House of Commons
CANADA

# Standing Committee on Natural Resources

RNNR • NUMBER 019 • 2nd SESSION • 39th PARLIAMENT

**EVIDENCE**

## Thursday, March 6, 2008

## Chair

**Mr. Leon Benoit**

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● (1110)

[*English*]

**The Chair (Mr. Leon Benoit (Vegreville—Wainwright, PCC)):** Good morning, everyone.

We will start this meeting, which is our fourth, I believe, dealing with the unique opportunities and challenges facing the forest products industry.

We have today, from the Canadian Parks and Wilderness Society....

Point of order, Mr. Alghabra?

**Mr. Omar Alghabra (Mississauga—Erindale, Lib.):** Good morning, Mr. Chair.

I just wanted to ask if we could allow the last 15 minutes to discuss the motion I tabled two days ago.

**The Chair:** Thank you, Mr. Alghabra. We will do that.

I'll continue to introduce the witnesses today. From the Canadian Parks and Wilderness Society we have Tim Gray, chair, conservation committee of the board. From the Township of James and the Town of Elk Lake, we have Jeff Barton, community development forester. From McMaster University we have Robert Pelton, professor of chemical engineering. From the Maritime Lumber Bureau, we have Diana Blenkhorn, president and chief executive officer.

I would ask each of you to introduce anyone you have brought with you and just explain who they are and why they're there.

We'll start in the order in which you are listed on orders of the day. First, from the Canadian Parks and Wilderness Society, Tim Gray, chair. Go ahead, please.

**Mr. Tim Gray (Chair, Conservation Committee of the Board, Canadian Parks and Wilderness Society):** Thank you for inviting me here today.

Chris Henschel is with me from the staff of the Canadian Parks and Wilderness Society here in Ottawa.

My name is Tim Gray, and I've been working on forest conservation, forest policy, and forest economic issues for about 15 years. I worked as the executive director of CPAWS's Ontario office for a long time, and now I'm the program director for the Ivey Foundation in Toronto. We support forest conservation here in Ontario and in most jurisdictions across Canada, with the goal of completing a protected areas network and improving sustainable forest management in Canada.

Today I am here to represent the Canadian Parks and Wilderness Society. I'm going to read from my presentation and I'll be leaving an updated version of that, which can be translated and distributed later.

CPAWS is a national wilderness conservation organization. We have 13 offices in nine provinces and two territories. For over 40 years, CPAWS has been working to establish new protected areas and improve forest management.

Canada's forests give us globally significant economic opportunities. If we can treat them as a capital asset in a rapidly changing world, we'll be able to welcome a world eager to buy the products they produce in the coming century and beyond. Climate change, loss of wilderness, and past harvest practices all threaten the ecological underpinnings of Canadian forests. As well, the forest industry itself faces significant challenges caused by the erosion of the quality of forests, as well as factors related to rapid change in the economic underpinnings of the industry.

Fortunately for Canadians, we still have time to make changes that can put us on the road to prosperity. Governments must play a central role in setting a new table for business opportunities that attract financial capital and provide community benefits. We recognize that the Canadian division of governmental authority means that often the provinces, and not the federal government, hold the levers to plan for the future of our forests. However, by working with common cause, both levels of government can contribute to transformation of our forest-based economy. As a result, in this brief we seek to identify actions that are best undertaken at the federal level, and those that are best delivered provincially with federal support.

CPAWS has worked collaboratively with the progressive forest industry, aboriginal people, governments, and communities. We've been instrumental in working with industry in the development of rigorous third-party certification systems. We have helped to create progressive land-use plans, and we've provided advice to governments and communities across Canada. We're committed to working to help make the recommendations included in our brief deliver real benefits.

As to wilderness conservation, only about 9% of Canada's boreal forest, where most of the logging occurs, is permanently protected from industrial activity and oil and gas development. Forestry and mining continue to move into remaining areas of wilderness, most often without setting areas aside for the protection of other values. We know that climate change is stressing forest ecosystems and threatening their survival, and that intact systems have a better chance of adapting, surviving, and providing migration corridors, fresh air and water, and wood for the future.

We also know that Canadian wilderness is a high-quality resource in a global market where there is diminishing supply. With access to fresh water, clean air, and a valuable recreational resource, many communities near wild areas will have a bright economic future.

Finally, proof of wilderness protection is becoming a requirement to access global forest product markets. Increasingly, the forest industry must help protect wild areas to sell its products, and government can help make this task easier.

In terms of recommendations, we believe that governments should require the completion of land-use plans that include ecologically appropriate protected areas before any industrial development is permitted in all remaining wild areas of Canada. This would mean across northern Canada, northern Ontario, northern Quebec, into the territories. Completing a protected-area network before new forestry moves into that area, before mining begins, makes the most sense, both from an ecological perspective and a community perspective, but also in terms of the long-term ability of the forest industry to sell its products in a market that is increasingly demanding environmental performance as part of their way of doing business.

To their credit, the Forest Products Association of Canada supports this approach. Unfortunately, we've seen very little adherence to this by provincial governments. I think the federal government record in the Northwest Territories, for example, in undertaking a protected-areas initiative there is the right way to go. And there are ways the federal government can help to persuade provincial governments to do the right thing and plan for the future.

● (1115)

One way is to require that the Canadian Environmental Assessment Act require land use planning in areas where new industrial developments are going to proceed. Examples of this would be in places like northern Quebec and northern Ontario, where there is rapid new mine development, and part of the screening process for the Canadian Environmental Assessment Act could be the requirement that land use planning be done before industrial approvals are given.

In places where the federal government has lead authority for land use planning, the federal government can work with aboriginal people to undertake that before development proceeds. That is happening in the NWT, to the government's credit.

Governments can also move to require wilderness protection in independent forest certification systems. This is aimed more at the provincial governments, but the federal government, through NRCan and the Canadian Forest Service, has some influence. When provincial governments are requiring certification systems—this is happening in Ontario and New Brunswick, and Quebec is considering this as well—there would be a requirement that systems that include wild area protection be the ones that are mandatory.

Forest tenure reform.... Canada’s industrial forest tenures were originally established as a social contract between government and industry. Industry provided the capital that created infrastructure and jobs in logging and in the mills. Governments provided wood supply and a favourable policy regime in terms of timber pricing, taxation, and direct support: road construction, staff for management planning, reforestation. Since that time, governments have sought to ensure the persistence of this relationship by requiring that industry keep mills in communities where wood supply was being provided.

In recent times that relationship has broken down. Industry would like an end to the requirement to have the wood flow from local areas, from their licence area, to mills in those local communities. As well, because of technological change, fewer people work in the mills and in the forests than previously. Industry feels that it needs an end of what's called “appurtenancy” requirement, the licensing requirements to force wood to flow from a given licence area to local mills. They need to be able to move it around the province or even move it between provinces in order to stay economic.

We've also heard from industry that they would like tenure reform. They argue that more private ownership over public land would ensure investment security, that there would be more capital flowing to the Canadian forest industry if we privatized public land. Interestingly, the large forest tracts that are privately held have no better record of forest management or no better record of long-term tenure than public land. In fact, large areas of private forest land have recently been put on the auction block as a revenue generator.

However, given both of these things, industry is asking for an end to the social contract that originally provided it with a wood supply, and it's also asking at the same time for greater ownership rights over public land. We, as Canadians, do need a healthy forest industry, so we do need to look at the request that the forestry industry is putting in front of us and look at them from the public interest perspective. What is the best for communities? What is the best way of rearranging that social contract under changing conditions?

We think the best way to move forward is to create area-based tenures on all crown lands and require that these be managed as not-for-profit or for-profit corporations with independent boards of directors. So instead of having our forest lands be seen as a cost centre for the forest industry—right now it's where you have to pay to get the timber from, and you're always looking to minimize those costs, always looking to get the wood as cheaply as possible—instead of looking at forests that way, we think they need to be rearranged. Set up independent corporations that sell the wood at market price to the highest bidder. It meets the industry demand for changes to appurtenancy. The wood could flow wherever it wants, but the communities surrounding those forests and the people who are running the boards of directors would have a mandate to get the highest value and the highest price for the wood that's publicly owned and to produce employment benefits for the community.

In tandem with that, we want to enable this and move to market-based pricing of timber. If we moved to setting up forests as a profit centre, we could sell wood at market price. Companies that are new entrants to the system would have access to wood if they could pay for it. There would be wood supply, of course, available for the existing companies, and they can compete on the open market. It would also help the federal government, especially the Department of Foreign Affairs and Trade, deal with frequent U.S. industry accusations that our administratively set stumpage system unfairly provides a benefit to the Canadian industry. If we moved to a market-based pricing system we would get away from their demands for public land privatization and take away their key argument around our stumpage system, because it would be market-based.

● (1120)

On forest certification, as you likely know, there are three certification systems operating in Canada. Only one of them enjoys the support of aboriginal communities and NGOs and delivers tangible benefits in the marketplace, and that's the Forest Stewardship Council. That system and companies that are certified under it have been enjoying growing market share and growing sales at the same time as the industry overall has been declining. I'm sure most of you will have seen Jim Lopez's comments in the media over the last few days about how being certified to that certification system helped that company recover from its bankruptcy protection.

The federal and provincial governments can support that system in a number of ways. The federal and provincial governments can require that when they develop purchase preference policies for wood products and paper products for their own use, they choose FSC; when they're doing marketing in Europe that they profile the gold standard companies that are FSC-certified; and that provincial governments, with federal government encouragement, move to new area-based tenures.

Lastly, on new business opportunities, I'd like to support the work that provinces and the federal government have done to create loan funds and financial guarantees for investment for the industry, and require that to be matched by actual capital, new capital that's flowing in, and not just turn it into handouts and grants, but actually require that there be a business case for this stuff to go forward. I think that's a very positive improvement over the way the industry has been treated in the past.

Lastly, the biofuels and biomass industry is new, and it has huge potential to be an important contributor to the Canadian economy. Government's role here is to set the policy playing field about how we're going to extract resources for this new industry. There are no rules out there right now; it's a completely new economic driver in our forests, and we need to think about the policy framework for that. NRCan and the Canadian Forest Service have the expertise to help, and help the provinces move forward, hopefully, on a Canadian standard for what biomass extraction would look like.

Thank you very much for your time, and thank you again for inviting me here today.

**The Chair:** Thank you, Mr. Gray.

We go now to the Township of James and Town of Elk Lake. We have Jeff Barton, community development forester, and Terry Fiset, reeve, Township of James.

Go ahead, please, Mr. Barton. I believe you're going to make the presentation.

**Mr. Jeff Barton (Community Development Forester, Township of James and Town of Elk Lake):** Actually, I'll make the first component of it and then pass to my colleague.

Firstly, I'd like to thank you individuals for including us on the schedule today to speak about this important matter. I applaud your efforts to date and your recognition of this important issue. I'd like to specifically thank Mr. Boshcoff for his efforts with us and in getting in touch with us earlier in the year.

My name is Jeff Barton. I'm the community development forester with the Township of James. Accompanying me is Terry Fiset. Terry is the reeve of the township, and he will make some comments. Also with us is Mr. George Lefebvre, a community development adviser who works closely with us on resource-based initiatives.

On that note, I'll pass it over to Terry.

● (1125)

**Mr. Terry Fiset (Reeve, Township of James, Township of James and Town of Elk Lake):** Thanks, Jeff, and again, thanks to the committee.

We have a package here. We'll have more to circulate. I think some of you have it in your hands now, but we will hand it out after the presentation.

I'm reeve of the Township of James and Elk Lake. I've been reeve for 26 years. It's been a long time. I've been through a number of issues in that timeframe provincially—significant parks issues, parks expansions, native land caution over an area of about 4,000 square miles. It was the only one in the province of Ontario that stymied development for almost 20 years in our area, from 1973 on into the nineties. Through that timeframe, the only thing that was allowed to take place in that area was forestry. So we have been an advocate for the forest industry for a long time, as far as the community goes.

The Township of James and Elk Lake is a small community in northeastern Ontario, in Temiskaming region, between North Bay and Timmins, with a population of approximately 470 people. The Town of Elk Lake is home to Elk Lake Planing Mill, a medium-sized lumber producer and a major employer, with a long history and deep family roots in the region. The Grant Forest Products oriented strandboard mill is located 45 kilometres from Elk Lake in the Town of Englehart, and it shares a long family commitment to the region. Together the two mills consume over 1.7 million cubic metres annually and contribute directly or indirectly to the economies of over 30 communities in our region.

The forest industry and communities like ours need each other. Our family is a fourth-generation logging contractor. That's what we do. We are the people the forest industry is talking about when they indicate that we are the lifeblood of hundreds of communities across the country. As such, we are in an extremely vulnerable position right now as the industry navigates through this perfect storm. Despite the vulnerability, we believe that we are in a position to assist the industry in its efforts to not only survive in the storm, but to emerge from it stronger than it ever has been. We've always been of a cyclical nature in the forest industry, and we are probably in one of the longer lows that we're going to be in, but we know there is a light at the end of the tunnel and we will move ahead.

The following comments represent recommendations and observations that we have evolved over several decades of proactive, progressive, and sometimes aggressive involvement in the forestry sector. The first one is don't give up. The forest industry is not dead, nor is it dying. It's in a cycle. So what can we do through those cycles? That's going to judge the merit of why we're here today.

Although there are applicable comparisons to the events in the east coast fishery with respect to the impacts on communities, Canada has a healthy forest resource and world markets for forest products continue to grow. The future is bright, but the present is abysmal.

The industry is in a state of transition, and there will be more pain, as the industry continues to consolidate, before this transition process is complete. Although we recognize that some communities will be more directly affected than others, we believe that governments need to allow this rationalization to occur in order for the sector as a whole to survive. They also need to be prepared to assist these communities directly following closures or shutdowns of mills.

We support training initiatives. However, retraining indicates an assumption that qualified, skilled forestry workers need to move out of the sector and on to something else. That is not the case. There was a big push in the mining sector back a number of years ago when the mining was in a downturn that we have to retrain. And right now there's a shortage of miners right across the nation. We can't get enough miners. So retraining is not the answer. Training to upgrade skills, that is one thing, but to retrain to get them into another sector, that's not the sole answer here.

When the industry emerges from this sectoral transformation, there will be need for trained workers at all levels. In the interim, it is critical that the government support training programs that will lead to the development of creative, qualified individuals who can play important roles in the re-establishment of Canada as the global leader in forest products.

On security of the wood supply, in order for the forest industry to emerge as a competitive sector and attract investment, it is critical that a predictable and consistent supply of affordable timber is available. Although it may be tempting for policy-makers and politicians to create new parks and policy during a period of time when the industry is not utilizing these forests for fibre, this temptation must be strongly resisted. In conversations with community leaders and forest managers in northern California recently, where the industry was devastated by a number of coincidental factors in the early nineties, it was estimated that creation of parks replaced less than 17% of the jobs associated with the forest industry. A large number of those were seasonal. Furthermore, these jobs tend to be lower paying and require less training.

● (1130)

The third point is that the model forest program, the forest communities program, and the community forest program are initiatives that were set up. The model forest and the forest communities programs are federal; the community forest was set up by the province back in 1992.

Over the past 16 years, the Township of James has had the opportunity to participate in the provincial community forest program and has submitted proposals to both the model forest program and the forest communities program of last year.

The most recent initiative, the forest communities program, sought to address the challenges to resource-based communities brought about by the crisis in the forestry sector. Based on a stated budget of $4 million annually shared among 11 projects, this initiative needs to be expanded to make a meaningful contribution, given the magnitude of the challenges we've got.

Despite our disappointment at not being selected for this program, the Township of James has continued to work with the forest industry in looking for opportunities for economic diversification and industrial survival through this critical period. These endeavours have included the examination of opportunities for the production of bioenergy and value-added products. We are also working with educators to enhance resource-oriented programs and have initiated a relationship with the community of Hayfork, California, to learn from its experiences from the restructuring of the forest industry there.

We have two other points, which I'll let Jeff speak to.

**Mr. Jeff Barton:** I'd like to talk briefly about forests and carbon credit in the context of community development. As forests grow they sequester, or store, carbon. The maintenance of healthy forests across Canada is expected to provide an opportunity for significant participation in the global market for carbon credits. Although the market for credits in Canada has not been developed to the extent of other countries' around the world, the management and trade of these credits will present a great opportunity for economic benefit at some point in the future.

We believe forest-dependent communities should be given an opportunity to participate and benefit in this emerging sector.

In order to move forward with this initiative, we would like to explore the potential for a pilot project, through which our community would play a role in the development of a mechanism for marketing and management of credits. Presumably the financial benefit would help to offset economic losses associated with the restructuring of the forest industry.

Lastly, I'd like to address the issue of the timeliness of release and assistance. It's critical that governments at all levels get more involved in assisting the forest industry and affected communities through this crisis. Although we were very pleased to learn that the government had decided to release the funding for the aid package, we have had great difficulty in getting specific information from either the provincial government or the federal government, with respect to accessing this funding.

We also urge you to work closely and quickly with your provincial counterparts in Ontario, and appropriate municipalities, to provide some short-term relief to the industry. Possible actions are the elimination of crown dues for a period of time, the elimination of provincial fuel taxes, the adjustment of worker safety insurance board rates, the notion of offsetting assistance to municipalities to allow for a deferral or reduction in municipal taxes, and interim direct assistance to municipalities to allow for infrastructure maintenance while the industry is unable to contribute.

In closing, I'll pass it back to Terry.

**Mr. Terry Fiset:** There are a number of things out there. We've been through it for a lot of years, from significant provincial and local issues. I say it's a viable industry, but communities are one of the forgotten players in it. Even in forest management planning initiatives that were mentioned, they have economic impact modelling but it's just a check box. The actual hard aspect of it is the municipalities and the communities where you may have to put roads in, drainage systems, and have that infrastructure for an industry and then an industry happens to close for a period of time and you've spent a lot of money and there's nothing in there for those communities. It's really a hard row to hoe, and there's no moving ahead after.

So those are some of the things. Key infrastructure programs have to be maintained in those municipalities while things like this transition take place. Those are things that all levels of government have to be committed to. To maintain that infrastructure level—and I'm not talking about building new rinks or anything like that, but water, roads, and sewers—the main infrastructure has to be maintained and in place for those communities. It allows them at least the opportunity to diversify and do what positive workings can come out of a committee like this.

● (1135)

**The Chair:** Thank you very much, Mr. Fiset and Mr. Barton, for your presentations.

We will now go to Robert Pelton, professor of chemical engineering from McMaster University. Go ahead, sir, for up to ten minutes.

**Prof. Robert Pelton (Professor of Chemical Engineering, , McMaster University):** Thank you, Mr. Chair.

Good morning, honourable members. Thank you for giving me a chance to come and speak with you today.

My name is Robert Pelton, and I am a professor of chemical engineering at McMaster University. I've brought along with me Dr. George Rosenberg, who works with me on something called the Sentinel Bioactive Paper Network. I'll tell you a teeny bit about that.

For most of my career I've worked in research in the pulp and paper industry, so I'm here representing the academic research sector in pulp and paper. I want to tell you the state of that community, and I think you might be surprised. It's pretty much a good-news story. However, before I get into that I'd just like to make a couple of comments, as a Canadian, as an individual.

My first comment is that my heart really goes out to the small communities that are struggling across the country with mill closures. This is very, very tough, and there are no simple answers to this.

Secondly, on a more optimistic point, I'm told one in ten trees growing in the world are growing in Canada. Goodness, this has to be worth something, so the long term has to be an optimistic vision.

What about the Canadian academic community who are researching pulp and paper? Who are we? Well, there are about 100 university professors across Canadian universities who spend at least part of their time doing research on pulp and paper. There are major pulp and paper research centres situated at universities, spanning from the University of British Columbia all the way to the University of New Brunswick. So it's a big effort.

What do we do? Well, we do what many academics do. We produce well-trained people, and I think this is really important. We produce scientists and engineers who are going to be vital for the revitalization of the forest products sector.

The other thing we do is research crazy things, and this eventually leads to new technologies, new inventions. And this too is a key. I think the community has a lot to offer to the revitalization of the forest products sector.

How are we doing? How successful are we at that? Here I want to make a very clear distinction. I want to separate the research, and particularly the academic research sector, from the pulp and paper producers. We all know and have heard in great detail of the troubled times the pulp and paper producers are going through. The situation is quite a bit more optimistic in the research sector.

Canada, in my opinion, is a world player in academic research in pulp and paper. Our major competitors are Sweden and Finland, and in some areas we are leading the world. I'd like to give you one example, and it's a good example, because we can ask, then, why it is successful and whether we can do more of this.

In September 2005, 28 university professors and 50 graduate students and post-doctoral fellows started working together towards a common goal. They're doing this under the auspices of something called the Sentinel Bioactive Paper Network. This is an NSERC, Natural Sciences and Engineering Research Council, network. What this group is doing is trying to produce something we call “bioactive paper”. The simple explanation is to perhaps give you a couple of examples.

Perhaps you could envisage buying packaged meat with bits of paper in it, and the paper signals you and says, “Don't eat this meat. There is something dangerous in there.” Or perhaps you could envisage a disaster scenario in a developing world situation where you have a water filter and you can filter water through the paper. The paper kills the pathogens and tells the user that the water is safe to drink.

This is what we're trying to do. We're essentially trying to create a litmus paper that, instead of detecting acid and base, detects pathogens.

● (1140)

We've only been doing this for two and a half years now. We've had a lot of attention. In the December issue of *The New York Times* Sunday magazine they had a “Year in Ideas” piece where they listed Sentinel as one of the top 70 new ideas in the world in 2007. That's a big statement.

Our major competitors, the Finns and the Swedes, are starting to copy us and put together the same kind of organization. We have a lot of good results coming up—patents and that sort of thing. So I think we're successful.

Why are we successful, and how is this going to help the forest products sector? In my opinion, we are successful because Canada is a world leader at doing research networks. A research network is when you get a group of professors in a whole bunch of different areas all working together to tackle a similar problem.

Our American friends to the south don't do this very well. They believe in competition, and individual research groups fight each other to be the best. Our European competition has these huge EU-funded things that are very bureaucratic. But Canada is special.

These networks are funded by you guys. These are federal government networks. We have the networks of centres of excellence program, the NCEs, we've had the new business-led NCEs, and we have the NSERC research networks. These are really special, and they're giving results.

There are areas where we're lagging behind our competition on the science and technology front. I'll give you a couple of quick examples and then finish up.

One example is in the area of printed electronics. The vision is that you print simple circuits on paper or packaging to do smart things. We are way behind the Swedes and the Finns in this area.

Another area, one that has perhaps a lot more impact for us and has been mentioned already this morning, is this concept of biorefining. Biorefining has become a bit of a buzzword, but what it really means is turning the biomass—and in our case, this morning, the forest products—into fuels and chemicals. There are things going on in biorefining in Canada, but we're behind the Americans and we're particularly behind the Scandinavians already.

I want to finish up. I have two messages and two recommendations.

My first message is that the academic sector is important for the revitalization of our resources. Two, we're doing pretty good. We're a world player.

A lot of our funding is coming from the federal government, so what can you do? You can continue to support the existing programs, the networks of centres of excellence, the business-led NCEs, and the NSERC programs. These are all vital for us. If you want to do more, and it would be nice, I would recommend considering sector-specific research funding. Target some money at the biorefineries or the Sentinel renewal or some of the other really great projects that are coming down the pipeline.

It seems to me that things like this have been done, where the federal and provincial governments have worked together to support the auto industry. I think this is a good model.

Thank you.

**The Chair:** Thank you, Mr. Pelton and Mr. Rosenberg. I'm sure you'll receive questions when we get to the question period.

We will now go to the final presentation of today. Diana Blenkhorn is the president and chief executive officer of the Maritime Lumber Bureau. Go ahead please, Ms. Blenkhorn.

**Mrs. Diana Blenkhorn (President and Chief Executive Officer, Maritime Lumber Bureau):** Thanks very much for that, Mr. Chairman, and thanks to all the members of the committee for the invitation to appear here today. More importantly, I think we'd like to thank you for your focus on and commitment to reviewing the opportunities and challenges that are before Canada's forest sector.

I have worked with the Maritime Lumber Bureau for over 30 years. I can tell you that in that 30 years, I have not experienced a situation in which there has been a convergence of factors like we have today.

I'm aware that a number of my colleagues have appeared as witnesses before this committee as you study the issue of opportunities. And I know that you've been reminded numerous times that the forest products sector is Canada's largest industrial employer and the largest provider of high-tech jobs.

Much of the information that's already been presented before the committee reflects the situation we are experiencing in Atlantic Canada. We are experiencing a perfect storm: a strong Canadian dollar, a weakening demand, and even weaker prices. There are a number of additional challenges specific to Atlantic Canada, which I'll touch on later in my statement, that impact us directly and that others may not have talked about.

We concur with the recommendations of Avrim Lazar, of the Forest Products Association of Canada, and John Allan, of the Council of Forest Industries of B.C., earlier this week that the government can help by improving the business climate—the investment climate—through tax incentives: changes in the corporate tax rate and the capital cost allowance and refundability of R&D tax credits.

We agree with the submissions of other witnesses that in the climate change plan the industry should receive credit for measures already taken to cut greenhouse gas emissions. We would concur with previous suggestions that there are opportunities to assist with aid to develop the biomass industry as an alternative source of energy. I think the previous speaker touched on that as well.

We would also concur that the industry needs to restructure to improve efficiency. However, we would caution that rationalization does not mean regionalization. There needs to be a healthy forest sector in Ontario and Quebec and Atlantic Canada and British Columbia, not in just one of these areas.

There should not be disproportionate impacts across this country. There are—or should I say were—over 75 communities in Nova Scotia and New Brunswick where the forest industry has been the sole industrial employer. The forest products sector is and has been the cornerstone of the Atlantic economy.

Eight months ago, our records indicate, there were 97 full-time sawmills operating. If you look at provincial records you will see hundreds, but I'm talking about full-time, serious sawmills that make a year-round livelihood.

The results of our most recent survey, which took place on January 30, indicate that only 24 of those 97 are operating, and most of those are operating on reduced shifts. Over 1,500 employees have been laid off in the last six months.

In the Maritimes, the factors that result in a perfect storm are not being felt just by the manufacturing facilities. They are also being felt by 72,000 private landowners. I heard the comments earlier about that. More than 75% of the raw logs that supply maritime manufacturing facilities are sourced from private lands. The average in the rest of Canada is approximately 6%.

It is the market-based structure of the industry, with fibre costs controlled by the private sector, that results in wood costs being the highest in Canada. It is the market-based structure and the operating conditions in the region that result in the disproportionate impact of the current downturn.

I have with me three charts that demonstrate the point. I've asked the clerk to distribute them. I think you have them in front of you, and I would like to speak to them.

You're no doubt aware that it is the market-based system and the volume of private land production that has resulted in Atlantic Canada's exclusion, since 1986, from trade remedies in the Canada-U.S. softwood lumber dispute. These are the same conditions that have resulted in the historic exclusion being maintained in the current softwood lumber agreement.

● (1145)

Many consider this to be an advantage. Atlantic Canada did not receive an advantage. It was the only equitable conclusion that could be incorporated in the agreement if it was going to work as intended for all interested parties on both sides of the border.

Even with the exclusion, comparing the period of October 12 to December 30, 2006—and October 12 was the day the agreement entered into force—with the same period for 2007, October 12 to December 30, using Canada's Export and Import Controls Bureau's published statistics.... And you might say that's a pretty silly period, Blenkhorn, for one to use, but it's the only period that's published on Canada's export and import controls statistics, because during the most recent arbitration Canada was careful not to publish export data. So that's the period I had to use, and you will see that Canada's shipments, including for the Maritimes, to the United States have declined by 7.59%. British Columbia's shipments have declined by 6.88% and the Maritimes' shipments have declined almost double that, in the amount of 12.11%.

The other two charts simply show the gradual decline, either quarter by quarter over 2006—that's the only period where we had quarterly data leading up to the implementation of the agreement—or in annual data from 2001 to 2007. And 2001 was the beginning of the most recent softwood litigation and the exclusion of Atlantic Canada.

The vertical lines just mark the entry into force of the agreement. In looking at that, it's difficult to find any advantage. And statistics confirm what is, in our view, a disproportionate impact with the current downturn in our region. We would concur with previous witness statements, however, that government needs to find innovative ways to partner with industry and approach opportunities and challenges: everyone is suffering from coast to coast.

Our industry, coast to coast, is one of the most over-regulated industries in Canada. Government regulations impacting the forest sector cross numerous departments—Natural Resources, Environment, International Trade, Department of Agriculture, and I could go on. The litany of regulation is complex, and it's costly to both industry and government. Red tape reduction is important, and practical and effective regulation is essential to achieving a competitive business climate.

In the time remaining I'd like to outline an issue that's currently facing the Maritimes that has been both a disappointment and a challenge, and which we believe provides an opportunity. The witness statements of the Deputy Minister of Natural Resources and the assistant deputy minister, which I think were from around February 12, frequently reference the problems and impacts of the mountain pine beetle in British Columbia. We concur that this is a devastating problem that has impacted British Columbia directly, but all of Canada has indirectly felt the impacts of the mountain pine beetle problem. We would agree that the federal government has responded appropriately through the allocation of $1 billion over ten years to fight the problem.

However, it is a disappointment that there has not been any acknowledgement of the impact to the Maritimes as a result of the brown spruce longhorn beetle. The presence of the beetle has been a growing problem since it was first identified in 2000. There are differences in the two beetles, but each—excuse the pun—bug and negatively impact the respective regional industries.

The B.C. beetle was born in Canada. It's indigenous to this country. The Nova Scotia beetle is an invasive and alien pest imported from Europe. The B.C. beetle has caused mass devastation of the forest resource. The Nova Scotia beetle has caused devastation only in Point Pleasant Park in the city of Halifax. But despite the ability to trap it and confirm its presence in the forest, there is no evidence of dead or dying trees.

There are other differences. The 2006-07 budget allocated $300 million out of the $1 billion over ten years, $200 million for research and $100 million to deal with the economic reality of the economic impact after mountain pine beetle infestation has passed. The federal government has allocated only $1.5 million over three years towards the Nova Scotia beetle problem, and we're 10% of Canada's forest industry.

● (1150)

In British Columbia, because the mountain pine beetle is indigenous to Canada, there are no regulations—which impact the industry's ability to transport fibre—imposed by the Canadian Food Inspection Agency.

In Nova Scotia, the Canadian Food Inspection Agency uses regulation as the primary tool to restrict the movement of the forest fibre in any areas where the beetle is known to exist. There is a great deal of available science on the mountain pine beetle, but there are great gaps in available science on the brown spruce longhorn beetle. In the Maritimes we are dealing with excess regulation and insufficient science to support the decisions that are being taken today. Landowners, the province, and the industry are being severely impacted. And as the Maritimes operate as a single wood basket, the impacts are being felt in both Nova Scotia and New Brunswick, and Prince Edward Island to a lesser degree.

We need the federal government to recognize the devastating impacts of the BSLB on the industry. The forest is not dying as a result of the presence of the BSLB, but the industry is suffering. I agree with Tim, it's not dying, and we don't want to leave those inferences. But again, we're exacerbating our suffering for a totally unrelated issue. We need proportionate investment in science to determine conclusively associated risk and to develop and/or recognize practical and effective mitigating measures to address real risk, not just for what is perceived as possible, but to address what is probable rather than what is possible.

We need the government to partner with industry to develop solutions, not just regulations for the sake of regulations. Many practical and effective solutions have been proposed. They have been agreed to by individuals, both officials and bureaucrats, but the difficulty has largely been in implementing legislative authority and its restricting ability to implement changes. Is this a challenge or an opportunity, or both?

Already, the Department of Natural Resources' Canadian Forest Service laboratory in Fredericton has, with limited resources, developed a chemically produced pheromone lure that has proved effective in attracting the beetle. This is an important pioneer discovery and has been used in the beetle's native habitat in Europe. However, we don't know if the forests of Canada or the United States, as we're contiguous with the United States, are at risk. We don't know if this is a forest pest of significance—the science is inconclusive—or if it will act in Canada, as it does in its native habitat, as a secondary pest. We need science and we need it now, before the industry in the Maritimes suffers any further disadvantage.

If science determines that this is a pest of significance, then there is the opportunity to develop effective and practical measures that will protect the forests of Canada and the United States. But if science determines that this is not a pest of significance, then there's an opportunity to deregulate the trade-restrictive measures currently imposed on the Atlantic region. The opportunity to address this issue before this committee is timely, as yesterday 32 stakeholders, including the Province of Nova Scotia, the Province of New Brunswick, landowners, and manufacturing facilities met and made unanimous recommendations to the federal Minister of Agriculture. Those recommendations have been presented in a letter to that minister bearing all 32 signatures. This is a critical issue to the stakeholders in the Maritimes, and the significance of the issue must be recognized in Ottawa. I would suggest that this is something that many of you have not heard of before.

In conclusion, I've confirmed concurrence with many of the suggestions of the other witnesses before this committee. I hope I have identified an additional opportunity to directly invest in much-needed research and related programs that should not be seen as specific to Canada but should be seen as the outcome and results potentially benefiting all of North America. The benefits of that research, as I said a minute ago, will reach throughout the continent.

● (1155)

Yes, these are difficult times, but ours is, as Tim said, a cyclical industry. This industry is as old as this country is itself. This is not a sunset industry. There is a future, and we need to partner and build strong partnerships as the foundation to really any of the suggested areas where the government response will add value to this important and fundamental sector to the future of this country.

Thank you for listening to me.

● (1200)

**The Chair:** Thank you, Ms. Blenkhorn.

We now go directly to questioning, starting with the official opposition. Mr. Boshcoff, for up to seven minutes.

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Thank you very much, Mr. Chairman, and welcome to all witnesses.

As a note to our friends from Elk Lake, the Deputy Minister of Natural Resources was here, and she mentioned that she had very few details on the billion-dollar fund for forestry, so you aren't the only ones who are looking for more information.

I'll direct my first question to you. I'll give my questions first and then anybody can take a shot at them if they'd like.

For reforestation in Ontario, in particular over the past five years, we're looking at 650 million trees, about 130 million trees a year. You had 16 projects in your own study area. I'm wondering, knowing that all forested areas have to be regenerated, what more can we do in terms of sustainability.

Mr. Gray, forty years ago there were about eight white pelicans left on Lake of the Woods, the cormorants were disappearing all over the place, and you could count on your hand the number of bald eagles in northwestern Ontario, or peregrines or ospreys. Many of those species have made a comeback—even cougars, mountain lions, and now we're looking at woodland caribou as being the defining species. When a species recovers, is taken off lists, how can government be flexible in terms of adapting this so that we can essentially put lands back into production?

My third question, for the other two groups, is are you familiar with the term “biofibre” and its rapid ascent as the hope for the future for the forest products industry?

Your Worship, please.

**Mr. Terry Fiset:** On what can be done, Jeff would probably be better on the technical side to answer that. I'll just add a bit after.

**The Chair:** Mr. Barton, go ahead, please.

**Mr. Jeff Barton:** Actually, prior to working with the community of Elk Lake, I spent some time with the Ministry of Natural Resources prior to the sustainable forest licence invention or creation. Since that time I haven't been directly involved in the management, but I have played roles in sitting as a board member and the president of our cooperative sustainable forest licence.

I can't speak from a broad perspective, Mr. Boshcoff, in answering either at a provincial context or a national context, but with respect to the Timiskaming forest, our area, which is roughly 1.5 million hectares, is a very well-managed forest. In terms of direct technical sustainability issues, I don't think there's a lot that can be done at this point. It came through the independent forest audit about four years ago, three or four years ago, with flying colours. A separate, removed, independent body recognized the efforts of that administration to do everything and more that was needed to ensure that forest base was sustainable.

I think where a group like this can go is in respect of forest-dependent community sustainability, and that ties into some of my comments with respect to the forest communities program and how we make sure that those things fit together.

As Terry mentioned, we're the people who FPAC talks about being directly affected by this downturn. We need to be front and centre and involved in how the industry moves ahead and how it ultimately emerges from this. We want to be there to support them, but we want to be at the table.

**The Chair:** Thank you, Mr. Barton.

Mr. Gray, could you answer the question directed to you?

**Mr. Tim Gray:** I think with the species that you mentioned, the peregrine falcon and the bald eagle, you need to look at what the cause of the original endangerment was. In the case of both of those species it was chemical contamination, DDT principally, that caused eggshell thinning and less reproductive success. As that's disappeared out of the environment because we've banned the chemical, the birds have become more abundant, and as a result they've been moved down the endangered list. I think that's a success story, where we recognized the problem, we did something about it, and now the situation has improved.

With the situation with woodland caribou, what we've noticed over time is the range of that species has moved northward because of their inability to adapt to the type of industrial activity that we do in managed forests. As a result, it's moved up the attention list and now it's been listed as a threatened species under both the federal act and the provincial act in Ontario, and in many other provinces as well. The emerging consensus is that we need to do something different about how we manage forests in order to conserve that species.

I think what you'll see is the same kind of trajectory. If in twenty years, after we make some changes to the system and the woodland caribou is doing better, and it's reoccupying range it was lost from, we'll take whatever methodology that's been developed and we'll move it throughout the forest so that species can persist.

I think we've learned something from the way we've dealt with some of the species that became endangered twenty years ago and we've made the changes necessary and now we're recovering some of those. And I think we need to apply the same kind of experience to something like the woodland caribou.

● (1205)

**The Chair:** Thank you.

Mr. Pelton or Mr. Rosenberg, would you like to answer the last question?

**Prof. Robert Pelton:** I will answer.

Biofibre is a new one. I haven't heard of that. I know that FPInnovations, who I believe you've heard from already, are doing some really interesting things in nanofibres that look very promising.

I think, at this level, it's very hard to predict what are going to be the winners in the new forest industries. If the enzyme people figure out how to make ethanol really efficiently out of wood then there will be enormous pressure on it as a fuel source and the lumber people will be competing with that. Other things may come about. I don't think we can predict right now what the new forest industries are going to look like.

**The Chair:** Ms. Blenkhorn.

**Mrs. Diana Blenkhorn:** I don't have anything to add on biofibre other than what Mr. Pelton said.

**The Chair:** Thank you.

Mr. Boshcoff, your time is up.

We'll go to the Bloc Québécois, Monsieur Ouellet, for up to seven minutes.

[*Translation*]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Thank you, Mr. Chairman.

I would like to thank all of our witnesses for coming to appear before the committee. It is important that we have this opportunity to meet with you. I'm going to pursue the line of questioning raised by my colleague.

The Bloc Québécois speaks French here.

[*English*]

I could speak to you in English, but I'm not supposed to.

[*Translation*]

My question is directed mainly to Mr. Gray.

You say quite rightly, Mr. Gray, that at the moment oil development is taking priority over lumbering—

[*English*]

**The Chair:** Monsieur Ouellet, just a minute.

Channel six is the English channel. Please turn it to channel six and turn the volume up.

Sorry for interrupting, Monsieur Ouellet.

**Mr. Christian Ouellet:** That's okay. I'll have a minute more.

**The Chair:** Go ahead, please.

[*Translation*]

**Mr. Christian Ouellet:** At the moment, lumbering activity is taking a backseat to the development of oil and gas and mining and is hampered by climate change, which has given rise to the mountain pine beetle problem in B.C. and other diseases in the Maritimes.

In Canada as a whole, is there a balance between factors that hinder development and sustainability of the forest? Can it be said that in 20 years, not in 50 or 100 years, we will have the same amount of wood available for logging as we have at the moment?

[*English*]

**Mr. Tim Gray:** That's a good question.

I think the big wild cards in that equation centre around climate change for sure, because I think we've yet to see how their impacts are going to play out. The mountain pine beetle is a really good example of that. Native species—no one would have guessed that if you change the temperature regime slightly, this thing can go crazy and eat half of central British Columbia and maybe move across to the boreal. That is a huge wild card. And there are other factors besides: changes in insect outbreak or fungus or bacteria that could have an impact on forest health and our ability to extract forest resources.

Given that we know we're going to have significant climate change and that some of these ecosystem impacts we haven't foreseen are going to occur, we need to be managing our forests in a way that creates resilience. There has been a lot of discussion of this in British Columbia. The chief forester in British Columbia has talked pointedly about the need to move forest management there to one that is much more cautious to be able to maintain a harvest level and wood flow in products and community benefits that can be sustained in the face of a high degree of uncertainty because of climate change.

[*Translation*]

**Mr. Christian Ouellet:** If you had to recommend a forest policy to the government, you would ask that the necessary steps be taken to conserve the resource. We should not do the same thing we did with the fishery. People thought there was no problem, and so much fishing was allowed that eventually the resource was depleted.

[*English*]

**Mr. Tim Gray:** I'd say that to keep it simple we need to complete a protected areas network in this country, control areas where we are not exploiting the resource, that are left in a wild state so we can study how natural forests work under climate change scenarios, provide places for wildlife to continue to live, and lower our harvest levels to that conservative benchmark. What that would be would depend on where you are in the country. But this is broadly recognized to be a problem. Quebec has very much addressed the issue of overharvest; too high a harvest level can't be sustained. In British Columbia, given what's happened to their forest, given the pine beetle outbreak, they're talking about the same thing: lower harvest levels, more areas that are off limits to industrial activity period. So you have some resilience built into the system.

● (1210)

[*Translation*]

**Mr. Christian Ouellet:** Thank you.

Since we do have a limited resource, Ms. Blenkhorn, we cannot engage in lumbering activities to create jobs. In other words, it is not a source of job creation, it is an extraordinary source of energy for our country. If we want to keep the resource in its present form—

[*English*]

**Mrs. Diana Blenkhorn:** Are you referring to energy?

[*Translation*]

**Mr. Christian Ouellet:** Just as we have to look at the resource in terms of the way it is used. We cannot use it and maintain we are creating jobs, it is just that simple. That is not possible if we want to preserve the resource. The greatest resource is energy. In this context, should Canada be focusing first and foremost on research and development before exporting goods to the United States?

Let me give you an example. In Canada, we could use wood for construction purposes. There is no need to change the code, because this provision is already in it, but it is possible to use steel in building as well. We could use biomass to heat our large buildings. But we are letting it rot, or using it to make ethanol. It is well known that energy is lost whenever there is significant processing.

Should we start by using the wood we have in Canada and using inventions such as the ones being developed by Mr. Pelton and Mr. Rosenberg, and others using composite materials, before we export our logs or two-by-fours to the United States, as we always have?

[*English*]

**The Chair:** Mrs. Blenkhorn.

**Mrs. Diana Blenkhorn:** I totally agree with the concept of using what material we can in Canada. We've done a number of activities. As you've said, we have building codes in Canada that will allow for four-storey non-residential buildings made of wood. But the simple reality is our population can't support the volume of material we have produced in the past. And if we are going to continue at those levels even with reductions, or unless the forest resource is going to hit a balance of which portion is used for ethanol fuels and which portion is for construction materials, maybe then we focus on Canada. I think we need to approach these on a North American basis so we do not relive experiences of recent years when markets closed to us overnight.

[*Translation*]

**Mr. Christian Ouellet:** Thank you.

**The Chair:** Thank you, Mr. Ouellet.

Mr. Martin.

[*English*]

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Thank you very much.

I wanted to say to the folks from James and Elk Lake that my colleague Charlie Angus sends his greetings, as he couldn't be here this morning.

It seems to me that we have a fundamental issue here on a community level that we need to address in a major way if we're going to respond to some of the concerns that you put on the table today. Certainly I've been in many communities across northern Ontario over the last few months, talking to leaders of industry and political and union leaders as they look desperately for an answer. These folks have made investments over a number of years, both in their work and in buying homes, and some of them have started up small businesses—and overnight, these are worthless. They are wondering where they should go and what they should do and if retraining will actually do anything for them, and all the rest of that. I'm sure it's the same in New Brunswick and eastern Canada. Communities are desperately looking for anything that will give them some hope.

I know that different levels of government are coming forward with proposals. There's the billion dollars talked about at the federal level. The provincial government has come forward with a number of initiatives on energy, and there's money out there for new technology—although for a company that is down and done, new technology isn't going to help much, although I guess an investment in upgrading for the future would be good.

I know there are some people, particularly from northwestern Ontario and within the union movement, the CEP, who have called for a summit on forestry so that we can get all of the players around the table and find a way to coordinate efforts and make sure that we're not working at cross-purposes, or to figure out a way to maybe even stack some of these, so that we can finally get something that's substantial enough to make a difference. There's also a call out by folks for a national forestry strategy.

Maybe you could respond to both of those ideas or requests that I'm hearing, and let us know what you think about the summit and the strategy.

● (1215)

**The Chair:** Mr. Fiset, go ahead.

**Mr. Terry Fiset:** I've talked about the idea of a summit for a long time; I've been an advocate for the forest industry. We have an opinionated public, but they're just not very well educated in the resource sectors—and those are all of the resource sectors.

We started the TERRA program, "Teaching Environmentally Responsible Resource Activities", back about 12 or 13 years ago at the high school. They had carpentry and they built kiosks and talked about the good, the bad, and the indifferent of the forest industry; they developed all of those sites and put them in. It was in English. There were all of these different types of subjects. It was a hands-on thing, and there were a number of students. We have to get that educational aspect out there, that there's something about these industries—which is not being taught in the schools at all. That program is still continuing today, and it takes a different bend, depending on the teacher. It could be on the bird banding and looking after Hilliardton Marsh, or a different one; it depends on where the teachers are from. We currently have one going with the high school in Englehart.

To get to the point of a forum, something is needed. We even have to start at the ground level. Let's start educating and showing people that it is a good industry, that there are a lot of things there. As a company, we're an R and D point for one of the major equipment manufacturers; they bring all of their new technology and we try it out, and that's where it's learned from. We have a lot of high-tech people coming through the area, so a forum to bring together all of the ideas of individual communities and companies would be a perfect situation.

How many people would want to do that right now with the industry down? Timing has to be right for a forum like that. It has to be in the spring, when the thaw is on and companies are traditionally shut down, which is when you'd probably get the biggest turnout. If you try to do that at the wrong time of the year, it probably won't be as successful. But it definitely is warranted, and I'm sure you'd have the forest industry; and it has to include not just the big players, who are definitely the bread and butter of it all, but also go right down so that we bring our educators to the table too, for something like this.

The second part was...?

**Mr. Tony Martin:** It was about a national forest strategy.

**Mr. Jeff Barton:** I think it's warranted, and that it would be worthwhile proceeding with that, but the state of the union right now is such that we have to do something now. A strategy is something you can work on concurrently with things like the summit and working towards some of the short-term solutions. So I'd certainly support the idea of putting that strategy together on a broader national level, but it's not going to solve the problem that we have today, where industry is running out of cash to get through this crisis.

● (1220)

**Mr. Tony Martin:** Does anybody else want to...?

**Mr. Jeff Barton:** Sorry, just with respect to that summit, I had the opportunity to speak at the CEP session in Kapuskasing in the summer. That did come up, and we supported it then. Just to put a plug in for Elk Lake, we also have a facility there that would be the perfect venue for something like that, either in the full scale or the pre-meeting, the preparation for it.

**Mr. Tony Martin:** Okay.

**The Chair:** Mr. Martin, can you direct the question to others as well?

**Mr. Tony Martin:** Yes, if they wanted to respond I'd be happy to hear it.

**The Chair:** Ms. Blenkhorn.

**Mrs. Diana Blenkhorn:** Quickly, on the concept of a forum, I agree with Terry. You were talking about education and getting a forum maybe into a more academic level.

Coming back to Mr. Ouellet's question, we have a number of universities in Canada that don't even teach wood engineering courses. It's all steel and concrete types of engineering. We need to do better at that; those need to be prerequisites. We've talked about it being a benchmark industry.

There is a forum scheduled. It happens that Halifax is the North American host this year in June of the woodlands forum, and there are areas where that can be modified. I'm not directly involved in it, it's through the Canadian Woodlands Forum, but I do know a forum has been scheduled. The reason I know is that we're trying to bring in some of our colleagues from the United States to improve relationships, have them attend and actually participate. That's not taking away from Canadian market share; that's actually building relationships so we would increase market share.

I think the idea of the forest strategy is always a good one. I don't want to embarrass myself, not knowing the exact status of the forest strategy, and having been a signator to the last ones, but I do believe that there is a forest strategy in existence.

I think the momentum of its development and the undertaking gets lost over time, and sometimes those things get lost not because people are not well-intentioned, but because people have way too many things on their plates. Our sector has gone through a number of issues. We've gone through the ongoing litigation with the United States, then immediately after that we've gone through the economic challenges that are before us, and we've gone through job losses. There's a major issue to deal with every day with fewer people and less talent, only because that's our mechanism of responding and cutting costs, not because the commitment's not there.

I think those are great suggestions, and I'd like to look at them further.

**The Chair:** Thank you, Mr. Martin.

We now go to Mr. Comuzzi for up to seven minutes. Go ahead, please.

**Hon. Joe Comuzzi (Thunder Bay—Superior North, CPC):** Thank you, Mr. Chairman.

If you recall, in the last meeting I didn't have the opportunity to ask our witnesses a couple of fundamental questions, and I wonder if my colleagues would mind if I get their evidence on the record on some pretty fundamental issues with respect to the forestry industry. Would that be in order?

**The Chair:** Absolutely, Mr. Comuzzi.

**Hon. Joe Comuzzi:** Mary Granskou—I pronounced it right; you had trouble with that name, Mr. Chairman.

**The Chair:** Thank you for that. It's not that tough a name either.

**Hon. Joe Comuzzi:** She was here on the boreal forest. All I ask is that when we discuss the boreal forest, which is so critical to the future of the forestry industry in all of Canada, I think, everyone will agree it's not just trees. Some 30% of the boreal forest is made up of the wetlands, the creeks, the rivers, the streams, the ecology centres, and the fishing and spawning grounds. That's all included when we talk about the boreal forest, and we should never lose sight of the fact that that is part of the boreal forest. It's not just trees. A lot of people out there who are not conversant with the forestry industry don't realize that. So I'd like put that on the record.

I don't want to get into an argument with my colleague over here from Sault Ste. Marie, but you can't be a plagiarist in this meeting. Mr. Allan, from the Council of Forest Industries—and I'm sure Diana is going to agree with this—said that when we do pass the motion that was presented a week or two ago, that whatever comes of the round table of experts in the forestry business in Canada, there may be three solutions. We can't look at forestry in all of Canada in one spectrum. There may be solutions that involve British Columbia and Alberta, which would be different from the solutions that would involve Ontario and Quebec.

Diana, I'm sure you agree—different solutions in eastern Canada.

So we may have three areas of coming up with recommendations that we're going to ask this committee to study with respect to the different areas in forestry in Canada. I think that's absolutely critical, because what happened in the softwood lumber deal is nobody wanted to acknowledge that there were three fundamentally different industries in Canada and we spent too much time in that area. So let's not waste this next venture into the forestry industry in that area.

And then Mr. Roberts went into great lengths about the future of the forestry industry and where we sit on global markets. He talked about what has happened to the newsprint industry in Canada and how we are no longer competitive in that area and perhaps it's time that we looked at areas other than newsprint. He wanted to spend a lot of time to find out if the kraft industry can still be resuscitated and whatever we can do to enhance the kraft industry before we lose all of our markets to Southeast Asia, China, and India.

I asked him outside, Mr. Chairman, if he would be willing to.... As you know, we have a suggestion or a motion before the committee. After we hear our evidence—hopefully everybody will agree to this motion whenever it is put—we want to have a round table or a summit on the forestry industry in Canada. We want to bring our very best people together, which does not necessarily mean politicians, and find out just what we should be doing with respect to the future of the forestry industry.

If that's okay, those are the three recommendations I'd like to leave on the table. I don't think anybody would have any dispute with those. Am I correct in that assumption?

**A voice:** Sure.

**Hon. Joe Comuzzi:** I agree with you, Professor Pelton, and I was happy to hear the statement that we have the best research in Canada, yet our forestry business is in difficult shape. The thought that crossed my mind is that obviously the forestry business isn't listening to you folks.

Go ahead.

● (1225)

**Prof. Robert Pelton:** That's a hot one. I'm not sure I'd even want to comment on that. I'm not an expert in the forest business.

**Hon. Joe Comuzzi:** Okay, you don't want to comment, but that's a thought that goes across.... If we have the best research, we have to start listening to it.

I want to go to Mr. Fiset. You're really the paradox of a former witness we had here, Avrim Lazar, who was very good. I agree with a lot of the things Avrim says, but one of the things I disagree with—and he knows this, so I'm not telling tales out of school—is that he has a concept of bigness: what we need is huge mills at strategic locations across Canada where the fibre supply is plentiful.

My position is simply—and somebody else acknowledged this—that we're losing the strength of what you stand for in the forestry industry in Canada, and that's a single-industry forestry town.

I know your company. You're three generations. You have three brothers working in this country. There was your grandfather, and then your father, and now you have three brothers. And you're doing well and you know everything there is to know about your industry. If we lose that in forestry, if we lose families like yours or people like you in these single-industry communities, I don't think our forestry business has a chance.

So I like what you say, and I'm ready to go to the post to make sure that we have and retain people in the forestry industry who know something about the forestry business, but particularly who support the single-industry towns. But I want to ask you a couple of questions.

You said retraining was not.... I want your answer on this. Retraining is important. If we can retrain the forestry worker who's now displaced, until he gets placed back in, in other things that are analogous to the forestry business—road building, other things—without a lot of retraining, would you agree with doing that?

● (1230)

**Mr. Terry Fiset:** Well now, definitely, people have to have an income, and you have to keep communities alive, so if there is an opportunity for retraining on different equipment for different types of things, forestry equipment.... There are a lot of contractors out there who have equipment that is sitting idle now. They will be looking at road construction and other avenues, different jobs that are put out there.

The only context with respect to retraining is the stigma and whether retraining means that's a done industry, so let's train in computers, or you're going to maybe be a professor or something. Definitely, something that's related to the resources, whether that's forestry, mining, or any of the other sectors, is fine.

**Hon. Joe Comuzzi:** Is my time up, Mr. Chairman?

**The Chair:** Thank you, Mr. Comuzzi; your time is up.

So we now go, for the second round of questioning, to the official opposition. Mr. Tonks, you have up to five minutes.

**Mr. Alan Tonks (York South—Weston, Lib.):** Thank you, Mr. Chairman.

I'd like to thank all of you for being here, and welcome you, as the chair has done.

Just to reinforce it, I'd like to welcome you in particular. In another life as a municipal politician in Toronto, I spent a lot of time in northern Ontario in the vicinity of Kapuskasing, specifically the Adams Mine, and visited Englehart, and talked about taking our waste stream, in particular waste wood, and trying to supply the pressed wood company and the framing company in Englehart with wood supply, which would be good for urban people to do that.

I'd just share that with you. I'm always quick to talk with a reeve, not having been a reeve, but my dad was for a long time, and I think it's a great institution, so keep up the good work.

I have a couple of questions.

Mr. Gray, you talked about the social contract, and the basis of the social contract—there was another social contract in the history of Ontario, but we'll keep away from that—to keep mills in communities where wood supply is the product. That seems to me a philosophy that in the short term we haven't been able to keep. Our challenge is in the short term right now, how to go through this restructuring and so on.

Could you expand a little? One of the devices that you used was the Forest Stewardship Council and using the FSC preference in procurement at different levels of government. Could you just expand a little on that? We are looking at some short-term solutions from a committee perspective.

Also, I think, Jeff, you talked about a pilot project to offset losses due to restructuring. Again, this is a short-term adjustment. I wonder, in that pilot project, if you could just expand on how this committee could make some recommendations.

From an academic perspective, how quickly, for example, in bio-refining, can you get from the concept of bio-refining to commercialization? It seems to me that that's an area that, in the short term, if we could accelerate that, we could add some high value to an industry that in many communities is waning.

I guess my final question is to Ms. Blenkhorn. You had said that there were recommendations that had been made, but you didn't go into those recommendations at the end of your presentation. Could we get a copy of that, or could you just give us a quick summary of what they were?

Thank you, Mr. Chairman.

**The Chair:** The question was directed to Mr. Pelton and Mr. Rosenberg.

**Mr. Alan Tonks:** There were three questions, and maybe Mr. Pelton could—

**The Chair:** Go ahead, Mr. Rosenberg and Mr. Pelton.

**Prof. Robert Pelton:** On bio-refining, I'm not an expert in bio-refining, but it's an umbrella word that describes a very big vision. And as with many big things, some things will come very quickly.

I think there are two milestones, two big issues to look for. One is finding a use for lignin in wood, which is the brown part of wood, and another big milestone would be if someone figures out how to get ethanol very efficiently out of wood. I'm not saying this is a good idea, but if this happens, it will be a disruptive influence in the whole sector. These things could come very quickly.

● (1235)

**The Chair:** Ms. Blenkhorn.

**Mrs. Diana Blenkhorn:** I think your question was on the recommendations we made as alternative solutions. I will send the information, but in summary, so it's on the record, right now the method of dealing with it is prohibition of movement and there are prohibition requirements placed on various landowners. What happens with a prohibition of movement is you may have a beetle find, one beetle in a trap in the northeast quadrant of your property—you own 1,000 hectares—and your entire property receives a prohibition of movement.

Because we have a fair bit of background doing certification of movement—i.e., the Canada-U.S. certificates of origin—we've proposed implementing a control of custody certificate program that would monitor at all times where wood was moving, basically from the stump to the grave, if you will, and provide a database that could be used not just for Atlantic Canada or this beetle, but once implemented it would help anywhere in Canada when you need it. If you had an outbreak, you would be able to trace back for movement.

The response in that instance was that the act, which is the Plant Protection Act of Canada, required under ministerial authority a movement certificate issued by the government, which is basically a piece of paper—it doesn't have a database with it, it doesn't have anything. The difference, whether it was practical and effective or just provided by legislative authority, meant this went away.

That's a short summary.

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

**Mrs. Diana Blenkhorn:** Even the bureaucrats agreed it was a preferred system.

**The Chair:** Thank you.

Could you send that information to the clerk so it can be distributed to all committee members?

Monsieur Ouellet, up to five minutes.

[*Translation*]

**Mr. Christian Ouellet:** You said in your presentation, Mr. Gray, that Quebec is seriously considering certifying the Forest Stewardship Council. I would like to know how you distinguish between the Canadian Standards Association, the U.S. Sustainable Forestry Initiative and the Forest Stewardship Council.

[*English*]

**Mr. Tim Gray:** The fundamental difference is that FSC develops the standard on an ecosystem basis. For example, the boreal forest or the Great Lakes and St. Lawrence forests in southern Ontario and Quebec is a multi-stakeholder standard. You end up with industry, aboriginal groups, environmental groups, and labour. They get together and develop a standard around how logging will look on the ground. That is the basis by which certification is done. That's imposed from the outside.

The SFI and the CSA, which were both developed in response to the emergence of FSC as a certification system developed by industry, led by industry—those systems operate like an ISO standard. It's a management planning standard. The company chooses objectives they want to meet and then they monitor their own progress against meeting those standards. Whether those standards have been met is independently verified on the outside, unlike FSC, which has a broad community-based standard, in that all the participants involved set the standard, and that's what compliance is measured against.

Also, FSC has chain of custody, which means there's a label on the product that ends up in the marketplace. I think most importantly from an economic perspective is that FSC confers economic benefits to the companies that are certified, whereas the other two standards don't because of lack of recognition of their standards in the marketplace. The reason it gets more money in the marketplace is that the original basis is more rigorous, so not surprisingly you're going to get an economic benefit for something that is demonstrating performance.

[*Translation*]

**Mr. Christian Ouellet:** Do you expect there will be significant climactic impact on the boreal forest, beyond what was mentioned for British Columbia?

[*English*]

**Mr. Tim Gray:** Yes, I think it's possible, and a lot of forest scientists are very concerned that the mountain pine beetle, for example, which is the existing insect problem we have in B.C., because it feeds on lodgepole pine, there's a significant possibility that this species could learn to adapt because there are such high population numbers. There's so much genetic change and generational change in that insect, it could end up moving into the jackpine forests and then move across to boreal forests in very closely related tree species. That's just one insect pest. There are many, many other insects, many other fungi, bacteria, that could change the relationship with changing weather conditions, changing water regimes, changing temperatures.

Environment Canada and many university scientists have done a lot of looking at how the temperature regime, as it shifts, will change the ability of particular tree species to grow in different areas. I'm sure some of you have seen that scenario, whereby suddenly you can grow black cherry very effectively in the James Bay lowlands by 2100. Black cherry is not going to get there, it has no way of getting there, but there's going to be a very different growing regime for the trees that would normally grow there, if it's suddenly that much warmer.

The interaction of all these factors is not terribly well known. I don't know a single research scientist who looks at this stuff who would say in this particular area—like north of Thunder Bay or north of North Bay—in this particular plot, this is what you can expect to happen. No one knows. It's change, and that's the only constant people look forward to.

● (1240)

[*Translation*]

**Mr. Christian Ouellet:** Do you think this will have an impact on the amount of logging that will be possible in the next few years?

[*English*]

**Mr. Tim Gray:** It's highly likely. If the experience in British Columbia is any example, if you have a large-scale infestation by a bug or a fungus or a bacteria, you can count on a huge pulse of wood potentially being available, if the insect or disease vector doesn't damage the wood so you can't use it, then a rapid fall-off in the annual allowable cut.

British Columbia is facing that, of course, and so much of the government attention there is because of that pending reality. B.C. will have very, very similar economic conditions for forest-dependent communities in five or ten years, depending on how long the wood lasts, to what we've experienced in eastern North America, but in this case it will be driven by climate change as mediated by an insect.

**The Chair:** Merci, Monsieur Ouellet.

Mr. Harris, you might have a slightly shortened question time here.

**Mr. Richard Harris (Cariboo—Prince George, CPC):** Thank you very much, and I'll shorten that with my colleague, Mr. Allen.

Thank you, ladies and gentlemen, for your presentations.

I was listening to the witnesses we've had so far. Mr. Fiset had some good comments. I think most of us agree that it's not fair to say that the sky is falling on the forest industry in Canada. That's just not so. Mr. Fiset quite rightly said that we're in a cyclical period, as the forest industry is used to.

Unfortunately, it is a perfect storm right now, and our communities need help. That's where I think the federal and provincial governments play roles in providing funding through various programs for basic infrastructure that's needed, that won't come from the taxes you might otherwise enjoy in the communities, and also for science and technology research. This is a time when the forest industry is transforming into everything that it can be when we come out of this perfect storm, and I think this is great.

One of the things that my colleague Mr. Allen brought up a couple of meetings ago was that we're good at developing new products and new ideas in biofuels and value-added products. We're good at that; our universities are doing a great job.

I have UNBC in my riding. It's going to be a leader in forest technology and value-added products some day, as I know Mr. Pelton talked about his research, and Mr. Rosenberg. One of the problems we have is finding entrepreneurs to pick up these new products and run with them. I think that's a huge area of opportunity for the forest industry.

The government can provide a lot of funding for science and research and can help the communities along, but there comes a time when the private sector has to step up to the plate. The entrepreneurs who see a good product, know a good product when they see it, are prepared to put the money up and go for it. The government can help with some tax incentives in this way, but I think it should be part of whatever comes out of this study and future studies. How do we attract the private sector entrepreneur dollars to play their role? It's a huge role.

Maybe you could just comment, in the short time we have on that, if you agree with me or if you have any ideas, or if we should, in any future round table or as we go forward in this, try to spend some time focusing on that and come up with some recommendations on how we do just that. How do we get that private sector dollar picking up on this new technology and running with it?

● (1245)

**Mrs. Diana Blenkhorn:** If I had the answer to that, I'd take it back home and market it in its entirety.

However, what you describe is exactly what we need, and there are things government can do. We talked about creating an investment climate. What has typically happened in the past that may potentially describe some of the timidness is we make a new product, we have this leading edge in science, and before too many months have passed it's become another commodity because everybody is doing it.

I look at OSB. I can go through those areas. Or you have the alternative. Our distribution networks, especially the distribution networks that are dealing with the multitude of smaller to medium-sized operations—I'm not talking about the large public companies—where they're dependent on the wholesaling community, are putting everybody's product together and trying to sell it once, rather than marketing yours independently. Those are things we know and we understand.

How can we get completely by it? I'm very optimistic that the transition period we are in is going to lead us into those answers. We're not going to let history repeat itself. At least we know what to look for this time.

**Mr. Richard Harris:** Good. Thank you.

**The Chair:** Dr. Rosenberg, go ahead, please.

**Mr. George Rosenberg (As an Individual):** Yes, if I could, I'll answer this from the point of view of an example. If you look at our submission, one of the other networks we were involved with was the Mechanical Wood-Pulps Network. We have an example there of a technology that came out of the network that was picked up by an entrepreneur. In fact, he built his whole company around it, essentially.

So you have to have somebody who has some vision, somebody who understands something about the marketplace and knows how to sell into this market. At the same time, there has to be something on the other side. In other words, you're transferring technology from the university to industry.

Well, we did some very different things. Instead of providing him with only a report or a paper, we actually moved people into his facilities, and they worked very closely with his engineers. So while we were leading the research phase, he was leading the technology development and commercialization, and we were supporting him on-site. And he went from having a very small company with 12 employees to having something in the order of 35 or 40 employees, and he was the leading manufacturer of this kind of equipment. He built several other unique pieces of equipment at a later date. He continued, then, investing back into research at the universities and taking advantage of all the programs that were available to him, supported by provincial and federal governments.

So that's the example. How you make entrepreneurs is a much more difficult question. One of the things we're doing in our network is bringing in some experts who understand entrepreneurship, who have studied it at university, and who have firsthand experience with it, and we're teaching it to our graduating scientists and engineers. Maybe one of them will take that up and will become the next generation of entrepreneurs. But you have to be able to teach it.

Given my experience over the last 30 years—I came out of a Canadian university, did graduate work, worked in industry—I think the deficiency probably was that nobody ever exposed me to that while I was at university. And I would suggest that a course in that might be a useful requirement to have. Out of that you may have your next generation of entrepreneurs.

**The Chair:** Thank you, Dr. Rosenberg.

Thank you, Mr. Harris. Your time is up.

Thank you to all the witnesses today for coming and for giving your presentations and answering questions. If you could just leave the table, we have very little time to deal with the motion that's before the committee. So thank you again very much.

We'll just go directly to the motion. I do want to mention that the clerk has received an answer from the minister, and he cannot come before the March 14 date that was suggested in that motion.

● (1250)

**Mr. Omar Alghabra:** Have you received a response?

**The Chair:** We have received a response, and he cannot come. So I just want the committee to know that.

Mr. Alghabra, to your motion, if you present the motion and speak to it, then we'll go ahead and deal with it.

**Mr. Omar Alghabra:** Thank you, Mr. Chair.

I want to preface this by explaining to the committee and to you what the intent of this motion is.

Several weeks ago I spoke with the clerk and the researchers about developing some kind of report as an outcome of the study we conducted on AECL's NRU reactor and nuclear safety. I was informed that since we had not specifically said that we would have needed a report, a lot of the notes were not recorded as such, and no preparatory work was done.

So I thought, out of my desire to ensure that the study and the time we devoted to doing that study don't go to waste, I would instigate a smaller report. Ever since I tabled my motion, there have been some discussions with my colleagues in committee. And I think there is a desire, a consensus, that perhaps we should see if the researchers and the analysts can draft a report, perhaps a smaller report. If that's the case, I certainly support that, and I don't have a problem, because my whole intention was to ensure that at least the House and the public and the government are informed of the study we've conducted and of our recommendations. I'd hate to see that go to waste.

If that's the case, I wouldn't mind tabling my motion until we come up with that report. So perhaps we should see if we can develop a consensus on that.

**The Chair:** I appreciate your presenting it in that way, Mr. Alghabra, because it's much better if the report does come from the researchers first and then the committee deals with it.

**Mr. Omar Alghabra:** That was exactly my intent.

**The Chair:** We have the study on the forestry industry, of course, that we are proceeding with. Are you saying that it would be fine if the researchers first present the report on the forestry industry, then go to the report on AECL, and—

**Mr. Omar Alghabra:** My opinion, Mr. Chair, given the time and the fact that we conducted the AECL NRU reactor study earlier, is that we do that report first, while we're still conducting our forestry study, because the forestry study is still not over. We have several weeks to do that.

In my opinion, it's more desirable to have it done first, and then, as we are listening to the witnesses, and after that, develop the forestry report.

**The Chair:** The researchers have indicated that it will be very difficult to write two reports concurrently. We have to decide—

**Mr. Omar Alghabra:** Then we do NRU first, because we've conducted that study and I don't want our memory to fade. I don't want the issue to be postponed.

The forestry study is extremely important, and we are, as we speak, conducting our hearings and listening to witnesses and stakeholders.

We've already listened to witnesses on the NRU reactor and I think that the committee should put together its recommendations as quickly as possible.

**The Chair:** Are you finished, Mr. Alghabra?

**Mr. Omar Alghabra:** Yes, thank you.

**The Chair:** Monsieur Ouellet first and then Mr. Anderson.

[*Translation*]

**Mr. Christian Ouellet:** Thank you, Mr. Chairman.

I think the suggestion to report on the Chalk River study is quite interesting. The Bloc thinks this is justified, in light of the way the motion has been presented this morning. However, we would like to have a preliminary report so that we can study it, rather than a final report. Perhaps it would be simpler for the drafters to produce a preliminary report. Then we could determine whether or not we find it acceptable, or whether there are things we want to add or remove. I also think that we should not interrupt our hearings. However, once they are over, the preliminary report on atomic energy should be on our agenda.

**An hon. member:** It should not interfere with our study on forestry.

**Mr. Christian Ouellet:** No.

● (1255)

[*English*]

**The Chair:** Merci, Monsieur Ouellet.

Mr. Anderson.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Chair, we've staggered in and out of this forestry issue all fall, and I think we've finally committed ourselves to it.

Omar wants the CNSC report. We are not against that in any way, shape, or form. And actually, I think if we'd had this discussion a little bit earlier we could have probably come to some conclusion.

We have four or five opposition motions on the nuclear industry in front of us. We weren't sure whether the committee wanted to go back to that and expand the discussion or if they wanted to focus on what we'd already done.

I would suggest, and I think this is in line with what Mr. Ouellet has suggested, that we continue the forestry study this week and next, that we ask the researchers to begin to prepare two preliminary reports, but that we do the one on forestry first. Once we've done the one on forestry, then we come back to the CNSC one and deal with it, if that's appropriate.

**The Chair:** You've heard the suggestion there. We are just about out of time.

First of all, is it agreed that we'll go that way? Actually, I'm not certain from Mr. Ouellet's comment whether he wanted to finish the forestry first and then go back to the other, the nuclear study, but that's what Mr. Anderson has suggested. Is it agreed that we go that way?

Mr. Boshcoff.

**Mr. Ken Boshcoff:** Thank you.

In fairness to the analysts who have to put together at least the forestry part of it, the type of collegial atmosphere in which this particular study is going on is probably one of the better ones. In terms of the information that we're getting, it's probably the least partisan in terms of the solutions. We get a lot of head-nodding in terms of that's a good idea.

I'm not saying it's going to be simple or that you could do it overnight, but I would think that it allows us for this compromise on perhaps a more difficult, in terms of wording, report on the isotope situation.

I think that this request for an interim report is reasonably fair, without burdening the people who have to do the work. They may have some comments of their own.

**The Chair:** Mr. Boshcoff, are you saying that the researchers complete the draft report on the forestry industry and then present a draft report?

**Mr. Ken Boshcoff:** No.

**The Chair:** So what are you suggesting exactly?

**Mr. Ken Boshcoff:** I think do the interim report for isotopes, and as we continue, I think they're gathering information and analytical points. A lot of the presenters are actually doing this in such a way with the understanding that we're looking for solutions. So they're producing their reports to make it easy and digestible for a report to Parliament.

**The Chair:** Of course the researchers are here to do what the committee wants them to do, but they've indicated it would be very difficult to do both at once. So I think we have to decide where we're going.

We have Mr. Alghabra next. Go ahead.

**Mr. Omar Alghabra:** Thank you, Mr. Chair.

If we're talking about a forestry report and next week we're talking about an AECL NRU report, it's not a big deal. We're talking about the same timeframe. My concern is that if we end up spending weeks doing the forestry report—examining it and debating the content of it and its recommendations—that will continue to postpone the findings and the outcome that has come out of the NRU situation. The NRU situation study has been conducted, completed for now. I think it's only fair timeframe-wise, and the fact that there is a lot of interest in that study and that the government has initiated an AECL review lead me to believe that we should do that report first.

If we're talking about a few days here and there, I'm not going to be objecting to it. But I don't think it's going to be a few days. It's going to be a week or two or three in between. Therefore, I think the NRU reactor report should be done first.

● (1300)

**The Chair:** The clerk has pointed out to me just now that there was no indication that there would be a report done on the NRU, as we were doing it, so the researchers would have to go back and reread all of that information to put together a draft report. In the meantime, they are preparing a draft report on the forestry industry. So we have to decide how we're going to handle this. We have to do it very quickly, because I know I have an appointment to go to.

Monsieur Ouellet.

[*Translation*]

**Mr. Christian Ouellet:** Thank you, Mr. Chairman.

I think Mr. Anderson's suggestion is interesting, but I am more in favour of having a short report on atomic energy, even though this will make things more difficult for the drafters. However, they could put aside the drafting of the report and rather write a preliminary report. They would have two weeks to do that.

I am now convinced that enough time will have gone by between the time we heard about the atomic energy situation and our next discussion of it that we will have rather forgotten what we heard. I think it is more urgent to draft a report on atomic energy than on forestry. The researchers could then take the time to write a preliminary report on forestry.

As an architect, I always tried to order my projects. It is not impossible to do this otherwise, but I think sequencing things makes more sense. I think it is more logical to work on a report now. Once we have finished hearing from our witnesses on forestry, we can complete our report on atomic energy. Then we could do the other report.

[*English*]

**The Chair:** Merci, Monsieur Ouellet.

Mr. Anderson, we have a list of people to speak on this. We're going to have to cut this off for today. If you can try to reach some arrangement before the next meeting, we can deal with it at the next meeting.

Mr. Anderson, you're up.

**Mr. David Anderson:** I'll just make the same point that Mr. Boshcoff made, which is that it's going to be much easier and quicker to find a resolution and a conclusion to the forestry report than to the CNSC report.

**The Chair:** Mr. Anderson, could you repeat what you just said, please?

**Mr. David Anderson:** I said I agree with Mr. Boshcoff that it will be much easier and quicker to find a resolution and a completion of the forestry report than it will be of the CNSC report.

**The Chair:** Yes, I sense that too.

Mr. Harris.

**Mr. Richard Harris:** I don't know how much time we've got to discuss this, Mr. Chair, but Mr. Boshcoff made a good point during this discussion that this is probably the most collegial committee he's seen in a long time, and certainly that I've seen as well. It seems we all are together on this, wanting to come up with some really good, substantial answers, and we're getting some excellent witnesses.

I don't want to see us deterred from this pretty good road we're going down. I think we're not going to have a whole bunch of debate at the end of the day on the forest report when the draft is presented because we all appear to have a good understanding.

The other thing is that we have an industry in crisis here. We have mills shutting down and we have people being laid off across the country in the industry. They're really looking for what's coming out of this meeting and whatever recommendations we have for the government.

Personally, I wouldn't like to see an interruption until we get this to a phase where we can issue something. And then we can go back to the AECL report.

**The Chair:** Thank you, Mr. Harris.

Mr. Alghabra, you indicated at the start that you're willing to be somewhat flexible on this. What I have heard is there's certainly a willingness to do a report on the NRU. I think that part of it has been agreed to. It's a matter of timing.

● (1305)

**Mr. Omar Alghabra:** Can we then just be more clear about the timing? When do you expect the report to be done for forestry, and when do you expect the CNSC report to be done?

**The Chair:** Maybe I'll go to the researchers and get an indication from them as to what's realistically possible.

I know I'm putting you in a bit of a bind here, but we have to know that.

**Mr. Omar Alghabra:** We need to know that information in order for us to make a decision.

**Mr. Fréderic Beauregard-Tellier (Committee Researcher):** We can do whatever you want us to do, but it's definitely more difficult to write two reports concurrently. Ideally you would tell us to do one and then do the other. But we'll do what we can.

**Mr. Omar Alghabra:** I appreciate that, but my question to you is, if we do forestry first and then we do CNSC, when do you think forestry will be given to us at least as a draft, and then after that, how much longer will you need?

**Mr. Jean-Luc Bourdages (Committee Researcher):** We have one week next week for meetings and then we have a two-week break, so we're aiming to have a draft report after the Easter break.

**An hon. member:** For both?

**Mr. Fréderic Beauregard-Tellier:** No, for forestry.

**Mr. Omar Alghabra:** And how long will it take you after that to do the CNSC report?

**Mr. Jean-Luc Bourdages:** As you said, the CNSC report will likely be very different. It's a very sensitive issue. I don't think we would come up with recommendations, in this case. We would probably let you come up with your own recommendations. I don't see how we can suggest any recommendations.

So we would probably work from what you have on the other findings and the timelines and these kinds of things and try to reconcile what we heard. And even this is very sensitive too. We heard some contradictions at certain points.

So that's basically—

**Mr. Omar Alghabra:** I understand the complexity, so I'm just curious about how long you think it will take you. Let's say after the break, how long will it take you for that complex report?

**Mr. Jean-Luc Bourdages:** It really depends on how we go. And you need to understand that once we do a.... Let's say we take a week to write the report, which is fairly difficult, because we have meetings, and we have briefing notes to prepare. And then we need about a week to have it translated.

So we can hardly make a report in less than two weeks.

**Mr. Omar Alghabra:** So we're saying two weeks?

**Mr. Jean-Luc Bourdages:** At least.

**The Clerk of the Committee (Mr. Chad Mariage):** If I may, Mr. Chair, you're looking at least at mid-April if not longer, I would say, which is a generous estimate, depending on how long the consideration of the draft report for forestry takes, how many drafts the committee needs, and if there are substantive changes to that report. It's all very circumstantial in terms of the process.

**The Chair:** Yes, go ahead.

**Mr. Fréderic Beauregard-Tellier:** If you're willing to accept shorter very concise reports, we could certainly do our best to write concurrently. But both reports will suffer. It really depends on what you want.

There is only so much we can do in a certain amount of time.

**The Chair:** We still have a list of people who want to speak to this, and I know we all have appointments to go to. Can we come back at the next meeting and deal with this, or can we agree quickly to something here?

**Mr. Omar Alghabra:** If it is agreed that we could do concise reports, both reports, during the break, I'm okay with that.

**The Chair:** Both reports during the break.

Mr. Anderson.

**Mr. David Anderson:** I think then they need to understand, as has been told, that if we do that, both reports are going to be much less than they will be if they have time to do a proper forestry report and then move to CNSC. So people can't complain about the work that's done when these guys are working overtime when we're gone.

**The Chair:** We have a list, Monsieur Ouellet.

I'm struggling as to how to handle this. We could go on for some time here yet. You've heard the—

**Mr. Omar Alghabra:** It's my motion. We can vote on this motion.

**Mr. David Anderson:** Put it this way: we won't vote on the motion.

**Mr. Omar Alghabra:** You can vote against it.

**The Chair:** Mr. Ouellet.

[*Translation*]

**Mr. Christian Ouellet:** We could agree to complete the forestry report by April 12. Then we could move to the other one. My colleague does not want to postpone this until next summer, and he is right. We must get it done. I think everyone would find this solution acceptable.

● (1310)

[*English*]

**The Chair:** Is finishing with the forestry by April 12 reasonable, assuming the committee can deal with it fairly expeditiously? I think we should be able to. I really sense that we will be able to. Is that realistic?

Okay, can we agree to that? And then we'll go directly then to the....

Okay, we have reached agreement on that then. Thank you very much for your cooperation. It's much appreciated.

The meeting is adjourned.

**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

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