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Chair: Mr. James Maloney



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• (1530)

[English]

The Chair (Mr. James Maloney (Etobicoke—Lakeshore, Lib.)): Good afternoon, everyone. Welcome back.

After a hard-working week in the ridings, we're all pleased to be back here to start our first study of the session. As everyone knows, we're going to be talking about the forest industry.

To kick us off, we have officials from the Department of Natural Resources, whom I spoke to before the meeting started. I told them they have to set the tone for the whole meeting, so they're feeling a great deal of pressure.

We have Beth MacNeil, assistant deputy minister from the Canadian Forest Service, and Jeff Waring, director general of the economics and industry branch at the Canadian Forest Service. Thank you both for coming.

There's no need to explain to you how committees work because you know full well. I will remind everyone that we are televised today, so be on your best behaviour.

With that, I'll turn the floor over to you, Ms. MacNeil. I believe you're going to start us off.

Ms. Beth MacNeil (Assistant Deputy Minister, Canadian Forest Service, Department of Natural Resources): That's correct. Thank you.

As the head of Natural Resources Canada's Canadian Forest Service, it's a privilege to be here today to engage with you on the state of play of Canada's forest sector—the challenges and the opportunities. Thank you for the invitation.

[Translation]

As committee members already know, forests and the forest sector play an important role in our economy, our environment, the well-being of Canadians, and our future.

[English]

With a GDP of \$25.8 billion, comprising 6% of Canada's exports, and supporting more than 210,000 jobs and 300 rural communities, the forest sector is an important economic driver coast to coast. It is also one of Canada's largest employers of indigenous people, with more than 11,000 employed in the sector. We're also working to improve the recruitment, retention and development of women, a greater number of indigenous people, and new Canadians along the full value chain.

I'd like to share with you key factors influencing the sector across Canada today and why many view the sector to be at a crossroads. Some factors that are having a cumulative impact on the competitiveness of the sector are trade disputes, decreasing forest fibre due to increased disturbances such as wildland fire and pests associated with the changing climate, the desire to conserve spaces and species to protect Canada's biological diversity, infrastructure capacity to get our products to market, and at times, the questioning of Canada's environmental reputation when we are a world leader in the sustainable management of our forests.

[Translation]

Due to one or more of these factors, we have seen both permanent and temporary closures of mills across Canada—in BC, Quebec, New Brunswick, Newfoundland and Labrador and Nova Scotia, affecting thousands of workers along the value chain.

And most recently, we have seen the impacts on the sector from the rail blockades, and we are monitoring potential impacts from the COVID-19 outbreak.

[English]

In addition, the sector is dealing with the growing trend toward protectionism, particularly from Canada's largest market, the United States. While Canada successfully resolved one trade dispute with China on dissolving pulp, and two with the U.S. on supercalendered paper and uncoated groundwood paper, U.S. import duties on Canadian softwood lumber remain in place. These tariffs greatly affect the competitiveness of lumber producers, constraining their operations. Due to the integrated nature of the forest sector, the impact of these tariffs trickles down to pulp and paper producers and other users of sawmill residues, like wood chips.

• (1535)

[Translation]

More recently, India launched an investigation on Canadian newsprint, which could result in the imposition of duties. Duties on this product could have a significant impact, as producers are already dealing with a declining market.

[English]

As mentioned, the forest sector is at a crossroads. While in some regions of the country, traditional forest sector activities and products may not be possible at the scale they once were, new opportunities exist for Canada to emerge as a world leader in the area of the circular bioeconomy using forestry and forestry-derived products as nature-based solutions to many of the challenges we are facing today. For example, there is no solution to climate change without forests.

Canada's leadership role in the sustainable management of our forests can carry over to being a leader in the transition to a low-carbon economy and the circular bioeconomy. At Natural Resources Canada, we have significant scientific programming, collaborating with provinces and territories in areas such as sustainable forest management; wildland fire; and forest pests, including research on the mountain pine beetle and spruce budworm. We look forward to operationalizing the government's commitment to planting two-billion trees as a means of increasing carbon sequestration and providing other environmental benefits, such as water conservation and wildlife habitat.

[Translation]

We also have industry programming with multiple benefits, including: advancing forest sector competitiveness; supporting indigenous economic development; and advancing nature-based solutions through innovative uses of wood and wood fibre.

[English]

We're using our scientific knowledge, industry intelligence, programming and partnerships to support players in the sector to diversify both markets and products and produce higher-value bioproducts. Bioproducts, biochemicals, and bioenergy can replace traditional products and reduce demand for fossil-fuel based and non-renewable materials, such as plastic, cement and steel.

The World Business Council for Sustainable Development estimates the market opportunities for the circular bioeconomy to be worth between \$150 billion and \$240 billion in 2030. In 2017, the federal-provincial-territorial ministers responsible for forests recognized the importance of Canada's forest to the bioeconomy and endorsed the forest sector bioeconomy framework. Canada can be a global leader in this area. Currently, NRCan is looking to support initiatives using fibre residue to produce 100% compostable bioproducts. These products would be thrown in your compost bin, not your blue box.

I'd like to share with you a few concrete examples of how the Canadian forest sector offers real solutions. We have built great tallwood buildings in recent years, like Brock Commons, an 18-storey new student residence at UBC. This building is not only an engineering and architectural showpiece, but until recently it was the tallest wood building in the world. It is also an environmental game-changer. Constructed in nine and a half weeks, it stores close to 1,600 metric tonnes of carbon dioxide and has saved more than 1,000 metric tonnes in greenhouse gas emissions. This is equal to taking 500 cars off the road for a year.

[Translation]

Another example is the Origine building, a 13-storey wood tower in Quebec City's Pointe-aux-Lievres eco-district, which is the tallest solid wood condominium in North America.

[English]

We are supporting remote communities, through our indigenous forestry initiative and off-diesel programs, converting their diesel-based heating systems to biomass. For instance, the Kwadacha Nation in central B.C. is converting mountain pine beetle-killed timber into fuel for a community bioenergy plant. Oujé-Bougoumou Cree Nation in Quebec is renovating its biomass heating system to improve the efficiency and reliability of its district heating system.

While workers, communities and firms are experiencing the most serious of consequences in job loss and mill closures, there is an opportunity for the federal, provincial and territorial governments to work together to transition the sector to be a real player in the circular bioeconomy, supporting workers and making our forest-dependent communities more resilient. The Government of Canada and provincial governments continue to work together with forest sector stakeholders to ensure that support measures for workers, communities and industry are aligned, fully utilized, and that gaps are identified and bridged.

In closing, while the sector faces numerous challenges with significant cumulative effects, the sector also faces numerous opportunities. Canada has the fibre, environmental reputation and the ingenuity to be one of the most competitive forest sectors in the world, and a leader in nature-based solutions and the emerging circular bioeconomy.

● (1540)

The Chair: Thank you very much, Ms. MacNeil.

Mr. Melillo, I believe you're going to start us off.

Mr. Eric Melillo (Kenora, CPC): Thank you, Mr. Chair, and thank you to both of our witnesses for being here today to answer our questions as we start this important study.

I'd like to start with something that I think is on all of our minds right now, and that's the recent rail blockades we've been seeing across the country. Could you provide some information on the economic impact that has had on the sector?

Ms. Beth MacNeil: Yes, you're right. We were tracking this on a daily basis—the impact on each of our natural resource sectors—working closely with the Forest Products Association of Canada. I'll ask Jeff if he can speak to the dollar amount, but there was a significant financial impact to some of our mills, both to pulp and paper mills and to lumberyards across the country.

Mr. Jeff Waring (Director General, Trade, Economics and Industry Branch, Canadian Forest Service, Department of Natural Resources): In terms of the impact on the mills themselves, there was one mill that ended up shutting down in Quebec, one of the Resolute company's. In addition, what we heard was a number of anecdotal pieces of information from mills indicating that when the trains were coming up there weren't any empty cars that were available to them.

This was creating a concern about inventory. They need to be able to move their inventory in order to make use of it. There were other examples such as that, but it was only the one mill we're aware of that ended up having to curtail production temporarily.

Mr. Eric Melillo: Okay. You can't really put a dollar figure on it at this point. Am I correct in saying that?

Mr. Jeff Waring: Not at this point, no.

Mr. Eric Melillo: Okay.

In terms of data, as I understand it, some of the most recent Natural Resources Canada data is from 2017 for the forest sector, but economic circumstances have been changing, whether it's with softwood disputes or many different factors. I've seen that in my own riding, with the closure of Kenora Forest Products. I am wondering if you have any more recent data, particularly for mill closures.

Ms. Beth MacNeil: At NRCan, we track on a daily and weekly basis with our network across the country. I don't have the stats in front of me, but we have I believe six or seven mill closures in British Columbia, affecting approximately 10,500 employees. With Northern Pulp, in Nova Scotia, there will be a significant impact along the integrated value chain there. We can certainly get back to the committee with the details of all the mills with both temporary and permanent curtailments that have occurred coast to coast.

Mr. Eric Melillo: I think it would be great so that we could get the committee to understand that and have it in front of them. If I could ask a follow-up to that, do you have any information—again, maybe not in front of you—in terms of gross domestic product, with the exports specifically?

Mr. Jeff Waring: The latest information we have on GDP and exports is from 2018, so it is still a bit dated. What we do is update this information on an annual basis. For 2020, this year, we'll be looking to update the information for 2019.

For 2018, though, gross domestic product came in at \$25.8 billion. In terms of exports, there was \$33 billion in exports, which represents about 6% of Canada's total export capacity.

Mr. Eric Melillo: Thank you.

I'll change gears slightly here to something that I've been hearing a lot about in my riding in meetings with different stakeholders, and that is the government's current plan to prohibit development of 25% of Canada's land by 2025.

Previously, I asked the Minister of Natural Resources if he could confirm whether or not this plan is going to impact areas that are accessible for forest harvest. Unfortunately, I wasn't able to get an answer, so I will ask if it's possible that you can confirm that.

Ms. Beth MacNeil: As you know, the mandate letter commitment belongs to Minister Wilkinson of Environment and Climate Change Canada. I would leave it to my colleagues at Environment and Climate Change Canada to appear and to answer the question as to how they'll roll out the implementation plan to achieve 25% protected areas by 2025.

• (1545)

Mr. Eric Melillo: Okay, but is NRCan doing any economic analysis on any of those proposed lands at this point?

Ms. Beth MacNeil: For sure. I would say that a good example of that is the work we've done both on protected spaces and on species in British Columbia. Because we have the industry intelligence in the relationship with the industry in all parts of the country, our economic analysis division really works hand in glove with Environment and Climate Change Canada to get a very good assessment on what the impacts will be on the sector at the worker, community and industry levels when something is proposed.

Mr. Eric Melillo: Okay. Thank you.

Is that information that it also would be able to share with the committee members?

Ms. Beth MacNeil: Not at this time.

Mr. Eric Melillo: Okay.

I will stick with the trees and the environmental theme I have here with regard to the two-billion-tree promise. One question we have been hearing very often is whether there has been an analysis of whether any of these trees will be included in the allowable cut.

Ms. Beth MacNeil: That's a good question. As you know, first of all, we're doing our own analysis of what it would take to operationalize two billion trees. It is incremental, so that would be over and above the existing forest cover that exists in Canada today.

I would say that Canada is a world leader in the sustainable management of our forests. If it happens to be in areas that have been disturbed by wildland fire, or pests such as the mountain pine beetle, for instance, it would qualify as incremental because, in Canada, if you cut a tree, if you harvest a tree, you have to replace it, but not if it's destroyed by insects or by fire. Sixty or 70 years down the road, there may be a harvesting, and by law there would be a renewal of that tree that was cut.

Mr. Eric Melillo: Thank you.

The Chair: Mr. Weiler.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair, and thank you both, Ms. MacNeil and Mr. Waring, for coming to speak to our committee today.

As a member of Parliament from British Columbia who has a significant forestry sector in my riding, including a mill, I can say that the challenges facing this sector are definitely top of mind for my constituents. I know many of the co-indicated ministers have been in regular contact with their provincial counterparts, including Minister Wilkinson, Minister Ng, Minister Qualtrough and Minister O'Regan.

Can you share with the committee what efforts are being made at your level to keep the lines of communication open with provincial jurisdictions that are seeing challenges in this sector? I was hoping you could speak a little bit to the specific challenges facing the coastal forestry sector in British Columbia.

Ms. Beth MacNeil: Mr. Chair, beginning in January, I struck a committee at the assistant deputy minister level, and I have both federal participants and provincial counterparts on that committee.

The scope of the work is to identify what currently exists in federal and provincial programming, again through the lens of workers, community and industry—the firm—and where there may be gaps. That work is under way now. We have a list of gaps, and it's going to be prioritized by our provincial counterparts. We will be making a progress report to Minister Donaldson of British Columbia and Minister O'Regan. in early April.

As for the coastal revitalization strategy, I know, first of all, that the strike that was quite prolonged on the B.C. coast is over. It has ended, and the coastal revitalization strategy of the B.C. government is under way now.

Mr. Patrick Weiler: Great. Thank you.

With several first nations in my riding closely involved in the forestry sector, I know that the indigenous forestry initiative is a unique funding stream offered by NRCan.

Could you speak more to some of the outcomes, particularly with regard to the program, its uptake, and interest by indigenous communities? Could you provide some examples of some of the transformations that have been made as a result of this program?

Mr. Jeff Waring: Sure. I would be pleased to speak that initiative. The indigenous forestry initiative was renewed in 2017 for \$10 million. This was a big shift from its predecessor. This has allowed for much larger-scale investments and partnerships with indigenous communities.

Since then, we have signed and gone into partnership in about 60 different contribution agreements with indigenous communities and other players in this space. These are resulting in significant investments in training and capacity development, which is enabling these forest communities to take better advantage of the forest that's around them and to participate directly in value chains that exist, as well as in the forest sector within their area.

• (1550)

Mr. Patrick Weiler: Thank you.

Earlier in the opening of discussion, some of the solutions that forest products could provide as alternatives to single-use plastics were mentioned. This is definitely top of mind in my riding, which has a huge coastal area.

Could you speak a little bit more to some of those opportunities and how there might be some alternatives for those products.

Ms. Beth MacNeil: I'm told, when I speak to those folks at FPInnovations who are doing research in this area, that you currently have about 30% to 40% forest fibre in a plastic. We issued a challenge, and we haven't announced the winner and the next steps yet; however, I mentioned that there is—and I have it in my office—a 100% biocompostable bottle. We would like to be in a position to support the individuals and the firms behind this in a pilot plant. I would say stay tuned.

Mr. Patrick Weiler: That's great. That's very exciting.

I remember, back in the Beijing Olympics, Coca-Cola coming out with its plant-based bottle. It would be great to see some of the new opportunities that are going to be arising as a result of that.

Given some of the challenges of the forestry sector, I think it is really important that we're looking at some new markets for our forest products. I was hoping you could speak a little more to some of the work that FPInnovations is doing, whether that's finding new ways for wood to be used as a building product or other ways.

Mr. Jeff Waring: FPInnovations has been a longstanding partner to the industry, to the provinces, as well as to the federal government. They continue to undertake a lot of innovative work on the use of mass timber in construction. This is allowing for the advancement of the National Building Code to be able to build mass timber buildings above six stories. In addition to that, as Beth already mentioned, FPInnovations is doing a lot of work, a lot of research and development around bioplastics, and also biocomposites. This is the ability to take wood products and be able to use them in automobiles, as an example, or in the aviation industry. In addition, they're also doing work around biofuels too, again, using wood fibre as a substitute in fuels.

The Chair: You're right on time. Thank you.

Mr. Simard.

[*Translation*]

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

Ms. MacNeil, I appreciated your intervention.

To put things in perspective, I come from Saguenay-Lac-Saint-Jean, one of Quebec's major forest regions, where the Resolute Forest Products plant had to cease operations. By the way, I would like to point out that part of my election campaign was about the forestry industry, as may be evident later.

You said the forestry sector was at a crossroads, and that struck me. If my wife were to tell me that we are at a crossroads, I would be a little afraid, because that would mean that I would have to act fairly quickly.

I don't know if you'll agree with me, but it seems to me that for the last 20 years the government has failed to act on this. There are two major fronts in the forestry industry. First, there are the trade battles that have not been fought by the federal government in recent years. The other major front is research and development.

I've been hearing about celluloid pulp for 15 years. I am told that it is better than sliced bread and that it will eventually replace many components of paint and plastic. But there has never been any significant financial support from the federal government for this industry. I do not know if you will agree with me.

I kept that image in mind during my election campaign. As I was digging, I found that from the early 1970s to the early 2000s there was a collective investment of \$70 billion because the technology to make the oil sands profitable did not exist. Yet it was made profitable. I do not want to rub salt in the wound, but Quebec gained nothing from this.

Now, there's a climate crisis we are going to have to face. Several specialists on the issue tell us that the forestry sector is probably one of the best placed.

That was a long preamble and I apologize. So here's my question.

For the past 20 years, federal government support for research and development has fallen short of expectations. Do you agree with me on that? That first question was a long one, forgive me.

• (1555)

Ms. Beth MacNeil: There's no problem.

I would like to answer the question about federal government investments in the forest sector.

The 2019 budget included a \$251-million investment in the forestry sector.

[*English*]

In 2018 in the Speech from the Throne, \$100 million was ring-fenced in the federal government's strategic innovation fund for innovation in the forest sector. In 2019 there was also an investment in natural resources and emergency response. We benefited in the forest sector with the investment of \$38.5 million in our wildland fire program at Natural Resources Canada.

Those are three key investments made by the federal government and announced in the last 16 to 18 months or so that I believe will support the expansion of markets, the transition to a low-carbon economy, and greater participation of indigenous people in the economic development of their communities as it pertains to forestry.

[*Translation*]

Mr. Mario Simard: I take your point, but we may not be reading the situation the same way. Maybe I don't have the same infatuation for these investments as you do.

I was telling you about two areas that bother me: on the one hand, research and development, and on the other, our constant trade wars with the American market.

What strikes me when I go to Europe, especially when I go to France, is all the wooden infrastructures I see. However, it is not the French who have this resource. They are not the producers of wood. When we walk around France, we see infrastructures such as bridges made entirely of laminated and glued wood. We can see many infrastructures, such as government buildings and houses, made entirely of wood.

How is it that in Canada, where we have this resource, we have not been able to develop this culture?

Why is there still a lot of reticence about wood in engineering?

Is there a steel beam or concrete lobby that wants to undermine the wood construction industry?

Ms. Beth MacNeil: Thank you for your question.

[*English*]

I'll respond with a few facts. First, with regard to infrastructure and building with wood, we did announce a call for proposals last year for innovative wood bridges through our green construction through wood program. The other thing that's very important this year is that Canada will be announcing a change in the National Building Code up to 12 storeys. This will be very significant. With the product and market diversification, particularly the engineered products, we view this as part of the solution to advance Canada's climate change goals, achieving the Paris target, because we know that long-lived wood products help to sequester carbon.

Thank you.

• (1600)

The Chair: Thank you very much.

Mr. Cannings, you're next. That was probably a good segue for you—

[*Translation*]

Mr. Mario Simard: Do I have time for a brief question?

[*English*]

The Chair: Your time is over. Sorry.

Mr. Cannings.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you.

Thank you for coming here today. Monsieur Simard stole my first question, but I'll try to rephrase it. It's about the innovations in wood products, particularly mass timber and engineered wood.

I was at a forestry summit meeting in British Columbia two Fridays ago. One of the anecdotes was about a Swedish forestry company, Stora Enso, that now has 70% of its revenue coming from products they didn't make 10 years ago. I believe that mass timber innovations make up one of Canada's biggest opportunities for this, not only for the opportunity to store carbon and do good for the climate but also to provide a real domestic market for our forest products that would insulate us from, for example, India's putting tariffs on our paper or the Americans putting tariffs on our lumber.

To follow up on what Monsieur Simard said, I had a private member's bill that asked the government to basically, in so many words, do more government procurement with regard to building with wood. You mentioned wood bridges, but with regard to wood buildings, has that happened? I was told that it was happening with Public Works last year. Can you provide any information on that? These companies—for example, Structurlam in Penticton, B.C., and Kalesnikoff in Castlegar, which is building a huge plant—need that government lead to make their efforts worthwhile. They're already leaders in the field, but they want to stay there.

Mr. Jeff Waring: I don't have the latest information on what Public Works and Procurement Canada is doing, so I would refer the question to them. However, there are a number of activities under way within the Canadian Forest Service in which we're looking to work with industry and stakeholders to advance wood construction using mass timber. We are also working on education—with architects, engineers, and designers to ensure that they understand the benefits of working with wood in large construction.

In the wood program that Beth mentioned, the green construction through wood program, there have been a number of different calls for proposal and a number of different buildings will be built with the assistance of this program.

Lastly, we've been working with FPInnovations, and just last week they released the *Canadian CLT Handbook*, the cross-laminated timber handbook. This is a very thick handbook that is a useful tool for builders, designers and engineers, allowing them to recognize the advantages of the engineered wood products and to learn how to use them.

Mr. Richard Cannings: Thank you.

On the flip side of that, a lot of people in British Columbia are concerned with the export of raw logs. On the coast especially, where there has been a strike and things are difficult, I've been hearing rumours that companies are pressuring the government to relax the restrictions on raw logs. I think the deal is that we'll get more jobs, including some jobs in the woods, but we'll forget about the jobs in mills. I'm just wondering what the federal government's response to that is. I believe the federal government has to provide a permit for the export of raw logs, on top of any provincial permits. I'm wondering if you have policies on that, and if you're considering changing them under pressure from these companies.

Mr. Jeff Waring: Our colleagues at Global Affairs Canada are responsible for export control of raw logs from Crown lands, so they would be best positioned to respond to that question and to speak to how those efforts are harmonized with practices on provincial lands.

• (1605)

Mr. Richard Cannings: What about private lands? A lot of Vancouver Island is private.

Mr. Jeff Waring: My understanding is they would have to come through the federal process, through Global Affairs Canada.

Mr. Richard Cannings: Ms. MacNeil, going back to the two billion trees, you said it would be “incremental” if the program planted trees in areas that had been deforested due to beetle infestations or fire. I go out into the woods a lot. When I go to beetle-impacted areas or forest fire areas, they're covered in little trees that are growing there naturally. To me, that's not incremental. If you're going to count this for our climate action, it has to be incremental to what nature does. I'm just wondering how you would defend that.

Ms. Beth MacNeil: I would agree with you. The “incremental” is incremental to the existing forest cover through planting the trees, not through natural regeneration.

Mr. Richard Cannings: Right now there is some planting of trees that happens in those situations. I know B.C. is way behind in it, and so those areas get naturally regenerated. Those trees contribute to sequestering carbon, but it's not something that we did.

Ms. Beth MacNeil: That's correct. The plan is to operationalize the planting of two billion trees. I mentioned the lands and the forested lands that have been destroyed by wildland fire or pests, and those could be a source of land. We're looking for a landmass twice the size of Prince Edward Island. If the regeneration is not adequate, those lands would qualify. I've been working with the chief forester in B.C. to identify what other lands could be there.

Mr. Richard Cannings: Thank you.

The Chair: Thank you.

Mr. Généreux.

[Translation]

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Mr. Chair, first of all, I would like to correct my Bloc Québécois colleague. He said that the investments made in the oil sands over the past 60 years have not benefited Quebec. That is an incredible falsehood. Investments in the oil sands have benefited Quebec, just as they have benefited Canada, of course.

I thank the witnesses for being here.

A few weeks ago, I held a meeting with people from the lumber industry in my riding of Montmagny-L'Islet-Kamouraska-Rivière-du-Loup. In the Saint-Pamphile region, which is south of my riding and close to the U.S. border, the vast majority of mills use American wood. In fact, they buy American wood in American dollars and have to pay a 20% tax. With the current exchange rate, they are therefore taxed twice as much on their exports.

Is there any negotiation between Americans and Canadians on the taxes the Americans have put in place? I know this issue has been brought before the courts, but despite that, are there negotiations taking place?

Another product made in this region is cedar shingles that are put on the walls or roofs of houses. Currently, this product is taxed, and it was not taxed under the old regime. Once again, we are affected by these new taxes.

Are there negotiations to eliminate these taxes? That is my first question.

[English]

Ms. Beth MacNeil: To respond to this question, I will have to defer to my Global Affairs Canada colleague who will appear at this committee on Wednesday afternoon to address what we're currently doing. We are taking action on all exports, including the status of cedar shakes and shingles.

[Translation]

Mr. Bernard Généreux: All right.

I have one more question for you. Two billion trees, that's a beautiful picture. As I understand it, we already plant two billion trees a year in Canada. Did I understand correctly or am I mistaken?

[English]

Is it true or not?

[Translation]

Ms. Beth MacNeil: Mr. Chair, today, across Canada, 500 million trees are being planted, not 2 billion. That's 25% of the total.

Mr. Bernard Généreux: All right.

Is the Liberal government's promise to plant two billion trees a year or over several years?

• (1610)

[English]

Ms. Beth MacNeil: It would be over 10 years.

Mr. Bernard Généreux: It would be 10 years, so we will plant less than we are already planting now. Is that true?

Ms. Beth MacNeil: Mr. Chair, *c'est une augmentation* to what we're planting now.

Mr. Bernard Généreux: It's 200 million over and above the 500 million that are already planted every year. Where are they getting planted, and how much is it going to cost? I'd like to have some in my riding.

Ms. Beth MacNeil: From our analysis, we know that this would cover a landmass, as I mentioned, twice the size of Prince Edward Island. We have done estimates on what it would cost if we planted the small seedlings. It is in the order of billions of dollars. The announcement in the platform commitment did note that it would be cost-shared. We will be looking—

Mr. Bernard Généreux: With whom?

Ms. Beth MacNeil: —at planting right across Canada.

Mr. Bernard Généreux: Shared with whom?

Ms. Beth MacNeil: I'm meeting every week with stakeholders in my office. Top-tier partners are those partners that manage the forests—the provinces and the territories. There are other organizations, such as Tree Canada, to name one, and Nature Canada and others that are qualified. We're looking at organizations that have a proven track record to purchase the seedlings, to get the right stock for the ecozones, plant successfully and monitor.

[Translation]

Mr. Bernard Généreux: If I understand correctly, this will be done with the Government of Quebec and, potentially, with regional governments. In Quebec, there are Regional County Municipalities, or RCMs, cooperatives, and all sorts of private organizations.

Can all these organizations participate in planting these trees?

[English]

Ms. Beth MacNeil: Yes, we will be working with provincial governments and the Federation of Canadian Municipalities and others.

[Translation]

Mr. Bernard Généreux: Thank you.

[English]

The Chair: Thank you very much. That's it.

Mr. Lefebvre.

[Translation]

Mr. Paul Lefebvre (Sudbury, Lib.): Thank you, Mr. Chair.

Before we begin, I want to thank the witnesses for being with us.

I'm very happy, too, to talk about forests. Although I am the member for Sudbury, a mining town, I come from Kapuskasing, a pulp and paper and forestry town. My father worked at the Spruce Falls mill for 40 years as a welder. My grandfather helped build the mill in the 1920s and 1930s. For a long time we exported our paper to be used in the daily newspaper *The New York Times*, which we were very proud of.

My whole family worked in forestry. I'm very happy to talk about it. I am a forest man. I was able to benefit from the good jobs it created. Unlike my father, I was able to go to university, thanks to the good jobs in the industry.

Mr. Simard talked about investments, and I'd like to get back to that. From his point of view, it is a lack of investment. Ms. MacNeil, you talked about the investments our government has made in the forestry sector over the last four years. There is the softwood lumber action plan. We are talking about \$900 million, \$250 million in investments in the 2019 federal budget and another \$100 million in 2018. This means that about \$1.2 billion has been invested in the sector, which is a lot.

We recognize, however, that there are difficulties. That is clear.

[*English*]

You mentioned that we are now at a crossroads, which has implications for the sector in terms of the potential for bioproducts and the bioeconomy, and the role they could play.

I've seen that with my own eyes. When I went to Chibougamau and Chapais in Quebec, I saw the investments there and how that has transformed.... But we're also seeing all of this potential out there in this billion-dollar economy that is waiting to... and we're seeing that the transition is hard to do.

Maybe, with your expertise and what you hear.... The challenge is with the adoption. FPIInnovations is doing amazing work. There's a ton of research going on, and we are world leaders in Canada.

As to the adoption of that in our commercial world, what are the impediments that we could look at in public policy as we prepare our report to Parliament? What can we recommend to Parliament?

• (1615)

Ms. Beth MacNeil: When I speak with my colleagues in British Columbia at the provincial level, I hear that there is enough forest fibre within the forest. About two-thirds of that fibre has traditionally gone to the traditional saw log industry. Federally, we have to continue to support those small, medium and large mills to purchase the equipment—it might be first-in-kind in Canada—and perhaps have pilot plants to see if we can transition, by using the residue, to higher-value bioproducts.

As for public policy, as we know, the management of forests is under provincial and territorial jurisdiction. B.C. is taking strides and many steps right now to encourage that transition with changes in legislation at the provincial level to support the transition of the bioeconomy.

Mr. Paul Lefebvre: Thank you.

I know my colleague Mr. Weiler talked about indigenous participation in this sector. Its importance is growing.

Mr. Waring, you mentioned the new investments made by our government in the last mandate and how those have changed and benefited many communities. Indeed, last week I had the honour of making an announcement with the KOKI corporation up in the Aroland area and with Marten Falls, as well as Eabametoong. Those are three first nations that have benefited from this program—and we see that across the country.

You said there were about 50 communities that were able.... You threw out some numbers that were pretty impressive. How do we continue down that road?

Can you explain to us the benefits of that program?

Mr. Jeff Waring: Mr. Chair, we've signed just over 60 contribution agreements with a number of different communities under the recent indigenous forestry initiative.

Again, a lot of the benefits we're realizing through these contribution agreements are around the training of community members to best position them to be able to take those important jobs within the forest sector.

We're also working with those indigenous communities to ensure that they have the right skills to be able to negotiate new value-chain opportunities with other key members in the forest sector, as well as with the provincial governments, when they're discussing opportunities around managing forests within their communities.

The Chair: Thank you. I'm going to have to stop you there. I'm sorry.

[*Translation*]

Mr. Mario Simard: Do I have time for a quick question?

[*English*]

The Chair: Ms. McLeod.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Chair. Thank you to the witnesses.

I want to start with your 2017 softwood lumber action plan, which had \$605 million for loans and loan guarantees. Can you tell me how many companies took advantage of that opportunity? How much funding remains? Has an analysis been done of how it was used? If you don't have all of that information, can you table it?

Mr. Jeff Waring: Mr. Chair, the softwood lumber action plan had allocated \$867 million in support for workers, as well as for businesses.

As for the \$600 million that was provided through Export Development Canada as well as Business Development Canada, what we've indicated is that EDC and BDC have provided to date more than \$560 million and \$369 million in financial products and services respectively. This is as of October 31, 2019.

Mrs. Cathy McLeod: Can you give me an example of a typical project they would have supported?

Mr. Jeff Waring: Mr. Chair, that question would likely be best answered by Export Development Canada or Business Development Canada. Those investments and how they support forest companies are commercially sensitive, and so it would be best for them to provide that answer.

Mrs. Cathy McLeod: Are you recommending that this program be renewed? I ask because it was through your jurisdiction. You don't have a sense of whether it worked or made a difference. I'm not asking for commercially sensitive information, but it would be useful to get a general idea of how the money was used.

If you don't have it, perhaps we could send a letter to the organizations that were just identified to ask them for generic, not commercially sensitive, information on that loan program. That's a lot of money and I think it would be helpful for us to know if it had some benefit.

I'll move to the next area I'm interested in. You talked about indigenous communities. You have a huge opportunity. I'll use a local example. A mill closed down and was transferring its cut to another mill. The challenge is that you have to compensate...and certainly the first nation communities are very interested in a portion of that cut that's been transferred to another mill. B.C. now has some new legislation, but I think the bigger issue is the opportunity for the indigenous communities, the first nations, to actually have an equity partnership in some of that cut.

Do you have anything that supports those communities in purchasing cuts?

• (1620)

Ms. Beth MacNeil: Our money and our programming doesn't go to purchase the timber. I was speaking with B.C.'s chief forester last Friday about where we can help by working hand in hand with B.C. They can identify opportunities. She determines the annual allowable cut, but we have a couple of programs, not just the indigenous forestry initiative but also our investments in forest industry transformation, where we can look at mills that have either closed or are about to close to see if we can develop new partnerships with the local communities, whether they be first nation or not, or both.

Mrs. Cathy McLeod: I asked because I certainly perceive that it will be a major barrier in terms of the 10-year transfers if there's no opportunity to become an equity partner.

Next, perhaps you can advise me on the following. We have an example of a company that produces a value-added product, which we, of course, would like to see. They sell their product into the States, and because it's a value-added product they get captured under codes 4407 and 4409 of the export control list. Essentially it's a value-added product on which an astronomical duty is being paid—not the 20%. Their argument is that they just got captured in the softwood lumber challenges.

I understand there is more than just this one company. Have you identified a number of examples throughout this country of people who have been caught up and are being challenged by this sort of categorization?

That's number one, and I think it's important—

The Chair: Sorry, you're not going to have time for number two. We're already over time. Let's get a quick answer to that and we'll move on.

Mrs. Cathy McLeod: Thanks.

Ms. Beth MacNeil: I will defer to my colleagues who will be here on Wednesday from Global Affairs Canada.

Mr. Chair, if the question pertains to remanufacturers, then yes, we have identified a number of firms across Canada that have been impacted.

The Chair: Thank you.

Ms. Jones.

Ms. Yvonne Jones (Labrador, Lib.): Thank you, Mr. Chair. Thank you both for being here today. We appreciate the information that you're giving us.

I come from the province of Newfoundland and Labrador, so I don't have to tell you that we lost our industry 10 or 12 years ago with the closure of two of our three pulp and paper mills. Because there was no market for byproduct, it affected many of our mill operations. We've seen massive closures all over the province. Unlike today, we didn't have innovation programs. There was no funding support that allowed for transition in the industry.

I'm really happy to see these programs today and that there is a focus on innovation, on skilled training and definitely on expanding market opportunities for products. In the province where I am there are regions—like my riding in particular—that are heavily involved in forest industry product development and no longer have an industry. Very little still exists. We haven't seen as much as a forest access road built in 15 years. It's unfortunate because there is still sustainable fibre content and opportunity to look at new development within that industry. I'm really happy to see the programs that are there.

My question is around those programs. One is with regard to the forest innovation program where I know we're investing \$92 million over the next three years. How is that program delivered? Is it delivered through provinces and territories? Is it directly by the federal government? How can regions that want to look at new and innovative ways of developing forest industry or forestry products access those types of programs right now?

• (1625)

Ms. Beth MacNeil: I'll mention a couple of programs. First is the investment in forest industry transformation. Upon the renewal there will be a call for proposals where individual firms will work with Natural Resources Canada and consultants. They will be reviewed by an external review panel. The money does not go through the provinces.

I'll give you an example of something outside of our programming, but within the federal government. That's ISED's strategic innovation fund. The Kruger mill in Corner Brook, Newfoundland received, I believe, \$13.8 million to increase the efficiency of the mill and keep it operating in Corner Brook. They worked directly with ISED.

Firms across Atlantic Canada and across Canada can work directly with us once the call for proposals is up and out.

Ms. Yvonne Jones: You mentioned the forest industry transformation program, the expanding market opportunities program, and there's the forest innovation program. Are all of those programs available now or are they getting ready to be rolled out?

Ms. Beth MacNeil: They're fully committed now. However, Mr. Chair, budget 2019 announced the renewal of \$251 million. We hope to be in a position in early April to announce a new call for proposals.

Ms. Yvonne Jones: Okay.

I know from my colleagues at the table and obviously from listening to the news that there are significant challenges within the industry today in British Columbia in particular. Are there any other provinces that are affected in such a significant way in Canada or other regions, or is this more singular to what's happening in British Columbia right now?

Ms. Beth MacNeil: Mr. Chair, British Columbia is really is seeing the impacts of several things with the wildland fire, mountain pine beetle, trade disputes and the growing desire to protect both species and spaces.

However, Northern Pulp in Nova Scotia has supported 92% of the sawmills that exist in that province. With the closure of Northern Pulp, which happened in January 2020, we're going to see significant suffering along the full value chain in the province of Nova Scotia.

The Chair: Thanks. Unfortunately I'm going to have to stop you there.

Mr. Simard, I can give you about one minute, but it's a firm one minute.

[*Translation*]

Mr. Mario Simard: I'd like to make a brief aside for Mr. G n reux. There's something called Dutch disease. Oil is causing both a rise in our dollar and a breakdown in our environmental sector.

Mr. Lefebvre, when you were talking about your measurements, you were talking about \$1.2 billion. Well, I can tell you about building a pipeline that will cost \$12 billion and buying a pipeline that will cost \$4 billion. So we're at \$18 billion. In my opinion, that's a staggering amount.

Quickly, I'd like to ask you a question about tree planting. Maybe the Conservatives will like it. I don't know if you're aware of it, but in Australia there's something similar to a carbon exchange: countries that are not able to plant trees on their own territory are going to plant them elsewhere. It would be entirely possible to do so in Quebec and Canada. That is called forest gardening. We have to make the difference, which we did not do earlier, between afforestation and reforestation. These are two different concepts...

• (1630)

[*English*]

The Chair: The one minute includes the answer to your question.

[*Translation*]

Mr. Mario Simard: All right. I beg your pardon.

Have you ever investigated this possibility before?

[*English*]

The Chair: If you can answer in about 30 seconds, we can wrap up.

Ms. Beth MacNeil: I know that in Australia they've committed to planting one billion trees.

I don't know the details, but we certainly are looking at best practices around the world.

The Chair: Thank you.

I apologize. My job is chief interrupter.

[*Translation*]

Mr. Mario Simard: Your answer was better than my question. I thank you for that.

[*English*]

The Chair: Thank you both very much for getting us off to a good start. We are very grateful.

We will suspend for two minutes and then we'll get going with the next witnesses.

Thanks.

• (1630)

(Pause)

• (1635)

The Chair: Welcome back, everybody.

I'm going to dispense with long introductions and just welcome our next set of witnesses.

We're very short on time this afternoon. Let's just jump right into the presentation, and then we can to to the questions, right off the bat.

Thank you.

[*Translation*]

Mr. Elisha Ram (Associate Assistant Deputy Minister, Skills and Employment Branch, Department of Employment and Social Development): Good afternoon everybody.

Thank you very much for giving me the opportunity to participate in this study.

[*English*]

My name is Elisha Ram, I'm an associate assistant deputy minister in the Department of Employment and Social Development Canada, and I work in skills and employment programming.

I have with me colleagues Alan Bulley, from our employment program and policy shop, as well as Katie Alexander from our programs operations branch.

We're here today to discuss the forest sector. You heard in the earlier part of the session that the sector is a pillar of the Canadian economy and it plays an important role in creating jobs and supporting local labour markets across the country. You've also heard that the sector is facing a number of challenges, which have resulted in some closures, production curtailment and some layoffs as well. As a result, workers and communities that depend on the sector for their livelihood are feeling the effects.

In situations such as this, our department—ESDC—stands ready to provide essential services to workers, communities and employers. These include supports such as local rapid response efforts through Service Canada; layoff prevention through the work-sharing program; immediate assistance to displaced workers who are eligible for employment insurance part I income benefits; training and re-employment transition supports that are offered by provinces and territories through the labour market transfer agreements with federal financial support; and other skills training and labour market resources available through our department.

With your permission, I will provide additional details on some of these initiatives.

As many of you are aware and as we've heard already, there was a 2017 softwood lumber action plan, which included several measures from our department to support workers and employers affected by the U.S. duties on our softwood lumber products. These included additional investment in skills training and employment supports, as well as job loss mitigation through work-sharing flexibilities.

ESDC has a number of programs and services that are currently available and can be deployed quickly to all sectors of the economy, including forestry. Service Canada actively monitors labour market conditions across the country, assesses potential local and regional unemployment effects and engages in proactive outreach to stakeholders, including employers, labour organizations and affected communities, to ensure that they are aware of the supports that are available to them.

As an example, once we learn of publicly announced layoffs, Service Canada contacts affected employers within 48 hours to assess their needs and offer information sessions. These sessions are commonly delivered in partnership with provincial or territorial representatives, which allows affected employees to learn about both federal and provincial or territorial programs and services that they might qualify for.

I've also already mentioned the work-sharing program. Work-sharing helps employers and workers avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the employer's control. Under work-sharing, the Government of Canada provides income support to employees who are eligible for EI and who work a temporarily reduced work week while their employer recovers. This allows employers to retain skilled workers and avoid the process of recruiting and retraining. It also provides workers the opportunity to continue to be employed, retain those skills and receive employment insurance during the days they are not working.

In terms of income support, employment insurance regular benefits provide temporary income support to Canadians who have lost their jobs through no fault of their own, while they look for new work or upgrade their skills. The number of weeks of EI benefits that a person can receive is based on the unemployment rate in the region and the number of insurable hours they have accumulated, up to a maximum of 45 weeks.

To support skills training and employment for Canadians, the Government of Canada provides the provinces and territories with approximately \$3 billion every year under the labour market transfer agreements, which include the labour market development agreements and the workforce development agreements. This funding enables provincial and territorial governments to offer a range of skills training and employment supports to help Canadians improve their skills, search for work and keep good jobs.

Provinces and territories have the flexibility to design and deliver employment programming that meets the needs of the local labour markets. In addition to the base funding of almost \$3 billion a year, through budget 2017, the Government of Canada made significant additional investments of \$2.7 billion over six years to enhance the labour market transfer agreements, starting in 2017-18. This included expanding eligibility for programs and services under the labour market development agreements to allow more individuals to receive employment insurance-funded skills training and employment assistance. Under the workforce development agreements, provinces and territories have added flexibility to provide skills training and employment programming that meet the diverse needs of the clients, with a focus on those who are further removed from the labour market and those who want to upscale.

• (1640)

I mentioned the softwood lumber action plan. The following ES-DC measures were included in the plan to support affected workers and employers in forest sector: \$50 million over two years in additional targeted funding for jurisdictions under the labour market development agreements to enhance skills training and employment supports for affected forest workers, and \$30 million over two years was made available for provinces and territories to undertake research projects on targeted earnings supplements with complementary employment supports to ease employment transition for affected workers. In addition, temporary special measures were introduced under the standard work-sharing program to support longer term business viability and mitigate job loss. This included extending the duration of work-sharing agreements, waiving the mandatory cooling off period between agreements, and providing employers with flexibility regarding the mandatory recovery plan that they must enter into under work-sharing. These special work-sharing measures remain available until the end of this month.

These initiatives were designed to support workers in a sector that was forecast to be facing significant job losses and closures as a result of U.S. duties imposed at the time. However, we saw that lumber prices remained quite high during the period and the sector remained profitable. This meant that the demand for the additional resources that were made available under the softwood lumber action plan was limited. Only some provinces chose to take up the additional resources that were made available for training and employment supports, and there was limited take-up of work-sharing opportunities.

Later on, given the integrated nature of the forest sector, eligibility for the workforce adjustment measures under the softwood lumber action plan was broadened to include workers affected by any trade dispute in the forest sector, not only softwood lumber. This meant that, in the second year of the funding, it was available to all jurisdictions. Five provinces accessed the funding in the second year. These included B.C., Saskatchewan, Ontario, Quebec and Prince Edward Island. This meant that provinces accessed nearly \$40 million in additional targeted funding, enabling them to provide skills training and employment supports to affected workers in forestry.

In addition to these programs, our department engages regularly with colleagues in other federal departments, including NRCan, who have responsibilities for the forestry sector. We are in regular contact with the provinces and territories to understand the local labour market needs and consider how the supports that we're providing can be used to meet those needs, and we engage regularly with other stakeholders including labour, business and communities that have an interest in the forest sector. This allows us to understand their needs and consider how our programs can best support them.

Thank you for your attention. My colleagues and I will be happy to take your questions.

The Chair: Thank you very much.

Ms. McLeod, you're first.

Mrs. Cathy McLeod: Thank you.

You alluded to this in your comments, but I find a little absurd the funding provided by the labour market development agreement that was supposed to be for workers affected in the ongoing softwood lumber dispute, but which I understand went to all of the provinces, including P.E.I., which was not impacted, and Nunavut, which was not impacted. So a lot of provinces that were not impacted by this particular trade issue or the forestry sector were receiving dollars. How is that consistent with the mandate of the program?

Mr. Alan Bulley (Director General, Employment Programs and Partnerships Directorate, Department of Employment and Social Development): Thank you for your question.

The money was made available; it wasn't actually allocated. In other words, it wasn't automatically downloaded to provinces and territories. The money was made available. There are a number of provinces and territories that chose not to do that. The reason it's done like that—because I'm trying to anticipate what I think might be your next question, why we do it like that—

• (1645)

Mrs. Cathy McLeod: Well, why would P.E.I. have the right to apply to a program—not that I don't love Prince Edward Island—when clearly they were not impacted? How could they apply and get money for that program when that wasn't the purpose of the program?

Mr. Alan Bulley: It has to do with the connection between the program and the labour market development agreements. The two large agreements that my colleague spoke to you about both contain a clause called the “equality of treatment” clause. What it means is that, as money is flowed to provinces and territories, should any other jurisdiction see something that might be advantageous to them, they have the opportunity to apply for it.

As we design allocation models for anything connected with the workforce development agreement or with the labour market development agreement, we design the allocation in such a way that, should a province or territory see that as being advantageous, they could apply for it.

At the same time, however, the allocations were designed in such a way that those provinces and territories—provinces largely—that were most immediately affected had the lion's share of the allocation. There was a floor made available for smaller jurisdictions.

Mrs. Cathy McLeod: Thank you.

Of course, I think that for anyone on the outside seeing that there's special money for provinces impacted by the softwood lumber dispute and that this money went to other provinces, it really wouldn't sit all that well. It's a bit of an unusual system.

I'll go on to my next question. Within this crisis we're having in the forestry industry—and certainly, I would consider myself to be representing a riding that is impacted—Kamloops is a major centre. If you go one and a half hours up one highway, you will see a mill that closed, and if you go one and a half hours up the other highway you will see another mill that closed, both leaving a couple of hundred people out of work. These just happened. There's nothing really that different about these two communities. They're rural communities. Their closest centre is Kamloops, and they're in different regions, so there are different hours that are available and different hours that you need to have worked to be eligible for the EI program.

Did your department look at these issues during this current crisis in British Columbia? I ask because if one happens to draw a line in one place on the map and excludes some communities, a really different playing field really results for those in equivalent circumstances.

Mr. Elisha Ram: The EI program is a national program provides temporary income support for people when they lose their jobs. The program is operated nationally through a system of 62 regions, and the member asked specifically about two of those regions.

The regions are selected to ensure that the people who live in them face roughly similar labour market conditions. So, because EI is a legislated program and is statutorily determined, it's very, very difficult to change those parameters on the fly. The EI region system allows the labour market conditions to affect the eligibility of people who live in those regions.

I totally understand and accept that this can lead to situations such as are described by the member: where people living in relatively close proximity to each other face different treatment. The same situation would apply no matter where you chose to draw the line. I can tell you that the EI regions are reviewed every five years to ensure that they continue to represent relatively homogeneous labour market conditions. The current study is expected to be concluded by the end of this year.

Mrs. Cathy McLeod: Thank you.

I think one has Kamloops in and one has Kamloops out, so they are very unfair circumstances.

I'll go on to my next question. With the early retirement option that was made available, was that money transferred directly to the provinces for them to determine the criteria around early retirement, or is that something that your department does?

Mr. Elisha Ram: That particular initiative was implemented by the provinces. It did not involve any federal funding. Generally speaking, the federal government has not chosen to introduce any kind of early retirement programs.

Mrs. Cathy McLeod: Okay.

I understand that EI is taken off of severance. However, although EI is taken off, your work during the four, five or six months—whatever your severance period is—is not considered work hours for the purposes of EI. Is that correct?

Mr. Elisha Ram: I'm not sure of that, but I will endeavour to get the answer to that question.

The Chair: I'm going to have to stop you there. You're right on time. Perfect.

Mr. May.

Mr. Bryan May (Cambridge, Lib.): Thank you very much, Mr. Chair.

First of all, thank you all for being here to help us kick off this study.

We've heard a lot today about threats and opportunities for the forestry industry specifically, but not as much on the human resources side, so I'm going to focus my questions there, if that's okay.

I may have misheard you in your introduction, but specifically with regard to the program around work-sharing, I think you used the words, "it had limited uptake." Did I hear you correctly?

• (1650)

Ms. Katie Alexander (Executive Director, Temporary Foreign Worker Program and Work-Sharing Program, Department of Employment and Social Development): Yes. We did have two employers benefit from the special measures under forestry—one in B.C. and one in Alberta—representing a total of 83 employees and averting 32 layoffs. The cost of work-sharing was approximately \$464,000 and the cost of layoffs was \$719,000.

Mr. Bryan May: I guess it begs the question why there was such a limited response to what clearly is a very good program for at least those two companies that applied. Were there companies that wanted to participate in the program and, for whatever reason or whatever barrier was in place, couldn't? Are there some issues that we need to address to maybe get that number up?

Ms. Katie Alexander: I can start, and then maybe my colleague can add on.

Overall, there's been quite a bit of support to the forestry sector as it relates to work-sharing; it's the specific sort of access to the special measures that has been limited.

Since April 2016 up until March 2020, a total of 31 agreements have been signed nationally, representing the diversion of about 1,700 layoffs. The way the special measures are built is that an employer applies for their 26-week agreement and then has to apply for a 12-week extension. Then, the 38 weeks is where the special measures kick in. We have many employers who are benefiting from work-sharing in the forestry sector, but only a few that have actually needed to access that second 38-week extension.

Mr. Bryan May: I see. How many companies are participating, then?

Ms. Katie Alexander: We have funded a total of 31 nationally since April 2016.

Mr. Bryan May: You mentioned a dollar figure. Do you know what that would equate to in terms of the number of hours that were shared?

Ms. Katie Alexander: I don't have that available. We can endeavour to get that, for sure.

Mr. Bryan May: Excellent. Okay.

I want to ask quickly about the sector itself in terms of the demographics within the sector. We see this in a number of different industries with an aging workforce. Do you know what the average age is right now for the workers in the forestry industry?

Mr. Elisha Ram: I don't have that information, unfortunately, but we can try to get that for you.

Mr. Bryan May: Has there been any discussion about that as a problem? As the baby boomers fully retire, is there a threat there that we simply aren't going to have the bodies to manage the industry?

Mr. Elisha Ram: That's certainly something we monitor, not just with respect to this particular sector. This is an issue that affects the economy as a whole.

I think the typical profile of a worker in the natural resource sector, excluding perhaps oil and gas, does tend to be somewhat older and mostly male dominated. Some of the measures around training and support that were introduced were specifically with that in mind. We recognize that some of this population that's being impacted does not necessarily have a lot of formal skills, but probably does have other skills they've acquired through their lives that could be very useful in other sectors where there are greater opportunities.

Mr. Bryan May: Okay. You mentioned the issue of its being predominantly a male-focused industry. Are there any measures in place right now to effect that in any way?

Mr. Elisha Ram: We do not have any programs specifically targeting this sector that have a gender component to them. However, nothing prevents the sector or any company in the sector that is looking to change the profile of its workers from coming to see us. We would be happy to discuss their needs and consider how we might be able to help.

Mr. Bryan May: Okay.

I only have about a minute and a half, and I do have a question about training. When training is funded through either federal or provincial sources, what training is being taken up by the most employees at this point?

Mr. Alan Bulley: The way that the provinces and territories report on the training they do, especially under the labour market development agreements, is broken down under a number of broad categories that were put in place when the federal government initially delivered skills training.

The largest component is simply listed as "skills development", so it could be a very broad range of industry-specific training. It

could also reach into something like literacy and essential skills over a very broad range of skills development. Breaking that down individually is not something I could do for you right at the moment, but it is generally quite broad in the way the provinces and territories report that back to us.

• (1655)

Mr. Bryan May: Very quickly, we've talked a lot about innovation in the sector today. Is there anything that's coming that isn't there right now and is going to be needed in terms of skill sets for this industry?

Mr. Alan Bulley: I don't have anything specifically on that. The largest share of what happens in terms of skills development takes place at the provincial and territorial levels. We provide the funding and they make the determination themselves about what's best required for their own jurisdiction and their own specific labour markets.

Mr. Bryan May: Thank you very much.

The Chair: Thank you, Mr. May.

Mr. Simard.

[*Translation*]

Mr. Mario Simard: Thank you.

I listened carefully to your presentation. However, if I speak specifically about my region, I can say that the serious crises in the softwood lumber sector have led to an abnormally high rate of people losing their jobs. As you pointed out earlier, this is a difficult situation. In fact, these people have spent their lives in the forest, are of a certain age, are on the verge of retirement, are used to a certain lifestyle and, from one day to the next, have to find a new job. These transitional measures must be implemented. In this regard, I agree with what you said. Unlike my Conservative friends, I have no objection to this being applied to sectors other than wood. I will tell you why.

I have difficulty seeing how this program—which we were talking about earlier and whose acronym in French is PABO, a joke that works in French, but perhaps not in English—offers essential support to people who lose their jobs. In concrete terms, how can it support the forestry industry?

I may have missed something. Can you enlighten me on that?

[*English*]

Mr. Elisha Ram: The intent of the softwood lumber action plan on the labour market side was to ensure that workers had access to skills training, totally recognizing the challenges experienced by an older worker used to working in a particular sector, but wanting to make sure that those who wanted to transition and acquire new skills have the opportunity to do so.

As my colleague mentioned, the funding was offered to the provinces and territories. Those that wanted to take advantage of it could do so. Some chose to do it, and others felt they had the resources they needed and did not need any additional support.

The other component, which was the special work-sharing agreement, was intended to ensure that employers and employees had the flexibility they needed to make arrangements such that they did not necessarily have to lay off the workers but could keep them on part time and be supported by employment insurance for the day they were not working.

[Translation]

Mr. Mario Simard: I understand a little more about the second part and a little less about the first. In my opinion, it's a social program like any other, which is designed to support people going through a transition into the labour market. In my opinion, it should be given a broad interpretation rather than a narrow one.

At the end of your presentation, you said that the program was also intended to make forecasts about what could happen in the forestry sector. Since you are aware of the trends in the forestry sector today, especially in terms of automation in the workplace, I would like to know if you have any figures on job losses due to automation in the forestry sector and on the people who will have to make a transition. Indeed, there are certainly some trades that are going to disappear.

[English]

Mr. Elisha Ram: We do not have any specific forecasts on the effect of automation on the forestry sector. We do have a variety of expert opinions and a study that has been done on the effect of automation broadly speaking on the economy. What it does underline, first of all, is that there is a wide range of potential outcomes. In many cases we see automation leading to more jobs rather than fewer because of the types of new opportunities that automation might create. In other cases, particularly for lower-skilled work, there is a concern that automation might replace that employment.

I think it's likely we will see some of these effects playing out, but it's difficult to say with a lot of precision how fast and how deep those will be.

Our programming is intended to ensure that Canadians in all sectors in all parts of the country have access to the ability to obtain the skill that would make them more resilient to the coming of greater introduction of automation—so digital skills, better essential skills and skills that are much more difficult to replace with automation, such as creativity and judgment. I think by ensuring that these are available to Canadians we can help them be ready so that if and when automation does become a broader part of their life and is more integrated into business processes, they will have the skills for that.

• (1700)

[Translation]

Mr. Mario Simard: I understand the direction of the program very well, but what worries me a little bit is that the people who are going to learn new skills are going to apply them in another sector, but not necessarily in the forestry sector. That is where this program seems to me to be a social program like any other. It is essential and

I do not question its relevance, but I get the impression that it is being used to try to erase a much larger structural crisis with regard to softwood lumber. There is a lack of support for research and development and international trade in this area.

It is, after all, a social measure that allows people to re-enter the labour market. It was just a little comment.

In closing, do you have any data on the people who will use the type of program you were talking about earlier and who will find employment in the forestry sector later on?

[English]

Mr. Elisha Ram: No, we do not have any hard data on participation rates. As my colleague mentioned, many of these programs are delivered by the provinces. We do have access to the reporting they provide us, and we can work with them to get better information in the future, but we don't necessarily have that information today.

The Chair: Thank you very much.

Mr. Cannings, you are last up.

Mr. Richard Cannings: Thank you for being here.

I just want to start by saying that the forest sector has changed a lot, especially the labour relations within the sector, within the last 20 or 30 years or more. It used to be that most of the workers were employees of companies, and now if Weyerhaeuser wants to harvest a cut block, they contract out to someone to build a road into that cut block. That person contracts out to someone else to actually put the tape out on the road. They contract someone else to go and cut the trees on the road. They contract someone else to actually build the road, and that's even before they get down to harvesting the timber.

It would seem to me that the bulk of the workers in the forest, the people out on the land, who, I think, are probably a quarter to a third of the people working in the forest sector in B.C., are self-employed basically. They're contractors. I just wonder how much of these funds are available to people like that, you know, guys who just go out and do things as sub-subcontractors to somebody else. Do they have the same access to those funds as someone who works in a mill does? How much uptake are you getting from that kind of worker?

Mr. Elisha Ram: Eligibility will vary depending on the program. Employment insurance regular benefits are not available to the self-employed, so anyone who is self-employed would not have access to the income support. However—and my colleague can add more detail on this—the workforce development agreements in fact are intended for people who are not eligible for employment insurance. Those agreements provide the provinces and territories with vast flexibility in terms of who they can serve. We know that many of them are serving people who are contractors or self-employed.

Do you have anything to add?

• (1705)

Mr. Alan Bulley: Yes, thank you.

Under both of the large agreements that we spoke about, individuals can present themselves to the provinces or territories and will have access to whatever programs the different jurisdictions make available.

Out of the measures we've spoken about here, I think the only one that would not be applicable to the self-employed would be work-sharing, because there wouldn't necessarily be an employer-employee relationship. However, everything else that we've spoken about would be accessible to the self-employed, whether or not they were eligible for employment insurance.

Mr. Richard Cannings: Would that include funding to feed their families and that type of thing, or is it more for the retraining and things like that?

Mr. Alan Bulley: Depending on the nature of the program set up by the jurisdiction, it could include income support while the individual was on training so they could continue to do the types of things that you're talking about, like paying their bills, while they were receiving skills training.

Mr. Richard Cannings: If they were just interested in staying alive while this crisis unfolded, they may not be eligible for any extra supports?

Mr. Elisha Ram: As I said, someone who is in a self-employed work arrangement is not eligible for the income support side of employment insurance. However, as my colleague mentioned, there are opportunities for Parliament to design interventions that provide people in those situations with income support while they're doing something else to make themselves more employable. That can include training, upskilling, or job replacement partnerships, where the province, for example, might pay a portion of the person's salary while that person is learning a new job working for an employer. There is no passive income support, but there are definitely opportunities for active income support.

Mr. Richard Cannings: You mentioned there wasn't much uptake in the initial year or two of this program, because lumber was

over \$600 and everybody was surviving quite well. In the last year things have changed dramatically. As many people have mentioned, a lot of mills have closed, particularly in British Columbia.

Do you have any statistics or figures on what the uptake from British Columbia has been in the last year? When I talk to British Columbia government people, the sense I get is that they feel the federal government isn't helping as much as they'd want to see it help. They have their own fund that they have reluctantly put up. They took it from another rural fund, which was a very unpopular. I don't know, but I get the feeling they would like to see much more support from the federal government for workers and communities. Maybe the community's part is beyond your domain, but do you have a sense of what the federal government has provided in extra funds to British Columbia in the last year?

Mr. Alan Bulley: We watched very closely to see what the uptake was over the course of... We saw what happened in the second year of the program. One of the most important things to point to is that even beyond the softwood lumber action plan is the sheer scale of the labour market agreements that are in place with the provinces and territories. For example, this year alone, British Columbia will be receiving over \$302 million under its labour market development program, and a similarly large figure under the workforce development program.

The provinces and territories often have resources they can draw on in addition to these programs. Although these are targeted measures, there is nothing to prevent a province or territory from drawing on that much larger source of funding they receive year after year from the federal government.

The Chair: Unfortunately, we've run out of time. Thank you very much for joining us today. It was interesting and incredibly helpful, so we're most grateful.

We'll suspend for two minutes and then go to committee business.

[Proceedings continue in camera]

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