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Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

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• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. It's good to see everybody back from our constituency work week.

We're continuing our study of the renewal of Canada's forest industry. We have witnesses with us today from four different groups.

From Wawasum Group LP, we have Joe Hanlon, project manager. Welcome to you, sir.

From the Town of Atikokan, we have Mr. Dennis Brown, mayor. Welcome to you, sir.

By video conference, we think, although we're having a little trouble right now—it may be by teleconference before we're done—we'll have Jocelyn Lessard, director general of the Québec Federation of Forestry Cooperatives. Also, from the Quebec Wood Export Bureau, we'll have Sylvain Labbé, chief executive officer.

We will get to the witnesses right away.

Mr. Regan, you have a point of order.

Hon. Geoff Regan (Halifax West, Lib.): On a point of order, Mr. Chairman, I wonder if you or perhaps Ms. Block could tell us if she has an answer to when the minister will be coming to the committee.

The Chair: Ms. Block, do you want to respond to that?

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): We do not have a date set for when the minister is coming, but it's definitely being looked at right now to determine it.

The Chair: I do know that congratulations are in order for the minister.

Hon. Geoff Regan: Yes, indeed.

The Chair: He has a brand-new little daughter, so that's very sweet. I'm sure he's excited. I get excited just hearing about it.

Hon. Geoff Regan: Why don't you send the minister congratulations on behalf of the committee, Mr. Chairman?

The Chair: I will. Thank you.

Let's move ahead. We'll deal with the technical details as we go along, but let's start with the presentations of those who are here, in the order that they're listed on the orders of the day.

Before we get started, I apologize. I have one more thing I want to mention. Thursday's meeting has been cancelled. That was a meeting on the pipeline safety act. We were to have witnesses from the NEB,

and they quite rightly pointed out that it would probably be more proper if they appeared after departmental officials. We have the departmental officials appearing the first meeting after the next out-week, and then we'll have the NEB on the Thursday of that same week. That was my mistake. I should have thought of that. When they brought it up, it made sense, so Thursday's meeting has been cancelled.

Let's go ahead with today's meeting, starting with Mr. Hanlon.

Go ahead, please, with a presentation of up to seven minutes.

• (1535)

Mr. Joe Hanlon (Project Manager, Wawasum Group LP): On behalf of Chief Theresa Nelson, Animbiigoo Zaagi'igan Anishinaabek; Chief Laura Airns, Bingwi Neyaashi Anishinaabek; their communities; the board of directors of Wawasum Group LP and me, Joe Hanlon, project manager, we would like to thank the Standing Committee on Natural Resources for this opportunity to present to you today.

Animbiigoo Zaagi'igan Anishinaabek, AZA, and Bingwi Neyaashi Anishinaabek, BNA, are two first nation communities that each have a land base in northern Ontario but lack the infrastructure needed to sustain their members. The communities created a joint partnership and formed Wawasum Group LP, with the goal to construct and operate a wood pellet production facility. To capitalize on the current economic demands for carbon-neutral, environmentally friendly products, AZA and BNA applied to the Ontario Ministry of Natural Resources' forest competitive process and were successful in obtaining 113,000 cubic metres of hardwood annually.

Our goal is for the fibre to be delivered to our wood pellet production facility, then processed into wood pellets, thereby producing 60,000 tonnes of pellets annually. Our business plan shows that this project has the potential to create approximately 45 new jobs in the production facility, wood yard, and forestry operations.

Wawasum's decision to participate in the wood pellet industry was largely based on the enormous growth that is taking place in many parts of the world, such as Europe, Asia, and North America. In 2012 an article written in *Canadian Biomass* indicated in part that in the next eight years, significant growth is predicted in wood-fuel pellet markets worldwide, and that Europe will continue as the largest source of demand, with markets also emerging in Asia. It said that growth in production will continue in North America, but new production is being established in nearly all wood fibre baskets worldwide.

The current global market volume of biomass pellets of around 16 million tonnes annually is projected to increase to 46 million tonnes by 2020, representing a total market value of \$8 billion U.S.

The adoption of the biomass fuel pellets is largely driven by policy and financial incentives in much of the world, and this will continue to be the case. Wawasum wants to be a supplier in this emerging market. We believe not only will it be a profitable venture, but it will also be environmentally cleaner and a renewable resource, unlike coal or natural gas. That is why we want to continue to advance our project. It has not come without some struggles and concerns.

We are here today to bring to the committee's attention some concepts that could assist us with our goal and could also benefit other aboriginal communities in the future.

With respect to stable federal government funding, we believe that the current system needs to be studied when it comes to funding first nations start-up businesses that want to create economic opportunities through forestry. The following comment in no way takes away from the support and the funding we have received from the federal and Ontario governments. We would not be here today without their support.

Our suggestion is that the federal government create a program that ensures secure, stable funding is made available so that a start-up business can explore and complete all pre-construction requirements.

When a community first prepares a project application, there is a lot of detail that is required in order to present a well-thought-out case for the project. Once submitted and approved, the project starts, progress is being made, and the community is encouraged. Unfortunately, without assurance from the start of a project to the completion, it can cause undue delays or even end a project. That is why it's important to establish a program that would allow for the momentum to continue and grow.

With this type of structure, first nations start-up businesses would not have to assess which programs may be available, prepare applications, deal with new people who are not familiar with the project, rehire or hire new employees, wait for approvals, and deal with questions and uncertainty from the community members. With assurance of the stability of funding, we could proceed in a more productive and cost-effective way. We could then focus our energy on providing annual financial statements and progress reports to the funder, demonstrating our advancements in order to continue.

It does not benefit our communities or the taxpayers of Canada to fund the beginning of a business opportunity and not see it to completion.

● (1540)

Concerning loan guarantees, to assist with first nations community growth and to create meaningful employment, we need forest industry jobs.

Many reserves are located in isolated areas surrounded by renewable forest. We as first nations people can manage the forest and ensure a balance in respect to our traditional hunting, fishing, and trapping, while also creating economic opportunities for our members. Wood pellets are in high demand nationally and globally; sawmills are rebounding; harvesting operations will be created and grow, to name a few opportunities. However, these projects require large capital investments, and in order to create economic opportunities for our communities, we need the support of the federal government.

We believe this can be accomplished in part with loan guarantees for first nations forestry-related businesses. Working together to develop loan guarantees demonstrates a pledge to first nations people and sends a message to the financial world that the Canadian government stands with and supports the creation of successful first nations businesses.

In closing, we truly believe that the federal government's support and work with first nations communities and businesses will send a positive message to the forest industry worldwide that Canada and its first nations partners are working together to provide low-cost, renewable, and sustainable forest products that are essential in a global economy.

With consistent funding, loan guarantees, and other joint programs that promote growth, first nations communities will benefit. Canada, the provinces, and surrounding communities will also prosper from the economic spinoffs as projects are developed and come into service. This type of vision and declaration from the federal government can provide meaningful improvement to the lives of first nations people and their communities. Only through education, empowerment, employment, infrastructure, commitment, funding, and backing in the forest sector can we be a part of a progressive change.

Through the continued support of the chiefs, their councils, and the communities of AZA and BNA, Wawasum is committed to developing a wood production facility. This capacity will benefit and shape our community's long-term needs in a positive way. The support of this committee and of all political parties will assist in the development of our project, but by working together we can improve the economic and social needs of all aboriginal people across this country.

Meegwetch. On my own behalf and that of our Wawasum board of directors and the communities of Animbiigoo Zaagi'igan Anishinaabek and Bingwi Neyaashi Anishinaabek, thank you.

The Chair: Thank you very much, Mr. Hanlon, for your presentation, and thank you for keeping it on time. We appreciate that very much.

We go now to the next presenter. From the Town of Atikokan, we have Mayor Dennis Brown.

Please go ahead with your presentation, for up to seven minutes.

Mr. Dennis Brown (Mayor, Town of Atikokan): Good afternoon, ladies and gentlemen. Members of the standing committee, thank you for the opportunity to present here today.

In northwestern Ontario where I live, the steady improvement in the forest products sector has become a major driver of economic recovery in our region. In communities such as Kenora, Ear Falls, Ignace, Longlac, White River, Terrace Bay, and even Thunder Bay, jobs are being created to build on the already significant impact that the forest sector has in Ontario.

In my community of Atikokan, the forest industry has been a key driver of the economy for many years. Atikokan was home to a sawmill for 45 years and to a particleboard mill, until both companies failed after the U.S. subprime housing collapse, putting more than 400 people out of work in 2008.

The impact on Atikokan was devastating. Many of our primary breadwinners were forced to commute to northern Alberta or southern Saskatchewan to work. Over the ensuing years some families have followed, but most have remained and continue to contribute to our community.

The resurgence of the forest sector has been very good for Atikokan. The old particleboard mill is in the final stages of being retrofitted as a pellet plant, employing about 40. A brand new, high-speed, state-of-the-art sawmill is being constructed on the site of the old sawmill, and it will employ about 100 workers. It is scheduled to open in May or June of this year—Canada's newest sawmill. In addition to the mill workers, there will be between 200 and 300 employed in harvesting and transportation, and many more in indirect and induced jobs. Ontario Power Generation's coal-fired electricity generator in Atikokan has been converted to a wood pellet biomass generator, sustaining existing jobs in the area. Clearly, the forest industry will continue to be a major contributor to the Atikokan economy.

This story is being repeated in other communities in Ontario and indeed across Canada. The recovery is also benefiting many first nations communities in northwestern Ontario who are working alongside us, the municipalities, and with industry to ensure that they are able to capitalize on this rebound.

For example, six first nations communities near Atikokan recently signed a memorandum of agreement with Resolute Forest Products which has resulted in more than \$100 million in new contracts for aboriginal businesses in the region.

These arrangements are becoming more and more common, and the capacity of our first nations partners to participate more fully in the regional economy is increasing every day.

With almost 350 million hectares of forest area, Canada is the world's fourth largest exporter of forest products, providing jobs for more than 200,000 Canadians. The job numbers are growing, thanks to the recovery of the world economy, particularly in the United States.

In Ontario alone, the forest products jobs grew by almost 4% between 2011 and 2012, and the Forest Products Association of Canada forecasts that another 60,000 Canadians could be recruited to work in the forest sector by the end of the decade. On September 4, 2014, *The Globe and Mail* reported that forestry students have a 100% employment rate, higher than that of computer science, math, and physical science specialists.

To us, the residents of Atikokan and northwestern Ontario, these are not merely statistics. We can see these employment forecasts coming true in our own communities, with new investments and jobs on the rise, and it's not just the jobs in the forest sector; the recovery is having spinoff effects everywhere.

But there are some troubling issues on the horizon that I want to take a few minutes to outline. The forest sector relies on two key drivers: access to a reliable, predictable, and affordable supply of wood fibre for manufacturing, and access to markets in which to sell its products. I would like to briefly discuss each of these business drivers, as they both are under pressure.

First, with respect to access to fibre, there is a growing concern that public policy is being developed, at least in the province of Ontario, that will unnecessarily reduce access to fibre with no understanding of the socio-economic impacts of these policies.

An example would be the policies related to the managing for caribou under the federal and provincial endangered species legislation. There are policies and regulations being developed at both levels of government based on limited or incomplete science that could have devastating effects on fibre supply, just at a time when communities are relying on this sector's rebound to stabilize our economies. Communities such as ours in Atikokan are concerned that if this problem is not addressed, uncertainty will be created, investments will dry up, and the stimulus will end.

● (1545)

Second, with respect to access to markets, we are seeing market campaigns being launched by radical environmental groups who misinform and mislead customers about forestry practices in Ontario and right across Canada. Without customers, no sector can thrive. We collectively need to rally behind our forest industry to correct misinformation and better promote the sector internally and abroad. This is so important. Our forestry practices are world-leading, and therefore our forest products should take their rightful place at the top of the customer's order file.

This is not to say that governments have not been supportive of the sector's recovery. Federal programs aimed at assisting in green energy projects, aiding in expansion into emerging new markets, and supporting science and innovation have been instrumental, and should be continued. Provincial governments have made similar investments. But these efforts will not bear fruit without a predictable and affordable industrial fibre supply and without a market strategy that ensures fact-based information about the sector.

In summary, the recovery of the forest sector is real. We are seeing the benefits first-hand in all of our communities, including the first nations in our area. Investments are happening, jobs are being created, and there is growth throughout our region. The sector is sustainable, renewable, and climate friendly. Trees grow, and the products that are made from the forest improve our quality of life.

We need to get behind this recovery and ensure that the forest sector is supported, that public policy considers the social, economic, and environmental pillars of sustainability in a balanced way, and that we promote our forest practices and correct misinformation from misguided special interests. We need all levels of government, federal, provincial, and municipal, to be much stronger in defending the social and economic interests of the communities, businesses, and working families who depend upon the forest industry.

Thank you for this opportunity.

• (1550)

The Chair: Thank you very much, Mayor Brown, for your presentation.

We go now to two witnesses via video conference. They are both in Quebec City.

We'll start with a presentation from Jocelyn Lessard, director general of the Québec Federation of Forestry Cooperatives.

Go ahead, please, with your presentation. You have up to seven minutes, sir.

[Translation]

Mr. Jocelyn Lessard (Director General, Québec Federation of Forestry Cooperatives): Thank you very much, Mr. Chair.

I would also like to thank all the members of the Standing Committee on Natural Resources.

The Quebec Federation of Forestry Cooperatives is pleased to have the opportunity to share its comments with you and appreciates the questions put forward about contributing to forestry renewal.

The federation is composed mainly of forest workers cooperatives. For a short time now, it has also included producer cooperatives. Some cooperatives in our network are active in wood processing, but the vast majority instead do forest work. We are involved in all aspects of forestry, including seedling production, silviculture, roads, harvesting, transportation of timber and, now, harvesting forest biomass to sell for energy.

The federation's perspective in today's presentation was prepared from the standpoint of a network active in the first part of the forestry products value chain, which is forest management.

I will focus on four topics: renewal of the Softwood Lumber Agreement and its importance; a wood production strategy including an industrial shift; the use of forest biomass for heating, a topic I will spend the most time on; and lastly, recognition of the forest management segment in policies addressing Canada's forestry sector.

In terms of the need to renew the Softwood Lumber Agreement, the federation is not involved in the negotiations. However, it is well placed to comment on its importance. When our clients have conflicts, it disrupts our activities significantly.

We consider that the Softwood Lumber Agreement betrays the spirit of the free-trade agreement between Canada and the United States. Several reasons show that the barriers imposed on the Canadian industry tend to protect special U.S. interests, to the detriment of all stakeholders in Canada's forestry industry and all timber consumers on the other side of the border. However, forest cooperatives are well aware that lack of an agreement would be even worse. Therefore, the federation understands and supports the role that the Canadian government played in signing the agreement.

We recommend that the Canadian government contribute to renewing the agreement, which will soon expire. If, on October 12, 2016, we still have no agreement, the entire Canadian forestry industry will suffer greatly because markets will be very strong at that point. However, if the agreement is renewed as is, the federation hopes that article XII is addressed so that a committee can be set up to assess the relevance of considering the exemption of Quebec, since its new forestry regime is now much more based on a free market.

I will now talk about the wood production strategy and the industrial shift.

In Quebec, the minister of forests, wildlife and parks, Laurent Lessard, just received the report on the wood production strategy prepared by the dean of the faculty of forestry at Université Laval, Robert Beauregard. We do not know the details of the report, but we do know that in addition to a silviculture shift to add value to our fibre, the dean also encourages that the government support the industrial shift. This shift would make it possible to significantly increase the economic benefits and total jobs for the forestry sector. Without this shift, we would risk losing jobs in the medium-term within our industry.

In terms of bioeconomy conversion, which should play a bigger role in the Canadian economy, biomaterials, environmentally responsible construction products, green chemistry and bioenergy should be developed. The federation would like the Canadian government to be involved in this conversion, for instance by encouraging investments to help the industry position itself in these new opportunities.

I am pleased that everyone is talking today about the potential of forest biomass for heating. Since 2007, we have been working to develop the biomass industry, but with internal consumption for heating and industrial, commercial and institutional buildings. Six cooperatives have already set up centres to process and condition forest biomass in order to supply our clients through institutional partnerships, including with the Caisse de dépôt et placement du Québec, Fondation and a few departments. The federation has conducted several economic studies that show the viability of this industry. If you are interested, we can send them to you.

Only in Quebec, outside the Montreal urban area, would it be possible to enhance the value of one million tonnes of residual biomass, which would provide major economic benefits in all the regions. This development would avoid one million metric tonnes of CO₂ emissions by using an alternative to oil and propane and other fossil fuels. This industry could create up to 16,000 jobs, over a quarter of which would be recurring, and it would improve the trade balance by \$225 million.

The cost of forest biomass is very competitive. Chips cost \$6.57 a gigajoule, and pellets cost \$10.26, compared to oil, which costs \$22.89 a gigajoule, and propane, which costs \$26.36 a gigajoule. In terms of energy costs, it's very competitive.

● (1555)

Despite its major potential economic, social and environmental benefits, biomass has been slow to emerge. The main reasons are the lack of knowledge of potential users about this industry, the security of supply of quality fuel, and the high cost of equipment and infrastructure required to heat biomass.

The federal government could play a role in improving the third aspect by providing financial assistance for the purchase of equipment in order to reduce financing costs and the time it takes to see a return on investment.

In the March 29, 2012, budget, the federal government expanded class 43.2 of Schedule II of the Income Tax Regulations to include waste-fuelled thermal energy equipment. The March 21, 2013, federal budget allows businesses in the sector to take advantage of the applicable measures until December 31, 2015, which is fast approaching.

The Government of Quebec has brought its own measures in line with these measures, making projects of businesses that produce thermal energy eligible for tax credits for manufacturing and processing equipment.

The federal government should extend this measure well beyond December 31, for at least five years. In addition, the federal government could give the industry a much bigger boost. The current accelerated capital cost of allowance for investments in producing thermal energy is not well-suited to this industry because profit margins are very low in the first few years.

A 20% tax credit for waste-fuelled thermal energy equipment for all regions would greatly help develop the industry and would produce major benefits.

I will now move on to the last point, which is recognition of the forest management segment.

Forestry in Canada and Quebec was built on the paradigm that wealth is created only in a processing plant and that upstream activities are considered expenses that should be reduced. Other industrial sectors in Canada have much more integrated value chains that optimize the value of the whole chain. The forestry industry still believes encouraging competition among suppliers means getting the lowest supply cost.

Forest management and supply are generally outsourced with the best risk transfer possible, meaning contract work and that

companies own the equipment. All of this means that innovation in forestry is limited, and it is becoming increasingly difficult to promote the forestry trades.

The federation is working with its industrial partners to improve its business relations and is investing heavily in innovation. Furthermore, we would like to thank the federal government, which is providing several programs facilitating this action.

A number of our cooperatives belong to FPInnovations, which is working closely with us on the forestry component. For a year and a half now, our federation has also been a member of FORAC—forest to customer—a Université Laval research consortium.

We receive significant funding from the Natural Sciences and Engineering Research Council of Canada. Lastly, our federation is receiving direct funding from Natural Resources Canada for a research project on processes to harvest and condition forest biomass.

Our federation hopes that the government will continue its involvement in support of forestry research because forest renewal needs a forest management segment that is as strong as the rest of the chain. It also hopes that forestry companies will become eligible for funding, including to modernize forestry equipment.

This concludes my presentation.

Thank you.

[English]

The Chair: Thank you very much, Mr. Lessard.

We finally go to Sylvain Labbé, chief executive officer of the Quebec Wood Export Bureau.

Please, go ahead with your presentation, sir, for up to seven minutes.

Mr. Sylvain Labbé (Chief Executive Officer, Quebec Wood Export Bureau): May I speak in English?

The Chair: Sure.

Mr. Sylvain Labbé: It will ease the communication, so I'll speak in English.

Thank you to the Standing Committee for inviting me for this presentation.

I wear four hats. I'm the CEO of the Bureau de promotion des produits du bois du Québec, the Quebec Wood Export Bureau. I'm also the vice-president and founder of Canada Wood, which represents all of the wood industry in Canada for developing the export market. I also represent the Wood Pellet Association of Canada, because we have the pellet manufacturers in Quebec. We joined with the Canadian association last year. Also I'm representing Canada on the UN Committee on Forests and Forest Industry.

I will present some slides, which you have in both French and English, that will help with the comprehension of what I will present to you. I will present some facts, some trends, and a proposed vision for the future under diversification for Canada in the wood industry.

The first slide is our export of wood products. On this slide you can see that the softwood lumber exports to the U.S. have grown in the last five years. You can see the other diversification. We have softwood export overseas. We have done a very good job in the last five years of developing new markets, notably China. You can see the exports to the U.S. and overseas of other wood products, value-added wood products mainly, structural components, flooring, hardwood.

On the next slide you can see something that troubles me a bit. It is the export and import between Canada and the U.S. of value-added prefab houses and structural wood components. We call it the value-added wood industry. Since 2010, our net balance has been negative. We import more wood structures than we export. We have a problem here.

On the next slide you can maybe see one of the reasons: the productivity of the construction industry compared to the industry sector in Canada. Since 1982, the companies sector has grown to 47% and the construction industry has been stable at best, so our productivity is low.

With regard to some trends in the market, there is a trend to construction industrialization going on in the world. There's more prefabrication in the construction technique.

On the next slide, there is also a green building trend. The construction industry wants to lower its energy and carbon footprint in all developing and developed countries.

The next slide is an example of what we did in China. We had a recent big contract in China with housing. We got the contract because we showed them the carbon and energy reduction on the construction of a country house in China versus a modular home done in Quebec and exported to China. The reduction there was very high. Instead of 114 tonnes of carbon, it came to 30 tonnes. We got the contract because of this presentation.

Now on the trends of where our future market is, we know we will soon face the problem in the U.S. with another lumber V, and we have to diversify our markets. We have done a good job in the last five years. The next step is to diversify our products. We need to add value to our wood industry.

In the next slide you can see the evolution of the middle class in the world, which is the key target market for us in terms of construction. In the small circle you have the middle-class volume in 2009, and in the big circle is the middle class in 2013. I don't have to explain to you where our market will be in the next 10 years.

On the next slide you also have the main global market for prefabrication, wood prefab construction. It's the same thing. In 2008 versus 2017, you can see the growth in China is tremendous compared to all of the other markets, U.S., Germany, Sweden, wherever. China will be a big target market for raw material and value-added products.

● (1600)

Now I will speak to the vision.

I think we have to change our mindset to add value to what we produce. That's a Quebec vision for now, with the Quebec

government, but I would like it to become a Canadian vision. The goal is we want to export some prefab construction systems for \$3 billion. We export now \$3 billion of wood, but I want to take \$1 billion of that wood and transform that to \$3 billion of value-added. That's a government strategy with industry, research centres, and everybody else involved. We are now at the stage of the strategic analysis: our weaknesses, the opportunity, the trends, and some recommendations. That should be finished by the end of this year. We will develop a concerted strategy and implement this strategy. That will need some thinking outside the box. The wood industry has normally produced wood, but we now have to think outside the box and have new allies in our industry.

The important thing you can see on the next slide is the benefit for Canada. What I present on this slide is the benefits for Quebec only, because I'm talking about \$3 billion of export from Quebec only. On this schedule, you can see that in 2014, our actual export of structural wood in a prefab-engineered home was roughly at \$250 million. That represents about 2,000 jobs, \$8.7 million in direct tax to the Quebec government and \$4.5 million for the Canadian government. If we achieve the target, and we will look at the column for 2030, that's \$3 billion, 25,000 new jobs, \$100 million for the Quebec government in tax, and \$52 million for the Canadian government in tax, with very little investment. We need to diversify our market and diversify our products.

The last slide is an example of a contract signed in China in November during Mr. Couillard's mission in Shanghai. We signed a contract for \$350 million for 500 homes—it's a Quebec company, Panexpert—and this is for the next five years. That's the first result of our efforts now. We had a \$20 million contract that is finishing now, also in China, for prefab homes done by AmeriCan Structures, a small company in Quebec. So the result is already there. Just the number that we sold in the fall is more than what we expected for 2018, so it is going faster than I envisioned, and I encourage Canada to develop a strategy to diversify not only our markets, but also add value to our wood industry.

Thank you very much.

● (1605)

The Chair: Thank you, Monsieur Labbé, for your presentation, and thank you to all of you for being here today. We do appreciate it very much.

We'll start the seven-minute round of questions and comments with Ms. Perkins, followed by Mr. Rafferty, and then Mr. Regan.

Ms. Perkins, you have two students from the University of Toronto at the back of the room. Perhaps you'd like to take a minute before you start your time to explain the program they're here with and maybe give their names.

Mrs. Pat Perkins (Whitby—Oshawa, CPC): Yes. Thank you, Mr. Chairman.

I'd like to introduce the committee to Sameen Zehra and Brynne Moore. They're both from the University of Toronto. They're here for the Women in House program. It's a shadow program, where an MP has the pleasure of hosting them for the day. They did spend some time with the Supreme Court yesterday, and they've now come to the House today. They've met many people and found it to be quite interesting, and I've enjoyed having them.

The Chair: Thank you very much. Now perhaps we can go to your questions and comments, for up to seven minutes.

Mrs. Pat Perkins: Thank you.

I'd like to start off with our last presenter, please, Mr. Labbé. I would like first of all to say that your representing four industries is just amazing. You must enjoy this work to be involved at such a level. I appreciate everything that all the witnesses have brought here today, but I'm going to start with you. The information that you've given us here is quite intriguing.

On this prefab construction, taking \$1 billion and turning it into \$3 billion, and getting all that value-added, at what point are you in this process? Is it in its infancy? What is the timeframe that you actually see before it would become viable?

Mr. Sylvain Labbé: It's in its infancy, I have to admit, but recent results show us that the infant is growing very fast. I would say that the driver of all this is the new laws in different countries regarding carbon or energy reduction in the building sector. Why do we have this Chinese contract? It's because China signed an agreement with the U.S. to reduce their carbon footprint. A lot of regions in China are now forced to show a carbon reduction to have their permit. When we show them the study we did on the example, we got the contract because of that. We were not very competitive before compared to concrete in developing countries. The driver is environment regulations, and the benefit of wood is now recognized, so we have to jump on the train right now.

What we lack now is the productivity. We need to be more efficient in terms of production, lowering our costs, and standardization of volumes. We need to develop this strategy, probably with another industry, the infrastructure industry, with big companies like SNC-Lavalin and all the others. We need to think outside the box here.

● (1610)

Mrs. Pat Perkins: That's a very good prospect. There has been discussion here at home about how the wood industry is going to benefit from changes to the building code and changing the form of construction whereby anything beyond four storeys could have wood construction. I haven't really heard a determination of what the ceiling is; they've talked about 13 or 14 storeys. That's happening, and they're looking for building code changes. Will that assist you in any way?

Mr. Sylvain Labbé: Yes. I was part of the strategy with the Wood WORKS! program seven years ago. The Coalition Bois Québec, and Cecobois, I'm the founder of all that, too. The strategy was that we needed to do that in Canada before exporting because in Canada, we build in wood already, or 95% of our construction is in wood, but in other countries that's not the case. Before showing other countries how good wood is in construction, we need to do it. That's the strategy.

The main market for us will be the U.S. and Asia—China—in the future.

Mrs. Pat Perkins: Thank you very much.

I'm going to go to some other questions that I have for Mr. Hanlon.

You were saying that you want to see a program for start-ups, Mr. Hanlon, with respect to some sort of government program that would be a subsidy to assist the start-ups. Could you explain that a little bit?

Mr. Joe Hanlon: Right now there are a number of different programs, whether they are federal or provincial. In regard to fiscal years, how much money is there and how long the program is going to run, it's very difficult to start putting in applications, make progress, keep the progress, and maintain it.

What we're saying is that if a federal or provincial government is going to invest in a business to get it started, and if it takes two years to do your class 20 or your class 10, do the business plan, get everything developed, and resolve any kind of environmental issues, then have that consistent funding there for that company to get off and running. Once you do all the preparation and you're ready for construction, everything's done.

I used to be with the Red Rock Indian Band. I was elected chief and onto council. Again, it wasn't with regard to forestry, but to give you an example, we saw where a program was funded but because it took so long to get the application or to get it approved or anything else, we had to lay people off. Then what happens is you have to turn around and sometimes hire new people because the other people have other jobs and you're starting all over again.

What we're trying to say is let's find a more effective, more efficient, cost-effective way to get these businesses up and running and to build on that for the communities.

Mrs. Pat Perkins: Thank you very much.

Your Worship Mr. Brown, with respect to the new investments and jobs on the rise, I like that story. That was a very good point that you brought forward. The \$100 million that you were speaking of with respect to—what is it? Is it for Resolute Forest Products to put in a new sawmill?

● (1615)

Mr. Dennis Brown: Yes, there are two communities in northwestern Ontario, Atikokan and Ignace. Between the two communities, they will be investing about \$100 million. In Atikokan it's a brand new sawmill, and in Ignace it's upgrading one that was there and adding on a few more jobs. It's great for the economy of northwestern Ontario.

Mrs. Pat Perkins: It's creating all the new jobs, and everybody's getting involved—

Mr. Dennis Brown: That's right.

Mrs. Pat Perkins: —and it is working. It's a really good news story.

Mr. Dennis Brown: Yes.

Mrs. Pat Perkins: You specifically talked about the challenges. I'm the new kid on the block, so I get to ask the questions and say that I'm not aware of this and I'd like to be educated on it. Can you tell me what it is they are doing with respect to managing the caribou?

Mr. Dennis Brown: There are studies that come out that we don't think have all the evidence. There are studies suggesting that because the forestry industry is there, it's taking away land from the caribou. On the other hand, we have other studies coming out that say because the forestry industry is there, it's clearing the land and the caribou are doing better. That's one point.

Mrs. Pat Perkins: If you had an opportunity.... I guess my question should be more if you don't agree with....

The Chair: Ms. Perkins, I'm sorry, but you're out of time. If you find another example, maybe somebody will get to that later.

Go ahead with the answer.

Mr. Dennis Brown: I have the news clipping here. I won't read it all, but in the Thunder Bay paper, *The Chronicle-Journal*, on March 7, there was an article that said don't blame Resolute. Resolute is the company in northwestern Ontario that's building a mill in our community. They have a thriving mill in Thunder Bay. They are building a wood pelletizing plant in Thunder Bay, and they operate the mill in Ignace. I'll read you a couple of comments from the article:

Numbers and trends for most populations of woodland caribou across the boreal forest are poorly known. Population surveys for woodland caribou are difficult to accurately measure due to low densities, large land area and multiple jurisdictions.

So what is the real reason for the decline of the woodland caribou, if in fact there is a decline?

There are people who are questioning the numbers. They think that the woodland caribou are doing quite well.

The Chair: Okay, we're going to have to leave it at that. Thank you very much.

We will go now to Mr. Rafferty. You'll get about eight minutes.

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): All right. Thank you very much, Mr. Chair.

I don't have a question about the woodland caribou, but if you can squeeze in some more of that answer somewhere, that's okay.

My first question is for Mr. Brown.

It might surprise some people, but occasionally, once in a while, this government actually gets something right. I'm going to tell you when. When the economic crisis hit in 2008-09, the government introduced a community adjustment fund, and it was designed specifically for communities just like Atikokan. If you have followed Atikokan's history for the last 50 years, it's a resource community that has gone up and down, up and down. Unfortunately, the community adjustment fund was only for two years. I want to ask you about that, because you were a beneficiary of some moneys from the community adjustment fund.

Do you think a permanent community adjustment fund, perhaps targeted at or reserved for small or rural communities, focused on... I'm thinking particularly of infrastructure, because I know Atikokan, and I know that the infrastructure needs are great. I would be surprised if it wasn't exactly the same for communities the size of yours, Mr. Brown, right across the country. I wonder if you could give the committee your thoughts on that community adjustment fund, because I think we can assume that sometime in the future, forestry, like almost all the resource industries, is going to have that kind of wave for communities. What are your thoughts on that?

Mr. Dennis Brown: Yes, as Mr. Rafferty said, in 2008 Atikokan benefited from the community adjustment fund. We were able to access funding for our main street. We built a new town hall and we improved our airport. That was great news, but now we are at a stage where it's difficult for our small town to even pay its share. That's becoming an issue. A lot of times we have to pay 50%. For example, last year, with the province putting up some funding, we had to pay half of it. It was for one kilometre of road, doing the resurfacing, the sewer pipes, and the water lines. It amounted to \$4 million, and we had to pay \$2 million. You see, for a small town with a population of 3,000, it's very difficult.

Mr. Rafferty is right. The infrastructure deficit is huge, and I think it's huge in pretty well all small towns across Canada, and the big places, too. That's a challenge we have. I don't know what the fast answer is, but I know in our community we can't borrow much more money to pay our share or do anything. We're kind of caught.

•(1620)

Mr. John Rafferty: The other thing with infrastructure is you have to have the infrastructure there for companies to invest in those communities. It's sometimes a catch-22. If you don't have the quality of life...and I happen to know Atikokan. I know what your swimming pool is like. I know what your skating rink is like. You don't have to push in your skating rink; you can just go downhill and uphill, and that's an indoor rink.

It is very important. Thank you for that answer.

Mr. Hanlon, we heard earlier in these hearings from a first nations witness from British Columbia who spoke about the success of their organization in terms of having a pilot project for youth. I think everybody on the committee remembers that discussion. The project was funded by the province, in this case, and a private funder.

The provincial government provides the funds for education while the private partner provides the summer jobs and mentoring for the students. The program covered everything from forestry technician, to skilled trades for the forestry sector, to forestry manager, to forestry business and business practices. Do you think this sort of program would be welcomed by your community and all of northern Ontario? Could you envision the federal government playing an active role in such an initiative in Ontario?

Mr. Joe Hanlon: I think it goes hand in hand in regard to what we are asking for if we're going to create these businesses, jobs, and opportunities. It's beneficial for us to educate our youth, to keep them in the communities, and to have them doing meaningful trades jobs running the forest and looking after the forest. It really goes hand in hand to ensure....

We hear so many horror stories in regard to first nations reserves that have no jobs, and the poverty and everything else. We're all surrounded by forests. We're all delivering forest products. If we all got together, we could make every first nations community a success story. We could be out there honking our horns and saying, "Hey, everybody's working. Our first nations community members are benefiting, the surrounding communities are benefiting because of the economic opportunities, but most of all our youth are benefiting."

You heard about the suicides and everything else that goes on in first nations. That would give them something that would occupy them and keep them employed and keep them working. It would get them to have the structure in regard to having money, or buying a vehicle, as a lot of other communities do. The youth have that opportunity. First nations communities don't. A federal program to assist and to coincide with employment, jobs, and training would go hand in hand.

Mr. John Rafferty: Do I have time for a quick question for Mr. Lessard?

The Chair: You do. You still have a few minutes.

Mr. John Rafferty: Mr. Lessard, this is regarding the softwood lumber agreement. So far, we've heard in the committee differing views about its success and its failures, and what its future should be.

We heard what you said about the softwood lumber agreement moving forward. If negotiations do begin, what would you like to see in the new agreement, particularly for Quebec, but generally in Canada? Do you have some thoughts on that?

[Translation]

Mr. Jocelyn Lessard: When I speak with my colleagues who are more directly involved in this negotiation, they tell me that there is a strong consensus across Canada. In fact, people want this agreement to be renewed. Certain provisions in this agreement state that its application can be reviewed in areas where the rules will have changed considerably.

We at least hope that the agreement is renewed because a conflict that would occur in a year and a half would be a catastrophe, not only for Canada's forestry industry, but for almost all the communities that depend on it. So it is very important to try to decrease the pressure.

I tried to be clear. We consider that it is unfair, that it does not respect the Free Trade Agreement and that it should not be that way. However, since the lack of an agreement is worse, we believe that a lot should be invested.

Anything will be possible and permitted for one year, but at the end of that period, in October 2016, it could be a disaster for our industry, unless we rely heavily on Sylvain to sell wood somewhere other than the United States.

• (1625)

[English]

The Chair: Thank you, Mr. Rafferty. You're now out of time.

We'll now go to Mr. Regan for up to eight minutes.

Hon. Geoff Regan: Let me start with you, Mr. Hanlon. You mentioned a little bit about the importance of educating young people in first nations. Would you like to talk about the kinds of training programs that you think would be most effective?

Mr. Joe Hanlon: The most effective? I guess it's trades. Trades are needed all across the country. To train your community members in regard to trades, whether it's welders or mechanics, and keep them home and keep them there would be beneficial. It would assist in our wood production facility and also in the forest industry.

In regard to managing the forest, we need foresters. We should be getting the youth involved. It's not something that you can train for overnight. It's a long process. We need to get our youth involved in that, but they need to see the light at the end of the tunnel and realize that, yes, there are going to be jobs, and that maybe it's worth it for them to get an education for four or five years, become a forester, and go down that path.

Hon. Geoff Regan: What's the key to them seeing that light? What do you need to have first?

Mr. Joe Hanlon: I truly believe that if you do both, they go in hand. The community sees that there is going to be a pellet plant developed there and there are going to be 45 jobs there. The training will start and the training will continue. I think it needs to be the overall picture.

One of the problems that I spoke about briefly—again, I'm not criticizing any program, but it's just the way the programs are developed—is the fact that we start to get moving here and all of a sudden there's a lull in the program because you have to go someplace else and deal with new people when you're trying to get funding. You have to re-explain and rework it. Let's have a system that's consistent so that morale and momentum are built and continue on, and they don't stop.

Hon. Geoff Regan: As you think about the development of the pellet plant in your community, do you have advice for other communities as they look at ways to transform their industry and what they ought to be doing?

Mr. Joe Hanlon: I think they're going to run into the same difficulties and the same problems that we did. We're going to get it done. Unfortunately, it's going to take longer than we ever imagined.

That's what we're saying to this committee. Let's develop a process that gets away from that. Let's have it go.

As I said in my presentation, we have community members, and you go there, you talk to them, and you tell them what you want to do. The community has had to invest in regard to getting fibre commitment. They had to invest actual dollars to ensure they have that, and now they're asking where the pellet plant is. It has been three years now and there's still no construction. Again, it's part of the process that's there. We could tell other first nations communities to do the same thing that we are doing, but I believe that unless the committee and federal government take a serious look at it and say, "Let's fix the system, let's make this a reality, and let's make it happen".... I think that's the biggest message.

Hon. Geoff Regan: Thank you.

Mayor Brown, when you look at the agreement between the six first nations and Resolute that you've referred to, are there any lessons in the way the agreement was come to or negotiated and developed that we could learn from, or that other communities could learn from, particularly in relation to the need to have more of the kinds of things that Mr. Hanlon was talking about and the need to have more first nations involved?

Mr. Dennis Brown: I guess the thing is that we're working at it as partners with the first nations. The first nations need jobs and need the economy just like we do, and they're very interested in that.

When Resolute and the first nations signed the memorandum of understanding back on February 11 in Thunder Bay, it was a great day. I think it will provide employment for all the first nations in the area, and that's basically the same thing we want. I think we have to include them and keep working with them as we move forward.

• (1630)

[Translation]

Hon. Geoff Regan: Mr. Labbé, you heard the comments about education and change. In addition, you, yourself, mentioned the importance of improving productivity.

How do you think the government could be involved in this? What is the industry's role in improving productivity?

[English]

The Chair: Mr. Labbé, did you hear that? No?

[Translation]

Hon. Geoff Regan: Mr. Labbé.

[English]

The Chair: No. It appears they can't hear.

[Translation]

Hon. Geoff Regan: I don't think he heard.

[English]

The Chair: No, it appears they can't hear us.

Who was that for again?

Hon. Geoff Regan: It was for Monsieur Labbé.

The Chair: Monsieur Labbé, did you hear that? No?

Hon. Geoff Regan: Wave if you can hear us.

[Translation]

You can raise your hand if you can hear us.

Can you hear us now?

[English]

The Chair: It appears they can't hear.

Hon. Geoff Regan: Okay. There's no point in asking him that question.

The Chair: No. My apologies.

Hon. Geoff Regan: It was a good question.

The Chair: We'll see if we can get them on again.

Hon. Geoff Regan: All right.

Let me turn back to Mayor Brown.

In terms of the state-of-the art sawmill that you now have, are you able to tell us about some of the aspects of that sawmill? What makes it state of the art and what is it about that, that will make it more competitive?

Mr. Dennis Brown: I know for a fact that, for example, it has the most up-to-date planer as part of it. They are actually going to truck the wood from Ignace to Atikokan, which is about 145 kilometres one way, to be planed in Atikokan. I don't know all the details of the mill itself, but we've been told it's state of the art and it's the most modern one probably in Canada.

As I said, it's going to be Canada's newest sawmill.

Hon. Geoff Regan: Mr. Hanlon, in terms of the first nations that you're familiar with, what involvement do you see those first nations having in research and development and innovation in forestry, and if it isn't sufficient, what should change there?

Mr. Joe Hanlon: Pardon?

Hon. Geoff Regan: If you don't think it's adequate in terms of their involvement, how can we change that?

Mr. Joe Hanlon: To give the example in regard to pellets, this is where the time-consuming part comes into play.

We actually were involved in the wood pellets with Atikokan in regard to Great North Bio Energy, which had actually started it. Unfortunately, they sold to Rentech, so we were left to the wayside, but we are still working with Great North Bio Energy and Whitesand First Nation. When we were originally looking at it, we were going to have three pellet plants in northern Ontario: in Atikokan, in Whitesand, and in our communities. Then what took place is now it's separated. We believe that the volume...we have 60,000 tonnes, and the other community has 60,000. That's 120,000. You can go out and negotiate better deals and try to get more of a commitment.

Again, it goes back to timing. We could have been involved in a different way.

Hon. Geoff Regan: I'd like Mayor Brown to answer if he could, Mr. Chair.

The Chair: Go ahead briefly, please.

Mr. Dennis Brown: In terms of the story that Joe was talking about with that mill in Atikokan, what happened was that it was a particleboard plant and in 2008 with the downturn in the economy, it went bankrupt. The town took a chance; we took it over and sold it to a gentleman who was a great businessman in Thunder Bay, but he had to turn around and sell it because he was spending his own money and the banks wouldn't give him the money to move forward on upgrading it to a pelletizing plant because the banks weren't convinced that forestry was good.

That's why that was a problem. That's why we had to sell it to an American firm, Rentech, that's operating now. Otherwise, it would probably still be going in the partnership that Joe was talking about.

The Chair: Thank you, Mr. Regan.

We go to the five-minute round now, starting with Ms. Crockatt, followed by Mr. Trost and then Mr. Caron.

Go ahead please, Ms. Crockatt, for up to five minutes.

Ms. Joan Crockatt (Calgary Centre, CPC): Mr. Chair, I'm wondering if we have our gentlemen on the speakers back with us yet or not.

Mr. Labbé, can you hear?

No, we're not able to chat with them. We hope to get them reconnected with us.

I'll go to Mr. Brown.

I think my colleague was asking you a question I wanted to follow up on and give you an opportunity to finish speaking about. By the way, I see that you've been on the Atikokan council for over 30 years and that "Atikokan" is Ojibwa for "caribou bones". Is that right?

You started talking about the caribou.

Can you tell us what your concern is there? Just be a bit more full in your description of what the issue is that you're dealing with, please.

• (1635)

Mr. Dennis Brown: Both the federal and the provincial governments have come out with studies, and they're suggesting that if some more land isn't set aside for the caribou, then the caribou will suffer.

The problem with that is, when you take the land away, that's wood, part of the boreal forest. That's what the companies rely on. They need a wood supply, a predictable, affordable, reliable wood supply so they can operate. Companies and business people need certainty, and we have to have that.

In the boreal forest, I think 44% of it cannot be harvested now. It's set aside. There's only about 2% that's being harvested. Surely there's enough land there set aside for the caribou and there still can be enough wood supply for the companies to operate.

Ms. Joan Crockatt: Is your view that there is more land being set aside than is required? Could you clarify? I don't want to put words in your mouth. What is your view with regard to the future of the caribou?

Mr. Dennis Brown: Like the item that I referred to earlier, and I'll leave you a copy of it, I don't think it's based on sound science. This is just one example, but we hear that quite a lot in the the northwest. Quite often where the wood has been cut and harvested, the caribou are present. You see the caribou there. But there are a lot of people, on the other hand, who say if you start harvesting in this area, it will destroy the land for the caribou, that they won't be able to exist. It's not based on scientific information. That's the first step. I think there has to be certainty on that.

We need the jobs and we need the economy, but we also need to look after the environment. I think there's a way of doing both with all the land that we have, especially in the boreal forest that goes from the Pacific coast almost to Quebec.

Ms. Joan Crockatt: Do you think changes need to be made to SARA, and if so, what are you recommending?

Mr. Dennis Brown: If I were in the federal government, I'd be looking very closely at those studies, and I'd certainly do everything I could to not set aside more land for the caribou at the expense of

jobs for the forestry companies. The forestry companies are providing the jobs in our communities, and we need those jobs.

Ms. Joan Crockatt: Thank you very much.

Mr. Hanlon, I wonder if you could talk about what federal funding you've received and what specifically it has done, what you feel has worked, and what you would like to see. I'm looking here for specifics so that we can have some direction on what is helping you.

Mr. Joe Hanlon: We submitted an application with NRCan in the AFI process, the aboriginal forest initiative. We were successful in getting funding in regard to that to get our class 30 and our business plan done.

Now we've actually reapplied, and we've also applied to FedNor and to the Northern Ontario Heritage Fund Corporation. What we're trying to do is complete our class 20 and our class 10.

The unfortunate part is that there are delays. We don't mind. We'll go through the application process. It's time-consuming. The fiscal year could be different for this funder versus that funder. That's where the difficulty is again. We'll manoeuvre our way through it, but what we're trying to say here is that if we want to speed up the process and get in on the economic opportunities for first nations, let's develop a process so that we don't lose the momentum. That's what we're looking at.

Ms. Joan Crockatt: Are you finished, or did you have something else to add?

• (1640)

Mr. Joe Hanlon: If you don't mind, I just want to say with regard to the caribou that I started working the bush when I was 17 years old. I'm a licensed mechanic. I've never seen a caribou all the years I was there. None of my co-workers has ever seen one.

What seems to be happening now is that somebody spotted a caribou in these parts. They're up north; we understand that. But for some reason a couple of caribou came down here. I've even heard, with regard to first nations communities, that now.... We're trying to take away forests, but we're also taking away the moose population by trying to do this. We're saying they've lived up north for all those years, let them stay there. Let us keep our jobs; let us keep our moose, and continue on.

I've never seen a caribou in our region.

Ms. Joan Crockatt: Was there anything else you wanted to add?

Mr. Dennis Brown: I just wanted to pass out this information about the caribou.

Ms. Joan Crockatt: Do I have time for any more questions, Mr. Chair?

The Chair: No, you do not. I'm glad you reminded me that you don't.

Thank you, Ms. Crockatt.

Mr. Trost, for up to five minutes, followed by Monsieur Caron, and Ms. Davidson.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): I take it, Mr. Chair, that our telephone lines to Quebec still don't work.

The Chair: Can you gentlemen hear us yet?

I think you're right, Mr. Trost.

Mr. Brad Trost: We'll put it on the record that we would like to ask them questions. We like asking the people here questions too, but we'll work with what we have.

One of the reasons we've set up the panels the way we have is to also get an understanding of regional uniqueness and regional differences. You gentlemen are basically representatives of northern Ontario today, not just of your individual communities. Is there anything in particular this committee should know about the forestry industry in northern Ontario, how it differs from the rest of the country, or are your needs practically identical to what we would find in B.C. and New Brunswick? I suspect not, but what would be unique about northern Ontario and the region you represent?

Mr. Joe Hanlon: One of the biggest things is poplar, hardwood. You go in and you clear out the softwood. This has been going on for years. When we used to go in to harvest the softwood, the hardwood would stay standing. Now poplar has no protection. The wind comes in and blows it over, and it's a big waste. You have companies going in, whether they're pulp mills or sawmills, and they're still harvesting the softwood, but the hardwood to this day remains. It's an underutilized species. That's one of our opportunities here with this pellet plant. We are in the process of getting the hardwood allocations so we can start utilizing that fibre. The longer that takes, the more fibre gets wasted and basically blown down. Some companies just cut it down and leave it there, and there's no use for it.

Mr. Brad Trost: That's an interesting point, something I would have never thought of. My forestry experience is in tree planting in B.C. From the experience you two gentlemen have and the connections—I know neither of you is a researcher—is the government or industry looking at specific research to develop the hardwood? Is the hardwood being looked at only for pellets or is research being done on using it for value-added products? Is that something we should put in our recommendations, or is it already being done?

Mr. Dennis Brown: I know a few years back we were looking at a veneer plant in Atikokan, and in the end we didn't make much headway because there seemed to be very little appetite in Canada for that at that particular time. I know our economic development officer was dealing with somebody, I think out in the state of Washington, and I think that opportunity might still be there if there were some more impetus to try to move forward in that regard.

I don't know if Joe has a comment on that.

Mr. Joe Hanlon: I would agree with that. The Ontario government put out the forest competitiveness process to try to get people to utilize it, but a lot of it went to pellets. As for a veneer plant, if we could make plywood.... We had a couple of plywood plants in northern Ontario, in that area. One burned down and the other one's basically been closed since 2008.

We talked earlier about the best end use of the wood. We should be taking the peelers and making plywood out of that, and then basically utilizing the rest to make pellets, because doing that would be more profitable.

● (1645)

Mr. Brad Trost: We don't have a connection to the other gentlemen yet, so I'll follow up with one last question.

British Columbia has been very successful exporting to China. Looking at some of the maps, if you're from New Brunswick and different places, Europe is going to be closer. You're a little bit more in the centre of the country. Are there export markets that are of particular interest to northern Ontario, or because of where you are, are you going to be disadvantaged relative to the rest of the country?

What export markets would you look to? Where are the opportunities, be it for pellets or other things? Is there anything the government should implement in its trade policy or marketing policy that would specifically help the markets northern Ontario is targeting?

Mr. Dennis Brown: In relation to the Rentech plant in Atikokan, which produces pellets, part of their market is over in the United Kingdom. They ship pellets by rail to Quebec City, and then load them on boats and take them over to Great Britain. That's one opportunity.

There's another opportunity we think may be out there. Right now we're using white biomass. We think and hope that maybe someday when there's a need for more electricity, they'll use advanced biomass, and that involves pellets that can be stored outside. There's a company in Norway that has a lot of expertise in that. I think on that particular point, there's an opportunity for Canada, and we're hopeful that maybe even in Atikokan we can work with that company in Norway to get something going in northwestern Ontario.

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

Monsieur Caron wants to speak to the witnesses we can't communicate with. Probably others do, too.

Can you hear us yet, gentlemen?

[Translation]

Mr. Sylvain Labbé: We can hear you.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you, Mr. Chair.

I would like to thank the witnesses for their presentations.

I will start with Mr. Lessard. Mr. Labbé can answer afterwards, if he wishes.

Mr. Lessard, you spoke about the Softwood Lumber Agreement. Actually, I will sort of go back to what Mr. Rafferty said earlier.

With something like the Softwood Lumber Agreement, there has to be an agreement between the two parties. The agreement is about to expire, but we don't really know what the Americans would like to see in a potential new agreement.

You said that it wasn't an ideal agreement, but that it was better than no agreement at all. We want the agreement to be acceptable, but if the Americans want a more restrictive agreement, how far can we go?

Mr. Jocelyn Lessard: Well, we should take part in the negotiation to see what is being counter-offered and what is being put forward.

I haven't talked to people in the American coalition. I don't know what to expect. If we don't have an agreement in October 2016, I really fear that we will stop exporting wood to that market or that the cost to do so will be so high that it would no longer really be worthwhile.

I know there are differences of opinion. Some people think Canada was penalized. I think so, too, but we feel that we need to do everything to renew it.

Mr. Guy Caron: Mr. Labbé, in article XII, we know that the Canadian government tried to get an exemption for Quebec, which didn't work because the Americans wanted to hear nothing about it. Given this dynamic, do you think it would be plausible for us to negotiate an agreement that would be acceptable for Quebec and for Canada?

Once again, how high do we set the bar to get an acceptable agreement?

Mr. Sylvain Labbé: That's a sensitive question.

If we want to touch briefly on numbers, Americans use 53 billion feet of softwood lumber. They produce about 42 billion feet, I think. So they need 10 to 11 billion feet from Canada. The problem is that we produce 13 or 14. If we removed these two or three billion feet as well, it would be more balanced.

Let's mention that the goal of the American coalition is to have high prices so that its members can survive. And American investment funds that invest a lot in forested lands want good returns on investment. That's why they need high prices. So it's a negotiation between an elephant and a mouse, and the elephant is going to win.

I think we can negotiate and renew the agreement because anything is better than imposing high taxes. Renewing the agreement would be preferable to an attack, a tax or a countervailing duty, which would be high.

This doesn't prevent us from trying to diversify our markets and our products. We need to target everything outside the United States, but also everything that is outside the Softwood Lumber Agreement, namely, products that have been partly processed that we can sell to the United States and that would be outside the system. All of that helps avoid the problem. We should also probably have thought about it five years ago, if we had been strategic.

The agreement expires in one year, and I don't think it's too late to start. By negotiating, we will be reducing the pressure. We currently sell \$2 billion in wood to China. We were selling nothing to them 10 years ago. So we removed a little pressure, but the American market is becoming profitable again, and everyone has sort of backed off because prices are high.

Our prices dropped below the floor price and have been subject to a tax since the day before yesterday. They dropped recently. Frankly, I don't think our negotiating power is very strong.

•(1650)

Mr. Guy Caron: Since I only have about a minute left, I would like to come back to another topic that is of particular interest to me because I am from eastern Quebec. I want to talk about pellets.

We have heard from FPInnovations and Luc Bouthillier.

In terms of the pellet market, we seem to be seeing some projects in my riding, but they are only export projects. The company is in Saint-Jean-de-Dieux. Pellets are also being produced in Causapsca, but only for export.

How can we stimulate demand domestically, which might help unblock production that will be used only for this domestic demand?

Mr. Jocelyn Lessard: We need to develop this industry. We need to have a critical mass of projects in order to be able to start. In Quebec, the Fédération québécoise des coopératives forestières has an agreement with the Fonds d'action québécois pour le développement durable and the Government of Quebec. We received \$20 million in loans to finance the facilities and infrastructure to be able to use the pellets and chips.

In terms of the pellets, you know that using energy slightly reduces their effectiveness. A forestry cooperative supplies biomass to all the major industrial or institutional projects, such as the Amqui hospital.

As for the projects, as soon as we have the processing centres set up in every region, the clients will become interested and gradually, this will be very appealing. Heat things directly also has an impact on local development. We therefore have to invest to develop the domestic market. I think the exporting pellets is a last resort. We are exporting carbon credits abroad. Moving away from the source leads to a considerable loss of ecological benefits.

[English]

The Chair: *Merci, monsieur Caron.*

We go now to Ms. Davidson, for up to five minutes.

Welcome to our committee.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Thank you, Mr. Chair.

Thanks very much to all of our presenters for being here today.

First of all, Mayor Brown, congratulations on your conversion of the OPG site. My riding is Sarnia—Lambton, and Lambton Generating wasn't quite as lucky as you. I know the pain you go through when you lose those kinds of good-paying jobs, so I congratulate you on being able to have that conversion take place in your community.

I would expect that you probably have the same number of jobs generated from the conversion as you did before, and the same paying jobs.

Mr. Dennis Brown: In my view, there aren't quite as many people working at the OPG plant now as there were when the coal-fired plant was operating. We do have the operation in forestry and the wood pellets making up for it. From that point of view, it's roughly the same, but as you know, the OPG jobs are good-paying jobs. From that sense, it's probably a little less.

Mrs. Patricia Davidson: You referred to a couple of things that the forest sector relies on. The first thing you said was the access to a reliable, predictable, and affordable supply of wood fibre for manufacturing. Can you tell me a little bit about the sustainability of the product, of the natural resource, and who regulates that? Is it the MNR that regulates it in Ontario? How does that happen?

When you're talking about that, maybe you could talk a little bit about the timeframe for renewals. You talked about the use of hardwood, and you talked about poplar not being harvested, and other trees being harvested instead. But isn't poplar one of the quickest regenerated species?

Perhaps you could talk about those things a bit.

• (1655)

Mr. Dennis Brown: I should maybe let Joe answer that one. He's had more experience in actually dealing with the wood on a day-to-day basis.

On the poplar, I know we have a mill down in Mr. Rafferty's riding, a place called Barwick. They use a lot of poplar down there.

Joe.

Mr. Joe Hanlon: Yes, but for companies, spruce is one of the best things for pulp, so they don't utilize it.

They started actually taking a percentage of hardwood. They used to use chemicals to whiten the pulp. They actually found that if they used part of the hardwood in with that mixture...but it didn't cover the amount of hardwood that's sitting around in the bush. When you get a couple of veneer plants where, as I said, one burns down and one closes down, that's the biggest problem in northern Ontario.

Yes, it grows fast and it grows quickly, but unfortunately no one is utilizing it. That's where the pellet plants come in. If you don't mind, I'll go back quickly to a comment earlier. There's a company in Maine that is actually experimenting, and doing quite profitably, converting 200 houses to heating with wood pellets. They took two old fuel trucks and converted them into pellet trucks. Twice a year they go around to homes and deliver it. You have to realize that not all communities have access to natural gas. What are they burning? They're burning home heating fuel. Pellets are 50% of the cost.

There is a program that's out there. I talked to the individual who's basically been dealing with it, and it's going pretty well. We should start something like that in Canada.

Mrs. Patricia Davidson: Could one of you address the sustainability of the natural resource?

I think, Mayor Brown, you mentioned that about 44% of the boreal forest right now can't be harvested. Is that what you said?

Mr. Dennis Brown: Yes. For one reason or another, parks and so on, it's not accessible.

Mrs. Patricia Davidson: What is the sustainability, then, of the remaining 56%?

Mr. Dennis Brown: You have to remember that, especially in the province of Ontario, they have some of the most rigid forest standards of anywhere in Canada. I think around 40% of the forests in Ontario have been certified. A third party group audits the forest, and so on. This all helps to protect the forest.

You're right that it's the MNR's job to ensure that the plans are in place and that they have the forest management agreements with all the companies. I think they have a very good system in place that looks after it and ensures that the wood is there. It's also in the best interest of the companies, because if the wood runs out, they're in trouble. They need it to be there as well. It's the same with the municipalities. We want to make sure it's there.

The Chair: We go now to Monsieur Lapointe, followed by Ms. Block, and then a New Democrat and a Conservative, if you choose.

[Translation]

Mr. François Lapointe (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, NDP): Thank you, Mr. Chair.

Mr. Labbé, Mr. Lessard, can you hear me?

Mr. Sylvain Labbé: Yes, we can hear you.

Mr. François Lapointe: I assume that this intervention will not affect my speaking time, will it, Mr. Chair?

[English]

The Chair: Just go ahead.

[Translation]

Mr. François Lapointe: My first question is more specifically for Mr. Labbé.

In your presentation, one piece of information really bothered me. It is not your fault, because those are the facts.

I had the opportunity to work for a while with Maisons Laprise. In my riding alone, we have small and medium-sized businesses such as Goscobec, Maisons Ouellet, Art Massif and LINÉAIRE-ÉCO-CONSTRUCTION. The expertise of the people in my riding means that we can build both a small \$30,000 cottage and a luxurious \$4 million house.

Most of them even have patents. We were talking about added value. The prefabricated and modular homes are a great example of that. In terms of the numbers, I knew there was a significant drop in the two years after the 2008 crisis. When people don't have money, they will not often build houses.

However, we are seeing some recovery. But your figures are showing that, despite the recovery, we are facing a trade deficit, meaning that we have been importing more than we have been exporting in the past three years. This trend seems to be significant. I don't understand this situation. Having worked for Maisons Laprise and being friends with people from Art Massif and LINÉAIRE-ÉCO-CONSTRUCTION, I know the people in that sector well and I don't understand what is happening.

Could you shed some light on the issue and explain this trend to me?

Furthermore, in light of the expertise and resources that we have, can we do something smart to reverse this trend?

• (1700)

Mr. Sylvain Labbé: I am going to make you even more disappointed. The situation is even more disastrous.

In the past two weeks, three or four home builders have gone bankrupt. They were selling their products only in Quebec. I will not name anyone here, but my group, the QWEB, includes home builders and structure manufacturers, such as Maisons Laprise.

The problem is that Alberta is the main importer of houses. Why is that province importing houses from the U.S. when we could provide them with houses and we could do the same in eastern Canada or in British Colombia? It is because of the price. It is cheaper to bring the homes from large U.S. factories that produce small standardized units in large quantities. We need to change our business model. In the prefabricated homes sector, our business model comes from companies like Maisons Laprise, Modulex-International Inc. and Viceroy Homes. They work with smaller and more specific contracts.

We must change our model, produce more and adopt standards. We need to change our structure to be able to increase our productivity, reduce our prices and become competitive. There might be fewer businesses, but they will be larger. The small ones will continue to operate on the local market. Once we leave our local market, we must be competitive. To do so, we must invest, whether in development, innovation or robotics. We must integrate into these new markets.

The reasons are clear: we have not been competitive and we need to be. That is the goal of the project.

Mr. François Lapointe: If you have any suggestions on how the federal government could support that, it would be a really good idea to make them.

Mr. Sylvain Labbé: Ten years ago, we had a federal program whose objective was to diversify the markets. That was the Canada wood export program, which allowed us to develop the Chinese market. Product diversification is only one aspect of the program. I feel that we also have to consider the increase in added value. That program was only \$10 million a year, which is nothing. The fact remains that it helped open doors. I think the government must renew the program, which ends in 2017, and include the added value in the system.

Mr. François Lapointe: There is another program, the temporary initiative for the strengthening of Quebec's forest economies. Canada Economic Development for Quebec Regions was contributing to it. I don't know why that program was only a one-time thing. It only lasted from June 2010 to March 2013.

Earlier, Mr. Lessard pointed out the importance of industrial conversion and diversification. Clearly, that goal has not been fully achieved. Could you both tell me whether that program provided meaningful support and whether, since its termination, the lack of any direct support is being felt?

The program was basically for projects that helped increase productivity by acquiring equipment or new technologies or that helped improve innovation capacities.

The program ended in 2013 and I would like to know how you feel about that.

Mr. Jocelyn Lessard: I know that the Quebec natural resources, wildlife and parks department made that program available to support some projects. It was during a difficult time where the profit

margins of companies were very low. They therefore did not have a lot of money to invest. I am not familiar with the issue in detail, but to my knowledge, the lever the program provided was very much appreciated and used.

Mr. Sylvain Labbé: I would add that—

Mr. François Lapointe: In my riding, there are also a number of solidarity co-operatives in the RCM of L'Islet, such as the Coopérative de gestion forestière des Appalaches.

Mr. Lessard, was the program just as easily accessible for the co-op movement?

Mr. Jocelyn Lessard: As I explained, we are working in the forest supply and management sector. It was very difficult to benefit from any assistance up front, because that was likely to violate the agreement.

• (1705)

Mr. François Lapointe: Thank you.

Mr. Labbé, do you have anything to add to that?

Mr. Sylvain Labbé: We used that program to diversify some plants, but the reality was that the wood industry was in crisis. The program helped the companies survive. The philosophy is completely different now. If we reinstate the program, the objective will be economic growth. There is some growth now. It is time to reinstate this program not to help companies survive, but to develop them. The philosophy is completely different.

The Chair: Thank you, Mr. Lapointe.

[English]

Ms. Block, and then an NDP, if you have questions, and then Mr. Trost.

Mrs. Kelly Block: I want to join my colleagues, who've already had an opportunity to ask questions, in welcoming all of you here. It has been a very interesting study.

I have questions for Mr. Labbé, but before I get to those questions, Your Worship Mayor Brown, I want to congratulate you on the recent recognition that you have served as one of the hardest working small-town mayors in Ontario.

As a former councillor and mayor of a small town, I know full well the hard work that you must be doing and how you bear the burden of wanting to see economic development in your community.

I'm pleased to hear that the resurgence of the forest sector has been very good for your community.

Mr. Dennis Brown: Thank you.

Mrs. Kelly Block: Mr. Labbé, I want to refer to your opening remarks. In the package we received, toward the end, there's a page with the title "Vision for 2030".

Coming out of the 2008 crisis, what are the priorities of the Quebec Wood Export Bureau?

You have a vision here and there's a goal listed, and then perhaps a concerted strategy, but what are the priorities and how did you identify those priorities?

[Translation]

Mr. Sylvain Labbé: We are in the process of setting up this strategy with the industry, consultants and the government.

There are markets where we can export structure products, but as I was telling the previous speaker, our costs are too high. We need to reduce our costs by increasing prefabrication. We are currently developing a strategy to do that.

In addition, the value-added products industry is not quite ready yet to produce enough quantities and it will need time to adapt to this strategy. There will certainly be assistance programs to make the adaptation easier. We have done a really good job in diversifying the markets for our wood. We now have to work on diversifying the structure of our products by adding value. It is more complicated to do that, but we must start right away.

[English]

Mrs. Kelly Block: I understand that over the last decade the Quebec Wood Export Bureau has received funding from NRCan on various projects. These include helping promote Quebec wood products overseas, member support, offshore market research, and technical studies.

Can you provide to the committee an explanation of how what you're focusing on through these projects helps you to move forward with your priorities?

[Translation]

Mr. Sylvain Labbé: The assistance that we have received comes from a program that was set up in 2002. At the time, it was the Canada wood export program. This program was for all of Canada, and Canada Wood was benefiting from it. The funded activities were geared toward opening overseas offices, providing access to markets in countries in Asia, in Europe and in the Middle East, as well as promotion.

However, our objective was mainly to find a niche for our softwood lumber or hardwood lumber, because we were dealing with that American problem. Now, we have done the work for China and I propose expanding this program to diversify our products by using the same program that covers all of Canada and the entire industry.

• (1710)

[English]

The Chair: You have a minute left.

Mrs. Kelly Block: Okay, then I'd like to ask Mr. Hanlon a question.

I want to ask about funding that the Wawasum Group would have received from NRCan in helping to form a partnership with Atikokan and Whitesand. This funding was primarily used, I think, for staffing and training. Could you tell us a little more about that partnership?

Mr. Joe Hanlon: That was before my time, but my understanding, as I said earlier, is that it was for the three mills to have a larger volume and to try to have the same equipment in order to reduce costs, so that if somebody had a part, we could trade around. Then one company sold out, but we continue to work with Great Northern Bio Energy and with Whitesand, because Whitesand is

another first nation community. We'll have two-thirds of what we originally went into.

The funding has helped us—yes, you're right—to hire somebody and have the operation working, to develop our business plan, to move it to the next stage with respect to the class 20 and the class 10. It's just getting to that point. I didn't come here to shoot down the programs. When we talked, we asked what some of the things are that we could come here to talk to the panel about. It's basically just that continuity. It's trying to get a program that goes.

The other subject that I don't want to lose here concerns the loan guarantee. Many first nations don't have big pockets, and when you build a pellet plant, it's going to cost \$20 million. There's a huge capital investment there.

If you go to the banks...as Mayor Dennis mentioned earlier, when a company was there, they didn't want to give money for a pellet plant. Look at first nations. This is a company that has established funds, and they don't have it.

A loan guarantee would go a long way in regard to supporting the work of FedNor and in regard to all the other funding we get. It will go there to support it, to ensure that the project goes from the beginning to the end.

Mrs. Kelly Block: Thank you.

The Chair: Thank you, Ms. Block.

We have Monsieur Caron, followed by Mr. Trost.

[Translation]

Mr. Guy Caron: Thank you very much, Mr. Chair.

As the witnesses know, we are studying the renewal of Canada's forest industry. I would therefore like to ask each of our four witnesses to summarize in one minute the main recommendation that they would like to see included in our report.

In one minute, what do you think is the priority? I know that you don't have a lot of time, but what do you think would be the most important aspect?

We will start with Mr. Hanlon followed by Mr. Brown and, finally, the witnesses in Quebec City.

[English]

Mr. Joe Hanlon: I guess I'm going to sound like a broken record: continuity. We want consistency from the start to the end. We want to ensure that if we're going to do the work to access the fibre, to get a guarantee of the fibre, to do the business plan, to develop it, to meet with and talk to customers about potentially buying our product at the end of the day, and then build the facility...and that is where the loan guarantee comes in.

We have a renewable resource, poplar, in northern Ontario. It works for us, and we'd like to see it progress in a more timely and assured.... It's more the question of its being assured. If we have the backing of the federal government, that goes a long way when talking to a bank or to industry and saying that we're not sitting asking for handouts.

We're asking for that cooperation and that help to ensure that we get the project done.

Mr. Dennis Brown: As I said earlier, businesses need certainty in order to continue to operate and anything the federal government can do to support forestry.... The other side of the things we haven't talked a lot about is there is some misinformation that takes place and anything the federal and provincial governments can do to correct that information would help. There are groups that are making statements that just aren't correct, and somehow that is hurting the customers. One company, Resolute, is a big company in northwestern Ontario and as they lose customers, they lose jobs and eventually mills shut down.

I hope the federal government can somehow show more concern and more support for the forest industry and for the jobs there are now, because they're very important.

• (1715)

[Translation]

Mr. Guy Caron: Mr. Labbé, the floor is yours.

Mr. Sylvain Labbé: I will answer in less than a minute.

Since 2002, we have had the market diversification program, which will end in 2017. This program should be renewed and it would not be very expensive to do so. It costs \$10 million for all of Canada. The development of added value in the U.S. should be included because this program was strictly for overseas for the primary sector. It should be renewed by increasing its funding so that the entire value-added Canadian wood industry can access it. Its main market will be the U.S. These products are not part of the softwood lumber dispute.

The innovation program should be renewed as well. That program was implemented at the same time as the diversification program, and it included the added value that we talked about. The essential part is to establish a strategy and to implement programs adapted to the strategy. We now know where we are going. The programs therefore need to be renewed accordingly.

Thank you.

Mr. Guy Caron: Mr. Lessard, go ahead.

Mr. Jocelyn Lessard: I will focus on the forest biomass component.

In that sector, the hardest thing is to create the chain so that there is consumption on the domestic market. That requires stability because the clients to whom we provide the installation services for biomass equipment must count on a certain level of stability. When a program such as the one set up by the federal government ends so quickly, there is a major impact.

Our proposal is very concrete: there should be a section in the legislation that entitles people to tax credits, and the thermal energy equipment initiative should be renewed. In the rest of Canada, a domestic biomass market needs to develop. To do so, stable measures are required.

[English]

The Chair: *Merci, monsieur Caron.*

Finally, Mr. Trost, and after Mr. Trost, the witnesses will leave. I want to have a brief discussion on a proposal from Ms. Block

regarding maybe an extra meeting for industry officials for the pipeline safety study.

Go ahead, please, Mr. Trost.

Mr. Brad Trost: Mr. Labbé, your graph is interesting with future markets and evolution of the middle class and things of that nature. We've had previous witnesses here and I asked one of them a question about export markets. British Columbia had been doing well, and I got the feeling from that witness that they didn't seem to think that Quebec and eastern Canada and maybe even northern Ontario, though that wasn't in the discussion, could really reach into China and the Asia market and so forth.

I get the impression from what you have here that you don't necessarily agree with that. Can you tell me why you think, if I'm reading it right, all of Canada has a very good ability to sell into India and China and places like that?

[Translation]

Mr. Sylvain Labbé: I agree with what the member just said.

In terms of softwood lumber and commodities, unlike western Canada, the cost of transportation from eastern Canada to China is taking us off the market. We are selling a value-added product, hardwood lumber. In the east, what we are selling in China are value-added products, and transportation has a much lower impact than in the case of commodity lumber.

We have no intention of selling softwood lumber in China because we are not competitive. We are going to process it and sell finished products to China, India and Europe. At the same time, we are increasing the value of those products.

• (1720)

[English]

Mr. Brad Trost: I know what some of my voters would immediately say to me. They would say that this is a great idea, but China is really good at manufacturing, and so, whatever we do here on manufacturing, aren't they eventually going to just want to buy raw logs from British Columbia and then turn around and either use the product domestically or, as they used to say a bit tongue in cheek, sell it right back?

Is that a possibility? What do we need in our productivity, in prefab and other value-added lines, to keep the competitive edge that you are alluding to?

[Translation]

Mr. Sylvain Labbé: That is the key to the problem. In China, people can copy us.

I opened the Canada Wood office in Shanghai in 1999. At that time, the Chinese were sending us furniture and finished products made from our wood. We were sending them raw logs and they would send us back the finished products.

All that has changed. China now has a domestic market. There are 10 million housing starts a year in China. Let me remind you that the U.S. has less than 1 million. With the new rules, concrete is no longer their ideal product. They are using wood in 10% of their construction. That is becoming a new U.S. market. It has become a country that even uses value-added products such as those built from wood.

In the long term, we are clearly not going to sell finished homes from Canada. In the partnership, under the agreements signed last year, the first year, we have to send the wood, the finished products, the panels and then build a plant in China in partnership. The Chinese will then use our wood with our technologies. We are partners.

It is a whole new dynamic. We are going to create Cirques du Soleil with the wood industry rather than making only basic products.

[*English*]

Mr. Brad Trost: My time is essentially up, Mr. Chair.

The Chair: Yes, Mr. Trost. Thank you very much.

I'd like to take time now to thank the witnesses once again. Thank you very much for being here and for the information you have given to the committee. It will be very helpful in our study.

To our witnesses, from the Wawasum Group LP, Joe Hanlon, project manager; from the Town of Atikokan, Mr. Dennis Brown, mayor; and by video conference from Quebec—and let me apologize for the quality of the video connection, but we got it done—from the Quebec Federation of Forestry Cooperatives, Jocelyn Lessard, director general; and from the Quebec Wood Export Bureau, Sylvain Labbé, chief executive officer, thank you all.

We'll suspend now for a minute as we get ready to have a very brief discussion on future business.

[*Proceedings continue in camera*]

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