



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 2nd SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 011

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Friday, February 5, 2021

Chair: Mr. James Maloney



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• (1310)

[English]

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

Welcome to meeting number 11 of the Standing Committee on Natural Resources. This meeting is on the forest industry.

Today we have two witnesses scheduled for the first hour and a half, and then at 2:30 we are going to suspend and go in camera to discuss some committee business, including the balance of this report.

Before we get into the introduction of the witnesses, which I will do in a second, I want to chat briefly about something that happened at the end of the last meeting. We ran out of time when we were going into committee business. I understand that Mr. McLean wanted to present something at the time, which didn't happen. I subsequently spoke to Mr. McLean.

To the extent there was any confusion on Monday about process and how that happened, I will take responsibility, and I apologize. I understand that Mr. McLean is going to be the first person asking questions today, but to avoid cutting into his time, I would like to offer him the floor right now for a few minutes to allow him to do what he was trying to do on Monday.

Mr. McLean, again, you have my apologies for the confusion on Monday. It was a misunderstanding on my part. I'm yielding the floor to you to allow you to do what you were going to do on Monday.

Mr. Greg McLean (Calgary Centre, CPC): Thank you, Mr. Chair.

I presume we're in a public meeting at this point.

The Chair: Yes, we are.

Mr. Greg McLean: That's good.

I'll read into the record the motion we put on the paper and distributed to all the committee members:

That, pursuant to Standing Order 108(2), the committee undertake a study of the cancellation of the Keystone XL pipeline including (a) the loss of jobs and investment across Canada in all sectors that supply the energy sector, (b) the impact the cancellation of this project will have on the economic recovery from COVID-19 of Canada's energy sector/natural resource industry; that the committee invite relevant witnesses, including representatives of industries and workers affected, as well as, the Minister of Natural Resources; that the Minister appear for not less than two hours; that these meetings be televised; that six meetings be allocated for this study; and that following this study a report with recommendations be presented to the House of Commons.

That's the motion.

Let me speak to the motion, if I may, Mr. Chair.

We've been through a lot in the energy industry over the last five years, and that includes the cancellation of several projects that were years in the mix. As you know, Mr. Chair, I've only been a member of Parliament for a year and a half. In that year and a half, getting towards common sense about how we approach what's happening in this industry and in the world has been what I think we need to bring to the table.

The recent cancellation of Keystone XL is one in a long list of failures that have happened on our side of the border vis-à-vis constructing infrastructure to get our product to market with our most important trading partner—and that partner, of course, is the United States of America.

I know that the United States is the party that cancelled this pipeline, but it did seem very much like a shrug of the shoulders by this government. It was one more failed infrastructure investment that didn't occur and allow us to get our resource to market. That market we're getting to, of course, is the gulf coast. That gulf coast is essential as a home for the heavy oil produced in Alberta to get the proper pricing.

Infrastructure is constraining us from getting a world price for our resource at this point. That lack of infrastructure translates to a \$16-billion-a-year wealth transfer from Canada to the United States, and we should all be standing against that at this point. It matters to this economy, to the Canadian taxpayers, to our future and to every one of these social services that we, as elected representatives, are trying to provide to our constituents. That's not happening right now, and there is no real path forward.

Every path forward we seem to take over the past five years has been stymied. I agree that sometimes it's stymied by a foreign government that we don't seem to be paying enough attention to as far as getting them through the process is concerned, and sometimes it's stymied by our own government. We can look in reverse here over the last year at Keystone XL, which seemed to tick all the boxes, just like Tech Frontier.

These are all projects that are worth thousands of jobs to Canadians, billions of dollars in tax revenue, environmental advances in the way we produce our energy in this country and indigenous participation in the economy in Canada. All of these things have to move forward together, yet every time one of these proponents brings one of these projects to the table and ticks all those boxes so that it looks like it's getting through the process, there's an interruption at some point in time. Suddenly it does not proceed. This has to change.

It's the outlook that has to change, more than anything else, and I humbly submit, Mr. Chair, after being in this job for a year and a half, I feel there does not seem to be an open mind in many of the members on the other side of the aisle. I appreciate that there are still some who are entertaining our need to move forward with resource development in Canada. This is the natural resources committee. We need to look at how we produce resources in this country and how we take advantage of what we have in this country and contribute to the world's goals going forward.

Some of those goals are energy goals and some of those goals are environmental goals, and if you take a look at how much our industry has progressed as far as meeting its environmental commitments is concerned, it's astounding vis-à-vis every other industry in Canada, vis-à-vis every other hydrocarbon industry in the world. We lead on so many of these measures.

In debate in the House of Commons yesterday, the parliamentary secretary had an excellent speech on Line 5, which does appear to be, again, in the mix as far as a cancellation is concerned. That cancellation is going to be disastrous, and not just for the oil flow. It's not just Canadian oil; there's also some U.S. oil that finds its way into that pipe. It is a big conduit of important oil moving towards refining and manufacturing. [*Technical difficulty—Editor*] We get that raw resource to the markets, we manufacture it, we refine it into finished products and we turn it into things like automobile products.

We're building with the plastics that come out of the finished product at the end of the day. It is a linchpin for our economy. To lose that because a state governor is saying they don't like the environmental effects of a pipeline under the lake.... There's been an easement there for over 60 years. There has never been an accident, yet we're going to have to put the oil on tankers, of all things, as if that eases any of the environmental concerns the lakes are going to face, and we can't seem to get absolute clarity that the government is even paying attention to enforcing, or pushing the U.S. government on enforcing, the transit pipelines treaty from 1977.

There is a lack of attention being paid by the government towards this very important file about getting our resources to market. We need to address that. We need to turn the government's attention towards what is, number one, the biggest wealth generator in this country, which has paid—

• (1315)

Mr. Maninder Sidhu (Brampton East, Lib.): I have a point of order, Mr. Chair.

Mr. Greg McLean:—all of the bills for how many of our social services for Lord knows how long.

Mr. Chair, are you going to recognize the point of order or do I still have the floor?

The Chair: I was wondering if you were finished. I was going to let you go, but if you're not, then I'll acknowledge the point of order.

Mr. Greg McLean: I'm not finished.

The Chair: Okay. Mr. Sidhu, you had a point of order?

Mr. Maninder Sidhu: Yes, thank you, Mr. Chair.

I do know and I'm respectful of the matter, but I also know that the witnesses have taken time to be here and many of us want to hear from the witnesses. It's very important that we hear their testimony. I understand the sincerity and the sensitivity of the matter, but I also want to respect our witnesses.

Mr. Greg McLean: Thank you, Mr. Sidhu, but this is the first week we've been back in Parliament since Keystone XL was cancelled and this is an important issue for the country, whether you like it or not. The witnesses can wait while we go through this matter, with all due respect. Please, let's continue.

I heard the parliamentary secretary in the House of Commons yesterday talking about this matter, Line 5 being one aspect, and he actually said the opposition raised this issue irresponsibly, that this is something we as the opposition shouldn't deal with in the House of Commons. We raised this matter six times before the government even acknowledged that Line 5 was an issue that they had to deal with. This is the job of opposition—to hold the government to account on the issues that affect our country, the issues that affect our constituents, yet again I see from the parliamentary secretary's words that he doesn't think we should be involved in it. Well, I strongly differ with the parliamentary secretary in that respect.

As a matter of fact, last night I watched Richard Madan on CTV News. He was in the White House asking the same question, and the concerns were raised from the response in the White House that yes, this is something they're looking at. We need to get our team down there and make sure the case is made that this long-standing important infrastructure piece across this country needs to be maintained no matter what. This is something that does not seem to be at the forefront of this government's agenda. It is not irresponsible for the opposition to raise it, and if it's irresponsible for us to raise it, well, God forbid that Richard Madan and CTV News raise it in the White House. Good thing we're on top of it here on one side of Parliament. We'd like to make sure the government side of Parliament actually gets on top of this issue as well, because right now, as with all these issues, it seems to be ignoring it as if these issues don't matter or will just go away. This isn't going away.

This is our most important trade. We make \$100 billion a year in our balance of trade with our oil export alone. That's significant value added. For a country that runs a \$30-billion plus deficit in the balance of trade, \$100 billion is a wallop, and it's the biggest wallop in our budget. When you look at the actual revenue we derive, we've derived almost \$600 billion in government revenue in Canada over the last 20 years. That's real cash at the end of the day. Think about where our deficits are now. Think about how we're going to come out of this pandemic, and think about how we're going to address greenhouse gas reduction without this industry, because without this industry, we're capped. This industry reduces more than any other industry out there.

My friends on this committee, I want you to take a good look at this and try to move it forward in the government's mandate here so we're actually paying attention to this issue. It matters very much. Think about that, and think about the failures that have happened over the last five years. Think about Keystone XL if you want to go back a week. Think about Teck's Frontier project. Think about the northern gateway project and the energy east project. Think about TMX and why the government had to step in to buy it because we as a country screwed up a regulatory regime that got a private company to build a pipeline to get our product to market. That is all failure.

Let's look at Line 5. Let's look at Line 3, which is on the table now. Let's get a plan together so we stop failing. The government needs to start caring that they're failing on every file in the energy sector, and they need to start caring about the jobs that we're losing. They need to start caring about the economic outcome and they need to start caring about how we come out of this pandemic at the end of the day.

I've said a lot here, Mr. Chair. The motion's on the table, and I thank you for your time.

• (1320)

The Chair: Thank you, Mr. McLean, and thank you for tabling your motion and for making your comments.

There are a number of hands up. I have the sequence in which they were raised. There's Mr. Sidhu, Ms. Harder, Mr. Patzer, Mr. May, Mr. Zimmer, Mr. Simard and Mr. Cannings.

Next up is Mr. Sidhu.

Mr. Maninder Sidhu: Thank you, Mr. Chair.

Thank you to my colleague.

I think, just to be respectful to everyone, we should just vote on this matter and see what the will of the committee is.

The Chair: Are you calling the question, Mr. Sidhu?

Mr. Maninder Sidhu: I am.

The Chair: Thank you.

Madam Clerk, I believe we need to vote on the....

Ms. Rachael Harder (Lethbridge, CPC): I have a point of order.

The Chair: One second, Ms. Harder. The clerk was trying to say something.

The Clerk of the Committee (Ms. Hilary Jane Powell): Would you like me to proceed now with the vote, Mr. Chair?

The Chair: I'll hear Ms. Harder's point of order first.

Ms. Rachael Harder: Thank you, Mr. Chair.

Mr. Chair, when existing hands are raised, I believe the due course is to hear from those who have their hands up rather than to allow members to call a vote. If you look in the green book, you'll find procedure for this.

The Chair: My understanding is that when the question has been called, we have to vote. That's why I turned to the clerk.

Ms. Rachael Harder: Then I would ask the clerk to confer with you on this matter.

The Chair: Madam Clerk, what is the situation?

The Clerk: Thank you for your patience. We just checked procedure. We can proceed with hearing from other members to continue the debate.

The Chair: Is that even when a member calls the vote, Madam Clerk?

[Translation]

Mr. Mario Simard (Jonquière, BQ): A point of order, Mr. Chair.

There's no interpretation into French.

[English]

The Chair: Translation is not working.

The Clerk: I apologize. I will verify that answer and get back to everyone shortly.

[Translation]

Mr. Mario Simard: No problem. There was a short delay during the interpretation, but here we go again.

[English]

The Chair: Are you getting the interpretation at your end now, Mr. Simard?

[Translation]

Mr. Mario Simard: Yes, it's back. There was just a short delay.

[English]

The Chair: Okay. Thank you.

Madam Clerk, just to clarify, then, Mr. Sidhu called the question. I understood that this meant we needed to vote right away, before we carried on.

The Clerk: I would like to request that we suspend momentarily so that I can verify some information with the chair, if that's all right. I want to make sure I'm giving everybody the correct information.

Thank you.

• (1325)

Mr. Maninder Sidhu: Mr. Chair and Madam Clerk, we're not really saving any time, so I'd rather just hear what our colleagues have to say in the meantime, instead of suspending. It would be a better use of our time.

The Chair: Okay. You've taken the issue off the table. That's fine.

Shall I move to Ms. Harder, then, Mr. Sidhu? Rachel is next.

Mr. Maninder Sidhu: Yes, of course I'd like to hear from our Bloc and NDP colleagues as well.

The Chair: Okay. Ms. Harder, go ahead.

Ms. Rachael Harder: Thank you, Mr. Chair.

According to the green book, when we're in the middle of debating a motion, all members with their hands raised or who wish to speak to the debate must be heard before the vote is called. It is not for one member to interject and for the voices of others be squelched.

I will continue. Thank you.

Here in Canada, we face the lowest vaccination rate, the biggest deficit and one of the highest jobless rates in the G7. That's an atrocious record. If you add to that the jobless rate, we see that the Keystone XL project has been kiboshed. What's interesting to me is that the Prime Minister of this country, Mr. Trudeau, had an opportunity to pick up the phone and make a call, to advocate for Canadians, to make sure their livelihoods were protected, and furthermore to insist on the unity of this country, which of course is largely due to the sharing of resources from coast to coast. Energy is the fuel of life. Without it, we cease to be able to function in the current capacity.

It might be nice to think about a world that is entirely green, but that is not reasonable or realistic right now. We must function within the realm of what's possible and the realm of reality, and that is to say that we must continue to develop this resource called oil and gas.

To do that we need a prime minister who is going to contend for its development, because Canadians deserve that. When it comes to Keystone XL, we note that the Prime Minister did not even do so much as pick up the phone and make a call to advocate this project.

Further to that, when he had the opportunity during a scheduled phone call, he did not raise this issue. That's absolutely horrendous. It is a slap in the face to those in the energy sector and to Canadians as a whole who value the unity of this country and who value their day in and day out lifestyle and the things that we get to do.

What's interesting to me is that the Prime Minister had no problem applying some pressure to the former Attorney General, Jody Wilson-Raybould, to try to persuade her, urge her or even force her to let SNC-Lavalin off the hook when they were under a criminal investigation. He said he was protecting jobs.

Mr. Bryan May (Cambridge, Lib.): Mr. Chair, I have a point of order, please.

The Chair: One moment, Mr. May.

Ms. Harder, can you stop for one moment, please?

Mr. Bryan May: Can I ask the relevance of some of this? We're debating a motion that's on the floor right now. I get that the member wants her clippable moment here to drag out the laundry list of

complaints she has, but we have witnesses in front of us. I ask her to please stay relevant to that motion.

The Chair: Thanks, Mr. May.

Ms. Harder, if you could speak to the motion itself, that would make things run a little more smoothly.

Ms. Rachael Harder: Mr. Chair, I am talking about Keystone XL and jobs, which has everything to do with the motion.

The Chair: You are now. You had deviated from that a bit, but carry on.

Ms. Rachael Harder: Thank you, Mr. Chair.

I would also point out that we did attempt to bring this motion forward at the last committee. We attempted to do so in a respectful way that honoured the time of our witnesses at that point. Unfortunately, a decision was made that we were not allowed to speak to this motion. Now, in the essence of time and according to our mandate as members of Parliament and as members of the official opposition, we've been left with no choice other than to take advantage of this opportunity that we have here today.

I do extend an apology to the witnesses. I certainly wish this wasn't the case. Hopefully, if we don't have sufficient time today, Mr. Chair, you would agree to bring them back.

That said, I will continue with my speech.

• (1330)

The Chair: Okay.

Ms. Harder, can I just respond to something you said? Should I interpret what you're saying to mean we're not going to get to the witnesses today? Is that the intention?

Ms. Rachael Harder: Mr. Maloney, I'm going to finish my statements and it's up to those who also have their hands up today as to how long this is going to take.

The Chair: I was just trying to be courteous. Carry on.

Ms. Rachael Harder: Thank you.

As I was stating, with regard to the Keystone XL pipeline, the Prime Minister had a responsibility, an opportunity, to take leadership and advocate for this project, not only for the sake of jobs but for the sake of the unity of this country and our lives and the things that we enjoy doing day in and day out. In losing Keystone XL, we are losing thousands of jobs. We have to ask ourselves what the Prime Minister is doing to fight for those jobs in the same way that he fought for SNC-Lavalin jobs in Quebec.

What is he doing to advocate for the unity of the country? What is he doing to fight for the future of this nation? I would say that he is doing an inadequate job. There's an opportunity here, then, to hear from witnesses and to either verify what I'm stating or to perhaps prove the Prime Minister innocent. Maybe he is doing a lot and it's just unbeknownst to us.

When it comes to this, I think we have an opportunity here as a committee to take on a very important study that contends for the state of unity in this nation and fights for the livelihood of many Canadians. I think this industry is absolutely vital. It is the greatest contributor to our nation's GDP. Why wouldn't we want to have this conversation here at the natural resources committee? I do believe that oil and gas are a natural resource, and I do believe that Keystone XL plays a significant role in their development. It seems consistent, then, with the mandate of this committee, that we would take on this study.

Now, I think that when you look at this situation, you need to consider the impact of its cancellation, and further to that, we also need to figure out what went wrong. Why wasn't the Prime Minister willing to advocate for Canadians on this issue? Why wasn't he willing to pick up the phone, to make a call and to fight for our country? At the end of the day, I would remind the committee and all Canadians that right now Canada is sitting in a place where we are facing the lowest vaccination rate and the biggest deficit and where we have among the highest jobless rates in the G7.

[Translation]

Mr. Mario Simard: A point of order, Mr. Chair.

[English]

Ms. Rachael Harder: The least our Prime Minister can do is fight for jobs—

The Chair: Mr. Simard has a point of order, Ms. Harder.

Ms. Rachael Harder: —and contend for the development of—

[Translation]

Mr. Mario Simard: Can we please stick to the motion being debated?

I understand, as does Ms. Harder, that the issue of immunization is important, but if we want to finish, and out of respect for the two witnesses present, can we stick to the motion being debated?

[English]

The Chair: Thank you, Mr. Simard.

Ms. Harder, I'll remind you again to try to stick to the motion.

Ms. Rachael Harder: Sure.

Chair, one of the reasons why it's so important that we discuss the vaccination rate—you'll note that I gave it an honourable mention, but now I'll take the time to go into it a bit—is that it's directly related to jobs, which have to do with this motion—

The Chair: It's not related to this motion, so if you can get back to the context we're discussing here, that would save time and show to the witnesses the courtesy that you referred to earlier.

Ms. Rachael Harder: Mr. Maloney, this motion has to do with the loss of jobs and the loss of investment across Canada. A part of getting people back to work is making sure that they have access to vaccinations should they choose to take one. That is all I wish to say. Taking me to task on this is what's wasting time.

• (1335)

The Chair: Well, your colleagues are raising points of order, so I have to respond to them.

Carry on, Ms. Harder.

Ms. Rachael Harder: Thank you.

Look, at the end of the day, as I've stated, this committee exists in order to look at the natural resources that exist within Canada and at their development. This committee exists, then, to study the factors that would either facilitate or hinder the development of these resources and why those factors exist.

This motion that is on the table right now in front of this committee is absolutely pertinent and, I would say, even vital to the health and well-being of Canadians as a whole and to our future prosperity as a nation. I'll complete my comments with that.

The Chair: Thank you.

Mr. Patzer, you're next.

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

Another reason that this motion is extremely relevant is that in order for there to be any investment in green technology or the next phase of renewables, we're going to have to have a robust energy sector that utilizes fossil fuels, that uses oil and gas. Keystone XL is going to provide the certainty for that.

I myself spent time working on a wind farm. My job was heavily based on the use and utilization of oil, which is obviously derived from fossil fuels. Green technology does not exist without the energy sector, as it currently consists of oil and gas companies doing the work that they do and getting the resources to market in the way that they do. Any transition that is going to happen involving green technology has to involve oil and gas. The Keystone XL pipeline was essential for that. The jobs it creates in all sectors are extremely vital. That's why this motion is extremely relevant and extremely important, and I hope that everybody will consider voting in favour of this motion.

The Chair: Thank you, Mr. Patzer.

Mr. May, you're next.

Mr. Bryan May: Thank you, Mr. Chair.

I move that we adjourn the debate. We have witnesses in front of us. We're hearing a lot of repetition. I think we should adjourn the debate and deal with this at another time when we do not have witnesses.

Thank you.

The Chair: Thank you.

That is a dilatory motion, one that does require a vote right now.

Madam Clerk, can you call the vote, please, on Mr. May's motion?

Ms. Rachael Harder: I have a point of order.

Mr. Bryan May: For clarity, we are actually voting on adjourning the debate, not on the motion.

The Chair: That is correct.

Ms. Rachael Harder: No, I have a point of order.

The Chair: We're voting, Ms. Harder.

Mr. Bryan May: You can't have a point of order in a dilatory motion. It's in your green book.

Ms. Rachael Harder: No. You actually can't call this.

The Chair: We can, and it's been done.

Mr. Bryan May: We just did. I can, and I did.

The Chair: It's been done.

Ms. Rachael Harder: I'm sorry, Mr. Chair; I have a point of order.

The Chair: Yes, go ahead.

Ms. Rachael Harder: Thank you.

Mr. May is taking off his speaker and interjecting and directly being argumentative with me. That is inappropriate. Anything he states needs to go through you as the chair.

Mr. Bryan May: Excuse me, Mr. Chair, but I had the floor. I called a dilatory motion. The procedure is to move to a vote.

Thank you.

The Chair: Ms. Harder, Mr. May was well within his rights to move to adjourn debate, which he did do.

Ms. Rachael Harder: I have a point of order.

The Chair: No, we are voting now, Ms. Harder.

Ms. Rachael Harder: I have a point of order.

The Chair: Madam Clerk, can you please carry on with the vote.

The Clerk: Madam Jones, how do you vote?

Ms. Yvonne Jones (Labrador, Lib.): I vote for the motion.

Ms. Rachael Harder: I will challenge your decision to ignore my point of order.

The Chair: Is your point of order any different from the one you just made?

Carry on with the vote, please.

Ms. Rachael Harder: I have a point of order, Mr. Chair.

The Clerk: Mr. Lefebvre, how do you vote?

[*Translation*]

Mr. Paul Lefebvre (Sudbury, Lib.): I vote in favour of adjourning the debate.

[*English*]

The Clerk: Mr. May, how do you vote?

Mr. Bryan May: I'm in favour of adjourning debate.

Ms. Rachael Harder: It's extremely dictatorial of you, Mr. Chair. It's extremely inappropriate. You're silencing voices of the members of this committee. It's wrong.

The Chair: I've heard your point of order, Ms. Harder. I've ruled on it.

Ms. Rachael Harder: You haven't. You have not heard my point of order because you refuse to do so.

Mr. Greg McLean: With respect, Mr. Chair, I have a point of order. Could we get a ruling on this? Could you seek advice on this dilatory motion from your adviser close by, please?

The Chair: The clerk is the person who knows the procedure, and the clerk called the vote because she knows that this is a dilatory motion. Once somebody moves to adjourn debate, it requires that we vote on it right away.

Isn't that correct, Madam Clerk?

The Clerk: Yes, that is correct.

The Chair: Thank you. Carry on with the vote, please.

• (1340)

Mr. Greg McLean: I apologize. If I can interject here for a moment, please, Mr. Chair, with a dilatory motion it looks as if you have to come up to a point where it's being adjourned to a point in time. You just can't adjourn it forever, which is effectively—

The Chair: It's being adjourned today, Mr. McLean. That's what the motion called for.

Mr. Greg McLean: A dilatory motion would be to adjourn it to a point. Are we adjourning this debate until two o'clock today or are we adjourning it until our next meeting? That is the question.

The Chair: It's adjourned beyond this meeting.

The clerk says we can discuss it afterwards. We're losing time here.

Mr. Greg McLean: If it's a dilatory motion, it's going to have to say that it's adjourned to a point in time. What is that point in time?

Ms. Yvonne Jones: Mr. Chair, we have a vote on the floor here. Some of us have already voted. We need to carry on with the vote.

The Chair: I agree. Can we carry on with the vote, please, Madam Clerk?

Mr. Greg McLean: Can we ask the clerk? Let's check with the clerk, because if it's a dilatory motion to adjourn the debate, it needs to be adjourned to a specific time. It's not a dilatory motion just to erase debate, which is Mr. May's intent here, frankly, and I—

Mr. Bryan May: I have a point of order, Mr. Chair.

My intention is to get to the witnesses we have scheduled for today.

Mr. Greg McLean: Intentions or not, this is a motion on the floor and there is actually debate—

The Chair: Mr. McLean, there is a motion on the floor that we are voting on. I don't like interrupting anybody any more than anybody else likes being interrupted, but that is the procedure and we are following the process. The clerk has made it very clear that this is the correct way to proceed.

If we could carry on with the vote, Madam Clerk, I would be grateful.

Thank you.

Mr. Greg McLean: Let me appeal to the clerk one more time on what a dilatory motion.... It's supposed to include a time to which we adjourn the debate.

Madam Clerk, can you please advise on what this motion has to look like to be a dilatory motion, rather than just erasing the debate?

The Chair: The question being asked is whether this is a proper motion. It's a yes-or-no question, I believe, at this point.

The Clerk: Yes.

The Chair: Thank you.

Let's carry on with the vote.

(Motion agreed to: yeas 6, nays 5 [See Minutes of Proceedings])

The Chair: Thank you, Madam Clerk.

Let's get on with the meeting. I will, at long last, introduce our witnesses.

Mr. Orr and Mr. Beck, I will say thank you for coming and for indulging us while we went through a process earlier in the meeting.

Very quickly, you each have five minutes to make your remarks. We will then open the floor to questions after both of you have completed your remarks. You're free to speak and encouraged to speak in either official language. Translation services are available to you.

I will give the floor to Mr. Orr. Would you like to start us off, please?

Mr. Derek Orr (Indigenous Relations, As an Individual): Hi, everyone. Thank you for today, and thank you, Mr. Chair, for your introduction.

My name is Derek Orr. I have a little bit of background in forestry and economic development. I grew up in Prince George and was able to eventually become the chief of McLeod Lake Indian Band, which was a major player within northeastern B.C. in forestry. We were able to develop a number of companies for economic development and made profits to provide us with revenues for health, education, culture and other things. We were also fairly innovative way before my time. We were able to develop companies within the area of our traditional territory to promote employment and economic recovery.

I was the chief of McLeod Lake Indian Band in 2008, in the downturn. I worked diligently to come out of the economics and provide jobs for our members, our community and even the

province of British Columbia. It was a great feat and one that I had a lot of help with, and we were able to develop some projects.

I see change in forestry, and obviously the AAC, the allowable annual cut is shrinking, and less product is going to be available to companies. We've been able to see areas where we could make value-added products. We developed a cant mill that basically took wood waste—lumber or brush piles. We were looking for logs from three to five inches in diameter. We set up a cant mill in B.C. and were able to ship those cants overseas and develop some markets in China. We even went over to China in 2015 to develop a customer base, and we were doing well.

Unfortunately, due to some factors and limited opportunities, we were pushed out a bit because that tree we were looking for kind of went up in price once there was a demand for it, so there are some issues. We also worked with the B.C. government to get the Mackenzie pulp mill back in order. We were able to negotiate a forest licence to cut and were able to get that back in 2010, and employment. We're definitely focused on value added.

I have a number of ideas so that we can start utilizing more of the forest. I think it was in 2019 that the forest sector provided \$23.7 billion to Canada's GDP—no small slouch in that. I think it's one of our major sectors, and if we can utilize it even more, I think there's great opportunity to be able to develop some other opportunities.

Some of the challenges we faced were that a couple of the bigger companies have the majority of the shares, so it's hard to break into that. In terms of forest utilization, if we could limit the burning that goes on, releasing carbon monoxide into the atmosphere, maybe through waste management pricing or whatever, I think it would be great. If we're not able to do that going forward, we're all in trouble because if the global warming gets to a certain level, it's no good for any of us.

I think that I provided some information on what the possibilities could be. Basically, I think a bit of tenure reform, some logging practices reform and just a bit of a culture shift within the industry could really help to utilize a lot of what we're wasting in the industry right now.

My friend from Paper Excellence said that we're taking all the steaks and leaving the chicken wings. I thought that was pretty funny. We're not utilizing what we could and then using it for pellets and other such things. I think that's a detriment, especially with the lower AAC.

• (1345)

I won't go on much further than that. I think a focus on waste billing, selective logging and local ownership will all contribute to increasing and helping us get out of this economic challenge that we will have, going forward.

Thank you.

The Chair: Thank you, Mr. Orr. I appreciate your comments and your patience.

Mr. Beck, the floor is yours for up to five minutes.

Mr. Mike Beck (Operations Manager, Capacity Forest Management Ltd.): Thank you, Chair and committee members, for this opportunity to speak regarding aspects of Canada's forest economy.

Our company, Capacity Forest Management, has been working with probably 18 to 20 first nation bands across the province of British Columbia, helping with pathway agreements and foundation agreements. We're very proud of the work we have conducted in providing forestry business and revenue-sharing opportunities for first nations within our sustainable forestry industry.

Forestry is an important industry to Canada. It provides sustainable, secure and good-paying jobs to 225,000-plus Canadians in the industry. In addition, it adds another 350,000 jobs created through forestry activities.

A significant part of a forest recovery plan is that government and industry need to involve and collaborate with first nations by providing forestry business opportunities, or forest tenure; business-to-business or joint ventures; and activity-based government stumpage revenue sharing with first nations within their unceded territory.

The importance of involving first nations in all aspects of forestry will provide reconciliation approaches to enhance fibre security for many forest licensees or tenure holders and mills to access timber. Recent historic foundation and pathway agreements signed with first nations—for example, Shísháhl Nation and Lake Babine Nation—are examples of the provincial and federal governments supporting first nations in working towards reconciliation and becoming a key economic component and participant in the forest industry.

Another positive aspect, I have to say, with the Government of Canada is that they have recognized that forestry plays a key part in climate change and have identified that forestry professionals will play a key role, a vital role, in commitments to climate change and in planting two billion trees.

Again, the Government of Canada and the Government of B.C. have taken some great steps to include first nations in the forest recovery strategy through foundation agreements and pathway agreements. These agreements have essentially placed first nations into the reconciliation aspect to be awarded forest tenure volume and forest revenue sharing to build successful forestry businesses. When first nation forestry businesses are involved, they will provide long-term fibre security; launch future first nations forestry businesses and partnerships; and provide forestry revenue sharing with government and industry.

The key requirement for a successful Canadian forestry economic recovery will be to look at the forestry business approaches and to work collaboratively with first nations, which will allow improved access to Canada's forest land base and the resources within first nations unceded territories. Without access from first nations to the forest land base, uncertainty over fibre security and timber supply at mills will impact the forest economy recovery. If there is a lack of fibre access or security, it will reduce future investment, employment, manufactured forest products and exports of forestry products or raw logs.

Again, it will be vital to work collaboratively with first nations by providing these types of activity-based approaches to revenue-sharing agreements or granting rights to forest tenure to secure access to fibre. This would include forms of tenure acquisition mechanisms, with the government granting increased timber supply apportionment to first nations, and both industry and government forming business-to-business or joint venture agreements, which would constitute an aspect of government stumpage revenue sharing.

The creation of business partnerships with first nations will provide assurance that industry and government will adhere to first nations best management and sustainable land practices and policies within their unceded territories. Key social and environmental values that first nations want to protect include their cultural and spiritual features and areas, food sovereignty and water quality, and access to their resources. A collaborative approach to create first nation partnerships and relationship agreements will build trust if government and industry implement and practise first nations sustainable land policies and practices, which will provide easier access and long-term fibre security.

We've seen other issues with regard to the recovery of some of our first nations businesses in B.C. Currently they are stumpage fees, the fee-in-lieu tax on raw log exports, timber supply reductions, a working forest land base and climate change.

Stumpage is a fee that businesses and tenure holders pay when they harvest timber from Crown lands. Stumpage is a payment for the use of public natural resources to fund vital social services and provide government with an avenue for first nation revenue-sharing agreements. Stumpage will need to adapt and respond more quickly to lumber prices, not in quarterly adjustments. Log pricing doesn't respond quickly to stumpage rate spikes. It typically takes six months to adjust and respond, which impacts the bottom line of projects and project start-ups.

Currently, many first nation businesses cannot start up projects because of the high stumpage rates we're seeing today in B.C. Log prices in the current market are not achieving profits for first nations, and logging costs are also increasing with carbon taxation. In addition, any first nation tenure holder's projects that are on hold will reduce the movement of logs to mills, which will struggle in turn and create curtailments. That will create a trickle-down effect and impact communities and employment.

There is a need to review pricing formulas, equations and stumpage calculations to be more reactive to the new lumber pricing models, thus lowering stumpage to make logging more viable. If stumpage fees are not reduced, we will see another forestry sector downturn, impacting hundreds of forestry workers, including loggers, road contractors and log haulers, with mills possibly having closures or downtime.

• (1355)

The Chair: Mr. Beck, I'll have to ask you to wrap up, please, if you would.

Mr. Mike Beck: Okay.

The fee-in-lieu aspect is another challenge for many first nation companies here that are impacted by the variable rate for lower-valued whitewood—hemlock, balsam and spruce—which is taxed typically at 10% to 35% of their domestic value. The higher the value surrounding the whitewood, the higher the whitewood is taxed. Plus, the fee-in-lieu was set at 10% prior. There are only two mills on the coast cutting hemlock. The new tax structure removes the ability for the tenure holders to increase net revenue by moving whitewood deemed surplus to domestic needs, as per the surplus test, and other markets, such as the U.S. and Asia, that often pay much higher prices.

With the incentive to move surplus volume to other markets, tenure holders are concerned that the domestic market will become flooded, which will quickly drive down pricing and result in tenure holders, first nations included, to either not bring any volume to market or to focus on Douglas fir and cedar stands, which is high-grading the timber profile. Forestry tenure holders are already seeing a negative harvest response from this implementation of the policy. Some coastal logging contractors are beginning to find themselves short of work.

This trend will continue in areas where log exports and domestic sales were balanced prior to the new policies. Currently, first nation—

The Chair: Mr. Beck, I'll have ask you to wrap up almost immediately, if you can.

Mr. Mike Beck: Okay.

Fee-in-lieu will impact many of our first nation projects. I'll leave it at that.

The Chair: Great. Thanks very much. I'm sorry for having to interrupt, but we do have to keep to some semblance of a schedule today.

Mr. Zimmer, I understand you're now going first. You have six minutes.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you, Chair.

Hey, Derek. It's good to see you again. I'm in Prince George as we speak.

I have to move my motion today, Mr. Chair, since we didn't have the chance last time. Hopefully, we'll get through this quickly:

That, the Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade, be invited to appear before the committee as part of its ongoing study on Economic Recovery in the Forestry Sector, no later than February 26, 2021, to provide critical information relating to the recent World Trade Organization ruling, as the government official who appeared on October 30, 2020 was not able to respond to the question [and questions that we had] and suggested that Global Affairs Canada appear and answer the question at a future meeting.

I think, in good faith, that we've already heard that the minister is supposed to be here. I just wanted to put it on the table to ensure that it happens.

The Chair: Thank you, Mr. Zimmer. I'm happy to put on the record that we've already discussed this and we've already agreed to it. She is coming on the 26th.

Mr. Bob Zimmer: I believe we need to vote on it, just to make sure, though, now that the motion's on the table.

The Chair: We already addressed your motion. It's been passed. She is coming on the 26th.

Mr. Bob Zimmer: The day had timed out, though. It would be a quick show of hands that we support that she's going to come, from your side. A quick vote would be great.

The Chair: But Mr. Zimmer, we already voted on this motion. We voted on it on Monday.

Mr. Bob Zimmer: We didn't, actually.

The Chair: We did, actually, as part of the subcommittee report.

Mr. Bob Zimmer: We didn't. We didn't actually vote on the motion.

The Chair: Madam Clerk, can you clarify that for us?

The Clerk: Yes. By the committee concurring in the subcommittee report that featured that motion, it has been agreed to.

The Chair: Therefore, it's already been voted on and approved by this committee.

Mr. Bob Zimmer: Okay. I just wanted to make sure, because that wasn't my understanding. We're good to go, then.

Thank you, Chair, and thank you, Madam Clerk, for clarifying that.

Derek, I want to get back to you. You referred to Mackenzie pulp and Mackenzie paper. When I was 19, I remember stopping by to see my dad. He was a carpenter working on those hopeful projects that were part of Mackenzie and part of McLeod Lake. The timber came from around the area.

In case folks don't know what's around Mackenzie, McLeod Lake is right next door.

You and I both know the answer to this, but I think the Canadian public doesn't necessarily know it. Can you speak to how important the forest sector is to the indigenous communities across the country? I certainly know; I drive through McLeod Lake—I drove through there again yesterday—and see the activity there. Can you as chief speak to the benefits that forestry has brought to McLeod Lake, and what you see happening now?

• (1400)

Mr. Derek Orr: First of all, it's a renewable resource, and if we manage it properly, we're going to be able to see multiple generations of benefits from that.

I can't stress enough that the McLeod Lake Indian Band started out with a very small opportunity. We actually had to protest to get it. It wasn't because we wanted to stop the activity; it was that we wanted to be a part of it. This was way before my time. Then we were able to develop companies that worked in the forest sector and provided income to our community, which allowed us to develop and pay for housing, schooling and whatever. We developed a trust. There were lots of other things.

I don't speak as a representative but only as a community member. The ability that we've had to deal with.... We were the number one employer in Mackenzie at one time—a small first nation of 230 people that got into the energy industry. It was a stepping stone to get into other alternative types of energy, mining and all kinds of other things. Forestry has been the backbone of the McLeod Lake Indian Band since we can remember.

It's highly important, and being able to be a part of it is amazing.

Mr. Bob Zimmer: Thank you, Derek, and I want to speak to Mr. Beck too.

I'll bring both of you into this conversation because you, Mr. Beck, referred to the stumpage issues. Again, that's a provincial matter, but I've been puzzled by why the stumpage system we have in B.C. is not really taking advantage of all the beetle-kill wood. I've said this many times, and this committee is probably getting

tired of me saying it. It used to be the pine beetle and now it's the spruce beetle, and we don't have a way to target that wood and get it down while it's still usable. It just sits there and dies and becomes unusable. There's no better stumpage rate to pull that out unless it's completely dead.

Mr. Beck, you referred to this. It's making B.C. uncompetitive in our forest sector, so we'll start with Mr. Beck and go to Mr. Orr.

Can you speak to that, to competitiveness, and how important it is to have a competitive forestry? What are some things we need to do to keep it that way in B.C.?

Mr. Mike Beck: On the competitive aspect, it changed to the lumber-based pricing system, and we're seeing astronomical lumber pricing, which is now creating a high stumpage rate for B.C. It's making it very uncompetitive to try to get those logs to the lumber mills as well as to market.

The approach of the NDP here in the province of B.C. is creating some difficulties with the lower-value, dead, standing pine trees as well as some of the trees currently infected with the spruce bark beetle, making it less competitive to try to get that volume out of the forest land base.

Mr. Derek Orr: Stumpage has definitely been an issue, and with the deterioration caused by both the pine beetle and the spruce beetle, we as a community have done a lot of logging to try to get that to market before it deteriorated. We had a longer life span with the pine beetle; the spruce bark beetle has a way shorter life span, so we got as much as we could.

That's one of the problems we face going forward: We have these stands of timber that are still standing, but they're unproductive. There's no way to log them because the economics aren't available. They just stand, so the area doesn't get replanted and into production. It's a big issue going around—

Mr. Bob Zimmer: That's not to mention the forest fires that are going to be more prevalent, I would imagine, because they are there.

The Chair: Thanks, Mr. Zimmer. I'm going to have to stop you there.

Mr. Lefebvre, we'll go over to you for six minutes.

Mr. Paul Lefebvre: Thank you to the witnesses for being here, and thank you for your testimony. This is great. We've heard from a number of witnesses about the importance of the forestry sector.

I'm from Kapuskasing. My dad worked at Spruce Falls. My grandfather worked there. Now I'm in Sudbury, which is a mining town, and I understand the importance of forestry for indigenous communities as well.

I would like Mr. Beck and Mr. Orr to elaborate on the indigenous forestry initiative.

Mr. Beck, you said there are a lot of good programs from the federal government, and I'm assuming that's one of them that you wanted to talk about. You obviously deal with indigenous communities, so could you share with us some successes from that program and ways of improving the program? Then, once you've completed your answer, I'd like to hear Mr. Orr on that as well.

● (1405)

Mr. Mike Beck: One of the recent and very positive aspects of working with the province as well as with the federal government has been the foundation pathway agreement that has been put in place. We worked with the Shishálh band on the Sunshine Coast and with the Lake Babine Nation up in the Burns Lake and Smithers area. We have been very successful in attaining aspects of tenure through the government working with the licensees to garner tenure for first nations to utilize and sell that volume and create economic opportunities and training for their memberships.

Working with government, they have some type of revenue-sharing agreement within these tenures, through which the stumpage is shared, and 75% of that stumpage revenue is actually returned to the nation. They can then put it into other business opportunities and create more jobs and training opportunities for these first nation bands.

Mr. Paul Lefebvre: Thank you.

Would you comment, Mr. Orr?

Mr. Derek Orr: I think access to fibre is one of the biggest things that could make an impact.

With some of the opportunities we had in Mackenzie in starting up Duz Cho Forest Products, we were able to employ a number of our members, as well as non-members, within the community. We also had synergies with the pulp mill. We gave them our chips. We were able to really utilize those and make sure that we were part of the economy and push it forward.

However, not being able to get access to the logs we needed or a higher cost, we weren't able to....

I think having access to fibre in a way that works well for everyone is the key. That can come in many forms. We have our own amount of timber, but being able to have local ownership of fibre is key.

Mr. Paul Lefebvre: I agree.

Mr. Beck, you touched upon training initiatives. I'd like you to expand on that and the importance of it. Is there enough support for it?

One of the things that we've heard about many times is capacity building in these communities. I've seen it first-hand. I was in a community in northern Quebec called Waswanipi. Twenty-some years ago they had a lumber mill. It didn't materialize, but then everybody had some training. They all left to continue other business elsewhere, and then when we provided them with funding to restart the mill—probably three years ago—they all came back. They had created this capacity elsewhere.

I'm curious as to what you think about how the federal government can support additional training opportunities.

Mr. Mike Beck: The provincial and federal governments would be able to help fund some of the training opportunities. The foundation agreement was an example: We ended up training several first nation band members on logging equipment, and they now have full-time jobs. It's also working with licensees as well as logging contractors, who are trying to find that seat time for them.

It does come down to funding, because it is an extra cost. Training does cost money. They have to get up to the appropriate time and speed that some of these logging contractors need in order to make money.

Mr. Paul Lefebvre: Mr. Orr, could you speak on the training for your community?

Mr. Derek Orr: We were able to develop a training program with the District of Mackenzie. We were allocated a joint forest licence. We used those funds to help fund some of the training and push through, I think, 10 individuals from the local community into operation jobs and training, which also provided them with skills to go elsewhere. I think some of them were able to go into our logging companies as well as our milling facilities and elsewhere.

I think training is key.

● (1410)

Mr. Paul Lefebvre: Thank you.

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

The Chair: You have 30 seconds.

Mr. Paul Lefebvre: Thank you.

Mr. Orr, you talked about value-added products. Do you have any suggestions, from a federal government perspective when we conclude this study, as to more measures we can put in place to support you and the value-added products that you want to create?

Mr. Derek Orr: From what I've seen with a couple of individual local companies, they're moving to more selective logging and forest practices, taking all of what they call "guts and feathers", which is everything other than the saw log. Utilizing that instead of throwing it away or burning it and putting CO2 into the atmosphere just is not what we can do.

There is a theory that if we do it right, we are able to manage the forest. I have been told that the forest grows in an S-curve, growing to peak storage capacity and then falling off because some of the trees start to deteriorate. When we start to log selectively, we can get that deteriorated fibre off the ground and have the forest continue to produce at that level instead of dropping off.

Managing the forest better is one of the solutions, I believe.

Mr. Paul Lefebvre: Thank you very much.

The Chair: Thanks, Mr. Orr. Thanks, Mr. Lefebvre.

Mr. Simard is next.

[*Translation*]

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

Mr. Beck and Mr. Orr, first of all, please forgive us for the small waste of time at the beginning. What can I say? It's part of the parliamentary game.

Mr. Orr, I appreciated when you said in your presentation that there needs to be a cultural change in the industry. That's something that a number of the witnesses we've heard from agree on. For too long, we have been satisfied with the production of convenience products, including the famous two-by-four. The federal government will have to develop programs that allow for value-added production. You've made this point.

I'd like to know if you've used any federal programs to help you move in this direction towards value-added production?

• (1415)

[*English*]

Mr. Derek Orr: Yes, we have used government funding. I have not been involved with McLeod Lake since 2017, but we had grant writers who would help us to access whatever monies we could. A lot of the time it was more efficient and effective to use our own monies. For instance, the funding for the cant mill that we built was 95% McLeod Lake Indian Band's own source funding. I think not having our own source funding would have made it very difficult to get to where we needed to be.

Yes, we do think there's funding out there, but it's usually only a portion of what's needed, so having our own is essential.

[*Translation*]

Mr. Mario Simard: Okay. Thank you, Mr. Orr.

My next question is for you two, Mr. Orr and Mr. Beck.

Your answer just demonstrates what I think is a problem. There is no real strategy on the part of the federal government to support a cluster of value-added products in the forest sector. It seems to me that it's necessary.

As we know, for the only famous investment in forest industry transformation program, or IFIT, we are talking about \$82 million over a three-year period. This is very modest when you consider that new technologies in the forest sector are very expensive. So I say this with all due respect.

Do you think it would be good if the federal government had a real strategy on secondary or tertiary processing in the forest sector?

[*English*]

Mr. Mike Beck: I feel that more funding from the federal government to help establish some of these biofuel-type avenues, to help with climate change, would definitely help. The strategies are out there, as Mr. Orr has noted, but the funding is minuscule for what is actually needed if we are to look at some of these other as-

pects of products for forestry, as well as biofuels that may be needed to help with climate change.

The Chair: Go ahead, Mr. Orr. I'm going to give you some extra time.

Mr. Derek Orr: I think the government is definitely working towards solutions. Part of the solution is just the cultural shift, and change is inevitable in anything. As we get to some of the issues with climate change and as we go forward, that's automatically going to force change. There can be some things that contribute, that could help to promote that.

One thing is that people burn brush piles because it's cheaper. Lighting that up has an economic benefit. Maybe that could be balanced with waste billing, perhaps. For instance, there was a cut just outside of Mackenzie. In about 15 kilometres, there were 15 to 20 brush piles. They were lit on fire and burned. I took pictures and tried to find my old presentation that I provided at one of the natural resources forums, showing these brush piles on fire. I specifically stopped to take pictures. There is a biofacility 20 kilometres away, and this was burned and all that CO₂ was going up.

From my discussions, the people who would have taken that lost out because there was a bid that was 11% lower. There are some economics there. Being able to light them on fire to save a dollar, I think, has to be looked at.

• (1420)

[*Translation*]

Mr. Mario Simard: There you go.

Thank you, Mr. Orr.

[*English*]

The Chair: Thank you. I'm going to have to stop you there, Mr. Simard.

[*Translation*]

Mr. Mario Simard: Could I ask one last quick question, Mr. Chair?

[*English*]

The Chair: I've made up for the time that we lost in translation, and then some. I have to move on. You will get another chance.

Mr. Cannings, the floor is yours.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you, Mr. Chair, and thanks to the witnesses for being here.

I would like to follow up on that discussion, because this burning of slash piles is a real concern to me. I see it in my riding. I am down in the West Kootenay, in the South Okanagan area. Sometimes when I go into the Arrow Lakes in the fall, it looks like I'm entering the gates of hell because there is so much fire on a cloudy day.

I want to let you have some more time to explain the economics aspect and how waste management pricing might affect it. We have heard of the high stumpage rates. Stumpage rates are sensitive issues. It's one of the main reasons that the Americans have put these illegal tariffs on.

Could you explain those stumpage rates? If there was more leeway in terms of the type of wood that is being taken out, how would that work? How can we get companies to stop burning this waste? I know there's a first nations group at the north end of the reservoir, north of Mackenzie, that was paid \$1 million a year to burn the wood waste that washes up on the beach instead of diverting it for biofuel.

Mr. Orr, could you take some time to continue on and explain what that waste management pricing would look like?

Mr. Derek Orr: I don't have the silver bullet for that one. I think there are a lot of variables that go into it, but having discussions with.... I've talked with Len Stratton. He's the B.C. timber sales manager and he's here in Prince George. He says that one of the best ways for us to start to solve some of these challenges is being able to have the discussions about what will work and having a number of parties coming to the table and being able to find the solutions as we go forward.

As I said, I haven't been as much into the forestry sector, so to speak, but I still have the knowledge that there can be solutions. Having the stick and the carrot that we talked about in pricing and whatever that looks like is a bit difficult for me to discuss at the moment, but there has to be some penalty maybe, as well as a benefit, for them to utilize that. As I said, there are a number of other factories and facilities. We have a number of them in Prince George. It just doesn't make sense, if you don't have enough food, to throw out a half or a quarter of the plate. Finding those solutions by talking with each other is the way to go, I think.

Mr. Richard Cannings: Thanks.

I'm going to Mr. Beck again about the stumpage issues.

If stumpage fees are based on lumber prices, the lumber price today is over \$900. It's crazy. It's three times what it normally is.

I think it was you who mentioned a program that returns 75% of those stumpage fees to a first nation if they're part of some program. Could you expand on that and, if that is the case, on whether those groups would appreciate a high stumpage rate?

Mr. Mike Beck: Yes, absolutely.

With the high stumpage rates, the 75% stumpage return is through a forest tenure opportunity agreement. It was provided through the Province of British Columbia under the foundation agreement that was awarded to the first nation clients.

Yes, it's great to see the stumpage revenues, but that stumpage revenue is based on logging activity by the first nation band. The problem is that you're kind of in a headway here with high stumpage. The forestry companies aren't logging right now because it's too high a cost and they're not going to get any net returns or revenue, but then the other aspect you have to look at is that with high stumpage, although you're going to see a higher return to

the nation itself; your first nation forestry companies are going to suffer for it.

I may be able to expand a bit, too, on your question for Mr. Orr. There is pricing for the biofuels. It's usually 25¢ for a cubic metre; however, it comes down to the cost of what they pay for that fibre. You have to include logging, hauling and all the engineering and silviculture costs into that, and usually biofuels typically aren't paying enough to get that wood out of the forest land base.

• (1425)

Mr. Richard Cannings: Maybe you can quickly explain to me how if lumber prices are so high.... I hear that if you're making two-by-fours, you're doing good business today. Am I wrong, or is it just too high, such that we can't do other things like getting at this lower-grade wood?

Mr. Mike Beck: The first nations licensee holders and tenure holders are basically market loggers and don't have a mill or anything like that, whereas licensees can pay that higher stumpage and see profits at the end when they throw that lumber out into the open market at \$900 to \$1,000 a thousand.

When it comes down to first nations, they're market loggers. They don't see that return. They're seeing a portion at the front end, so they're losing out on that aspect of things with the higher stumpage rates. We've gone from \$30 a cubic metre to \$80 to \$85 a cubic metre here in this first quarter of 2021.

The Chair: Thank you, Mr. Cannings.

Mr. Richard Cannings: Thank you.

The Chair: That completes the first hour of the first round. We're not going to have time for all of the second round, so I'm proposing that we do Mr. Patzer next, then Mr. Waugh, Mr. Simard and Mr. Cannings. We'll stop there because we need some time today for the other business, but I would like to try to make up a little time with the witnesses for our earlier interventions.

On that basis, Mr. Patzer, you have the floor for five minutes.

Mr. Jeremy Patzer: Thank you very much, Mr. Chair.

I'll start with you, Mr. Beck. Your company does work with tree planting in some regard. Do you have any advice or observations for the government's plan to plant two billion trees?

Mr. Mike Beck: Right now, two billion trees is going to be quite difficult when you have other licence holders and only a certain number of greenhouses to produce those seedlings. What we're looking at right now is that Canada usually plants about 600 million trees a year across Canada. In B.C. alone, it's 250 million. To have the infrastructure there to plant those two billion trees within 10 years is going to be quite difficult and quite challenging to achieve.

Mr. Jeremy Patzer: Okay.

Going back to the issue around stumpage, there are different barriers that a first nation would be facing if they're looking to get involved in the forestry sector. Then there's the lack of a softwood lumber deal. There seem to be a lot of different barriers facing people. Given how far it's getting to be to transport to a mill, how big a hurdle are these things becoming for somebody who's looking to enter the forestry sector?

Mr. Mike Beck: The biggest hurdle right now, again, as Mr. Orr and I have already noted, is acquiring forest tenure for first nations. It is one of the toughest things. During these timber supply reviews, the government needs to apportion more volume to first nations to allow them to get into the forestry market and the forestry economics aspect of things.

With regard to the hauling aspect, we're getting pushed further and further out or we're getting pushed into more sensitive visual landscape units where it's more difficult to have cuts over 40 hectares and more difficult to achieve the forest health aspect by mitigating the effects of the beetle or wildfire by acquiring the dead timber before it becomes dead useless. Those are some of the major challenges, but hauling businesses are becoming a factor, with fuel costs and with carbon taxation. It's starting to really impact a lot of the operations.

Mr. Jeremy Patzer: I have another quick question here too, in regard to investment. Are there any issues with foreign investment or with competing with foreign interests? Is there any interference being run in Canadian forestry by foreign interests that would prevent somebody from starting up in the forestry sector or starting a new mill somewhere? Are there any issues with foreign interests?

• (1430)

Mr. Mike Beck: Not that I am really aware of. I don't know if Mr. Orr would have any comment on that.

Mr. Derek Orr: From my previous dealings with foreign interests, I think they don't always have the same ideology as the community, and that has posed a bit of a challenge. We were able to develop some relationships when we were operating Duz Cho Forest Products, and we developed those relationships so that we could ship that fibre over to China.

There is opportunity, but it usually takes a long time to develop, and if it's not maintained, it's hard to get it going again.

Mr. Jeremy Patzer: I have a question for both of you.

The clean fuel standard is adding another barrier as well. Have you guys done any cost analysis on how the clean fuel standard is going to affect transportation costs, especially as our mills are getting pushed further and further away with closures?

Mr. Mike Beck: No, we haven't done any analysis yet, but it is on the horizon to start looking at it as part of the performance and net profit and revenue share for the first nations forestry businesses that we work with.

Mr. Jeremy Patzer: Where am I at for time, Mr. Chair?

The Chair: You have 30 seconds.

Mr. Jeremy Patzer: I'll just cede my time. Thank you.

The Chair: Thanks, Mr. Patzer.

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

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

I'd like to thank both the witnesses for joining our committee today and for their patience earlier on.

My first question is to Mr. Beck.

You mentioned some of the first nations that you've been working with, and one of them in my riding, the Shishálh Nation, has a foundation agreement with the province. You mentioned another one in Lake Babine, I think.

Given that in B.C. there are very few treaties, it's likely that there may be more and more of these types of foundation agreements as the province is looking toward reconciliation. With this in mind, given that this is a provincial and first nations agreement, what advice would you have for the federal government here on ensuring that the federal government could help maximize some of the opportunities for first nations in the forestry sector as some of these agreements are being put together?

Mr. Mike Beck: You're right. Shishálh and Lake Babine Nation were the two that we worked with. We're working on further ones that are in the reconciliation process with the provincial government, but we're also looking to the federal government to provide some grant funding or money to maybe purchase more forest tenure.

We are also looking to the federal government to possibly provide forestry infrastructure, as well as to create some avenues or training dollars for some of these first nation communities. There may be people in these communities who are interested in becoming a forester or who are looking into becoming a forestry skidder operator or a loaderman. They may even be interested in getting into the trucking industry.

Some of the aspects of these foundation agreements will be very important for first nations, and it will be important for the federal government to provide some grant funding.

Mr. Patrick Weiler: Thank you.

To follow on my colleague Mr. Patzer's earlier question, we have made a pretty ambitious plan to plant two billion trees across the province. I know your company is involved in providing services in working with first nations on this plan. I'm wondering if you could provide some advice on the best way for the federal government to partner with indigenous peoples to ensure this commitment is realized.

Mr. Mike Beck: The best way to ensure that you're involving first nations and first nation communities is to look at contacting some of the natural resource departments within some of these communities and to put out advertising that you're looking for tree planters. You could also look at the forestry management companies that are working with these first nation businesses and first nation communities to get the word out on employment and on why we're doing the tree planting.

Mr. Patrick Weiler: Thank you, Mr. Beck.

I would like to ask the same question of Mr. Orr as well. How best could the federal government partner with indigenous peoples on this fund for planting two billion trees?

• (1435)

Mr. Derek Orr: I think it has to go with the communication piece that Mr. Beck talked about to reach the community and provide them with the opportunity. I know from my previous dealings with McLeod Lake that we planted 1.6 million trees annually just on our own forested lands, so there is some ability to be of assistance in that. I think a lot of the other communities may or may not have opportunities to be a part of that, and I would assume they would be very interested.

Mr. Patrick Weiler: Thank you for that.

One thing that's come up in just about every committee meeting we've had on the study is the challenge with the burning of slash piles. Mr. Orr, you brought that up in your testimony earlier on. One of the programs that we have running through NRCan from the federal government is the investing in forestry industry transformation program. Part of its aim is to create a more competitive and resilient forestry sector, with a focus on low-carbon projects that result in new and diversified revenue streams.

There are so many successful projects out there that use forest residues and wood by-products to commercialize innovative products. I'm wondering if you've had any experience working with this program that you could share with the committee.

Mr. Derek Orr: No, I haven't, and I'm not informed about it at the moment. I haven't had any experience with it, but I do know that during our time, being able to access funds for plant development and increased production was a goal of ours. We were trying to find the money to help promote our path forward. As I said, it was usually a small portion, and lots of times there were strings attached. It can be quite complicated, but we did the best we could at the time.

The Chair: Thank you, Mr. Orr. Thank you, Mr. Weiler. That's all the time we have.

We have two members left. Mr. Simard and Mr. Cannings, you'll each get two and a half minutes, starting with Mr. Simard.

[*Translation*]

Mr. Mario Simard: Thank you very much, Mr. Chair.

Earlier, when we left off with Mr. Orr, we were talking about value-added production and the federal IFIT program, which is barely or not available.

One measure that could be interesting to develop value-added products is the idea of carbon footprint. If the federal government were to set an example in its procurement contracts by using the carbon footprint, perhaps the entire bioproducts chain, from biogas to bio-based plastics, would be given new life.

I'd like to know what you think about this, Mr. Orr.

[*English*]

Mr. Derek Orr: I think it's come down to the fact that economics has been a major piece in the financial viability of bioplants, but I think, as you said, requiring some of the major li-

cencees to use that or provide that for the proponents would be a benefit, because, as I said, the waste of the additional fibre supply just doesn't make sense anymore.

I think we have to find a way to utilize all of it, because we just have to change. I think there are some models in other countries that have replicated that, as I provided in a PowerPoint presentation. I do know some other individuals who are working towards making selective logging more efficient as well as profitable, so it is an option.

• (1440)

The Chair: Thank you, Mr. Simard. It's right on time.

Mr. Cannings, last but definitely not least, you have two and a half minutes.

Mr. Richard Cannings: Thank you, and I'd just like to finish at maybe a higher elevation.

We've been talking a lot in the last Parliament in Ottawa, and in this one, about the United Nations Declaration on the Rights of Indigenous Peoples. That legislation tried to move through previously. It was blocked in the Senate. However, British Columbia has passed the UNDRIP law, the Declaration on the Rights of Indigenous Peoples Act.

I'm wondering, Mr. Beck, if you might want to comment on your feelings on how that might affect indigenous forestry over the long term.

Mr. Mike Beck: Yes. The recent legislation of the UNDRIP in the British Columbia provincial Parliament has created a better avenue for first nations to garner forest tenure. It's allowing us to be at the table with government provincially to voice the concerns of first nations, based on the Constitution Act, section 35, and the royal proclamation is allowing them to have more rights to their unceded territory and to establish more forest businesses and more management of their land base.

Mr. Richard Cannings: Mr. Orr, do you want to comment as well?

Mr. Derek Orr: Sure. I think it's apparent that when the local communities own the tenure, they spend it within their region usually, whereas some of the bigger licencees have a lot of fibre but are going overseas and investing and not necessarily recycling that money in our economy.

I know that McLeod Lake Indian Band spends a significant amount of money to buy harvesting equipment, to purchase locally in lots of areas, so they're giving back to the economy. I think that's where the real benefit comes from. It's from the local indigenous peoples being able to have their own tenure within their areas. It's a significant benefit.

Then when they partner with others, maybe they sell that or they develop a facility that can provide opportunities. It's a win-win for everyone.

Mr. Richard Cannings: Thank you very much.

The Chair: Thanks, Mr. Cannings. We're right on time.

That is all the time we have today for our witnesses.

I'd like to thank Mr. Beck and Mr. Orr for coming today and providing valuable information. You are our last two witnesses, in fact, on this study, so we're very grateful to you.

Again, thank you for your patience at the beginning of the meeting. You got to see some of the inner workings of Parliament and how the process works. Perhaps another day you can share with us your take-away on that, but I just want to say thank you for listening to that and for being here today.

With that note, I will suspend the meeting. Then everybody can sign back on and we can continue with committee business.

[Proceedings continue in camera]

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