certainty there. There was talk at the officials level of setting up a new regime to determine if it's sustainable or not.

It's sourced from public, provincially managed forests where there are detailed consultations and science. Millions of dollars of planning goes in and there's an approval process. Our position is that if it comes from a provincially approved forest management plan, it should be recognized as sustainable.

That's the first frustration we have right now. We're continuing to work through that with officials.

The second one is around what qualifies for credit generation under the regulation. That's still to be determined, but we have some big companies that have opportunities to invest in other countries that want to see what that plan is.

Those are two big issues. They are the issue of the treatment and the recognition of the sustainability of biomass from well-managed Canadian forests, and how we can get some certainty around how the credit generation framework is going to unfold.

**Ms. Marilyn Gladu:** Yes, I think uncertainty is driving a lot of projects to not be built and driving investors to not invest.

My next question is for PDAC. You talked about us needing to have a competitive regulatory environment for approving new projects and making Canada attractive to investors.

Could you elaborate on what you think the federal government should do or not do to move in the right direction?

**Mr. Jeff Killeen (Director, Policy and Programs, Prospectors and Developers Association of Canada):** Yes.

I'll handle the answer if that's okay, Lisa.

When we think about what we need to do in Canada.... As Lisa mentioned in her opening remarks, I think budget 2022 was a good first step. We saw new incentives being committed to. We saw new funding being directed, or notionally being directed, towards infrastructure. Those are two pieces we definitely think need to be a continual focus.

We're quite aware of the infrastructure deficit in Canada's north, as mentioned in the opening remarks as well. By and large, that's where we're going to see our members moving in the future—more exploration into northern parts of Canada—because that's where the opportunities do lie.

We do feel that tax incentives are one way to fuel a competitive landscape here in Canada.

We have seen the flow-through share regime—which ties to these tax credits—be highly successful. I think last year alone we saw over \$1.5 billion raised through flow-through share issuances, which directly leads to exploration going into the ground in Canada within 18 months of that. We're seeing that effect this year.

There is somewhere in and around \$4.3 billion being spent in Canada alone on mineral exploration this year, and that's a number provided by Natural Resources Canada.

When we look within that number, though, there is only about \$200 million being spent on what we consider critical minerals.

• (1635)

**Ms. Marilyn Gladu:** Excuse me, I'm coming to the end of my time.

To all the witnesses, if you have input on what we should do on tax credits, could you submit it to the committee chair?

Thank you.

**Mr. Jeff Killeen:** Thank you very much.

**The Chair:** You still have 45 seconds if you want them.

**Ms. Marilyn Gladu:** Sorry. Well, then, I shouldn't have cut you off. My phone is probably not timing right.

Let's talk about market diversification.

With the rise of protectionism in the U.S., we really need to find other partners. I'd like to hear from the Forest Products Association of Canada and the National Aboriginal Forestry Association. How can we diversify?

**Mr. Bradley Young:** There have been a number of trade deals that we have negotiated. There are existing trade missions and various provincial initiatives that the federal government also supports through the CFS.

From the indigenous forestry perspective, the indigenous forestry sector hasn't been included in those missions as fully as it could be.

There are indigenous products, indigenous technologies and indigenous businesses that the world is interested in, and we'd be happy to join and help, along with team Canada—under a specific structure, I will say that.

**The Chair:** I'm sorry. We're out of time on that one now, so we will have to move on to get to our next person. There may be a chance for others to come back to this, or you could weigh in when you get to other questions.

Next we have Mr. Chahal for his six minutes.

**Mr. George Chahal (Calgary Skyview, Lib.):** Thank you, Mr. Chair.

Thank you, witnesses, for your testimony today.

I'm going to start off my questioning with Ms. Coady.

You mentioned and discussed through your presentation the net-zero building strategy and the important role of forestry as contributing to lowering greenhouse gas emissions in buildings.

Can you tell us how, and in which ways, the forestry sector is driving down emissions in buildings?

**Ms. Linda Coady:** One of the ways is through products that capture and store emissions on a life-cycle basis or on a basis that can extend into a couple of decades.

A common example of this in British Columbia would be our mass timber sector, which the province has taken a lead in developing. This is as an example of a product that can help with the construction of affordable buildings and taller buildings made from wood, as well as help with carbon reduction.

**Mr. George Chahal:** Thank you.

I want to pose the same question to Mr. Samray, who talked about the building he's in and about the measurement of carbon footprints in buildings.

Can you also tell us how the forestry sector is driving down emissions in buildings?

**M. Jean-François Samray:** Yes, it would be my pleasure.

Wood has a negative carbon footprint, and when you use wood, one cubic metre of wood in a building instead of using one tonne of steel or one tonne of concrete, you reduce your GHG content in the building by one tonne.

This is all done through a calculation that uses an external and formal database that takes into account the entire life-cycle analysis of getting that tree from the forest into the building, so everything—wherever there is GHG compared to the business-as-usual situation—is figured in.

In Quebec, there has been a strategy of using wood in government buildings, and for these buildings, we're counting the amount of GHG that has been removed. There are some schools that have been built now. They have applied using wood instead of business-as-usual building materials and have reduced by  $x$  number of tonnes the GHG in the building. That's a way that wood can reduce substantially the amount of GHG in the buildings that belong to government.

**Mr. George Chahal:** Thank you.

I'll move to you, Mr. Nighbor. You talked about accelerating decarbonization in the sector. You also talked about the U.S.A and the Inflation Reduction Act.

Could you provide some specifics on where we in Canada can provide better incentives to help make that happen and if you have very specific examples compared to the U.S.?

• (1640)

**Mr. Derek Nighbor:** Yes. On decarbonization, I think there are a number of us. If you look at annual emissions in 2020, iron, steel and aluminum were at over 20 megatonnes. Agriculture chemicals and fertilizer were at over 18 megatonnes. Cement was at almost 11 megatonnes. Pulp, paper and wood were at about six megatonnes.

The issue we're finding—and, as I think I said, rightfully—is trying to get the bang for our buck. Where can we get a megatonne at a time? Where can we get two megatonnes at a time? I get that, but I think we also have to pay attention to the smaller players. With us, the average pulp mill, you might have 100,000 tonnes or 200,000 tonnes max. For us to get to a megatonne, we would have to stack a number of mills.

It's just that kind of middle way. I encouraged Minister Champagne on Friday, and he was open to looking at it. I just think there's been such a focus on big heavy-emitter decarbonization, and I get it, but if we don't pay attention to the middle track, if we don't have a bit of third way here for some of these other players like those in forestry, we're going to get left behind.

On the U.S. piece, I think the clean tech tax credit in the FES is a positive signal. I can't wait to see what the Canada growth fund is going to look like. There could be opportunity there, but I know that for our sector on decarbonization it's, how can we decarbonize lime kilns? How can we do some of this project stuff that's not going to be a megatonne at a time? We have companies ready to do it, but the financial support from government, the ability to tap into those programs, is just not there right now.

**Mr. George Chahal:** Is there a specific ask that you would have on an incentive tax credit that would be an ask from your organization?

**Mr. Derek Nighbor:** I like the clean tech tax credit that was announced in the fall economic statement. I think that holds promise, but I think we need capital funding projects to decarbonize lime kilns. We have a number of mills—a couple of mills in northern New Brunswick and one in northern Manitoba—that don't have natural gas. They can't even dream about.... They're using heavier oil because that's all they have.

One of the solutions for those remote communities, many of which have a lot of indigenous workers as well, is the funding piece, I think. Tax credit is very important, but I would like to see some more funding opportunities in the mid-cap range for sectors like ours that aren't in the range of 10 megatonnes to 20 megatonnes of overall emissions across the country annually.

**Mr. George Chahal:** Thank you.

**The Chair:** Thank you.

We will now go to Mr. Simard, who will have his six minutes.

[*Translation*]

**Mr. Mario Simard (Jonquière, BQ):** Thank you, Mr. Chair.

Mr. Samray, I'd like to hear your views on federal support for the forestry sector when it comes to exports, particularly given the softwood lumber dispute.

I read recently that Resolute Forest Products had \$500 million in countervailing duties.

This past weekend, I spoke to someone from Groupe Rétabec, in my neck of the woods, and he was telling me that they, too, had had to pay a sizable sum. I'm not sure whether that's confidential information. I won't say how much it was, but it was rather sizable in Groupe Rétabec's case as well.

In 2020, we conducted a study on the recovery of the forest industry. The recommendations that emerged included encouraging the signing of an agreement with the U.S. and, above all, improving access to liquidity. That still hasn't happened, but I'd like to hear what you have to say on the subject.

**Mr. Jean-François Samray:** I think the industry is looking for a workable, long-term deal to come out of the negotiations. No one wants to sign a deal that gives them less.

I realize that many of our members have deposits. Keep in mind that deposits collected from all Canadian companies will soon hit \$7 billion. Companies and shareholders are very eager to get that money back so they can invest it, but I also think the government should be eager to collect taxes on it. That is taxable money that could help fund social and health care programs.

The U.S. Department of Commerce measures every aspect of support or assistance programs available to the industry. Everything is quantified, and the U.S. Lumber Coalition argued that business programs provided by the Business Development Bank of Canada and Export Development Canada amounted to subsidies. The U.S. Department of Commerce determined that the programs were not subsidies because companies paid for the letters of credit, which they obtain from commercially-oriented federal organizations. The companies have to pay for the letters of credit, which back the security deposits. They are anything but free.

They are not subsidies, and the U.S. Department of Commerce made that clear to the lumber coalition. All of that was rejected.

If you hear people suggesting that it's free money or subsidies, just remember that nothing could be further from the truth. Companies are paying for those sums.

• (1645)

**Mr. Mario Simard:** Do you think the support the federal government is providing is enough to transform the pulp and paper sector? The sector sorely needs the help. As everyone knows, paper is on the decline.

You mentioned the IFIT program. Do you think the government is providing enough financial support?

**Mr. Jean-François Samray:** I don't have the figures for the rest of Canada, but in Quebec, every cubic metre that was processed into value-added products generated \$220 in tax and paratax revenue last year.

A third of that revenue goes to the federal government and two-thirds goes to the provincial government. There is no doubt that the industry is capable of developing products that can replace single-use plastics or new green chemical applications, as Mr. Renou and Mr. Nighbor mentioned. Those things are essential.

There are still no regulatory content requirements underlying all that, so there's uncertainty, as Mr. Nighbor said. As far as the IFIT program goes, if Canada wants to be in the same league as Scandinavian countries or the U.S., it's not going to get there with \$20 million to \$50 million a year. It will take more like \$2 billion to \$3 billion a year to support the conversion of thermomechanical pulp into kraft pulp mills.

**Mr. Mario Simard:** Thank you.

Mr. Renou, I've been all over Quebec in the past three years to see what organizations like Innofibre and Serex are up to. I've also spoken to people at the Consortium de recherche et innovations en bioprocédés industriels du Québec. I'm always surprised to see how much potential for innovation the forest sector has. Unfortunately, nothing ever seems to happen.

You spoke earlier about the importance of taking a more robust approach to translational research.

How could the government help you with that?

**Mr. Stéphane Renou:** There are two ways. First and foremost, the shift towards more basic translational research requires meaningful sustained funding for all of the great ideas.

Here's a very specific example. Research support or funding is always associated with short-term contracts, lasting one, two or three years.

Building partnerships with large chemical companies requires long-term commitments. You can't constantly be working in renewal mode. You can't always be having to check whether your Quebec or federal partner is still in.

When I work on an initiative, I usually involve three or four provinces as well as the federal government, and it takes six months to a year to put the program together. A year later, one of the parties [*Inaudible—Editor*] drops out.

Let's compare that to what goes on in Scandinavian countries, which we've heard about repeatedly. The big difference is a secure long-term funding model for transformation.

[*English*]

**The Chair:** Thank you.

Now, Mr. Angus, we'll go to you for your six minutes.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, everyone.

This is a fascinating discussion, and I think I'm going to be calling a few of you. If I don't get to ask you questions, we are going to be talking, because some of these issues need a deeper dive.

Mr. Young, I'd like to start with you. In a previous life, I worked for the Algonquin nation, and the only time we ever got to meet the forestry companies was when we ran blockades. That was the way it was in the early 2000s. Things have changed dramatically since then, but it's still not a fair ground.

We have communities where, to assess long-term cutting plans, to be out there on the traplines and make sure everything's okay, and then to have to deal with mining companies and with hydro projects.... It tends to be the same department on the reserve, but it doesn't have the kind of backup and support that a major company would have. Plus, they also then have to deal with whether they are going to get beyond subcontracting and be able to get out there, take control and do something, as well as do the economic development.

I'd like to hear your thoughts. It's not even the issue of capacity so much, but the financing to be able to protect the forest and put an indigenous lens on development.

• (1650)

**Mr. Bradley Young:** What every nation that I'm aware of wants to do is to have a comprehensive base of indigenous knowledge in a modern day format with proper mapping and GIS layers that's dynamic and can model vegetative cover and different types of operations, industrial, traditional—you name it.

That knowledge takes money. This is why in my submission I asked for an across-the-board increase to ISC and CIRNAC's economic development funding envelopes, because they have land planning capacity monies in there.

Is 15% enough? Might there need to be some line item increases to the land use initiatives that they have on the radar? Probably. I think the latest number I am aware of was about \$9 million for the whole nation.

If you did some math on the 600 nations—let's say 400 of them need work—you're coming up with \$30,000, \$40,000 to fund very technical work. What you're asking there is quite complex. I would say that you probably need around \$150,000 over a number of years for a nation to say, "Hey, we're ready to talk. We can talk to an FPAC member. We can talk to a PDAC exploration miner. We can talk to our own people about what's there." I think that's part of the knowledge equation.

For nations that look at these other economic activities, I think lot of folks are realizing that many of them now want to be involved on the industry side of the equation, but they want equity, and they want a measure of control and participation. They don't have equity to buy into an existing firm or an existing operation. That's where this \$20 billion that is hanging there for tribal initiatives in the south.... What if there were \$5 billion for indigenous forestry equity loan guarantees to buy into operations to get the economy moving, to do it the right way according to indigenous nations?

That's how I like to think about things. It's complex. I don't know if I got to the root of your—

**Mr. Charlie Angus:** That's very helpful because, to get to the table, it is very complex. You need to be able to map it, and you need the resources to do that right.

In the communities that I've worked with, the number one plan, even ahead of economic development, is protecting the land. That's always first and foremost.

When I talk to Cree communities, to Ojibwa communities, to Algonquin communities, I'm hearing again and again about glyphosate. It's killing amphibians. It's killing insects. The moose are not coming back. It's in the blueberries over a year after the cutovers have happened. We've seen the Monsanto papers released, and there are really frightening documents. Bayer has paid out \$10.9 billion over cancer claims.

We're hearing this again and again from indigenous communities who are saying they're not going to go along with this any more. What would you say, representing indigenous forestry, in terms of managing the forest with or without glyphosate?

**Mr. Bradley Young:** The precautionary principle would probably be the number one principle that indigenous nations on the land would move to. I think some of the science is coming out with regard to a more naturalistic and indigenous forest management lens on that land base. When you're talking about free-to-grow prescriptions, mechanical or herbicidal, I think the long-term data now is coming out.

Some of the work that's been done by Dr. Simard at UBC has spoken to this. There's a lot of wisdom in the indigenous...but the highest levels of science are also now saying that a more naturalistic way to manage the land base is better.

What the indigenous forest sector would say—and this is actually all over the world.... I've been all over the world, Mr. Angus, on this. Indigenous peoples will say that they don't want to live in a park, but they don't want to live on a plantation.

I think the chemical treatments that you're talking about in that type of intensity are more towards the plantation style of value system, with you're activity base, sir. They want to be in the middle.

They will say that about half of the land base they will use for cultural, traditional setting aside, giving nature some resilience, some capacity to grow, some capacity to do its thing, but the other half they want to make a living with.

Each nation—and this is where the planning comes through—will have specificity. They may want more protection. They may

want less, but they all want to make a living, and they all want to be on that land base from time immemorial to seven generations from now.

• (1655)

**The Chair:** Great. Thank you.

That concludes our first round. Our next round will take about 25 minutes. We're going to start off with Mr. Patzer with five minutes of questioning.

**Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC):** Thank you very much, Mr. Chair.

Thanks to all the witnesses for being here today.

Mr. Samray, I'm just wondering if you could pick up on a theme you had in one of your previous interventions.

Would it be safe to say—and maybe you could just elaborate on the point you're making—that there's some confusion around what actually constitutes a subsidy?

**Mr. Jean-François Samray:** Well, I think the Canadian government is measuring all of its actions. What would be a subsidy would be something that would support some costs that are directly paid to the industry. The department is taking into account what is financed yearly by the Canadian government and what is financed by different provincial governments. There's also some review done yearly. There will be some hearings. We'll start them really soon. We'll have a good discussion on what is a support and what is not.

The U.S. is claiming that green electricity is a support to the industry when it is not. The way electricity is generated in Quebec is through a call for tenders. Then after that, all the electricity is put in a pool. Then it is sold to the different users. So claims that the Quebec government is subsidizing electricity to the industry are totally false. Quebec is using the same types of programs the States are using to back up some capacity. There's huge discussion on what is being claimed to be a subsidy and what would count as one.

**Mr. Jeremy Patzer:** Thank you for that. I appreciate that.

I'm just wondering, for any of the witnesses who are here from the forestry side, if you guys have any comments around that. We've heard there are some misinformation campaigns towards the industry. I'm just wondering if you have any thoughts on that or could maybe just elaborate on what that misinformation is. Maybe it's on whether or not you are subsidized or what that might look like.

**Mr. Derek Nighbor:** I think there are two parts to that.

On the subsidies side, I think the Americans will try to call anything a subsidy. That's part of the exercise here. I know they have even claimed that one of our youth mentoring programs that gets some government funding is a subsidy. This is what we're dealing with. That's one thing.

On the misinformation campaign, I think there are a few streams here. I think on the misinformation campaign—NRCan is well aware of this—we're seeing some trends in terms of U.S.-funded groups. We can assume the motivation. Is it protecting U.S. industry? I don't think any of us can prove that. There's an uptick in action to stop accessing materials coming from Canada's boreal forest. One bit of the language we're seeing in the trend lines is “stop sourcing in primary forests”. Primary forests are defined as forests that have never been harvested before. We're a young country. We have a lot of them. In the boreal they burn in about 100-year cycles. Now let's talk about the loss of economic opportunity, critical infrastructure, community evacuation, and the carbon impacts of those fires. This whole issue of primary forests and not harvesting in primary forests is ridiculous. The context of that needs to be figured out.

On the other one, Canada doesn't have a deforestation problem. There are deforestation statistics around urban development, agricultural development and those kinds of things, as well as some forestry roads. But for the majority in forestry, it's regenerating and renewing. The deforestation piece doesn't work in Canada. The new term is degradation, which is not globally defined. You are degrading the forest. Well, what does that mean?

These terms on primary forests and degradation are a couple of the emotive, sensational terms that we're seeing in international campaigns against Canadian forestry to try to undermine it. I do know that NRCan is working in a global circle to try to address those two terms, if you will.

• (1700)

**Mr. Jeremy Patzer:** Okay.

Is there anybody else?

We have about 30 seconds.

Is there anybody else who would like to comment on that at all?

**Ms. Linda Coady:** I would just add to what Derek was saying about the U.S. Inflation Reduction Act. In terms of the billions of dollars—and it's all carrots in that act—and industry incentives for net-zero and clean electricity there's just a massive, if you want to say, “subsidy” or massive subsidization beginning to happen there as well. So it's a question of an equal playing field.

**The Chair:** Thank you.

We're going to move to Ms. Dabrusin next for her five minutes of questions.

**Ms. Julie Dabrusin (Toronto—Danforth, Lib.):** Thank you. I want to pick up a little bit on the conversation that we had had earlier about mass timber and green buildings. I would ask Ms. Coady maybe to start.

When we're talking about the different ways to encourage green buildings and mass timber, there are a few different pieces that can come together. If we're looking at the certainty and creating the right market for more mass timber, what would you be suggesting we need? We've talked a bit about credits and tax credits. Are there regulatory pieces? Is it subsidies? Is it tax credits? What should we be looking at?

**Ms. Linda Coady:** It's probably—sorry, I'm having trouble here.

Derek, could you take that? I'm just having trouble here.

**Mr. Derek Nighbor:** I think it's a mix. I think some of that's on us in industry too in terms of working.... I'm giving a speech in Toronto to about 400 architects and engineers on Thursday to talk about forestry 101. And also it's the ability to scale up. I think we're seeing more mass timber capacity. There's now an Element5 plant in St. Thomas, Ontario. We have Chantiers Chibougamau in Northern Quebec. We've got a couple in the interior of B.C.

I think building that capacity is going to be key. I think the pandemic and the lumber price issue was a challenge there for a little bit for sure, but I think education and awareness. Even for electricians, how can you think at the front end of a building design about the mass timber opportunity and how does that change all of the work of electricians and whatnot throughout? I say this because it is new

I think a bit of that awareness is on our part. But definitely on the government side, there are tax credits, awareness through the GC-Wood campaign at NRCan, which is excellent, and continuing to promote the carbon benefit.

**Ms. Julie Dabrusin:** Just to jump in, are you saying this is something ongoing that you think is going well, or is it something that's [*Inaudible—Editor*]

**Mr. Derek Nighbor:** Yes, it's going very well.

I think it's a mix of things. I also think, you know what, that the best thing this government and all MPs can do for Canadian forestry and mass timber is to talk more proudly about us. I'm always shocked when I'm talking to some MPs and they want to talk about forestry in the context of 2 billion trees or conservation. That's all really important, but I thought Bradley talked really eloquently about the fact there is conserving and protecting, and there's also managing. And if you look at the most recent state of Canada's forests report, if you look at the area we're managing and renewing, 25 times that land base is getting hit by pests and fires every year. We've got a massive fire problem. Look at California and what's going on there in forest management.

**Ms. Julie Dabrusin:** I'm going to jump in. I'm really focused on the green building piece and I think we've kind of ventured away a little bit. How can we support promoting more of mass timber and green buildings? I just wanted to bring you back there.

**Mr. Derek Nighbor:** I think that where I was going is that you can't build green buildings unless you harvest trees sustainably. I think we need to be talking about it and Canada is a leader. I'm an adviser to the UN Forum on Forests. The global people are coming to me, the Swedes and the Finns. We've got a lot to be proud of here. I think the mass timber thing—and you'll know with the George Brown College building being adjacent to your riding—is a great way to connect with urbanites who might not know a lot about the industry in terms of the mass timber potential.

**Ms. Julie Dabrusin:** Thank you.

**Ms. Linda Coady:** Yes, and I would just.... Sorry, I can't get my camera to work.

I would just add to what Derek has said that what's really critical here to building out this sector is building out the supply chain and attracting the investment into the supply chain. I think at the B.C. end of it, the B.C. government has put together a task force that is looking at ways to do that, and I'm sure there will be lots of opportunities to collaborate with us at the federal level around this.

• (1705)

**The Chair:** Sorry, I just need to jump in. I'm going to stop the clock for a second.

The issue is that because we're televised and for the interpreters, we do need to have cameras working when we speak.

We'll hope, Ms. Coady, that you can get yours reliably going before you jump in again. I just wanted to clarify that point.

Back to you, Ms. Dabrusin.

**Ms. Julie Dabrusin:** Before we go back, was it working with a flashing light or are there no more questions?

**The Chair:** When she had it for her opening statement, there was a bit of glitching. That's okay. Anyway we're good. We have that intervention on record.

You have a minute left.

[Translation]

**Ms. Julie Dabrusin:** Thank you.

Mr. Renou, do you have any ideas on how we can better support the construction of green buildings using lumber products?

**Mr. Stéphane Renou:** I'm going to answer in English so my colleagues can expand on what I've said, or correct me if need be.

[English]

Listen, what if we were always asking them why they don't build with wood when they do a public building, and check that first. The alternative will always be positive from a carbon perspective to build with wood first. That question is asked in some locations, but not everywhere. Can you build in wood? Why are you not building in wood? Why is this public building not built in wood first? That's the first thing.

The second is codes and standards. This sounds boring. All of the codes and standards are built thinking about steel and concrete, not wood. We need codes and standards that are performance-based. It's not how you build it, but how the performance is.

We're going towards that. We're progressing. That's the emphasis—not to pick the material, but to pick the performance.

**The Chair:** Thank you.

Now we'll go to Monsieur Simard for a brief two-and-a-half minute question.

[Translation]

**Mr. Mario Simard:** Thank you, Mr. Chair.

To be perfectly frank, it feels like *Groundhog Day*. You're giving us the same answers we heard when we did our study on the forestry sector.

I have a question for Mr. Renou and Mr. Samray.

The pre-budget consultations will be getting under way soon, but in the very short term, what concrete actions can the federal government take to support the forest industry?

One of the recommendations at the time was to make the carbon footprint a criterion for awarding contracts for federal procurement. That is something that wouldn't cost a fortune. That's what I think, anyways, but what do you think? What can the federal government do in the short term to provide tangible support to the forest industry?

[English]

**The Chair:** [Technical difficulty—Editor]

I think the question was going to be to Monsieur Samray and then Monsieur Renou.

I've stopped the clock here until we get it sorted out.

Monsieur Samray, perhaps you'd like to start with your response.

**Mr. Jean-François Samray:** With pleasure, Mr. Chair.

[Translation]

I keep coming back to the fact that new materials need to be processed. On one hand, the IFIT program needs to support transformational change, as is the case in other sectors. That's what the program should focus on, but it needs the funding to match the ambition. That is fundamental.

On the other hand, I agree with Mr. Renou that we need codes and standards that are performance-based when it comes to the carbon footprint and emissions per volume, cubic metre or otherwise. That, too, is fundamental.

You are in a room where wood is everywhere. The paper in front of you is also a wood product. I'm in a building made of solid wood. It can be done. The people here are proud of it and they talk about it. We have to lead by example. We need to make that a policy.

**Mr. Stéphane Renou:** We need government funding for innovation programs.



We need to take a deeper look and understand how much funding is needed. Mr. Samray mentioned converting a mill into a kraft pulp mill. That's not something that costs \$20 million or even \$50 million. A kraft pulp mill costs between \$500 million and \$1 billion.

The forest industry needs certainty and the ability to look ahead in order to ensure supply. Once again, it all comes back to the forest.

• (1710)

[English]

**The Chair:** That's great. Thank you.

Now we'll go to Mr. Angus for his two and a half minutes.

**Mr. Charlie Angus:** Thank you.

I'll turn my comments to Ms. McDonald.

I live in the town of Cobalt. Obviously, critical minerals are a big issue for us. Just over the hill from my house, the first cobalt processing plant is going into operation. Outside Timmins we now have two major nickel deposits discovered. If companies can negotiate fairly with Neskantaga, Eabametoong, Webequie and Marten Falls, then we will have the Ring of Fire in the western part of my region. The critical minerals strategy will have a huge impact on our region.

The question I want to ask you is the impact of the Inflation Reduction Act, because when I talk to people in the mining sector, they're looking at what's happening in the United States. They're talking about making deals in the United States. Does Canada need to pick up its game in terms of addressing the Inflation Reduction Act? We've heard this from some of our witnesses in the mining sector.

It's to make sure that not only are we able to mine the critical minerals, but we are able to get the value-added manufacturing and development from them, as opposed to just shipping them out to other jurisdictions.

**Mr. Jeff Killeen:** If I may, Mr. Angus, I would like to take that question. Thank you very much for that.

Are we doing enough? As we mentioned earlier, I think the most recent federal budget of 2022 was a good first step. We're seeing that new tax credit for critical minerals come to bear. That should be a way to usher in more investment in exploration in Canada. That should be a way for us to develop more of a resource base in critical minerals, whether that's rare-earth, cobalt, lithium, graphite or those things that we will need into the future.

To your point about the Defence Production Act, and about the Inflation Reduction Act in the United States, when we think of that critical minerals exploration tax credit commitment, it's an excellent one, but it constitutes about \$400 million over five years of forgone revenue by the federal government. It's not an outlay of funds, if you will. Then you marry that or you compare that, if you would, to the Defence Production Act, where the U.S. government may look to invest as much as half a billion dollars into one single project in Canada. That's at the bankable stage to get that to a producing asset—a producing asset that may flow materials to the U.S.

When we think of those two scales, \$400 million in a tax credit over five years in Canada versus up to maybe half a billion dollars per project by the U.S. government, we can do the simple math. It suggests to us that, yes, more will need to be done here in Canada so that we can retain more value-added processing activities here and actually see that economic wealth retained here in Canada.

Thank you.

**Mr. Charlie Angus:** Thank you.

**The Chair:** Now we will go to Mr. Dreeschen for five minutes.

**Mr. Earl Dreeschen (Red Deer—Mountain View, CPC):** Thank you, Mr. Chair.

Thanks to all our witnesses.

Mr. Nighbor, you mentioned some of the discussions around our two billion trees initiative and so on. I know there's an announcement today describing that. Of course, somehow what's lost in the narrative is the reality of what provinces and foresters have been doing for decades. The industry in Alberta planted more than 100 million trees in 2021 and in Ontario 36.7 million trees. B.C. plants on average 218 million trees a year. Industry is doing that. They are doing their part. It's a great photo op to be able to talk about these things, but the reality is that, as you have indicated, that's just a very small part of what is important as far as the forestry industry is concerned.

Are there other initiatives, such as insect and disease condition control, old-growth forest management, mountain pine beetle and so on, where the government could actually be doing some things that would be more effective?

**Mr. Derek Nighbor:** I will start by saying that on the two billion trees program, we do 400 million to 600 million trees a year. It really depends on seedlings. We provided some advice to NRCan up front, because we know that business. We don't want to jam the nurseries. We don't want to have a short labour pool. There were just a lot of practical considerations.

I think it's also important to know that in areas that are scorched by fire, where the trees aren't regenerating, it's up to the provincial governments if it's on provincial land to regenerate. The two billion trees program is doing some good work there. I know that a lot of work has been done in B.C. to get at some of those lands, such as Kelowna and Penticton, that have been really scorched by fire—

**Mr. Earl Dreeschen:** But haven't these initiatives been done for decades?

**Mr. Derek Nighbor:** Not at this scale; I think B.C. has had to do more because of fires, but I do think there.... I don't want to blow by the benefits of the two billion trees program.

On wildfire prevention, the Forest Enhancement Society of British Columbia is doing some great thinning and proactive efforts. Indigenous cultural burning is another huge opportunity. Let's get at the pests fast, but a big reason we get at the pests fast is that we have foresters on the ground who find the pests.

So it's pest and fire risk mitigation, I would say.

• (1715)

**Mr. Earl Dreeshen:** Thank you very much.

I think going back to some of the discussion we had before about misinformation campaigns and deforestation work or degradation, there will always be some group out there saying we want to protect our own industries in our own countries, and we're going to do all we possibly can to make it difficult. Canadians, instead of a standing proud approach, have this "oh, we're sorry" approach. We went after our oil and gas industry and have pretty well destroyed that. In agriculture, GMOs and glyphosates were discussed earlier in terms of the issues and concerns we have there. In mining, I'm trying to figure out how it is in the mining industry we're going to be able to handle the negative press we will be getting from around the world.

I'm glad that in Mr. Angus's riding we will be able to see the example of how that is done, because we know that there's going to be a lot of pressure. If we could get to the stage where the management of those sites would be as good as what we have in northern Alberta in the oil sands...because that's what we need to do. We need to make sure that all of the industries would be able to get to that level.

For PDAC, I was at the convention earlier in June, looking at what is required for EV batteries—500,000 pounds dug up in order to get yourself a 1,000-pound battery. Then you have to get it. You have to process it. You have to deal with all the chemicals associated with it. How are we going to get ahead of the environmental groups that are intent on demonizing everything that we have to do with natural resources?

**Mr. Jeff Killeen:** I will respond to that, Mr. Dreeshen.

I think, to that concept of winning the hearts and minds of Canadians, I very much welcome it, and we at PDAC would welcome any support from the federal government.

Just talking about the minerals industry, you mentioned mining and, for sure, mining is a part of this process, but the mineral industry is more than that. To be a bit coy, I've used this phrase before. If we looked to oil and gas and called it the "sucking and pumping industry", we would think of it very differently. I think part of the government's role is to help us bridge this gap with Canadians and help them to understand that minerals are an inherent part of everyday life, whether that's high technology or the cotton shirt that I'm wearing today. It came from a factory; it went on a train; it went on a truck, and I took a piece of public transit to a mall, which is all built out of minerals, to acquire it. It's an essential part of life, and we need to make sure that Canadians understand that inherently.

**The Chair:** I understand, Mr. Samray, that you need to jump off now, so when you need to go, feel free to leave the meeting. Thank you so much for joining us today.

The rest of us will continue on.

We're going to go to Mr. Sorbara, who has five minutes.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Chair.

Welcome to all of the witnesses.

I'd like to speak to the individual from PDAC.

Thank you for your testimony and for your organization. I know that all of us have probably already received email notification of the March 2023 PDAC conference that will happen again in Toronto. I plan to be there, and I know all of my colleagues here will be likewise.

You had a few recommendations. You spoke about the eligibility of critical mining expenses, I believe, and supply chain capacity and access to prospective lands in order to undertake mining. Could you elaborate on your comments there? I found them quite insightful.

**Mr. Jeff Killeen:** Certainly, I'd be happy to.

When we think of the challenge that's involved with mineral exploration, it's pretty extreme. From the concept of discovery through to production, only about one in 10,000 mineral showings meets the criteria of what would [*Technical difficulty—Editor*].

**The Clerk of the Committee (Geneviève Desjardins):** Mr. Killeen, you're on mute.

**Mr. Jeff Killeen:** Pardon me, thank you. My apologies for that.

To your question, only about one in 10,000 mineral showings reaches production, so there's already an inherent impediment for a mineral explorer looking in Canada to bring a new project to market. We understand that it is a huge hill to climb for mineral exploration in Canada.

When we think of critical minerals, we understand the nature of the geology—I'm a geologist by training. These deposits are likely to be smaller, more disparate or disaggregated, and so will require, in many cases, more projects to make up that production base that was referred to earlier in terms of sourcing.

There are a few things that we need to focus on. We've talked about mineral tax credits, obviously, as one key part, but also, it's super critical to think about the amount of land that we need to reasonably access in a reasonable amount of time to conduct the work to identify those deposits. We feel that the government could make more efforts at doing some of that baseline public geoscience work that we hope can develop that public good, be the evidence for starting to make more land management decisions and be more proactive in identifying areas where mineral explorers can go.

I think some of our forestry colleagues referred earlier to integrating traditional knowledge and cultural values into making land management decisions. That is something that our industry certainly endorses, but we have to make these decisions expressly. We have to figure out where we can go and explore.

• (1720)

**Mr. Francesco Sorbara:** Thank you for that information.

I would like to switch to Derek.

It's great to see you.

For the whole forest products industry, having grown up in northern British Columbia, I know how important the sector is to many communities along Highway 16, which goes from Prince Rupert all the way to Prince George and then down through the interior, and how many communities the forest products sector supports in British Columbia.

You referred to GHG reductions, where the forest sector in itself is what I would consider a low-emitting sector and where bigger lemons are able to be squeezed in terms of GHG. In your partnership between ISED and ECCC, where would you make your recommendations as to where we can help continue to grow the sector? It is renewable; indeed, wood has always been renewable. I still remember growing up and seeing the tree plantations in different colours in northern British Columbia.

Can you comment in terms of growing the sector and also reducing GHGs?

**Mr. Derek Nighbor:** I think we could learn a lot from Sweden and Finland, which are on more aggressive net-zero road maps—Finland for 2035 and Sweden for 2045. They've taken a very full value chain, sector-specific approach to bring policy, regulation, legislation, funding, programs and tax incentives together. In Canada, we haven't quite done it that way. I just wish it were a bit more coordinated, to be honest.

In that, I think the opportunity is twofold. There's the mitigation side, as I said, where we still have some GHG reductions to take care of at our mills, and we need a better path with this government to do that. The other side is the adaptation agenda. The other side of the carbon story is that much of it is beyond our control because there is drought, pest and fire, which are creating a massive carbon problem in this country, and the national adaptation strategy that's still under development is going to be an important tool that we can feed into as well.

**Mr. Francesco Sorbara:** My last comment would be that I know a number of the witnesses today mentioned or cited the Inflation Reduction Act. I'm completely on that page. We did the first large step in the FES in terms of responding to that.

We are seeing companies make announcements in the United States in response to the IRA, and that is serving as a catalyst here in Canada. We need to find our comparative advantage—which I know we have many in many sectors—to continue creating wealth and good jobs.

I look forward to budget 2023, as well, and I will put my input, my thoughts, on that because it is very important that we respond to the IRA.

**The Chair:** Thanks.

I'm just going to look to the committee. I talked to people before we started about if we would end at our regular time of 5:30. We do have resources slightly beyond. A number of you did say that you needed to leave as close to 5:30 as possible, so if we are good with ending now, we will do that.

I'd like to take this opportunity to thank all of our panellists, our witnesses today, for being here and for their expertise and the insightful comments they have offered.

Just give me one second, Mario. I'll come to you before I conclude.

There are two quick items. I want to let our members know that on Thursday, November 24, we'll have our final panel of witnesses on this study. I also want to find out.... The supplementary estimates (B) were tabled in the House on Thursday past, so I'm just wondering if the committee would like to invite officials or the minister or some combination thereof to come for supplementary estimates (B).

I'm seeing nods around the table. We'll put out an invitation to the minister's office to see if he's available, and to officials, to see what we can land before we have to report back to the House.

With that, Mr. Simard, I'll turn to you. I know you have a question.

[*Translation*]

**Mr. Mario Simard:** We just have a few minutes left, so I'd like to take a moment to put a motion on notice. It will make things easier for the committee going forward. The clerk can send it out to everyone afterwards. I'll read it quickly:

That, pursuant to Standing Order 108(1)(a), an order of the Committee be issued to require the Canada Energy Regulator to produce, no later than December 16, 2022, an unredacted copy of any notices, analysis and recommendations of Canada Energy Regulator relating to the Government's decision to acquire, expand, operate, and eventually divest of the Trans Mountain Pipeline System, and any other relevant documents; if no such analysis has been produced by the Canada Energy Regulator, that the Canada Energy Regulator provide the Committee with written confirmation.

I think the clerk has the notice of motion. It could make things easier for us going forward. It stems from the answers we received from the Canada Energy Regulator, answers I feel were incomplete and inconsistent in certain respects.

• (1725)

[*English*]

**The Chair:** Charlie.

**Mr. Charlie Angus:** I support my colleague. Some of the questions we heard back from the Canada Energy Regulator did not seem to me to jive with what probably had been negotiated, but I don't know that we have a lot of time, so I would just say that it's a reasonable request. It's part of the information that a member can ask for. I don't know if we even need it as officially, but it is a reasonable request, so I support it.

**The Chair:** We'll take it as being put on notice. Thank you for that.

With that and seeing no other hands, folks, thanks for joining us today.

The meeting is adjourned.

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