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Chair: Mr. James Maloney



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• (1405)

[English]

The Chair (Mr. James Maloney (Etobicoke—Lakeshore, Lib.)): I call the meeting to order.

I thank everybody for logging on and making themselves available on a Friday afternoon, particularly for our first meeting in this session on the recovery of the forestry sector.

We have two officials from the Department of Natural Resources. Beth MacNeil is the assistant deputy minister, Canadian Forest Service; and Jeff Waring is the director general of trade, economics and industry branch in the Canadian Forest Service.

I recognize, Mr. Waring, that you have been here before. Ms. MacNeil, this may be the first time that I, at least, have encountered you at the committee.

Thank you both very much for taking the time to join us. We have received your brief in advance, for which we are grateful.

I don't need to explain the process to either of you, I am assuming, so I will turn the floor over to you and we can get under way.

Thanks very much.

Ms. Beth MacNeil (Assistant Deputy Minister, Canadian Forest Service, Department of Natural Resources): Thank you, Mr. Chair, and yes, we have met before at this committee. It's a privilege to be here today. Thank you for inviting me back to provide you with an update on Canada's forest sector.

At my appearance last March, I described the challenges facing our forest sector, including the impacts of wildfires and pests on our timber supply, the softwood lumber dispute with the U.S. and declining demand for printing and writing paper as the world digitizes. I highlighted innovation and the transformation in the sector, and how it is primed to be a leader in the emerging circular bioeconomy and a pivotal provider of nature-based climate solutions to advance Canada's climate change objectives.

All of these things remain true today; however, the world has greatly changed since March. COVID-19 has had and continues to have a significant impact on the forest sector. Although it was deemed essential by governments as it provides consumer goods that are critical to Canadians, including toilet paper, hygiene products, building materials and personal protective equipment, it was still hit by unprecedented demand and price declines. These factors, combined with liquidity constraints and health and safety concerns, led to over 130 mill closures and curtailments across the country, affecting more than 19,000 employees.

In response, the Government of Canada launched a series of business and worker support measures benefiting the forest sector. In particular, many firms and associations reported being supported by the Canada emergency wage subsidy and the work-sharing measures. In addition, the government is providing up to \$30 million to small and medium-sized enterprises, in partnership with the provinces, to defray the costs of implementing new health and safety measures resulting from COVID. This support will preserve jobs, keep workers and communities safe and maintain the tree-planting infrastructure critical to our sustainable forest-management regime and climate goals, including planting two billion trees.

Today the sector is recovering, but unevenly. Manufacturers of wood products, packaging and hygiene products are doing well, supported by resilient consumer demand and strong housing and home improvement markets. However, the pandemic has intensified digitization and the decline in demand for printing and writing papers. As a result, traditional paper mills continue to struggle, with some remaining closed while putting investments to diversify to other market areas on hold.

Despite the pandemic, the Canadian forest sector remains key to helping Canada achieve its climate change objectives and a green and inclusive economic recovery. In support of the competitiveness of the sector, we launched several forest sector programs between April and July of this year, targeting research and development, innovation deployment, market and product diversification and increased economic opportunities for indigenous peoples.

To update you on our progress, our investments in forest industry transformation program, known as IFIT, received 70 proposals from across Canada in response to the recent call for proposals, in total seeking \$500 million in support from the program, with potential to leverage three times that amount. Similarly, our indigenous forestry initiative program received a record 112 proposals, seeking \$74.5 million in support. Both programs are finalizing the proposal evaluations as we speak.

Furthermore, our partnership with Canada's premier forest research organization, FPInnovations, has allowed them to rapidly re-focus their staff on the most immediate need of the industry—that is, research on the potential to produce appropriate filtration media from wood fibre, with the end goal of producing sustainably sourced, wood-based biodegradable face masks for general use. Through our partnership, FPInnovations is now accelerating their work to develop these biodegradable face masks.

This record level of oversubscription to our forest sector programming, as well as the ability of an organization like FPInnovations to meet urgent needs for PPE, demonstrates both the eagerness and the ability of the sector to be a key player in meeting the demands of domestic and global markets during the most critical of times.

In addition, I would like to highlight that for a country like Canada, there is no solution to climate change without forests. Healthy, resilient forests are a nature-based solution to a changing climate.

● (1410)

The government is committed to planting an incremental 2 billion trees over the next 10 years, an increase in forest cover twice the size of Prince Edward Island. We continue to engage with stakeholders to operationalize this commitment.

In the near term, the forest sector will continue to deal with the uncertainties and challenges caused by COVID. However, the pandemic has not changed the fundamental importance and potential of the sector to Canada's green, inclusive economic recovery. Rather, it has reinforced its essential role.

Thank you very much.

The Chair: Thank you, Ms. MacNeil. I appreciate that very much.

Mr. Waring, do you have additional comments you would like to make? No? Okay.

I'm going to open the meeting up to questions, first from the Conservative Party. I'm not sure if that's you, Mr. McLean, or Mr. Zimmer.

It is Mr. Zimmer. Mr. Zimmer, you have six minutes.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Is Greg on yet? He had a challenge to log on to the meeting. I'll go ahead if he's not on yet.

The Chair: That's fine.

Mr. Bob Zimmer: Is he on, Chair, or is he still...?

The Chair: I don't see him.

Mr. Bob Zimmer: I know that there were log-in challenges there.

I want to thank the representatives for their comments. Indeed, being from northern British Columbia, I see how essentially an economic recovery will rely on the resource sector, especially forestry in British Columbia. The question I have for you, though, is based on the WTO ruling that happened this August. It was against the U.S. It was a unanimous decision and basically said that what the U.S. said wasn't the case.

They ruled in Canada's favour unanimously. Then we saw an appeal to that decision on September 28, 2020. I just wanted to know about an update. A lot of us here in northern B.C. have been watching this roller coaster ride of the tariffs that are very unfair towards Canadian producers. It's an impediment of some 20% or 22% to our competitiveness with our neighbours to the south.

If you could, update us on that to let people know where that's at. When is that appeal going to go through and take its course? That's just for some information for all of us.

● (1415)

Ms. Beth MacNeil: Thank you, Mr. Chair, for that question. I will, though, have to defer to my colleagues at Global Affairs Canada to appear and answer that question at a future meeting. They're the government officials responsible for the trade disputes.

Mr. Bob Zimmer: Okay. That's unfortunate.

You talked about the sector doing well in certain areas, especially on the paper side, with all the masks that are being required now. Some of the benefit has been to that part of the sector, but that paper side is struggling. As I've seen in Mackenzie, paper mills have closed. My dad worked on a paper mill some 20 years ago, and that particular paper mill has been shuttered, based on the difficult place for paper in the global market.

Some of it is related to access to timber. We're told that timber is becoming more and more scarce, but I guess I have a question for you in terms of a strategy. In driving through the Pine Pass when I go from Fort St. John to Prince George, I see that in that area we have a whole bunch of what I call redwood, the wood that has been killed by the pine beetle, but now we see a whole new wave of yellow wood, and that's the spruce beetle. It's not just a few trees here and there. It's pervasive, as I'm sure you know, but there doesn't seem to be a strategy for how to get that wood down.

The reason I ask is that we've seen the opportunity. The wood is there. We should be getting it down. We see what the Americans are doing to the south of us, where they're incentivizing the cleaning up of parklands by getting out this timber that will soon be dead and will soon be a huge volume of firewood that's at risk of catching fire, and we could be watching even more of our forests burning than we've seen in the past.

What is the national strategy? I understand that this is a provincial file in a lot of ways, but is there a national strategy on how to deal with this particular wood and use it for its benefits, so that it can be used in a positive way rather than just leaving it to eventually be a forest fire?

Ms. Beth MacNeil: There are a few things.

First, with regard to the access to fibre, you're right that there has been a cumulative effect. It's been the mountain pine beetle. It's been the increased frequency and magnitude of forest fires in B.C. Now we see the emergence of the spruce beetle. When I speak to Diane Nicholls, the chief forester for the B.C. government, she tells me that there is a large amount of forest fibre still remaining, much of it on the forest floor. B.C. has started to implement some policy changes and regulatory reform to use that fibre. The mountain pine beetle was before my time, but to my understanding, there were increased efforts to get that wood down while there was still some value to the fibre. Diane Nicholls may be a witness before this committee, so I'd ask her specifically about that.

Certainly in our federal programming, as I mentioned in my opening remarks, in particular in the investments in forest industry transformation, or IFIT, we are looking at proposals now. We are trying to direct those programs to the bioeconomy and to use all forms of fibre as quickly as possible. It's not just for two-by-fours; it's higher-value product and biomaterials. That's what the federal government is doing.

We also have a national pest program. We're providing the science, the research and the monitoring for many of these pests across Canada, in particular the mountain pine beetle, the spruce budworm in the east, and the emerald ash borer.

• (1420)

The Chair: You have about 20 seconds left, Mr. Zimmer.

Mr. Bob Zimmer: Okay.

Thank you for that. I look forward to some comments from Global Affairs about the WTO stuff, but thanks again for your time today.

The Chair: Thanks, Mr. Zimmer.

Ms. Jones, we will go over to you for six minutes.

Ms. Yvonne Jones (Labrador, Lib.): Thank you, Mr. Chair.

Thank you for your presentation today. I'm glad you guys could join us.

Since the COVID-19 pandemic, I guess there have been a lot of changes in the industry sectors across the country. Much of it has been negative, unfortunately, especially in the natural resource sectors, with the reduced demand and the price volatility of some resources.

Could you describe what impact the COVID-19 pandemic has had on the workers and the companies in the Canadian forestry industry?

Ms. Beth MacNeil: I would say it has been quite widespread, but actually we've seen a shift since the beginning of COVID to now. I'll give you a couple of examples.

First, as I mentioned, it has impacted in some form or another, in either permanent closures or production curtailments, 130 mills across Canada, in all areas of Canada, affecting 19,700 employees.

We have three subsectors in forestry: solid wood products, forest operations and pulp and paper mills. What we saw in the beginning with the subsector of solid wood products, lumber in particular, was that this was in the high \$200s per thousand board feet. It actually recovered and hit a record high a few weeks ago of approximately \$1,000. While it has declined—I think this week's rate was around \$560—we saw tremendous recovery in solid wood products and forest operations.

Where I'm most concerned is on the paper side. I think the industry remains in trouble, and I don't see conditions improving. With all of us working at home and the increase in digitalization, that part of the pulp and paper subsector is really struggling right now.

Ms. Yvonne Jones: Thank you.

Can you tell me what impacts there have been on supply chains and the demand for forest products? I know you talked about solid wood products and record levels of increase in those commodities, but is the market fairly stable in terms of supply chains and the demand for product?

Ms. Beth MacNeil: As one of the committee members just mentioned, fibre has been an issue on the west coast, but it was pre-COVID as well. With regard to supply chains, as folks know, early in the pandemic, toilet paper was in high demand and it was hard to find, but we were reassured when we spoke to the CEOs across the country that there was plenty and that the supply chain was not going to be affected.

When it comes to solid wood products, with many people working from home, we did see an increase in home renovations and home improvements. We think that this trend will continue. I see an improvement in the supply of materials for that area. There was quite a pinch point about four weeks ago, where it was difficult to get materials, but that seems to be easing.

Ms. Yvonne Jones: That's great. Thank you.

Can you speak to us for a few minutes today about some of the new programs or strategies that are currently ongoing within Natural Resources Canada that will help improve competitiveness and the overall health of Canada's forest sector as we go forward over the next year, and your—

• (1425)

The Chair: You have about a minute and a half, to be precise.

Ms. Beth MacNeil: Thank you, Mr. Chair.

In terms of supporting the competitiveness of the forest sector, in budget 2019 the government announced \$251 million for our forest sector competitiveness programs. They were launched this summer. We're reviewing right now the proposals and the expressions of interest for our forest sector industry transformation program, the expanding market opportunities program for overseas markets, and the indigenous forestry initiative.

Another area that I mentioned in my opening remarks was innovation programming, through which we are helping to accelerate the production of filtration media through the work of FPInnovations.

Thank you.

The Chair: Ms. Jones, you have about 20 seconds left if you want to use it.

Ms. Yvonne Jones: Thank you, Mr. Chair. I'm good.

Thank you very much for your responses.

The Chair: Thank you.

Mr. Simard, you're up.

[*Translation*]

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

Thank you for your presentation, Ms. MacNeil.

My first question is rather short. The government's forest strategy covered 2017 to 2020. I'm not sure whether you have with you the figures for the 2017-20 funding committed under the strategy.

[*English*]

Ms. Beth MacNeil: Mr. Chair, I'm sorry, but I don't know the details. We don't have a national forest strategy. Is the honourable member referring to our forest sector programming?

[*Translation*]

Mr. Mario Simard: Yes, that's it.

[*English*]

Ms. Beth MacNeil: In terms of recent investments, as I mentioned, budget 2019 allocated \$251 million to our forest sector competitiveness programs. On top of that, this summer the Government of Canada allocated an additional \$30 million for COVID-related health and safety measures affecting tree planting operations and mill operations across the country.

As for what has been allocated, we did the call for proposals in the summer, and we are going through the expressions of interest

right now. We hope to be financing some of those projects before the end of the fiscal year.

[*Translation*]

Mr. Mario Simard: I'm going to come back to Ms. MacNeil shortly. Would it be possible to have the analysts or researchers give us an overview of the investments that were made in the forestry sector? That might be helpful to the committee.

Ms. MacNeil, you brought up the softwood lumber dispute and the need for liquidity. In speaking to a number of stakeholders, I have been told that it's hard to access liquidity and that the federal program is unsuitable because businesses have to be technically bankrupt in order to obtain government support. My fellow member Mr. Zimmer talked about the challenges the dispute poses and the WTO ruling in Canada's favour.

Keeping in mind your purview and the latitude you have to answer, I'd like to know whether it would be smart to develop a loan guarantee program with full knowledge that Canada will come out the winner of this trade war once all the legal proceedings have come to an end.

[*English*]

Ms. Beth MacNeil: I think that for the specifics on these questions I would suggest that my colleagues at Finance Canada or ISED—Industry, Science and Economic Development—be invited to respond.

There were COVID-related measures set up, and I believe what the honourable member is asking about is in particular the large employer program, the LEEFF program.

I would add, though, that with regard to the pressure and the stress we saw on softwood lumber operations in the winter and in the early months of the COVID period, we are not seeing those pressures today. Mills are up at full operation, and what they're getting per thousand board feet has increased from approximately \$295 per thousand board feet to, this week, \$540. That again was what I referred to. It hit a high of about \$1,000.

• (1430)

[*Translation*]

Mr. Mario Simard: Thank you.

Another issue I'm quite concerned about is the pulp and paper industry's transition. You mentioned the bioeconomy, which is the key to the pulp and paper industry's transition. As far as you know, do any existing federal programs support research and development and the pulp and paper industry's transition towards a bioeconomy?

[*English*]

Ms. Beth MacNeil: Yes, there are. I will mention two Government of Canada programs.

One is the investments in forest industry transformation program. In the past, we have funded projects that are related to pulp and paper and support the bioeconomy. Certainly in the letters of expression of interest that we're reviewing right now, there are operations that would be under pulp and paper.

I would also say that the Government of Canada funds approximately one-third of FPInnovations, and there are several pulp and paper members in that organization that benefit from our efforts to advance the bioeconomy bioproducts.

The Chair: Thank you, Ms. MacNeil.

Mr. Simard, you have about 15 seconds. I'm not sure if that gives you enough time to ask another question.

[*Translation*]

Mr. Mario Simard: That doesn't leave me much time for a question.

Thank you, Ms. MacNeil. I have just 15 seconds left.

Could the analysts prepare some sort of fact sheet on the programs relevant to the bioeconomy? Certainly, that is an issue we'll be looking at next week. I don't know for sure, of course.

[*English*]

The Chair: Thank you, Mr. Simard.

Mr. Cannings, we will go over to you.

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

Thank you, Ms. MacNeil, for appearing before us again. It's always good to see you and hear from you.

As you know, one of the themes of this study that we're undertaking is how the forest sector can help Canada reach its climate targets; how it can help reduce our emissions. I know the government takes credit for carbon sequestration in forests when it's calculating its emissions reductions. I forget the most recent figure, but I think it's somewhere around 20 megatonnes to 40 megatonnes. I have no idea how they calculate that or if it's just some magical algorithm.

I'm wondering if you could help me in terms of how those figures are calculated. I'm assuming that the emissions reductions they're putting in there are really additive and are the result of changes in the actions the government and industry are taking in changing past practices. Otherwise, we're taking credit for a carbon sequestration that's been going on for millennia while our emissions are going up. We're taking credit for 20 megatonnes in bad forest fire years, as we've not had this year, but in British Columbia, emissions are on the order of 200 megatonnes from those fires in that one province alone.

I'm wondering if you could help me with how that contribution of the forest sector is calculated in our carbon emission accounting.

Ms. Beth MacNeil: For the specifics, I would invite Dr. Werner Kurz, one of my colleagues, to come and explain the methodology on that calculation.

We do take into account that in Canada right now there are 14 megatonnes of carbon sequestered in the managed forest and derived wood products, but as we do those calculations, you are correct to say that we have to take into account the emissions that happen when, for instance, the mountain pine beetle goes through and destroys forests, as well as wildland forest fires, so that natural disasters are counted in that.

Then we have a modelling, called the carbon budget model, that the government and NRCan produced. It's used around the world and is in line with the United Nations requirements. As to the technical aspects of the model, I can't answer that today.

● (1435)

Mr. Richard Cannings: Thank you. I think Werner Kurz is on our witness list, or at least on the NDP's witness list, to appear here.

You mentioned IFIT, the investments in forest industry transformation. One of the issues I've been hearing about a lot in my riding over the last few months is proposals for renewable natural gas plants that use forest waste right now. As you know, a lot of the forest waste—in British Columbia, anyway—is burned at the end of the year in slash piles that produce as much carbon in our atmosphere as all the cars in British Columbia put together. If we could eliminate or reduce those emissions, it would go a long way toward helping us.

I'm wondering if you are aware of whether IFIT is helping to fund innovations in that regard in new plants that will be using that material, creating renewable natural gas instead of just burning it into the atmosphere.

Ms. Beth MacNeil: Getting more value from wood and wood residue for certain is funded by and eligible under the IFIT program. I don't know what the result is of the early call for proposals, but 70 expressions of interest came in by the end of August. Yes, that would be the type of project.

The other source is ISED's strategic innovation fund. As well, \$100 million was set aside in the fall Speech from the Throne, I believe, in 2018. Of course, I think the proposed clean fuel standard that's under development will help create further demand for these types of transitions and bioproducts.

Mr. Richard Cannings: Okay.

I have time for another question, I hope.

The Chair: You have one minute.

Mr. Richard Cannings: I'll just follow up on my first question.

You mentioned the plan to plant two billion trees to help reduce emissions. I implore you to make sure that those actions are additive. As an ecologist, I know that if we harvest a forest or if pine beetles kill a lot of mature trees in a forest, Mother Nature will plant millions of trees on her own. If we go in there and mow all those trees down and plant, we can't take credit for those emissions reductions through sequestration.

If there are plans to actually plant these trees, will they be planted in situations where trees would not have grown otherwise?

Ms. Beth MacNeil: That's an excellent question. The intent in the announcement was that those trees be incremental. Canada is a world leader, as you know, in sustainable forest management, and what that actually means is that if you harvest a tree, you're legally obligated to plant one. We are looking at an area twice the size of Prince Edward Island. They would be incremental, adding new forest cover to Canada's landscape.

The Chair: Thank you, Ms. MacNeil and Mr. Cannings.

We're moving into the five-minute round, and somebody from the Conservatives is up.

I see that you're back, Mr. McLean. I'm sorry that you had technical challenges briefly, but we're glad to see you. I'm not sure who's going up next from your side.

Mr. Greg McLean (Calgary Centre, CPC): I think Rachael is.

The Chair: You're up, Ms. Harder.

Ms. Rachael Harder (Lethbridge, CPC): Greg, do you want to go ahead?

Mr. Greg McLean: No, I don't, because I haven't heard anything, so I think I'm going to defer to my colleagues.

Ms. Rachael Harder: Okay, perfect.

I guess my question for the witness is that I'm wondering if you can comment a bit further on this idea that two billion trees would be planted by 2030. My understanding is that as of September, not a single one of these trees had been put in the ground. I would look to you for confirmation of that.

You've just said that when an organization or a company takes a tree from the land, they're expected to replace it with another tree. Is this announcement from the Prime Minister for the two billion trees on top of the trees that the private sector is already required to replace, or is this the government paying for those replacements that the private sector would otherwise have covered?

● (1440)

Ms. Beth MacNeil: That's a very good question.

On the two billion trees, the recent Speech from the Throne last month reaffirmed Canada's commitment. We are awaiting a budget decision, but in the meantime, since late last fall, we do continue—I and my team—to engage with potential partners.

It is above the requirement and above the numbers that companies and provinces already are committed to planting. When I say “incremental”, that means we're not paying for what they already have to do by the law in Canada under the regulatory regimes in the provinces.

I would also add that the government has supported, in the last few years, under the low-carbon economy fund and infrastructure, disaster and adaptation—

Ms. Rachael Harder: I'm sorry, Ms. MacNeil, but just in the interests of time, I have very specific questions and I ask that you answer them directly. Thank you.

With regard to these trees, then, two billion trees are supposed to be planted by 2030. Not a single one of them has gone in the ground to date. In order to meet this deadline, nearly half a million trees would have had to be planted every single day. What is your plan, Ms. MacNeil, or the department's plan, in terms of getting these trees in the ground by 2030?

I'm looking for just a detailed plan, just an outline of the plan.

Ms. Beth MacNeil: I do not have a detailed plan at this time. We are awaiting the budget—

Ms. Rachael Harder: Thank you.

It's shameful that there is no plan. It's shameful that the Prime Minister would come forward with a promise in his election campaign and then would reiterate that promise during his Speech from the Throne, and still there would be no plan in place. This was supposed to start in 2020. It obviously has not. We're coming to the end of the year. We have about two months left, and there is no plan. That's shameful. That's a lack of leadership.

My next question, then, is this. You said in your opening remarks that forests play a very key role in carbon sequestering and helping us find solutions for climate change. Would you agree with me, then, that if forests play such a key role, wouldn't farmers and the work they do also play a very important role?

Ms. Beth MacNeil: Yes.

Ms. Rachael Harder: Thank you.

May I ask why more attention is not given to that, or would you have an answer?

Ms. Beth MacNeil: My colleagues at Agriculture and Agri-food Canada and Environment and Climate Change Canada are involved in meeting with stakeholders in the agricultural sector for nature-based climate solutions.

Ms. Rachael Harder: I know this has little to do with you, but I would say that actually this government unfortunately demonizes farmers over and over again, when we know that they actually play an incredibly key role in sequestering carbon and helping maintain a strong environment for Canada.

My next question is this: The Prime Minister also announced a ban on plastics that would start being put in place in 2021. In your opening remarks, you talked about how forests play a key role in maintaining a strong environment, but a ban on plastics—which, by the way, can be produced in a way that is incredibly environmentally friendly, through the use of natural gas and the reuse of plastic, so there's a recycling capacity there—means that instead there's going to be a shift to using paper products and wood products. That means that more and more of our forests are going to be taken down.

You just said that they're needed as an environmental solution, going forward, with regard to climate change. Why are we banning plastic?

Ms. Beth MacNeil: I would invite my Environment Canada colleagues to answer on the regulatory regime for banning plastics.

We harvest less than 1% of our forests in Canada, and what we harvest, by law, has to be replaced.

• (1445)

Ms. Rachael Harder: I understand—

The Chair: Thanks, Ms. MacNeil.

Unfortunately, that's all the time we have, Ms. Harder.

Ms. Rachael Harder: Thank you.

The Chair: You're very welcome.

Mr. Lefebvre, we go over to you for five minutes.

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

Thank you, Ms. MacNeil. It's good to see you again.

Maybe I will give you a minute to answer the question that was asked with respect to the two billion trees. I know you wanted to say some more on that, so maybe you can follow up to fully answer the question that was asked by my colleague.

Ms. Beth MacNeil: Thank you.

Mr. Chair, what I intended to say was that we have been engaging with people and doing the necessary groundwork to inform our plan since last November, but the government hasn't remained idle. Under the low carbon economy fund and the disaster mitigation and adaptation fund, the Government of Canada has supported over the last few years, and will complete by 2022, the planting of 150 million trees coast to coast.

On top of that, our tree planting season in Canada, which saw the planting of 600 million trees this year, was at risk because of COVID. Some of the costs went up as much as 20%, so the government is currently implementing, under Natural Resources Canada, \$30 million to help defray those costs, which ensured that the trees got into the ground this year.

Mr. Paul Lefebvre: On that point, given the \$30 million that we put forward with regard to health and safety during tree planting, do you have any more information that you'd like to share with us as to how the season went, because the snow's almost on the ground here. I'm sure it is across the country, in other provinces.

Ms. Beth MacNeil: That's an excellent question. I'm very happy to report that with the added money that was available, not a single

tree planter actually contracted COVID, so the extra measures that we took—extra vehicles, extra dining halls right along the whole tree planting value chain, as well as the protection of communities that these tree planters went into—were a success, and all 600 million trees got planted this year.

Mr. Paul Lefebvre: Thank you.

I'm the son of a welder who worked in the pulp and paper industry at Spruce Falls in Kapuskasing. Actually, my grandfather helped build the mill back in the 1920s, so pulp and paper is very key to me. I know that this pandemic has really put a stress on paper.

On the pulp side and with regard to the bioeconomy and diversification, what are you hearing from stakeholders across the country about that potential?

Ms. Beth MacNeil: Mr. Chair, the potential with regard to the pulp side of the business in support of the bioeconomy and bio-products, I really believe, is limitless. For instance, I've seen a plastic bottle that's made from waste from the bioeconomy. It's a little brown-looking, but this bottle won't go in your recycling bin; it's actually biocompostable. We are seeing things that we never imagined coming from residue and other products from the pulp side of the business. There's huge opportunity.

Mr. Paul Lefebvre: Thank you.

You also mentioned that what we're trying to do on the international markets is support exports of Canada's value-added products and just raw products as well. Can you give us more information? I don't think we have a lot of witnesses who can come forward to provide us with what we're doing as a government to support Canadian stakeholders to access international markets.

Ms. Beth MacNeil: We have the expanding market opportunities program. We're targeting countries such as Japan, India and China. Our exports have actually increased eightfold in the last number of years. I was on an international call just yesterday, and the demand is high, even though we're operating in a digital world. EMO, the expanding market opportunities program, partnered with 14 separate organizations in Canada this year, and the market has not slowed down in terms of exports.

Mr. Paul Lefebvre: That's great.

How much time do I have, Mr. Chair?

The Chair: You have 30 seconds.

Mr. Paul Lefebvre: On the IFI, the indigenous forestry initiative, can you give us a bit of background on the success that this program has had?

I know you've enhanced it and I've witnessed this with my own eyes, but I want to hear from the department about what you guys are seeing as the benefits and the consequences that this funding has provided.

• (1450)

Ms. Beth MacNeil: I view the indigenous forestry initiative really as economic development of true reconciliation on the ground to support indigenous communities across the country. Whether it's supporting them in the bioeconomy or bioheat and bioenergy, it's had a significant impact from an economic perspective.

The Chair: Thank you, Ms. MacNeil, and thanks, Mr. Lefebvre.

Mr. Simard, you have two and a half minutes.

[*Translation*]

Mr. Mario Simard: Thank you. I'll be quick, Mr. Chair.

I'd like to tell my fellow member Ms. Harder that all petrochemicals can be replaced by forest-based products, not by cutting down trees, but by leveraging forest waste. That is what the bioeconomy is all about. That is paramount. I hope the committee will be able to show that over the next few weeks, with the help of our friends at innovation. To me, that's fundamental.

Ms. MacNeil, as far as planting the two billion trees is concerned, I've consulted a few people. When trees are planted in order to sequester carbon, it has to be done in a certain way. They can't be planted just anywhere or in any which way. There is a way to maximize their contribution, depending on soil and species. The process requires fairly in-depth knowledge, so I was wondering how far along things are, because we haven't seen any results yet.

Where do things stand in terms of the two billion trees that are supposed to be planted? Have you spoken to any experts?

[*English*]

Ms. Beth MacNeil: Thank you for the question.

Mr. Chair, with regard to the two billion trees initiative and when that is launched, we are already working with provinces that have registered professional foresters, along with the industry. It's not just.... It takes two years to grow a seedling; it's growing the right seedling, selecting the sites, choosing the right species for the sites and preparing them. Then, once they're planted, we have to monitor for success. We do have the capacity lined up with provinces, and we have capacity internally at NRCan's Canadian Forest Service.

The Chair: You have 30 seconds, Mr. Simard.

[*Translation*]

Mr. Mario Simard: I'll keep my question to 30 seconds, then. We talked a little bit about the potential of the forestry sector to fight climate change. A number of stakeholders have told us—and I think the evidence the committee hears will bear this out—that the best way to achieve that goal is to build carbon footprint conditions into government procurement contracts.

Ms. MacNeil, are you aware of any measures the department could take to develop the carbon footprint requirement in government procurement?

[*English*]

The Chair: You might have to answer that with a yes or a no.

Ms. Beth MacNeil: I would defer to Public Works and Government Services Canada.

The Chair: All right. Thanks, Ms. MacNeil. Thanks, Mr. Simard.

Mr. Cannings, we'll go over to you for two and half minutes.

Mr. Richard Cannings: Thanks again.

I'll switch to one of the other focuses in this study, which is the value-added piece about how we can support the forest industry through that mechanism when it's having tough times, especially in terms of the illegal tariffs going to the United States. People who have been on this committee with me for a while know that I've always put forward the idea that mass timber is one of the best ways we can do that. We can take our two-by-fours and two-by-sixes and turn them into something more valuable and get more jobs for every tree that's cut down.

I have Structurelam in Penticton in my riding. They are really the leader in this area in North America. Kalesnikoff in Castlegar has now built a very large brand new plant. We've heard of Chantiers Chibougamau in Quebec, and they do this as well.

I know that in the past the federal government has supported this initiative through pilot projects and through research. Hopefully we'll see a new federal building code that will further support this idea. I'm wondering if you could spend the rest of my two and half minutes talking about mass timber and how that can play into helping the forest sector across Canada get through these times.

• (1455)

Ms. Beth MacNeil: Nature-based climate solutions are not just about planting trees but also about increasing the use of wood and the circular bioeconomy. Mass timber construction has enormous potential. We've already seen British Columbia and Alberta change their building codes to allow mid-rise buildings to be made out of wood. They were built only with concrete and steel before.

Nationally, we are working on changing the national building codes. I would hope that the change would be announced soon. That would be up to 12 storeys. What folks are realizing is that after we harvest this wood, we keep the carbon in that wood. We call them long-lived wood products, and they continue to sequester that carbon. Then the cycle begins again with reforestation.

The Chair: Excellent.

Thanks, Ms. MacNeil and Mr. Cannings.

Who's going next from the Conservatives?

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): That would be me, Mr. Chair.

The Chair: Okay, Mr. McLean, we'll go over to you for five minutes.

Mr. Jeremy Patzer: It's Mr. Patzer, actually.

The Chair: Oh, sorry. I was looking at the wrong screen.

Mr. Jeremy Patzer: No worries.

The Chair: Go ahead, Mr. Patzer.

Mr. Jeremy Patzer: Thank you very much, Ms. MacNeil, for joining us here today.

I have a few simple questions to get started. First of all, I am wondering if you know, or if there is a report on it by your department, how much carbon one acre of forest land sequesters.

Ms. Beth MacNeil: If that's treed land, it would depend on the type of tree, the type of species. We measure in hectares. Certainly we would be able to provide that information, but I don't have it with me right now.

Mr. Jeremy Patzer: Yes, please do provide that report, if you wouldn't mind, along with the total hectares of forested land there is in Canada so that we can get an overall picture of how much forested land we have in the country and how much carbon it sequesters overall. If we could get a report on that from you, that would be fantastic.

The Prime Minister said it was necessary to prorogue Parliament so that we could consider the government's new plan in light of this year's COVID situation. After prorogation and the new throne speech, what have been the major shifts for your department to re-focus your work in the last one to two months?

Ms. Beth MacNeil: The focus in our department is really to help natural resource sectors get back on their feet. I'd like to say that we're continuing to support the workers in the sectors' communities to survive. We need to help them stabilize and then reimagine a transformed sector, like forestry, that is a part of the bioeconomy. A green, inclusive economic recovery is our focus.

Mr. Jeremy Patzer: Were any projects or activities put on hold or cancelled because of the prorogation of Parliament?

Ms. Beth MacNeil: I am proud to say that we launched our programs in July. We are evaluating without delay the expressions of interests in the forest sector programming.

Mr. Jeremy Patzer: No programs were put at risk or set back or anything like that?

Ms. Beth MacNeil: No.

Mr. Jeremy Patzer: Right on.

How has the government's response to COVID affected your ability to help the industry with the ongoing challenges and losses it has experienced over the last number of months, even prior to COVID?

Ms. Beth MacNeil: With the government programs that we have in place and with the renewal of our forest sector programs prior to COVID, which were launched this summer, and the COVID-related measures aimed at employees, we've been able to help provide support at the worker, the firm and the sector levels.

Mr. Jeremy Patzer: Thank you.

To go back to the environmental focus here, there is an expectation out there for bioproducts and biofuels to reduce demand for fossil fuels. Has your department calculated Canada's competitive capacity for producing these products?

Ms. Beth MacNeil: I'll have to defer to my colleague Jeff Waring.

Jeff, are you aware of that? Do we have that analysis?

Mr. Jeff Waring (Director General, Trade, Economics and Industry Branch, Canadian Forest Service, Department of Natural Resources): In terms of a complete landscape perspective, no, we haven't gotten into that kind of detail.

• (1500)

Mr. Jeremy Patzer: How much of a reduction is possible for emissions, and how soon could it happen if we were to shift into biomass, bioproducts and biofuels?

Ms. Beth MacNeil: I think it will be similar to Jeff's answer. I don't have the analysis today. We can check back with colleagues in our department and our colleagues at—

Mr. Jeremy Patzer: Are those studies ongoing as things we're actively pursuing, or have we started pursuing them to get that information yet?

Ms. Beth MacNeil: I'm not the expert in this area. I'll have to take the question back to my colleagues at Environment Canada and to my colleagues at NRCan.

Mr. Jeremy Patzer: It's important to make sure people know that we have a plan, or that if we don't have a plan, we're on our way to getting a plan, so yes, I would appreciate that.

Last, there's one other point I want to touch on again. We've talked a little bit about the issues with trade with the U.S. The Prime Minister has expressed that when it comes to the U.S. election, either outcome will be significant for Canada. I'm wondering if it would be fair to say that your department shares this outlook.

Ms. Beth MacNeil: I will not comment on the trade disputes and the state of the trade disputes. That's for Global Affairs Canada.

Mr. Jeremy Patzer: As far as our forestry and natural resources sector is concerned, would your department expect for there to be consequential policy differences or changes resulting from the American election? I'm just wondering if there is some forethought going into a sector strategy, depending on what the outcome will be, based on what our biggest trading partner is doing.

Ms. Beth MacNeil: We have an excellent relationship with the United States and my counterparts in the U.S. I don't expect that to change.

The Chair: Thank you, Ms. MacNeil. Thanks, Mr. Patzer.

Mr. Weiler, you're going to take us home and end our week on a positive note. It's over to you for five minutes.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair.

Thank you, Ms. MacNeil, for joining our committee again.

In your opening remarks, you mentioned that the federal government is providing up to \$30 million for small and medium-sized enterprises in the forestry sector to help defray the costs of safety and health measures related to COVID. I know how important this has been. I've heard from a mill in my riding about the additional costs they were facing.

I'm hoping you can give us an idea and a little bit more information about how this money is being distributed.

Ms. Beth MacNeil: This program is being administered by the provinces. We've been engaging with them for a number of months now. We're in the process of developing contribution agreements with the individual provinces across Canada, and they'll be disbursing the funds.

Mr. Patrick Weiler: Thank you.

To follow up on MP Lefebvre's comments earlier about the work that our government is doing to help with access to new international markets, I was hoping you could go into a little bit more detail there. You mentioned that we are looking to expand further in some markets in Asia. I'm wondering what those efforts look like, what types of products we're looking to expand, and how that relates to the innovation that we're seeking in the forestry sector.

Ms. Beth MacNeil: Part of the expanding market opportunities program is actually a training component. We develop modules. When we consider markets overseas—for instance, China—we're actually working with ministries of housing for them to understand what mass timber construction and building with wood can do, the safety of it and its contribution to the green economy. We're working with architects and engineers in these other countries and doing a knowledge exchange to increase the demand for wood products coming from Canada.

Mr. Patrick Weiler: Thank you.

I remember quite clearly that right after the Olympics, there was a major trade mission to different areas of Asia to promote wood as a building product, and particularly, to follow on MP Zimmer's comments, to promote using the wood infested by pine beetles as an option to help take advantage of something that would otherwise go to waste.

To follow up on that, you mentioned in your comments that we're well placed to be a leader in the circular bioeconomy. I'm wondering how NRCan describes what the circular economy is.

Ms. Beth MacNeil: That's a good question.

Mr. Chair, I'll provide what is a very simple definition in my mind. Hopefully, it's accessible. There's a “what” and a “how” when we're thinking of bioproducts and the circular bioeconomy. I would say that bioproducts are the “what” and the circular bioeconomy is the “how”. That means replacing non-renewable products with renewable products. It might be that a good example, as we have discussed, is increasing the use of wood in low- and mid-rise construction and the changing of those standards.

• (1505)

Mr. Patrick Weiler: Thank you.

Mr. Chair, how much longer do I have left?

The Chair: You have one minute.

Mr. Patrick Weiler: Great.

I'd like to follow up on some of the comments that were made earlier about our work with indigenous communities. I was hoping that you could expand on some of NRCan's work with indigenous communities on forestry projects.

Ms. Beth MacNeil: Thank you.

There are two programs. There is the indigenous forestry initiative, in which we work with communities on forest management plans or economic revitalization and stability. It might be, let's say, a pellet mill operation introduction to the bioeconomy. We also have another program for off-diesel operations in remote and rural communities. What we're trying to do there is use forest biomass for the production of heat and energy. It's making a real difference in these communities.

Mr. Patrick Weiler: That's great.

You mentioned some of the benefits of building with wood products. I went to law school across the street from where the 18-storey building was constructed at UBC, where we have the tallest building in Canada built with wood products. I'm just wondering what level of coordination NRCan has with ISED on the national building codes.

Ms. Beth MacNeil: Jeff, can I turn to you for that question?

Mr. Jeff Waring: Sure, and thank you for the question.

We work closely with the National Research Council in a number of different ways to support building codes and standards. We've done partnerships in the past with them around fire ratings for mass timber and have worked closely with them as they develop and implement the new standards that, as Ms. MacNeil mentioned, will increase the standard from six storeys to 12 storeys in the near future for wood construction.

The Chair: Thank you, Mr. Waring and Ms. MacNeil. Mr. Weiler, thank you. That's your time.

I think Mr. Cannings will agree with me that the reference to the Brock Commons building is a historically nostalgic reference from our perspective on this committee for those of us who have been here for a while, and it's a good place to end.

Thanks to both of you for taking the time to join us on a Friday.

Thank you, everybody, for your patience. This was the first time I chaired a meeting virtually and, all things considered, I think it went okay. I didn't cut anybody off or, more importantly, cut myself off. We'll work on it together and make sure that things move smoothly.

Thanks, everybody, for your co-operation—

Mr. Greg McLean: James, I thought that was a terrible meeting, by the way.

The Chair: We're still on the record here, you know.

Voices: Oh, oh!

Mr. Greg McLean: No, I couldn't get in. That's my beef.

The Chair: Yes, I know. I didn't realize that. I apologize for that. We need a better way of trying to smoothe that over too. Maybe it's the connection in Calgary that's the problem. Bob got in from a motel in Vancouver, so....

Mr. Bob Zimmer: Thanks, Chair.

The Chair: Thanks, everybody. Have a great weekend. We will see all of you on Tuesday, if not sooner.

The meeting is adjourned.

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