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Chair: Mr. James Maloney



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• (1105)

[English]

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

The first thing I would like to do is welcome our new clerk. We have two clerks today, Grant McLaughlin, and Hilary Powell, who you see on the screen. She will be our clerk on a permanent basis going forward. I'd like to thank and welcome you both. We look forward to working with you.

This is the fifth meeting of the Standing Committee on Natural Resources. We're continuing our study on the economic recovery in the forestry sector. We're doing meetings virtually, although there are a number of you in the room.

Those of you in the room, because I can't see you, please bear with me when I'm asking people to speak. Wait until I call your name before starting to speak. I would appreciate that. That would make things go a little more smoothly on my end. I have a speaking list that our clerk has provided for all parties, whose names I believe have been submitted by all of you. Thank you for that.

To our witnesses, welcome, and thank you for coming. You are welcome and encouraged to address us in either official language. Translation services are available. Because we're doing this remotely, I would ask you to speak slowly and wait until other people are finished speaking. You each have up to five minutes per group to make your opening remarks and once all of you have addressed the committee, we will then open the floor to rounds of questions from all members.

Members, we're not doing this an hour at a time. So we have lots of time to ask questions and everybody should be able to get their questions in today.

Thank you all very much for coming. Why don't we proceed in the order you appear on the witness list?

Mr. Kalesnikoff, from Kalesnikoff Lumber, perhaps you would like to start us off?

Mr. Ken Kalesnikoff (Chief Executive Officer, Kalesnikoff Lumber Co. Ltd.): I'd like to thank you for giving us the opportunity to speak today. I've got Ryan Marshall on the call as well. He is our finance manager.

I'll give you a bit of a history of Kalesnikoff Lumber. We started in 1939. The company was started by my grandfather and two brothers. In those days, you built roads by hand, logged with a horse and cut lumber with a single-cylinder headrig. My dad started

in 1950 and was our second generation. I started in 1977. I'm the third generation, and my two children are now involved. My daughter is CFO and my son is COO.

I will speak first about our journey into value added and secondary manufacturing.

As a company, we've always been innovative and focused on extracting maximum value from every log. That is the only way we could survive against larger publicly traded multinational companies that focus on volume and dimensional products.

We started a value-added facility in back in 2000 called Kootenay Innovative Wood. We started by making guitar tops and piano sound-boards. Unfortunately, that market got captured by the Chinese.

We had been focused on lineal products like siding and panelling of late, but the SLA has really made it difficult to compete in the U.S. market with that product.

Getting a value-added venture up and running in Canada is not easy, and to be honest. It's not very well supported.

We started looking at a mass timber facility about six years ago and as a family, decided to make a \$35 million investment in a new state-of-the-art, multi-species integrated facility. We will create 50 new jobs. The people running the equipment will probably get paid around \$60,000 a year. They will make up about 20% of the new hires. The trades will make up 10% and will probably be paid in the \$85,000 to \$90,000 range.

The balance is staff, which includes junior designers making \$60,000, project managers and senior designers making more than \$100,000, and sales and senior staff making \$125,000 a year.

This was a big decision for our family but we felt it was a necessary one for us to secure our business for the fifth generation.

We have received no outside funding of any kind from government, neither federal nor provincial. We do see the mass timber industry having a great future, but getting it established is challenging.

The larger developers are hesitating to get into mass timber as their focus up until now has been concrete and steel, and they're very familiar with them.

Developers also find that new business ventures like our own an added risk. Until we have a portfolio, we will be challenged to secure these larger developers.

Without a track record or portfolio of completed jobs, we are forced to underbid on jobs to secure work, which reduces profitability and strains our financial viability in the start-up phase.

The interest is tremendous, but follow-through is lacking.

We are spending a lot of time and money educating architects, engineers and developers. In the last 12 months, we've quoted over 500 jobs, from \$5,000 to \$15,000,000. Over 75% of those are just looky-loos, so to speak. We've landed about 15% of the 25% of the legitimate jobs that we've quoted.

We had a couple of jobs that we were hoping to do towards the end of this year, but they've gotten postponed into 2021. That's put a bit of a crunch on us, and it could be COVID-related.

Government needs to ensure that mass timber doesn't fall into the SLA, as I mentioned before. It has really hampered our value-added facility. The U.S. has a record of just expanding their net, and if the mass timber products end up in the SLA, that's going to be terrible.

The last thing I'll talk about is how government could help. Government needs to support the advancement of the mass timber industry by creating an environment of promotion, support and education with respect to building with wood and mass timber.

Using more mass timber will help set the stage for economic recovery and the government's climate change initiatives.

Moving forward, how much of the government's own building infrastructure in low- to mid-rise buildings, given the latest climate change initiative, is going to produce and utilize mass timber and move away from using concrete and steel?

• (1110)

Along with NRCan and the IFIT programs for the whole forest industry, there needs to be a category of grant funding specifically allocated for the value-added secondary industry.

The major industry has access to large resources to build impressive proposals that smaller players in the value-added industry just don't have.

We've made a bunch of submissions to NRCan and IFIT and have been unsuccessful to this point. We don't have staff that specifically spend time just on writing proposals.

That's where I'll end it for now.

Thank you very much.

The Chair: Perfect, thank you very much, sir.

Mr. Verreault, why don't you go next.

[*Translation*]

Mr. Frédéric Verreault (Executive Director, Corporate Development, Chantiers Chibougamau): Thank you, Mr. Chair.

Ladies and gentlemen, members of the committee, thank you for welcoming me here today and giving me the opportunity to engage in this conversation about the potential of the forestry sector in Canada and, of course, in Quebec to further support a low-carbon Canadian economy.

I was intrigued by the original question and the committee's mandate today.

Before I do anything else, I will quickly introduce the Chantiers Chibougamau organization to you. Much like Mr. Kalesnikoff's business, we are a family forestry company founded in 1961. So, in just a few weeks, we will be celebrating our 60th anniversary.

Back then in Chibougamau, which is in northern Quebec, the company's mission was to manufacture large pieces of wood for the mines, which drove economic activity and helped develop the surrounding area. This was all new for Quebec at the time.

We have grown from five employees in 1961 to over 1,100 employees today, with 600 at the Chibougamau manufacturing complex, 200 at our Landrienne sawmill in Abitibi-Témiscamingue, more than 250 already at our Kraft pulp mill in Lebel-sur-Quévillon, which we are reopening at the moment, and more than 60 at our technical services and engineering office. That office is the construction partner in all of our solid wood projects right across North America, and even in an increasingly profitable foray into the European market.

So 1,100 people make a living from our efforts to tap the full potential of trees. Our organization alone is currently completing a 10-year investment phase of nearly half a billion dollars. We are injecting close to \$500 million in investments of all kinds to increase our production capacity, diversify and reopen a co-product plant to make Kraft pulp for a low-carbon global economy. So, I appear before you this morning with all these perspective in mind.

The committee asked what can be done to secure economic recovery in the forestry sector. Let me put it another way. Is there a real need for recovery in the forestry sector, or does it have the potential to do more and be reoriented?

In terms of recovery, in very concrete terms for the Quebec industry to which we belong, our exports of wood construction products increased by 60% from August to September of this year. In spite of the unprecedented context of COVID-19 that we are experiencing, the forestry sector alone accounted for more than \$4 billion in exports. That's not our contribution to GDP; it refers to exports from the Quebec forestry sector. That means our sector is one of the five most profitable and relevant sectors supporting the Quebec economy and, inevitably, the Canadian economy as a whole.

In light of this, and of the many initiatives to which I've had the opportunity and privilege of contributing over the past 15 years or so, we are constantly thinking about what more we can do from a political perspective, while being mindful of the regions and their forestry economies?

These issues, which are possibly policy-related, can now be taken to a whole new level of policy development. Forgive me for drawing on contemporary politics, but I'm going to paraphrase John F. Kennedy. Ask not what the House, the government and the country can do for the forestry sector. Using market-driven logic, let's turn the question around: ask what the forestry sector can do for the House, the government and the country.

When you turn the question around, you see that the forestry sector can do much more for this country than it does today. Canada aims to achieve carbon neutrality by 2050. It's no longer simply a subjective question of preferring one material over another. It's understood that we need to build with wood if we want to achieve a shared objective like that.

• (1115)

We always want more jobs, sustainable jobs, well-paying jobs and jobs that rely on knowledge and technology, on Industry 4.0, on artificial intelligence. The forestry sector has the potential to drive job creation of that kind.

We want construction sites that pollute less, leave a smaller carbon footprint and are quicker to set up. Above all, we want economical and competitive construction, and that is why wood is the natural choice.

We are always looking for ways to up our contribution to GDP, and better contribute to the trade balance. We also strive to ensure that Canada exports products that help the whole world meet the global challenge of climate change. Wood exports well; wood is the best material to meet that need.

So we are ready and the market is ready. Today, we are getting calls from developers in Colorado, California and New York State.

[*English*]

The Chair: Thank you.

[*Translation*]

Mr. Frédéric Verreault: Everyone's ready. We're ready.

We look forward to engaging in this conversation with you today, to take it even further.

[*English*]

The Chair: Thank you very much, sir.

We move on to Peak Renewables.

I'm not sure who's going to go first.

Is it Mr. Fehr or Mr. Baarda?

Mr. Fehr, it's you.

Mr. Brian Fehr (Founder and Chairman, Peak Renewables): Did that work?

The Chair: That's better.

Mr. Brian Fehr: Can you understand me?

The Chair: Perfectly.

Mr. Brian Fehr: The first thing is that I didn't understand a word the last guy said, except for the reference to John F. Kennedy.

I don't know if I'm supposed to understand Québécois or how that interpretation stuff works, but I missed it all, just to say.

Thank you, Mr. Chair, and thank you to the committee.

• (1120)

The Chair: You should have a function on your computer that allows you to have whoever is speaking interpreted for you.

Mr. Brian Fehr: I missed it.

Thank you, Mr. Chair, and committee members for inviting me to speak today and making time on your agenda for this very important issue.

As noted, my name is Brian Fehr. I am speaking to you today in my capacity as chairman of Peak Renewables.

I would like to introduce you to the CEO of Peak Renewables, Mr. Brian Baarda, who is also on the line with us today and will assist me in answering your questions.

My opening remarks will be short and to the point.

First, I applaud the fact that this committee is examining the critically important idea of innovation in Canada's forest sector. The forest sectors have been an immense contributor to the prosperity of Canada for many decades. That is especially true in rural Canada, where good-paying jobs in harvesting, milling, pulp and paper, etc., have been the mainstays of rural communities for generations. But it is also true that those days are past. The industry is under immense stress from those who would prefer that all trees be left standing; from competitors in other countries who try to impose trade restrictions, rather than just compete; and from environmental and other changes that are affecting the profitability of traditional forest practices and fibre use. The days of easy access to cheap fibre destined for high-paying stable markets are done. This can be a problem or it can be an opportunity.

We created Peak Renewables and other companies in the value-added wood space, for example, cross-laminated timber for construction of green buildings, because I believe in opportunity. Peak Renewables will take distressed forest liabilities and turn them into assets that not only switch on the economic engine of rural communities by creating local jobs and investment, but also utilize the fibre in new and innovative ways. For example, our new mill that's under construction in Fort Nelson, British Columbia, will take an old OSB plywood site that has been idle for 12 years and turn it into a modern, renewable, biomass pellet mill. The pellets from that site will facilitate the renewal of the infrastructure for the entire area, which creates other economic growth opportunities for the region.

We are doing this in full partnership with the local Fort Nelson First Nation. They are partners in every sense of the word. The pellets will be part of an important and growing clean, renewable energy export business for Canada that is helping other countries meet their climate goals. Peak Renewables is also planning to develop other renewable energy products made from wood biomass like RNG, liquid biofuels, hydrogen, etc., all of which will be essential to helping governments meet their climate goals and targets for things like clean fuel standards.

Canada has done a credible job of creating the right plans. For example, the Pan-Canadian framework on clean growth and climate change recognizing—

The Chair: Mr. Fehr, can I interrupt you for one second? I apologize for that.

Would you mind speaking a little bit slower so that our interpreters can keep up.

Mr. Brian Fehr: I didn't know you had translators. Sorry. I'll speak more slowly.

Canada has done a credible job of creating the right plans. For example, the pan-Canadian framework on clean growth and climate change recognizes the importance of forest management and innovation for things like using forests as a carbon sink or using much more wood in construction, as well as the important role for wood in generating bioenergy and bioproducts. But plans are not actions. We need to close the gap between plans and research and commercialization.

The government's expert panel on sustainable finance has identified the need to link access to capital with government policy-making around climate. Peak Renewables supports that work and urges government to think of small businesses and start-ups like us as they do the important work of incentivizing investments in companies that are striving to be part of the solution.

In closing, I would like to thank this committee again for inviting us here today. The forest sector will be an important part of Canada's post-COVID economic recovery, an important driver of innovation, an important partner in helping governments meet their clean energy and emissions target and a living example of how to do all of that in partnership with our indigenous peoples and rural communities.

Thanks again for your time. Brian and I will answer any questions you might have.

The Chair: Thank you very much for that. It's very much appreciated.

Before we move on to Mr. Cossette, Mr. Kalesnikoff, could I possibly ask you to change your virtual background? Apparently it's causing some trouble with the broadcast, I'm told. You're sort of lost in the forest, if I could put it that way. I suspect that is the problem.

Mr. Ken Kalesnikoff: Okay, thanks.

The Chair: All right. I appreciate that.

Mr. Cossette, go ahead, please. You have the floor now for five minutes.

• (1125)

[*Translation*]

Mr. Maxime Cossette (Vice-President, Fiber, Biomaterials and Sustainability, Kruger Inc.): Thank you, Mr. Chair.

[*English*]

Thank you for the opportunity to speak about Kruger today. I'm corporate VP for sustainability, biomaterials and fibre at Kruger. I'm glad to be in front of all of you today.

As probably many of you know, Kruger is a fourth-generation, family-owned company. The third generation is still at the helm with Joseph Kruger II. His kids are in now as well, with Gene and Sarah being active on the board. Clearly, we believe we can be part of the whole decarbonization of the economy.

The problem we're facing today is that we're accelerating the development of bioproducts, but at the same time some of our main sources of revenue are declining at a rapid pace, much more rapidly than we anticipated, because of COVID-19.

While newsprint and coated paper were declining at a rate of 15%, roughly on a yearly basis, we've seen drops of over 40% since COVID hit us back in March. We're facing short-term challenges while we also need to work on longer-term challenges with the bioeconomy and bioproducts.

We've been very glad of the support we've had from different programs in the past, namely IFIT, and we believe this can be a very good vehicle for bigger projects moving forward. The size of the envelope right now makes it difficult to bring transformative projects into declining mills, and for which sales are not there anymore, to support the growth and transformation of the mill.

One of the main problems we have also seen in the past is a shift from plastic to paper in various different applications, one of the key ones being grocery bags and shopping bags where they want to phase out plastic. The fibre is there, the capacity to transform paper into recycled low-carbon footprint for those bags is there, but there is a big bottleneck in the converting capacity because back in the early 1990s, most of the paper bag manufacturers shut down their operations.

Today, we would also like to see this committee and the government try to support the converters further down the supply chain, which would then be positioned to take the product that companies like Kruger can put onto the market and transform it into low-carbon solutions.

Obviously, certain locations are more at risk. As probably most of you know, Corner Brook Pulp and Paper is the last operating mill in Newfoundland and Labrador. The situation right now, being a newsprint producer with COVID having hit, is that it's very difficult to continue at that pace. We need to get support from both the provincial and federal governments so we can keep those 500 plus high-paying jobs alive and keep a future for that mill.

We also believe that you have a very good mechanism. It's probably not the time—because we believe time is of the essence—to try to develop and engineer new programs. We believe programs such as IFIT are the right vehicles again, but they need to have more funds and also be able to support higher capex projects for the future.

Finally, we believe that the forestry industry can be one of the main players to achieve that target of a carbon neutral country by 2050.

Thank you for your time today.

I will be glad to answer any questions you may have.

The Chair: Thank you very much, sir.

We're going to open the floor to questions now.

• (1130)

Mr. Brian Fehr: Thank you.

The Chair: Okay. Perfect.

On that note, Mr. Zimmer, you have the floor for six minutes.

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

Thanks to our witnesses.

I'm going to move a motion that I was trying to move a week ago, so I will do that first and then I'll get on to questions.

The notice of motion is that the Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade, be invited to appear before the committee as a part of its ongoing study on economic recovery in the forestry sector prior to December 11, 2020, to provide critical information relating to the recent WTO ruling, as the government official who appeared on October 30, 2020, was not able to respond to the question and suggested that

Global Affairs Canada appear and answer that question at a future meeting.

The Chair: Thanks, Mr. Zimmer.

Mr. May, you have your hand up.

Mr. Bryan May (Cambridge, Lib.): Yes, thank you, Mr. Chair.

I know there is no such thing as a friendly amendment, but I am wondering if we could maybe just quickly chat about making sure that GAC does maybe come out before the minister appears. I think, with the nature of the request, that would make sense.

I don't want to drown us in too much debate, but to get back to asking questions of the witnesses. Nonetheless, I am wondering if that is something we can agree upon before we ask for consent for this motion.

Mr. Bob Zimmer: I would suggest that the minister needs to appear. As always happens at committee, we hear officials, but we really want to hear from the minister. The minister is the key person at the top of the ministry who needs to answer the question. Frankly, the WTO question really should be answered by the minister.

That's why I don't believe an amendment is necessary.

Mr. Bryan May: Through you, Mr. Chair, I don't think I was suggesting that.

Bob, I was asking, should we have the folks from GAC appear in addition?

Mr. Bob Zimmer: I certainly don't have a problem with having them in addition. I know that with the timeline we have, we'll soon be running out of meetings, so that would be what the chair would have to answer. I wouldn't, in any way, want to replace other, already scheduled witnesses, or the minister in place of government officials. If it's understood that the minister will come and GAC too, I don't have a problem with that, but that isn't the essence of the motion.

The Chair: Mr. Sidhu, I see your hand is raised now.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Mr. Chair.

To my colleagues, Mr. Zimmer and Mr. May, I think it's good to hear that technical aspect of things from the officials as well. Yes, the minister is responsible, but we also want to hear from GAC about the technical knowledge, so I think it's important that we also hear from them.

Mr. Bob Zimmer: Again, I don't have a problem with that if you want them as an adjunct. It's typical of a meeting when the minister appears for that minister to be here for the first hour and the ministry officials for the second hour, or that in our two-hour slot that we have now, they appear all together on the same panel. That would work for me just fine, but again, it would not be in place of the minister.

The Chair: Mr. Zimmer, it sounds like, to the extent there is any disagreement here, there's not much. Rather than eating up more of our time—

[Translation]

Mr. Mario Simard (Jonquière, BQ): Mr. Chair, before I vote on any motion, I prefer at least to have the text in French.

[English]

Mr. Bob Zimmer: Yes, we have it, and we will send it out immediately.

The Chair: Thank you. That is important.

Mr. Bob Zimmer: This is a notice of motion, too, so we don't need to vote on it immediately. If we want to have that for consideration of the committee, that's fine.

The Chair: That's what I was going to suggest. I think we have a consensus brewing here, so why don't we move on and deal with it that way.

● (1135)

Mr. Bob Zimmer: I would hope, based on the fact that my motion took about 20 seconds to read, that it would be all of the time that was taken away from my turn. The debate certainly wasn't of my doing.

The Chair: I'm not going to argue that point with you.

I think people are entitled to respond, for clarification, when you introduce a motion.

Mr. Bob Zimmer: Just not at the cost of my time with our witnesses, though, Mr. Chair.

The Chair: Well, that's arguable. I'm going to give you some latitude here, Mr. Zimmer, because we have time today.

Why don't you move on? I'll give you a fair amount of time.

Mr. Bob Zimmer: Thank you.

I have a question for Mr. Fehr. Thank you, Brian, again, for coming.

We've met before, and he's doing some great things.

I guess what I've heard you talk about is carbon sinks. I've heard you talk about opportunity in B.C. and using fibre for new purposes that provide an opportunity for British Columbians and for work, not to mention forestry, which grows a whole bunch of trees in British Columbia on a regular basis and has a really great story for the environment. Sometimes we don't hear about the positives about forestry. We often hear about what you have mentioned, where it seems like every group wants to shut you down at every turn.

You still chose to be in B.C., and I know you still have a lot of your business in British Columbia. You mentioned getting jobs for rural British Columbians. Can you just speak about why you're in B.C.? I have a question to ask you after that, too, about Peak. Why are you in B.C.?

Mr. Brian Fehr: I was born and raised in Vanderhoof, British Columbia, which is in northern B.C. by Prince George. I was born and raised in the forest industry. I love British Columbia. I love Canada. I've worked in America a lot in my life, and it's sure nice to be home.

I find a lot of trees in British Columbia that need to be used properly. I see a big opportunity in biofuel and bioenergy.

Mr. Bob Zimmer: Thanks for that, Brian. I'm from here, too, born and raised.

I want you to talk about the really great opportunity that's in Fort Nelson. I've been the MP for Fort Nelson ever since I started—almost 10 years. We've seen that mill closed ever since I've been there. Can you speak about Peak and the opportunity?

I know how really quiet Fort Nelson is. Fort Nelson used to be a hub of natural gas production, but it was really shut in by some of the regulations, some of the opportunities lost. Can you speak about Peak Renewables? You spoke about what you're doing in Fort Nelson. Just elaborate on what's going on up there.

Mr. Brian Fehr: Last week, we bought a 550,000 cubic metre licence from Canfor. It has gone into what British Columbia calls Bill 22, where the government decides whether the transfer of quota is okay. We've signed a memorandum of understanding with the Fort Nelson First Nation.

We bought the asset that was the old OSB plant and the old plywood plant from Canfor. We are going to build the largest pellet plant in Canada, which we call "bioenergy 101". We have other sites in Cranbrook, Vavenby, Mackenzie and Chetwynd. All are brownfield assets that we look forward to developing further along into what I would call the higher end of the bioenergy sector.

Mr. Bob Zimmer: I have one more question, Brian.

Again, with regard to the opportunity that's before us, we've seen the WTO ruling. I'm sure that you're following the tariffs that are being applied to Canadian lumber when it goes across the border. What can we do? You obviously know, too, that most of the regulations occur in the province. Federally, we still have trade relationships that we need to work on. What can we do, as federal officials, to make that a better situation? What would you prescribe that we do to make international trade, especially in lumber and our forestry sector, better?

Mr. Brian Fehr: We are a very, very intelligent group of people in Canada, with a huge resource base that is underutilized in the world, to my mind. I have a work visa in the United States. I'm actually sitting in Whitefish, Montana, this morning for this phone call because I have cross-laminated timber plant here. I see all kinds of ways that we could help, Bob. It would take way too long on this phone call, but certainly there's more opportunity than what we see happening.

Mr. Bob Zimmer: Yes, thanks, Brian. I know that we're all trying to get that softwood lumber agreement done. We saw what a change it made back in 2006. We had it extended when we were in government, and we are trying to have that happen again. We're not sure where it is.

Again, you heard from my questions early on that we want to hear from the minister what's going on there. There's been an appeal filed by the Americans, too, after our successful case.

Do you have any last words, Brian, before my time is up?

• (1140)

Mr. Brian Fehr: Yes. I really, really appreciate the call. I appreciate listening to everybody.

I think Ken Kalesnikoff has a great company in British Columbia. He is a great leader for all of us to follow. He's right about the softwood lumber agreement and CLT. I certainly understand his point.

I'm looking forward to working more with the standing committee.

Mr. Bob Zimmer: Thanks, Brian. Thanks, Mr. Chair.

The Chair: Thanks, Mr. Zimmer.

Mr. Weiler, you're next for six minutes.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair. I'd also like to thank our witnesses for joining our committee today to talk about some really important opportunities that we have in the forest product sector going forward.

I'd like to pick up where Brian left off. My question is for Mr. Kalesnikoff.

You mentioned in your opening remarks a lot of the great jobs you've been able to create through investments in the new facility you have set up. In that regard, we've heard from some previous witnesses that the manufacturing of value-added timber products is labour intensive and that there can be some challenges in recruiting workers with the right skills. You mentioned the 55 new jobs you created. Have you experienced some challenges in recruiting enough qualified employees in this space?

Mr. Ken Kalesnikoff: We've actually been very fortunate. I think the excitement of our announcement has really captured a lot of interest. We've had a lot of people who are excited about the opportunity and have come to us looking to join the team. On that particular facility, we've been very fortunate in our area, the Kootenay area. I'm in Thrums, which is beside Castlegar and Nelson, where we have a lot of industrial activity. We have a beautiful area to live in so it attracts people who like the outdoors. With the business that we started, with the mass timber, I think it's really attracted a group.

We haven't experienced that to be honest.

Mr. Patrick Weiler: That's really great to hear.

Maybe as a follow-up to that, it may not be for your particular facility here, but I'm wondering what you had by way of recommendations for what different levels of government or industry could do to help with training and ensuring that people have the right skills to be able to leverage some of the opportunities that are there in the value-added wood products sector.

Mr. Ken Kalesnikoff: To broaden the answer then, I've heard from some of my colleagues in other parts of the industry that they are having issues. I actually just joined the standing committee with

BC Wood in talking about a plan on how we're going to put in training for different types of roles throughout the province. It is not an easy thing to add to a very complex business when it comes to value added. It's not easy to get them up and running and working when there are so many challenges that come with it. But I do believe there's going to be a need for supporting training.

What, unfortunately, I have also seen is that when we are focused on that, we need to make sure that we're hitting the mark. A lot of times I've been on other committees where we formed an educational product that really doesn't hit the mark with industry. The people who work in government or work in that side of the industry, really want to see it succeed. If industry doesn't participate, that's what they need to look at to make sure they are hitting the mark. We have to hit the mark with the industry, so we're hitting the right people.

I will give you an example. When I mentioned our value-added facility—we put in a moulder back in 2000—there still isn't in my opinion enough expertise around moulders. We can get to the 80% level where we can run a moulder, which is very important in any finishing products. We can run a moulder up to the 80% level, but we hired a guy hired who, when he walked out of the filing room, could hear that there was something wrong with that machine. That expertise we do not have.

Mr. Patrick Weiler: Thank you for that.

In your opening remarks, you mention that there are measures the government should take to educate, support and promote mass timber. I know that you have many different products in this space with a wide diversity of end uses.

I'm wondering if you see any barriers to increased uptake of these products that you offer both in construction and industrial applications.

Mr. Ken Kalesnikoff: Yes, I think the biggest thing right now is that mass timber is new and the engineers, architects and developers are all excited about it, but many of them don't know a lot about it. A lot of false things have happened. Jobs have been quoted based on some type of a.... I don't even know sometimes where the information came from. They look at it on a per cubic metre basis and say this is the size of the building, times so many dollars, and that's the price, when so many other things come into play. We have learned that the sooner you get a facility like ours or Brian's or Structurlam or any of the Nordics, all the companies that are already in business, get them to the table and get them involved with a developer early on. There's a real chance we can save them a lot of money.

When I talk about promotion, government needs to support the industry by promoting it, by using product. A lot of buildings, a lot of infrastructure is going to be done. In B.C., we have a thing called the Wood First Act. Let's execute on it. It's not happening. We don't have the follow-through and we need follow-through. It's one thing to talk about mass timber being a great opportunity, which it is. It's another to really promote it and make sure that everybody is very well educated on it right from the university level. We need to start training our students at university so that when they come out, they're ready to use it, all the way through to the final product.

• (1145)

The Chair: Thank you, Mr. Weiler. Unfortunately, that's all the time you have right now.

Mr. Simard, you're next.

[*Translation*]

Mr. Mario Simard: I thank the witnesses for taking part in this committee meeting.

I'd like to welcome our new clerk.

I have a quick question for Mr. Verreault.

In your presentation, you spoke about what the forestry industry could do for Canada. Based on what we heard from witnesses last week, it is now pretty clear that the forestry industry could be the sector leading the fight against GHGs.

On all my trips to Europe, I've been amazed to see large wooden structures, like bridges. That's not the case here. In France in particular, you can see large structures built of wood, even though France does not have a great deal of forest resources. You also stated in your testimony that you have many customers abroad.

I'd like to know what you think is causing Canada to lag behind in the construction of large wooden structures.

Mr. Frédéric Verreault: Thank you, Mr. Simard.

I will tie this in with what Mr. Kalesnikoff said, as Nordic Structures is an integral part of our organization. What Mr. Kalesnikoff said he experiences daily out West we consistently experience in Quebec and in every corner of Canada.

To answer your question, generally speaking, there are no half measures in Europe on the issue of fighting climate change. There is a will in all sectors of activity. That will extends not only to transportation using electric or hybrid vehicles, but also to all spheres of human activity.

Europe has taken action to improve its carbon footprint. It's not a question of measures to help the forestry industry, or promotion, or education. These decisions are made to build better with the pragmatic aim of generating better buildings and infrastructure. People are not asking themselves if wood is good for this or that, they are not making comparisons. No. People are choosing wood outright. As a material, it has proven itself and has been shown to perform better structurally, financially, and in terms of climate change.

If I may, let me use the city of Paris as an example. France is not a country with a forestry past or future, unlike Quebec and Canada. However, Paris mayor Ms. Hidalgo has announced that all the in-

frastructure needed for the 2024 Paris Olympic Games will be made of solid wood. That is because wood is a perfect match for the ambitions and objectives of the fight against climate change.

In Europe, people are unequivocally making a statement. They are leaving behind the chicken-and-egg dynamic in education, training and industrial supply. They have paved the way and are moving forward on that basis.

• (1150)

Mr. Mario Simard: I have another quick question for Mr. Kalesnikoff.

You said in your presentation that there is no program or funding category for value-added products. A witness made the same type of comment to us last week.

What could the federal government do to promote the value-added factor?

[*English*]

Mr. Ken Kalesnikoff: My comment about IFIT and NRCan was basically about the fact that a lot of money is given out to different jurisdictions and companies. I think if they looked at their record—and I'm just guessing, as I have no idea if this is real or not because I haven't investigated it—I would have to guess that a vast percentage of the money is handed out to the larger multinational corporations because they have staff who write proposals. We don't have that ability.

We run very lean and mean, so we don't have a specific person who does that, and I think that's what I'm referring to. If government really looked at what's happening, you're going to see that companies like Brian Fehr's company, our company, the gentleman from Quebec's company, family companies, are the ones who really push hard. We're the innovators. We're the ones who are always looking at creating opportunities.

I'm not picking on the larger corporations; they are necessary. They are good to have in the role. We need a healthy forest industry for all of us to be successful; however, it is skewed to one side. We find it very difficult for how many proposals we have put in that we have never been recognized and have never gotten anything. It's very frustrating to the point where we won't do it because it takes a lot of time and energy to do.

Government needs to understand their audience and needs to hit the cross-section of size of companies. We have companies here in the Kootenays that are employing six people with 3,000 metres a year of volume. Those are extraordinary numbers, and I will guarantee you that that gentleman has never even heard of IFIT or NRCan. That's the sad part of the state of affairs when it comes to me from the government's perspective of what government needs to do to promote that, and maybe government needs to recognize that there needs to be an advocate for these smaller companies, because it is so difficult for them to access funding that is out there, and then the funding gets swallowed up by the big corporations because they have people already writing the proposals that are put together.

I hope I answered the question.

The Chair: Thank you very much.

Thank you, Mr. Simard. That's all your time.

Mr. Cannings, we go over to you for six minutes.

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

Thank you to all of the witnesses today. It's all very interesting. We always learn so much when we hear from people across the country.

I'm going to start with Ken Kalesnikoff.

It's good to see you, Ken. You mentioned Thrums, and I just have to put it on the record what a tremendous asset to the community Kalesnikoff Lumber is. I stopped in at a Thrums market last week, and they said that you had bought 300 jars of borscht as Christmas presents. That is going to keep that very valuable market going. Thank you for that.

Getting back to the topic at hand, you mentioned government procurement and what the government could do to help innovators in this space, in particular in mass timber engineered wood. I'm just wondering if you could expand on that.

As everybody here probably knows, I have a private member's bill that spoke to that in the last Parliament. It's in the Senate right now, coming back the other way. That mass timber construction would have value for this country and for the environment. How could the government help out in that manner with procurement to build better buildings and really support the forest industry?

• (1155)

Mr. Ken Kalesnikoff: Thank you, Richard. I appreciate it.

I think I'll start by saying that the mass timber push right now really does hit all of the boxes. It ticks all the boxes. It creates jobs. It creates high-paying jobs. These are not minimum-wage jobs. It creates opportunity for young people to be excited about the forest industry. We have some young folks working with us right now, doing the drawing and engineering work, and it's amazing to me when I go and look at it. It's very exciting.

I think the opportunity around the better utilization of our resources is tremendous. I think we can create so many more jobs by using forest fibre in that manner. I'm probably biased, but I can't help but give it very, very high marks as an industry, as a future for Canada and for British Columbia especially. However, we are struggling constantly about promoting it. We're always battling.

We made an announcement in our community of Thrums, which you mentioned, Richard. We have 200 people in Thrums. We're a metropolis, right? In Nelson and Castlegar, either side of us, there are 8,000 to 10,000 people.

We made the announcement of a \$35-million investment in our community. We could have very easily put it on the other side of the border, but because of our commitment, as Brian said, to Canada and British Columbia, and as a family, we want to stay in Canada. This is where we've lived and have loved being involved. However, one of the first responses we got when we made the an-

nouncement was from someone on social media. My daughter said I shouldn't get excited about it, but it's a culture. It's the culture of, "You guys are just going to clear-cut more trees".

I'm not an expert in the carbon equation, but I will say that it's very frustrating not to be able to have a specific explanation and understanding. In my mind, when we cut trees down, the new trees that are growing are the ones that use carbon. As the trees get older, they sequester carbon. We take those older trees and we turn them into lumber. We take that lumber and we put it into homes, or in this case mass timber, so we are sequestering that carbon. Then we are planting three trees for every tree that we cut down. Those trees again use carbon. The cycle is pretty simple for me, yet I got a presentation about the pellet industry and how bad it is from the carbon side.

Richard, if I'm digressing, I'm sorry, but there is so much confusion around how the carbon issue needs to be packaged for Canada and for the world.

We have all these scientists saying different things. All it is doing is confusing the issue. We need a leadership role. That leadership needs to happen from the government, and it needs to happen from the side of being able to promote mass timber. We need that promotion and support from government so that when people say they don't like cutting trees down, we understand why. When we want to start putting more forests aside for parks or species at risk like caribou, that's more stress on the industry. On the one hand we want to promote the industry and get it going, and on the other hand we're shutting the forest land base down and we're not able to take it out. We really need government to promote and support the industry by doing things that will celebrate the fact that we're using lumber for mass timber and creating a mass timber industry.

The Chair: You have only 10 seconds left, Mr. Cannings.

Mr. Richard Cannings: I'll take those 10 seconds to just say thank you. The important thing that I see in something like mass timber is that we are creating more jobs. For every tree we harvest, we create more jobs and value for Canadians for each of those logs. That's how I view it.

Mr. Ken Kalesnikoff: Yes: high-paying jobs.

The Chair: Thank you, Mr. Cannings.

We're moving into the second round.

Mr. Patzer, you have five minutes.

• (1200)

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

Mr. Kalesnikoff, I found it quite fascinating where you were going with the equation around sequestration there. I'm wondering about the numbers, I guess, with regard to the impacts on wildfires. I'm sure we can all agree that wildfires are a threat to public safety and that they interfere with the amazing ability of Canada's forests to sequester and store carbon dioxide. In your view, what are the most important and effective measures that could reduce the risk of wildfires through forest management?

Mr. Ken Kalesnikoff: This is a subject that's a bit dear to my heart. Growing up having the ability to work with my grandfather and his brothers, my uncle Koozma gave us a mantra: take care of the land, and the land will take of you.

We are farmers of the land, in the forest industry. We are no longer what we were painted with back in the sixties and seventies, as some kind of neanderthals. The amount of work we go through, the technology that is used to put out a cutting permit, is unbelievable.

My grandfather would never believe what we're doing to cut a tree down, the amount of work and effort. We are all environmentalists. We all work really hard at doing the right thing in the forest industry, and that's true right across Canada, I believe. We need to be celebrating this. I have challenged the B.C. government to put out commercials to celebrate it and to promote it and to tell people that we are actually planting trees.

That's the most critical thing for me: we need the forest industry healthy, we need the forests healthy and we need to manage them.

I'm starting to sound like Donald Trump when I throw things out here as ideas, but when we think about the pine beetle epidemic that happened in central British Columbia—it started in Tweedsmuir Park—I have to believe that had we dealt with it in the park, it wouldn't have come out of the park and exponentially grown to the point that it actually ended up in Alberta. We need to manage the forests as we can, as the experts that we have.

Mr. Jeremy Patzer: Has there been any federal involvement with you or with the industry specifically when it comes to these efforts, whether with the forest fire issue or with bugs such as you were just talking about?

Mr. Ken Kalesnikoff: Yes, there has been a lot of conversation. There's a lot of fireproofing, there's a lot of work being done around communities, but—I don't know how to say this nicely—it's a half-hearted attempt. We're not really making sure that we're putting our best foot forward and are really focused on it.

We should be celebrating the forest industry, and right now, because of the stigma behind cutting trees down, as Brian said earlier, it gets in the way. We're not making right decisions; we're making emotional decisions.

Mr. Jeremy Patzer: Do you feel that there has been a bit of a misinformation campaign against Canadian forestry and against our resources in general?

Mr. Ken Kalesnikoff: I'm not a conspiracy theorist, but I've heard enough stories about how some of the big funds out of the U.S. spend money on promoting...and when their legal challenges are made, if you track it back.... I heard a very interesting speaker

last year or the year before talk about how you can connect those dots back to the Rockefeller Foundation, for example.

The U.S. is very protectionist that way. The softwood lumber situation is just ridiculous; it will never stop. I know you guys were talking about the WTO and all of that. We could spend an hour on that subject.

The U.S. drives that bus. It is the U.S. coalition that makes it happen. There is no way we're going to do anything with them. Until the U.S. government itself pushes back on them, they're driving the bus. A lot of influence comes from the U.S. into our forestry politics.

Mr. Jeremy Patzer: There was one other thing you mentioned in your opening statement that caught my ear. It was that when you guys introduced some value-added production back in 2000, the Chinese marketplace took it away from you in many ways.

Have there been other areas beyond what you mentioned in which this has been an issue, in which other countries have undercut what you were trying to do and have forced you out of that particular part of the market?

Mr. Ken Kalesnikoff: Definitely there have been. We talk about B.C. being a high-cost producer. That's real. It makes it very difficult for us to compete. We've had to shut our reman facility down over the last six months because of the softwood lumber agreement. We can't afford to put a 20% tax on a product worth \$1,500 per thousand.... It blows it out of the water. People will switch to vinyl siding; they will not use wood siding.

In other parts of the country, with the ability of the Chinese to take on various products that we were making, at the rates they are able to pay their people and just with the cost of everything they're so much cheaper than we are.

We're actually battling even against the Europeans right now, because they've lowered the price.... They've had bugs and windstorms, and the fibre they're dealing with now, we're hearing, is in the \$45 to \$50 per cubic metre range. We're paying \$100 to \$120 a metre right now for timber, so we're at a major disadvantage.

● (1205)

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

We will go over to Mr. Sidhu for five minutes.

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

My question is for Mr. Verreault. We've heard about the suite of forestry programs and funding opportunities offered by Natural Resources Canada: the expanding market opportunities program, the forest innovation program, the indigenous forestry initiative and the investments in forest industry transformation.

How have you interacted with these programs and what feedback can you share about them, Mr. Verreault?

[Translation]

Mr. Frédéric Verreault: Thank you, Mr. Simard.

Natural Resources Canada does indeed play an active role in supporting the development of this emerging sector.

In this case, since the beginning of this meeting, people have been talking a great deal about the investments in the forest industry transformation program, or IFIT. The IFIT program has never been tailored to our needs because of its administrative delays and the step-by-step system that takes months. The market can change between the time we submit a project for analysis and the time we get a response. The IFIT program has too many long steps involving all sectors across the country, and no clear vision. With regard to Natural Resources Canada, of course, the amounts that IFIT can provide are much lower for large-scale industrial projects.

In contrast, around 2015, Natural Resources Canada played a pioneering role in the construction of medium- and high-rise solid wood buildings. An example is the Origine project, a 13-storey solid wood condo that we built in Quebec City. Natural Resources Canada had a program to support the technology demonstration and showcase component. That kind of highly targeted, highly effective support made a difference.

Today, we have delivered tens of millions of dollars' worth of solid wood structures for medium- and high-rise buildings, all as a result of the \$1.1 million in initial financing. It was a small amount at the time, but it made a big difference.

All indigenous projects are relevant. We're involved as partners in one indigenous project, but these are smaller initiatives compared to the potential market that could exist. I can tell you that the most efficient and cost-effective way for Natural Resources Canada to support innovation is through its ongoing financial support to FPInnovations. FPInnovations can rely on stable funding from Natural Resources Canada.

FPInnovations is a bit like penicillin, a drug that can help many patients with many symptoms. FPInnovations is recognized for its innovation across the industry, whether it be in building codes and standards, process development, productivity gains, environmental footprint reduction and all related logistics, biofuels or construction. In any event, FPInnovations is like penicillin, which helps us all on many fronts. So, obviously, that is an indication of what may be relevant.

[English]

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

You mentioned the code. In 2015, the National Building Code was updated to allow for the construction of wood-framed buildings of up to six storeys. Since then, you have noticed a corresponding increase in market demand.

Have you noticed that increased demand?

[Translation]

Mr. Frédéric Verreault: Actually, demand is still growing at a fairly sluggish rate. The critical factor is with the National Building Code; it is not so much the demand for growth as the removal of a hurdle with respect to solid wood construction. The 6, 8, 10 or 12-storey solid wood projects we have done have been for private developers, who make business decisions based on sound technical and financial answers.

In addition to the boldness they must show, those who choose to build better in the 21st century face the red tape that comes with a

prescriptive building code, rather than a code based on a philosophy of achieving objectives. That puts all materials on an equal footing in achieving the objectives, where the shift has been under way since 2015.

It is one thing to allow it, it's another to say that you can build with wood, steel, concrete or aluminum and that the important thing is to achieve objectives of fire and earthquake safety.

This evolution in philosophy is the most legitimate and the fairest way to go for all materials, but it's also the most efficient way for a developer who, by choosing wood, would have no additional expenses to add to the project.

• (1210)

[English]

The Chair: Thank you, Mr. Sidhu. That's all your time for now.

We'll go to Mr. Simard for two and a half minutes, please.

[Translation]

Mr. Mario Simard: I have a quick question, Mr. Verreault.

To your knowledge, in the softwood lumber dispute with the United States, are the value-added products you make subject to the 20% tariff?

Mr. Frédéric Verreault: There is no tax, for the simple reason that a solid wood beam, column or panel, once it has cleared US customs and been delivered on US soil, cannot be broken down to its 2 x 4 lumber form and sold as such to compete with US producers.

Mr. Mario Simard: Okay.

With the arrival of Mr. Biden, the United States will likely sign back on to the Paris Accord and possibly change its GHG policies. Do you see a business opportunity there for yourself, knowing that things are going to change? What are the barriers to exporting your value-added products?

Mr. Frédéric Verreault: Our main export challenge is logistics, including rail transportation for custom-made products to be delivered to the United States. This would be an avenue to explore.

During the Trump administration, we did our first federal government infrastructure project where, for the first time, either in Canada or the United States, a federal government client asked us for environmental labelling of our product, so that they could choose solid wood. We did that project less than four years ago. It was intended for the US Department of Defense in Alabama, which was already turning to Nordic Structures and Chantiers Chibouga-mau due to the environmental footprint factor.

We are carrying out projects at several major publicly funded universities in the United States, since the inclinations are already there. We will obviously be able to build on that with the Biden administration. Let's start thinking today about logistics that are consistent in terms of greenhouse gas emissions, while at the same time being competitive.

Mr. Mario Simard: Do I have a little bit of time left, Mr. Chair?

[English]

The Chair: Unfortunately, no. You were right on time.

[Translation]

Mr. Mario Simard: I will have a question about that later.

[English]

The Chair: Mr. Cannings, we'll go to you for two and a half minutes.

Mr. Richard Cannings: Thank you.

I'd like to ask Mr. Fehr a question. I was interested to hear that you're in Whitefish, Montana, where you said you had a CLT plant. Mr. Kalesnikoff mentioned in passing that he could have opened his mass timber plant across the border. Vaagen, who has a dimensional lumber mill in Midway in my riding also has a CLT plant in Colville where their family is based.

I'm wondering if you could expand on what the American market for mass timber is, what the fibre supply is like and how competition across the border with Canadian companies, like Chantiers Chibougamau and Structurlam, can shape our markets.

There are all sorts of things going on there, but if you could expand on that in a couple of minutes.

• (1215)

Mr. Brian Fehr: I actually have two facilities in America, one in Dothan, Alabama, and one in Whitefish, Montana. I bought them both out of bankruptcy. The only thing I heard from Ken and from Nordic is that for me, Canada is doing a lot better in CLT than America is. There's more cross-laminated timber produced in Canada than there is in America right now. I happened to just find an opportunity down there to buy some going-bankrupt type facilities.

I would proudly be in British Columbia if I hadn't found those. I actually have a working visa in America and work both sides of the border all the time. I see all of the good and bad of both sides.

Mr. Richard Cannings: To expand on that, with the new mills or plants coming on, like Katterra in Spokane as well, how is the competition for fibre supply for use in CLT and glulam shaping those markets?

This could maybe go later to Ken and others in Canada.

Mr. Brian Fehr: It's very expensive in Montana. There is lots of ability in southern yellow pine, although the recognition in southern yellow pine isn't there in the building codes yet.

Mr. Richard Cannings: How am I doing for time, Mr. Chair?

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

Mr. Richard Cannings: Thanks. I'll try to come back to everybody later.

The Chair: Mr. McLean, it's over to you for five minutes.

Mr. Greg McLean (Calgary Centre, CPC): Thank you, Mr. Chair, and to all of the witnesses.

It's very good to hear about all of the environmental advantages associated with your businesses and how much you've added value

historically to Canada, as one of Canada's traditional resource industries that continues to innovate and add value in the world. It's great to have you here and making sure that we get that point known.

I'll start with Mr. Kalesnikoff with a quick question on that narrative. How do we actually balance the narrative that we hear from so many groups, who are telling us all the time that the trees we're cutting down are causing significant environmental damage?

Mr. Ken Kalesnikoff: I think I'd like to start by going back to what I said earlier.

I think government really needs to take a leading role in nailing down the truth and a direction. If our focus is to do something by 2050, what is the exact path we're going on? Also, quit listening to the very vocal 20% who are out there sometimes.

This needs to be real. Every one of us wants to do the right thing, so what is it? Every time we say one thing, the opposite side will say the other. That's healthy and good for debate, and it's up to government to come up with the plan as to what is the right approach. What does government want to be able to make it right? We need a balance and we need to make it work.

Again, I'll just use the same example I used before. From what I understand—and I am not an expert—it's the young trees that use carbon, it's the old trees that sequester it, and it's a natural cycle. We need to really verify that, if that is the case.

Mr. Greg McLean: Thank you, Mr. Kalesnikoff.

My next question is for Mr. Fehr.

Mr. Fehr, you brought up the clean fuel standard. I want to drill into that with you. What fuel does your plant in Canada use right now?

Mr. Brian Baarda (Chief Executive Officer, Peak Renewables): I think Mr. Fehr is no longer on the line. Hopefully my microphone is working okay.

The Chair: We can hear you okay.

Mr. Brian Baarda: Thank you.

You were asking what kind of fuel the plant in Canada is using.

Mr. Greg McLean: Yes.

Mr. Brian Baarda: The proposed plant in Fort Nelson will be using the residual waste from the wood we bring in to make the pellets. That will actually be—

Mr. Greg McLean: Thank you.

That's the case in most of the plants around Canada.

Mr. Brian Baarda: Yes.

Mr. Greg McLean: Are you aware of how the clean fuel standard will affect the costing of your input fuel?

Mr. Brian Baarda: I can't comment on that at this point.

Mr. Greg McLean: Is that because you're unaware?

Mr. Brian Baarda: Correct. It's because I'm not up to speed on that.

Mr. Greg McLean: Thank you.

I'll go to Mr. Cossette.

Mr. Cossette, you talked about the capex and government grants required for your facility. Regarding the capex you require from the government on this, is that because on a stand-alone basis the capital requirements for refit or new construction aren't justified by the economics of the output, if you will?

• (1220)

Mr. Maxime Cossette: Well, as you know, pulp and paper is quite intense in terms of capital expenditure because usually what you do is you continue running your existing operations and take the free cash flow to fund your transformation. However, in a situation of a crisis like today, where basically your main source of funds is not there anymore because of the declining market, then the shift towards transforming your facility requires financial support if you want to make the economics work.

Mr. Greg McLean: Thank you.

Mr. Verreault, I have one question here, if I have the time.

You talked about replacing buildings with wood, and I think we all agree with that. The construction that will be replaced, for instance, cement and steel—industries that are supposedly making carbon justifications about how they're reducing their footprint, are obviously going to have less of the economy going forward here.

How do you talk to those industries about the jobs, particularly cement, if you will, if you think about how we've allowed cement plants to be built in Canada without environmental assessments? How do you compare the two?

The Chair: We're actually over the time, but I'll give you time for a very brief answer.

[*Translation*]

Mr. Frédéric Verreault: We believe that demonizing steel or concrete is absolutely pointless and unproductive. Any timber structure needs concrete foundations and steel connectors. The materials complement each other and each one has its role.

Do we ask ourselves what happened to the jobs in the factories that made diesel vehicles? There is a natural evolution and a transition, and then a balance is achieved.

In all cases, it's not a matter of liking one approach or another approach but of achieving the objective of reducing greenhouse gases.

[*English*]

The Chair: Thank you very much.

Ms. Jones, it's over to you for five minutes.

I'm afraid she may have lost the connection.

Mr. May, do you want to jump in here for five minutes?

Mr. Bryan May: Just to clarify, my riding of Cambridge in North Dumfries, has a lot of aggregate and cement. I can assure the previous questioner that there are absolutely environmental assessments done whenever there is a new facility built.

My question is a general one for any of the witnesses willing to answer. Obviously, COVID has had an impact on all sectors of the economy. How, in your opinion, has COVID-19 impacted your operations? Have you found support in any of the federal relief programs?

We can start from my left to right on the screen. Mr. Verreault, you can jump in first.

[*Translation*]

Mr. Frédéric Verreault: First of all, COVID-19 brought insecurity and the unknown. It is as if the floor beneath our feet became very unstable last March 11. We had no idea of the form everything would take in the days that followed, until the middle of April.

Support from the federal government, specifically the CERB, turned out to be a calming response, preventing panic and improvisation. It provided financial security that kept people at work.

That was a good thing, because the market for wood construction products, both residential and nonresidential, was extremely solid. We have packaging, paper towels, and all the sanitary products made from wood fibre. Those products complement our activities. In my opinion, the response was the right one.

• (1225)

[*English*]

Mr. Bryan May: Thank you.

Mr. Kalesnikoff, I'll ask you the same question.

Mr. Ken Kalesnikoff: I'll echo what Mr. Verreault said. I think the government assistance that we received through the programs at that time, back in the spring, was very helpful. We too felt the uncertainty and wondered how things were going to progress. We did take advantage of some of those programs, which was really good. I think a lot of us dealt with people out there who took advantage personally and decided to stay home and collect money, which was a bit frustrating, but in our area we did not experience that.

I think it's going to take more of that type of support from our federal government to help us get through this next wave. I think our biggest issue right now is going to be testing. We need to make sure we get the testing done quickly so that we can look forward on that and hope that the government continues to support us in the industry.

Mr. Bryan May: Mr. Cossette.

Mr. Maxime Cossette: We've had support for certain of our facilities from the federal government mainly, where we had to go through shutdowns because of the difficulty with the coated paper and publication paper market.

On one side of the Kruger company, it was very difficult, but on the other side, as Mr. Verreault just mentioned, we are the biggest tissue manufacturer in Canada, and clearly we've seen a lot of people hoarding toilet paper and paper towels. We've seen our inventory drop quite drastically, which puts some pressure on us to speed up the launch of our new \$600 million facility in Brompton, Sherbrooke, which will produce top quality paper towels, tissue paper and facial tissues.

Mr. Bryan May: Thank you.

I don't see Mr. Fehr back on. Am I correct in saying he's not on? I'll maybe turn it over to the other gentlemen. I believe it was Mr. Baarda who joined in as well.

Mr. Brian Baarda: Yes, I'm also with Peak Renewables. I think Mr. Fehr must have stepped out or something like that.

Regardless, we're a start-up company, and as a start-up in the middle of COVID, I'd say the main challenge has been being able to effectively meet with people. During the pandemic situation, it's very tough to create the momentum to get a company really up and going and started. Having to do things as well as this particular process we're doing today works. It becomes that much more challenging as we try to start up a business and create investment in B.C. and other places in Canada.

Mr. Bryan May: Thank you.

The Chair: Thank you, Mr. May. That's all your time, unfortunately.

We go over to you, Ms. Harder, for five minutes.

Ms. Rachael Harder (Lethbridge, CPC): Thank you so much, Mr. Chair.

Mr. Kalesnikoff, my question is for you. You've provided us with some interesting information today with regard to the forestry industry. In one of your comments, you said that you didn't want to be a conspiracy theorist, which I can respect. However, there is evidence that organizations like the Rockefeller Foundation and the Tides Foundation have pumped a ton of money into Canada and hired summer students to help them with their cause, including creating rallies to stop pipelines.

There is also evidence that they've influenced the forest industry. I'm just wondering if you'd like to talk about that more.

Mr. Ken Kalesnikoff: Again, it is a subject that I believe is real. I've heard enough times that it is actually happening, and it is very frustrating. When you look at just the election, you could see that their ability to manipulate things is pretty significant.

I guess what I would ask is that we have a way of just telling the real story. I think that's so important, so as not to have the people of Canada swayed by an influence that has an agenda.

As I said, I'm trying to remember her name and I can't remember it, but she did a presentation that I listened to, and she did a fantastic job and was able to connect those dots.

I don't know what a government could do to prevent that. I don't know if you could stop funding from outside sources, or if we should be taking the high road and just spending a lot of time, energy and money promoting the industry the other way, which is just the truth. What do we actually do? What are the things that we do very well? That's what I would rather see us doing, if it were possible.

• (1230)

Ms. Rachael Harder: Thank you.

To that end, you mentioned that right now you're seeing is a lack of leadership. You said it's an issue of leadership in response to the misperceptions and misinformation being propagated about the forest sector. You also mentioned the fact that the government has a key role to play in making sure that people have accurate information at their fingertips.

Now, the following words are mine. I understand that they're not yours, but I would say that the current government has participated in perpetuating that misinformation, basically targeting certain organizations, particularly those within natural resource sectors, in order to prop up its agenda for climate change, etc.

Now what you're saying is that the forest industry is very helpful when it comes to taking care of the environment, sequestering carbon and taking out greenhouse gases. Can you just comment on that a little bit more? What exactly is the government's role in making sure that an accurate understanding is being put out there for the general public?

Mr. Ken Kalesnikoff: Let me start by saying that I'm not getting into a political discussion about who has done what the right way or the wrong way.

Locally here, we're not a big company, so I don't tend to get to Ottawa often and don't work so much at the federal level, but provincially I've worked with three types of governments—the NDP, the Liberals and the Social Credit—and to be really honest, they're all the same.

I haven't seen anyone take a particular leadership role that would promote the forest industry. I know that is a big undertaking because for every positive, there is an equal and opposite reaction, and so as much as I will sit here and tell you how good the forest industry is, because that's my love and what I've been brought up in, you will get a preservationist saying.... And I won't even give them the opportunity to be called "environmentalists" because, as far as I'm concerned, the guys who log for us up in the bush look after things so well, they're environmentalists.

The preservationists only have one agenda and that's to stop...and on whether the governments listen to them, and whether or not it sways their opinion or direction, I can't comment. I'm not that closely involved in it, but it needs to stop.

We just need to come down to the truth. My uncle Koozma's words haunt me every time I get into these conversations: "Take care of the land and the land will take care of you". It's as simple as that.

We have the opportunity. We are not dumb people; we have the expertise. I think we've got a real opportunity here to have the forest industry play a vital role in both recovery in carbon, in climate change, and all of it.

The Chair: Thanks very much, Ms. Harder. That's all of your time.

I don't know if you have a headset and if we will get back to you later in the meeting, but the interpreters were having a difficult time hearing you.

Mr. Lefebvre, over to you for five minutes.

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

I'm very pleased to be here. There a lot of great information.

I have the honour of being the Parliamentary Secretary to the Minister of Natural Resources.

By way of background, I'm from Kapuskasing, a pulp and paper town up in northern Ontario. My dad was a welder there and my grandfather helped build the mill back in the 1920s and 1930s, and my uncles and cousins all worked there, so I was able to afford an education. They're good-paying jobs, great middle-class jobs there, so I'm a big champion of the forestry industry.

I've seen it first-hand where it is: the people planting trees and cutting those trees, and the innovation in that sector. I have a lot of questions and very little time.

• (1235)

[*Translation*]

I do not have a lot of time. I am first going to turn to Mr. Cossette.

At the beginning, you spoke about the challenges facing the pulp and paper industry. What steps do you think you will be taking to adapt to the changes that are coming? How do you see the future of the pulp and paper industry? How will it go about innovation?

You have about one minute.

Mr. Maxime Cossette: In terms of innovation, we have to change our mentality. Everyone was manufacturing the same basic products and selling them at the same price. If the products were of good quality, we could put tons of them onto the market. That was the paper manufacturers' classic mindset. We have to change that mindset and pay more attention to the needs of the consumers, even if we are not selling our products to them directly.

When we say specialty paper, it is not just a trendy term. It means meeting the criteria of different clients. We have to diversify

and innovate, but with the assets we have at the moment. As I mentioned, the investments required to transform a mill are extremely high.

Mr. Paul Lefebvre: Thank you very much.

That is the major challenge of this transition. We are talking about value-added products. It also applies to the pulp and paper industry.

Mr. Verreault, I am happy to see you again. I had the honour of visiting your plants...

[*English*]

The Chair: I'm sorry. Can I stop you for a second?

I don't know if other people are having the same problem, but I'm hearing you louder than I'm hearing the interpreter.

Mr. Ken Kalesnikoff: Yes.

The Chair: That's better. Yes, that's good.

[*Translation*]

Mr. Paul Lefebvre: Mr. Verreault, I was fascinated to see how much you have transformed the industry. When we spoke about two years ago, you were facing the challenge of meeting the demand. You saw enormous potential.

How have you met the demand? How do you see your future activities? How could the government support you in that continued expansion?

Mr. Frédéric Verreault: I am pleased to see you again, Mr. Lefebvre.

Generally, the demand is taking shape. It's somewhat of a paradox, because, in a lot of economic sectors, the need is for diversification, investments and jobs, but there is no market. In this case, there is a market, and it is mature and receptive.

Our little challenge is about skills in engineering and designing structures. We have to turn to solutions like immigration, which is lengthy and complicated. We have no quick way to meet our needs. That is the first challenge.

There is another. No engineering faculty specializes in the material in Quebec or in Canada. The market is certainly showing strong growth, but it is still too small to give engineering and architecture throughout the entire university family a shot in the arm.

For example, if, as government clients in Europe or the United States are doing, the Government of Canada were to recognize that wood does a good and effective job, if it stopped moving forward one project at a time, always comparing and choosing one over the other, firm assumptions could be made and it could be the change of course that engineering faculties need to really raise their game. At the moment, that is one of the obstacles to the growth of the business.

Mr. Paul Lefebvre: Thank you very much.

This is very interesting. We should follow it through.

[English]

Thank you to our folks from Peak Renewables.

You guys are obviously into the biomass and obviously working with the pellets. I really want to hear a bit more about the way you see this bioenergy space evolving and the potential for wood pellets.

Maybe you can share that with us.

The Chair: Be very quick, please.

Mr. Brian Baarda: Thank you.

What we're seeing, particularly in Asia, are pretty significant increases in the demand for wood pellets as they try to get rid of coal, to eliminate the use of coal. We would love to see a similar type of action taken in Canada, for example, at coal-fired plants in places like Alberta and so on. It would be nice to see similar types of policies encouraging that type of action in Canada as well.

Of course, I think a lot of us would like to see the next phase of wood pellets, which would be black pellets or some sort of bioenergy such as LNG or hydrogen, but what I would say at this stage is that most of those types of products are in the very early stages of development, and for the clean energy types of programs, those types of products are what we need to deliver on for the Clean Canada and CleanBC types of initiatives.

• (1240)

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

We'll go over to Mr. Simard for two and a half minutes.

[Translation]

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

Mr. Verreault, you wounded my pride a little because I am a former instructor at the Université du Québec à Chicoutimi. Among our number was Sylvain Ménard, one of the leading experts in wood infrastructure. But, in terms of skills, it is true that perhaps not enough structural engineers specialize in this issue. That's just my friendly comment to you.

I want to go back to what we were saying just now. You talked about a contract you had in the United States where some rules had been established that made wood easier to qualify. We talked about that here a few weeks ago, and it was a proposal that we made.

If the Government of Canada were to establish carbon footprint as a criterion for awarding contracts as part of its procurement policy, would that help, in your opinion? We know that there might be a little squabble if we tried to establish something similar to the Charte du bois. I know there is also a similar standard in British Columbia.

Does that solution seem helpful to you?

Mr. Frédéric Verreault: To help heal your pride, Mr. Simard, as you mentioned, the Université du Québec à Chicoutimi does indeed offer a perfectly fine graduate program in wood construction. However, it's really intended for very specialized, dedicated and focused professionals, whereas we need it to be normal to learn about wood,

just as it is normal to learn about steel or concrete. We need your example to create a ripple effect.

In terms of the decision-making processes leading to construction using wood, as long as partial criteria are established—as we tiptoe around the issue—things become complex, lengthy, onerous and costly. It works well when private clients realize that wood does a better job and they dispense with all other comparisons. They have to specify at the outset that they want wood. Then competitors in the wood market will submit competitive bids.

Those are the circumstances that make projects quick, effective and completed within budget. That's where the Government of Canada clearly has the potential to make a difference. If it wants specific results, it must take specific action.

The education about the suitability of the material that my colleague Mr. Kalesnikoff was referring to will no longer be a debate or a rhetorical argument. We will have facts and figures. At that point, we will be able to move forward and build on a solid base.

[English]

The Chair: Thank you very much.

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

[Translation]

Mr. Mario Simard: Mr. Chair, are we not in the second round?

[English]

The Chair: We're in the third round, actually.

Mr. Richard Cannings: So it's my turn? Is that where we are?

The Chair: Yes, Mr. Cannings, it's your turn for two and a half minutes.

Mr. Richard Cannings: Okay. Thanks.

I'd like to ask Peak Renewables some questions.

Mr. Baarda, you mentioned the wood waste that you use in your plant for energy. Do you use wood waste at all to create the pellets, or is it just used to drive the plant?

Mr. Brian Baarda: In Fort Nelson it's a bit of a unique situation. The plant will be using deciduous aspen trees that grow effectively to maturity. We will be harvesting them and turning them into wood pellets. We will be using the bark and so on as the wood waste to heat the plant and dry the pellets.

To some of the points around forestry, there's a lot of debate around forestry and whether we take care of the environment. The one issue I would say for sure in this particular situation is that these trees, obviously, regrow naturally, but as you can see with some of the forest fires that we've seen in British Columbia, some of these areas are prone to such large natural disturbances as fires or bug kills. The actions we take can prevent that type of situation from happening close to some of the communities we work in.

• (1245)

Mr. Richard Cannings: Right. One thing I was going to ask about wood waste...because one of the big climate issues around the forest industry, at least in British Columbia, is the burning of slash in the fall. As I travel around my riding at either this time of year, or a few weeks past, it's very, very, very smoky. The slash burning in B.C. puts out as much carbon as all the cars in the province put together. I'm wondering whether you or other pellet-type plants can use that waste material. I have a new plant being built in my riding, near where Mr. Kalesnikoff is, actually over the hill in Fruitvale.

You mentioned also creating renewable natural gas from these wood waste products. I'm wondering if you have any plans for that in the future, or if you knew of other initiatives like it that could stop us from burning slash, instead creating cleaner fuels for industry.

Mr. Brian Baarda: To answer that question, I think, absolutely, that any community that has the ability to put in a pellet plant can use that residual waste. Again, it's subject to the length of distance that it gets hauled, but there's really no need to burn that slash in situ in the forest. Ideally we'd be able to use that in a pellet plant or in some sort of biomass conversion facility.

We've been speaking to a lot of different companies about their technologies because, ideally, what we would like to do is just what you're saying—to take some of that biomass and turn it into a more advanced product, something that's obviously based on this renewable resource that we have. There's a nice little facility called B.C. Biocarbon that's doing some pretty interesting things in McBride, B.C. We've been spending some time with them, looking at something that might turn into something, but with a lot of them it's very early in terms of the technology and they need the support from—

The Chair: Thank you, Mr. Baarda.

Thanks, Mr. Cannings.

Mr. Ken Kalesnikoff: Mr. Maloney, sorry, but can I make just one quick comment on that subject?

The Chair: I'm sorry, we're going to have to move on to the next person—

Mr. Ken Kalesnikoff: Okay.

The Chair: —but thank you.

Mr. Zimmer, you have five minutes, followed by Ms. Jones for five minutes.

Mr. Bob Zimmer: Chair, maybe we'll address the motion first.

In that regard, I have no problem with the members of the minister's office appearing to speak to that particular motion. I have no problem with that, so if you want to.... I don't know if it's necessary

to add an amendment for that to occur. I don't see that, but again I have no problem with officials appearing with the minister.

I would like to speak to Mr. Baarda again. You spoke about McBride and about Fort Nelson. One thing that folks on this call, who are at this committee meeting today, don't often see but that I see every day when I drive through the Pine Pass is all of the standing red deadwood and the standing yellow wood. Now, it's really a new thing, and it actually looks quite beautiful. My wife pointed it out to me and I thought they were just deciduous trees, leaf trees, that we normally see losing their leaves in the fall. But these are all evergreen trees that are turning yellow, and it's from the new spruce beetle kill, instead of just the pine beetle kill.

This is where I see the real opportunity, and you spoke about it, to deal with this wood in a productive way rather than just literally adding fuel to the fire by not addressing it. I see that our American counterparts to the south have really carried out some initiatives to clean up their parks and forests, with all of this fuel that is just on the forest floor. To me, when you see opportunities like you and Brian have obviously seen, to use some of this wood, pull that fuel out of there, not only does that help prevent forest fires, but it's also used for something positive as well.

That's really the message. We talked about some of the negatives, the groups that want to shut forestry down in B.C. I've heard about different groups that want to shut down all of forestry, but here's a really positive message all around for the environment and forestry.

Can you just speak to what I highlighted there, Mr. Baarda?

• (1250)

Mr. Brian Baarda: Certainly making some of that fibre available to some of the smaller players like us, and Mr. Kalesnikoff, whom you also heard from, as opposed to its being in the hands of the four or five major tenure holders in British Columbia, is beneficial. They are not incented to take that type of product out; we are.

So, creating the small licences, creating the opportunities with indigenous communities and giving us an opportunity to get in there and get that fibre out is absolutely something that I think is quite beneficial.

Mr. Bob Zimmer: Do you see incentives for doing that as sufficient? In the current situation, often I look at what the stumpage rates are in B.C., and they're very high. To me there needs to be some kind of movement. We're stepping on some provincial jurisdiction here, but it maybe speaks to more of a need for a national forestry plan.

Do you see the need to incentivize groups like you to go in there and go after this wood for the sake of preventative medicine, given the larger cost of having a large forest fire in some of your communities?

Mr. Brian Baarda: I'm certainly familiar with some areas. If you live in the Cranbrook area as Brian Fehr does, or the Castlegar area as Mr. Kalesnikoff does, some extensive fireproofing has been done. That fireproofing is done through incentive programs that I believe are supported by not only the B.C. government, but also the federal government.

There certainly are things like that, which I think are highly beneficial to communities in making sure that we fireproof the communities and, to the extent there is a lot of dead fibre around a community, take care of that as well.

Mr. Bob Zimmer: To me it's a great story. I don't know if it's been understood vastly enough. There is a little bit done in close proximity to communities, but to see it province-wide.... We have so much of that wood standing. It would be so nice to use it an efficient way and really help the environment and all involved.

Mr. Kalesnikoff, you had some things to add. You wanted to finish by saying something, so I'll give you some time to finish.

Mr. Ken Kalesnikoff: Thank you, I really appreciate that. I'll say two things.

First, this is a provincial issue, a legislative issue and a stumpage issue. The cost right now of taking that wood that goes into the slash pile to a pulp mill incurs a full stumpage rate. The licensees are subsidizing those facilities, which is completely wrong. Working with a stick rather than a carrot is not going to work.

Second, I appreciate what you're saying about salvaging those trees. Why are they in that state? How could we have let it get to that point? We should have been managing that forest before. We should have been farmers of the land. It is so frustrating for me when I hear that.

Thank you.

Mr. Bob Zimmer: Yes, as a British Columbian, we saw some things that could have been done when it was coming across the border. We were all looking for some kind of action with the government of the day. That didn't happen, but—

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

Mr. Bob Zimmer: Thank you for all your testimony today.

Thank you, Chair.

The Chair: Thank you, Mr. Zimmer.

Ms. Jones, you are at last, but not least, for the day. You have five minutes.

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

Thank you to all our panellists for very informed presentations and good responses.

I'm in Labrador. My riding is in Labrador, in the province of Newfoundland and Labrador. I have certainly seen lots of transition

in the forest industry here. As Kruger will know very well, we were very much a supplier to the pulp and paper industry in the province. With the decline in those mills, we have seen the whole industry evaporate from under us, because without the by-product for pulp at the time, there wasn't a developed market.

My question is to Mr. Cossette. In the province right now, Kruger still has their pulp and paper operations at Corner Brook. First, how has the decline for pulp and paper products affected your operation overall, particularly in that area? Also, have you looked at diversifying some of the work you are doing in the industry within the province of Newfoundland and Labrador?

• (1255)

Mr. Maxime Cossette: Thank you for a very good question.

In fact, I'm not going to paint a pink picture of the situation. I don't think that is the case right now. We're struggling because of the structural changes in the market. We have a very competitive mill over there in terms of manufacturing cost. On one side, you've got great manufacturing costs, but on the other side, you need to have a market for it. The market is declining at a rapid pace and we're competing against other mills that are also trying to survive.

We've been lucky enough to get some support from IFIT recently to perform a deep-down diversification study, which we are in the midst of. We're looking at all of the options, where we would be able to capitalize on current assets. What we've seen so far leads us to believe that there will be a need to invest massive capex into the mill to transform its operations and its final product.

Ms. Yvonne Jones: You're much more familiar, obviously, with the industry than I am, but are there options for actually increasing any of the value-added manufacturing right now in the pulp and paper sector in Canada or here in this province, either over the short term or long term?

Do you just see it as a matter of trying to maintain the competitive edge and keeping the doors open at this stage?

Mr. Maxime Cossette: It's kind of the chicken and the egg. You need to think for the long term, but to be able to get there you also need to have a cash flow coming in for the short term. In terms of transforming a mill the size of Corner Brook, it's undoable to basically switch one paper machine to innovative products without the market's having been fully developed. You will not have enough cash flow from only one operating unit to support the growth and the marketing of the new product.

It's a difficult situation, but what we're working on with partners such as FPIInnovations and others is to try to pilot scale certain novel products so that if the market is there, if the economics are there, then we can more easily develop and deploy at the mill site.

Ms. Yvonne Jones: Obviously, you are familiar with several of the major projects that we've launched as a government over the last four years to support the forest industry in Canada and diversity in the industry.

From your perspective where you sit today—and this is a question for all of panel if there's time to answer it—what other measures do you think the federal government should be implementing to support the industry in these very unprecedented times, whether it's from COVID-19 or transitioning from market demands? I'm open to suggestions. Maybe it's about enhancing programs that are already there, but is there a gap that we're not filling?

Mr. Maxime Cossette: Quite frankly, if you look again at the IFIT program, the team there is pretty knowledgeable about the forestry industry. The problem is the size of the envelope right now. I believe it has been recapitalized for a couple of years with \$84 million. We need to be able to expand that envelope. I'm not saying do it only through non-repayable contributions. It might be a mix of repayable and non-repayable contributions, but if you look at a conversion project that you will cost you hundreds of millions of dollars, yes, you can go and get \$5 million from IFIT, but I don't think it's going to change the economics of the project. We need to have access to a larger envelope.

Again, I'm not only asking for grants; we are open, and I'm sure the rest of the industry is open, to all kinds of mechanisms. As you might probably imagine, right now we're in a declining business and that going through a more traditional financing route is proving to be very difficult.

● (1300)

The Chair: All right. That's all the time we have.

Thanks, Ms. Jones.

Thank you to all of our participants, particularly our witnesses. That was very informative and helpful. We're grateful for sharing your time with us today.

I will see everybody on Friday. I remind you that the minister will be attending on Friday afternoon.

Thanks very much.

The meeting is adjourned.

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