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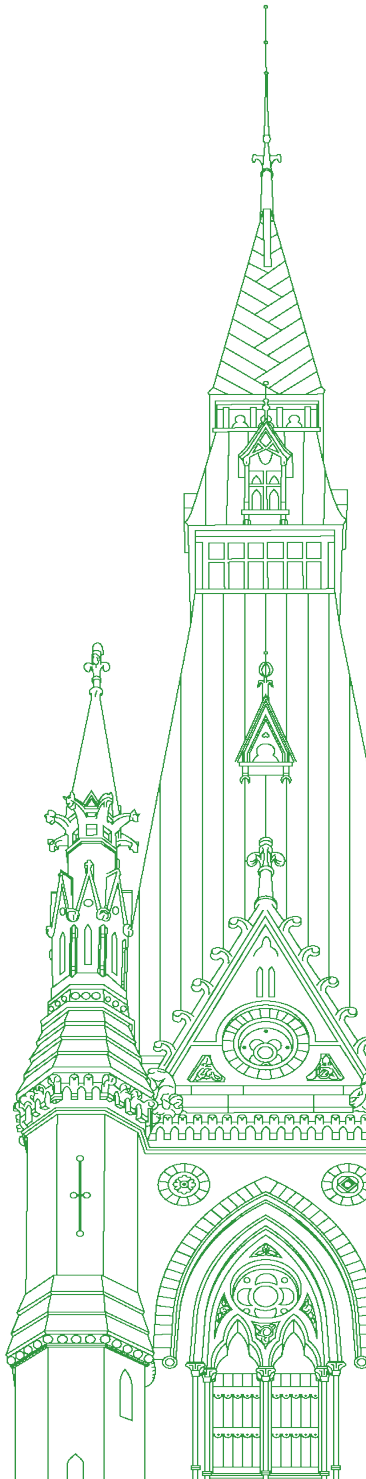

Chair: Terry Duguid

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● (1100)

[*English*]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): I'll call this meeting to order, acknowledging that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Good morning, everyone. This is meeting 14 of the Standing Committee on Natural Resources. Today's meeting is taking place in hybrid format, pursuant to the Standing Orders.

I have just a few comments to start for those participating by video conference. We'll have folks online in the second hour.

Click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. At the bottom of your screen, you can select the appropriate channel for interpretation: either floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

This is a reminder that, as always, all comments should be addressed through the chair.

Colleagues, I can confirm that the minister will be attending the next meeting of the natural resources committee. I know he's looking forward to it, by all accounts. The first hour will be the minister; the second hour will be officials. I know we all look forward to that.

Colleagues, last day I prematurely retired our clerk. She assured me she is not retiring. She is moving on to her next assignment, but I think you'll agree that we have been incredibly well served by the staff here. She will be with us until we break in December.

Thank you, Geneviève, for all the work you do.

Some hon. members: Hear, hear!

The Chair: It's a sitting ovation.

Pursuant to Standing Order 108(2) and the motion adopted on Thursday, September 18, 2025, the committee is resuming its study of the forestry industry.

I'd like to welcome our witnesses on the first panel in the room. From the Canadian Wood Council, we have Rick Jeffery, chief executive officer. From the City of Campbell River, we have Mayor Kermit Dahl.

Welcome. You will each have five minutes or less for your opening remarks.

Mr. Jeffery, you have the floor.

Rick Jeffery (Chief Executive Officer, Canadian Wood Council): Thank you, Mr. Chair and members of the committee, for your invitation today.

The committee's mandate and work reflect your recognition of the importance of the forest industry in Canada. We are facing unprecedented challenges, and I hope today to highlight significant opportunities that can assist in addressing these challenges.

I'd like to start by thanking all parties around the table for your engagement and support of Canada's forest product sectors, their employees and the communities across the country that rely on the forest sector for their health, quality of life, economic livelihood and prosperity. I've been in the sector for over 40 years, and there's no better place to dedicate my life. The people are truly amazing.

My remarks today will focus on three main topics: the importance of wood as a material in housing construction and in achieving carbon neutrality, objectives and targets; the federal government's role in domestic market diversification opportunities and development of new products and systems to improve the industry's competitiveness; and, finally, public procurement policies that promote the use of wood products.

I will not touch on things that are outside of the Canadian Wood Council's remit such as U.S. trade and tariffs, interest rates, financing for affordable housing, infrastructure, zoning and permitting, or taxation and development charges, all which affect housing in Canada.

For a little bit about the Canadian Wood Council, our mission is to advance domestic wood use in Canada. We are a national federation representing wood manufacturers across Canada, including lumber, panels, trusses, engineered wood products and treated wood. We have partnerships with home builders, mass timber companies and the architect, engineering, construction and development communities, among others. We work closely with NRCan, the Natural Research Council, the Canadian harmonized code committee, universities, provincial and territorial governments, municipal governments and indigenous governments on the appropriate role of wood in construction.

The CWC is a unified voice advancing codes and standards and market access. We promote sustainable wood-based construction solutions that pursue a vision of Canada where a strong sustainable wood market supports a vibrant culture of wood.

At the heart of our mission is a commitment to advancing the use of wood across Canada's built environment. Our efforts are anchored in three core focus areas: market access, market development and technical education and outreach.

The first theme I'd like to talk about is the importance of wood as a material in construction. Canada faces a housing affordability crisis. The committee knows, should know, I'd like you to know, that the most affordable and livable housing typology that can be built in Canada is a light wood frame mid-rise, five- to six-floor apartment building. This building type is based on the most prevalent wood products that we produce, lumber and panels, thereby supporting our existing industry. They are scalable and can be rapidly deployed. Their design is flexible and thus able to provide livable two- and three-bedroom units that are suitable for families and are in dire supply today.

It is a known building typology, so permitting and approvals should not be held up by building officials. They are adaptable to the flavour of the day, which is modern methods of construction. When I say modern methods of construction, I'm talking about industrialized construction, panelization, volumetric modular, modular, mass timber and all of these kinds of things. These are the new types of construction beyond how we have traditionally built housing in Canada.

As we get more familiar with mass timber construction, we're now seeing that mass timber buildings in the seven-floor to 18-floor range are cost competitive to other structural materials and even more cost competitive if you take into consideration the cost savings that are due to the fact that these buildings go up much faster than traditional construction techniques.

The CWC estimates that, by increasing both wood-based residential housing starts and non-residential markets, we can increase domestic consumption of Canadian lumber by two billion board feet. That's 10% of Canada's lumber production and represents a big market diversification opportunity right here at home. It is our biggest diversification opportunity. Wood-based systems are key low-carbon solutions to solving Canada's housing crisis.

● (1105)

Here is what the government's role could be in domestic market diversification.

The Canada Mortgage and Housing Corporation estimates we need 3.5 million more houses to meet our affordability targets. That means we have to increase housing starts by 250,000 units a year. In order to do that and to address that affordability gap, as a nation, we need to augment traditional methods of construction with modern methods of construction to assist in meeting this goal. Wood-based systems are some of the most cost-effective and scalable options for modern methods of construction.

There is currently a base of some 850 companies in Canada involved in industrialized construction. Catalyzing them to increase their capacity will be critical to increasing housing starts. Connecting primary wood products manufacturers with industrialized construction manufacturers is a large part of the solution to realizing the benefits of modern methods of construction.

● (1110)

The Chair: Mr. Jeffery, I'll ask you to wrap up. I've already given you some extra time.

Rick Jeffery: Sure.

There are a number of ways that government can help.

There's the softwood lumber support package with critical programs in there that can advance this. There's the strategic response fund that can assist in helping us retool to meet this challenge. There are supports that can be used to help us train the people in mass timber and those kinds of things. Then, Build Canada Homes needs to create a pipeline, de-risk investment, fix procurement and payment approaches and facilitate retooling of sawmills. Finally, a buy Canadian policy needs to have wood construction as part of its procurement.

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

Rick Jeffery: You're welcome.

The Chair: We'll go on to Mr. Dahl.

You have five minutes or less.

Kermit Dahl (Mayor, City of Campbell River): Thank you, Mr. Chair and members of the committee, for the opportunity to speak today.

My name is Kermit Dahl. I'm the mayor of the City of Campbell River, on northern Vancouver Island. I also serve as chair of the Campbell River business advisory team, originally formed in response to the U.S. tariffs, but now a strong voice for natural resource communities. In addition, I represent the Alliance of Resource Communities, a coalition of municipal leaders advocating for sustainable resource development and highlighting how provincial and federal policies are impacting investment and jobs.

Campbell River is the forestry hub of north Vancouver Island, supporting a significant share of harvesting operations. Our community feels every ripple in the forestry sector, whether it's growth or decline. Unfortunately, across British Columbia, we are witnessing a systemic dismantling of a once-thriving industry. Ten years ago, forestry contributed roughly $1.5 billion in stumpage fees to the provincial government. Today, that figure has fallen to about $550 million, as reported in the 2024-25 provincial budget.

The coastal allowable annual cut, which was set at 14.4 million cubic metres, has seen harvesting of just over 4.5 million cubic metres to date. The provincial allowable annual cut follows a similar sharp downward trajectory. Both economics and provincial and federal policies have been identified as the chief causes of this lack of harvesting.

Since 2018, nine coastal mills have closed. This loss of capacity is driven by a combination of significant provincial and federal policy constraints, U.S. softwood lumber duties and recent section 232 tariffs, all of which have weakened competitiveness and investor confidence. Since 2022, the forestry sector has lost roughly 5,400 jobs, yet 40% of coastal pulp mill fibre is now being imported from the United States due to a chip supply shortage created by eliminating many of the mills in our coastal area.

This is not just an abstract issue. It affects real businesses and families. In my own company, when harvesting slows, revenue drops dramatically. It impacts local spending and community stability. When a contractor can't keep his crews working, those families face uncertainty, and that uncertainty ripples through every sector, from retail to housing. These are not statistics; they represent livelihoods, mortgages and futures.

Forestry isn't the only sector facing challenges. Mining, energy and aquaculture are in the same situation. Companies are dealing with too many overlapping rules, long and unpredictable approval processes and rising costs that make it hard to invest. Aquaculture businesses worry about whether they'll keep their licences and about new federal rules that create uncertainty for coastal communities.

These delays aren't about protecting the environment. They're about complicated bureaucracy and unclear decision-making. Indigenous partnerships, which should be central to development, are slowed by confusing jurisdictions and inconsistent consultation, leaving communities frustrated and opportunities lost. Meanwhile, other countries, like those in Scandinavia, South America and the U.S., are moving faster and are attracting investment and skilled workers. Every month of delay means fewer jobs, less tax revenue and less confidence in Canada's ability to compete globally.

The 2025 federal budget includes welcome commitments of $1.2 billion to forestry infrastructure and $13 billion for construction. However, in British Columbia, uncertainty around fibre access and regulatory instability means companies may hesitate to invest. Our province could lead Canada's economic renewal through forestry and other resource industries, but that requires coordinated federal-provincial leadership to restore confidence. Without that alignment, these federal investments risk being underutilized, leaving communities like mine without the opportunity to benefit from national growth initiatives.

British Columbians overwhelmingly support responsible resource development. To sustain that trust and to strengthen the strategic industry, we need progress on four fronts.

We need a fair, long-term softwood lumber agreement with the United States to reduce uncertainty and to stabilize trade.

We need streamlined regulatory processes that maintain high environmental standards while eliminating duplication and delay. Right now, companies face overlapping requirements that add cost without improving outcomes.

● (1115)

We need timely and accessible federal support to stabilize operations and attract new investment. Programs must be designed for speed and clarity because when mills close, communities don't have years to wait.

We need to help local economies access and develop new markets.

Forestry has long been a cornerstone of British Columbia's economy and can remain a pillar of Canada's low-carbon future, but only if we create the conditions for success. This is about more than economics. It's about sustaining rural communities, supporting indigenous partnerships and ensuring Canada remains competitive in global markets. If we fail to act, we risk losing not only jobs but the expertise and infrastructure that underpins sustainable resource development.

Thank you for your time.

The Chair: Thank you, Mayor Dahl. That was right on the money.

Mr. Tochor is starting our first round of questions.

Corey Tochor (Saskatoon—University, CPC): Thank you, Chair.

I'm going to cede my time to MP Aaron Gunn.

The Chair: Mr. Gunn, welcome to the committee.

Aaron Gunn (North Island—Powell River, CPC): Thank you for having me, Mr. Chair.

Thank you, Mayor Dahl, for making the journey out from our shared home of Campbell River.

You talked a lot in your comments about the importance of forestry to the economy of Campbell River, the north island and, indeed, the entire province. As mayor of Campbell River, have you noticed the real-world effects of the industry's downturn and challenges on families, businesses and individuals in Campbell River?

Kermit Dahl: Yes, for sure. I've lived in Campbell River for 40 years. My kids have been born and raised in Campbell River, all of their friends have been, and we see a lot of that younger generation, who have less seniority, being laid off or suffering with the curtailments that are happening. Yes, we see it every day.

I just finished a year-end financial and saw for the second time in 15 years a decline in our annual sales. Seventy per cent of what we do is resource-related, and our sales in the previous year were down by just over 20%.

Aaron Gunn: You're obviously a small business owner in town. When people think of forestry, they think about the big mills. They think about the loggers out in the bush.

Can you talk about all the other businesses and people who make their livings indirectly from the forest industry in a community like Campbell River?

Kermit Dahl: In Campbell River, every business there is supported by logging. All of my trucks say, “my family is fed by the forest industry”. The forest industry is what supports our entire community. Whether you're selling clothing or operating a restaurant, every single thing is dependent on the logging community having continuous work so people can afford to go out and spend money, whether they're buying cars, houses, clothes or pizza at Boston Pizza. Every business is dependent on that happening.

Aaron Gunn: How has the uncertainty created over fibre access—basically the predictable and sustainable ability to go out and cut down trees to feed the mills—contributed, in your view, to the downturn of the industry and the struggles that the industry currently faces?

Kermit Dahl: We were one of the first areas, or we were the first area, to lose our sawmills. Whether Gold River or Campbell River, it was that area. When we can't supply wood now, it affects the more central to southern part of the island. Our wood is what feeds their mills, so when we don't have access to fibre, those mills and their employees go down for unpredicted and unknown lengths of time. It puts out a lot of workers who are in a completely different area. They don't even know there's going to be a shortage of wood, because they're not seeing the lack of logging trucks moving up and down the highway, until one day they just get told that they're going to shut the mill down for the next eight weeks—or six months or whatever—to build up inventories.

● (1120)

Aaron Gunn: You recently said in public comments that the coastal forest industry was maybe just one mill closure away from total collapse. Can you expand on that and the interconnectedness of the entire industry?

Kermit Dahl: When you lose a sawmill...the sawmill feeds the pulp mill. We're already bringing in 40% of the chips from the U.S. to feed pulp mills so they can continue to run. In Campbell River, I don't know, 17 years ago, our sawmill went down, and within about 18 months our pulp mill was gone. They need to have the stable feed of hog fuel and wood chips product, sawdust, to be able to afford to produce pulp and paper. If we lose another mill or two, it's going to be no time before we can't afford to continue to run. The margins are too tight in pulp and paper.

Aaron Gunn: You spoke about how we were basically undercutting the total allowable cut, both on the coast and across the entire province. As you know, on Vancouver Island, we have a lot of very active environmental groups that are always proclaiming that forest companies are about to cut down the last true ancient forest or mystical forest. They're always changing their terminology.

What's your view? Are we running out of trees to cut down on Vancouver Island and across British Columbia, or do you think we have a very responsible and sustainable industry that could be maintained for generations to come?

Kermit Dahl: We do for sure. We haven't been achieving 50% of our allowable cut provincially.

Putting that aside, we have 11 million hectares of old-growth timber standing. That's equivalent to about two times the size of Nova Scotia. That's not just the protected. That's 11 million cubic hectares of standing timber that's in areas that have never even been seen by humans.

Aaron Gunn: What message would you say to some of these environmental groups that probably have never been to the north Island or Campbell River and spend their time in downtown Victoria or downtown Vancouver?

Kermit Dahl: They should come to Campbell River, for sure.

The Chair: That is your time. Thank you both.

We go now to another British Columbian, Mr. McKinnon.

Ron McKinnon (Coquitlam—Port Coquitlam, Lib.): As I mentioned before the meeting, at one point in my life, I spent quite a lot of time in Campbell River. It's a very nice town.

Welcome to Mr. Gunn, who's joining us in this committee.

You mentioned the closure of the pulp mill at Elk Falls. You say the main reason for that was a lack of feedstock or of product for it. I'm wondering if there are any other factors there.

It used to be a major employer in the community. How has the community responded and adapted since its closure?

Kermit Dahl: Like I said, the pulp and paper market is really tight. It was tight 15 years ago.

Not long before we lost our sawmill.... I'm a Rotarian. We had a presentation by Catalyst. The president of Catalyst said that, nationally, we needed to lose about one paper machine a year just because of the way markets were going and the lack of a need for paper as we go to a more electronic way of communicating, losing newspapers and that kind of thing. Not long after that, we lost our sawmill. There needed to be a pulp mill that was lost and ours just lost the mill that was feeding it, which made it convenient for the market to shut that mill down.

Ron McKinnon: How has your community adapted to that? Does it rely more heavily on forestry in general or some other...?

Fishing has kind of waned over the recent decades, so I should think forestry is still a major employer.

● (1125)

Kermit Dahl: Forestry is still a major employer, but a lot of the people who lost their jobs in the sawmill and pulp mill moved on to Fort McMurray and oil field work, remotely—away from Campbell River. We see a lot of people at the airport there, commuting back and forth. They're working 14 and seven, if they're lucky.

It took a lot of people out of our community. I flew out sitting next to a guy whose family had lived in Campbell River for a really long time. He moved to Fort McMurray 15 years ago.

Ron McKinnon: I note that back in June, you beseeched resource-dependent communities to join a collective advocacy movement.

Have you had any uptake on that? How has that been proceeding?

Kermit Dahl: The uptake has been incredible. We started out doing Zoom and Teams meetings from our offices in Campbell River to other communities. Then, in September, we held a networking event at the Union of British Columbia Municipalities, where we had hoped that 50 to 60 people would show up. We had over 200 people attend. We've continued to have a great positive response.

We're trying to get the message across to more metropolitan areas, to show them how connected...and why what we do in the urban and rural areas is so important to them. For example, with aquaculture, the food is produced in the Lower Mainland. If aquaculture gets shut down, they lose lots of jobs in that area. It's the same with a lot of the wood that gets cut in many areas. It gets towed down the Fraser and gets dealt with in mills in those areas. The Georgia strait is where the head offices for Western Forest Products and Interfor are. What happens in our remote, resource-based communities is super important to the city dwellers. We've tried, through the alliance, to get that across to many mayors and councillors.

Ron McKinnon: I also have a letter from you to Premier Eby, beseeching him to take more action on the regulatory slowdowns and so forth. What sorts of places does this kind of advocacy intend to focus on to drive change? I note, of course, that forestry regulation is provincial. I'm just wondering how we as a federal government could help.

Kermit Dahl: I think the most important thing that you, as the federal government, can do to help would be to get a softwood lumber deal. That would be number one.

Ron McKinnon: That's something we've been working on for about 30 years. If you have any brainwaves there to help us, that would be helpful too.

Kermit Dahl: The second thing you could do would be to get the softwood lumber support package out the door now to the companies, workers and contractors that are in desperate need.

Third, fund first nations tenure purchases and capacity training to speed up the tenure transition. We've seen locally, in our area, with the success of the We Wai Kai Nation, that nations are showing success as tenure holders. It's a strong step towards reconciliation, and first nations have shown that they want to control timber harvesting in their areas.

The fourth thing you could do would be to help diversify our markets for export. The U.S. market is of course important, but to become more stable, we must not be dependent on the U.S.

India has a population of 1.44 billion people. They are seeing massive urbanization, with millions of new housing units under construction. South Korea is smaller but experiencing a massive growth in mid-rise, four- and five-storey construction. We need to stabilize our relationships with Vietnam, the Philippines and China. China has a population of 1.41 billion. They all have a building boom of some type that wood construction would be good for.

The Chair: Thank you to you both.

[*Translation*]

The floor is yours, Mr. Simard.

● (1130)

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

Mr. Dahl, thank you for being with us. I'm from Quebec, specifically Saguenay—Lac-Saint-Jean, one of the most active forestry regions in Quebec. I completely understand what it's like for you.

In response to my fellow member Mr. McKinnon's question, you talked about the drawn-out dispute with the United States. It's clear that, without a resolution, things won't get better for the forestry sector.

I read in the news that the minister, Dominic LeBlanc, was in British Columbia for a forestry summit on November 3.

A proposal has been going around for a while now. It was raised publicly and has been discussed during the committee's proceedings. I wanted to know what you thought.

Right now, $11 billion in countervailing and anti-dumping duties is being held by the U.S. Clearly, 80% of $11 billion is a big chunk of money for the government to fork out to forestry producers so they can keep their operations going. It was something a number of people had initially asked for. However, realizing how much money was at stake, people came up with a compromise, which is that the federal government buy back 50% of countervailing and anti-dumping duties from producers at the end of every month. That way, producers could maintain their facilities. I'm not sure whether the proposal made its way around your neck of the woods, but I'd like to know whether you think it could help. Would it be an acceptable solution while we wait for the dispute to be settled?

Like me, you probably saw government communications indicating that the government's negotiating priorities vis-à-vis the U.S. are steel, energy and aluminum. Softwood lumber isn't one of them, so we have to find a way to keep people in the sector employed, to keep producers in business.

Does a 50% buyback at the end of every month seem like a viable solution to you?

[*English*]

Kermit Dahl: I'm really not familiar with any of what happened during the meeting on November 3. It was held in Vancouver. There hasn't been a lot of coverage on the west coast, other than what the forestry minister has had to say, which is that the federal government is going to allocate funds towards a transition for forestry in B.C. I'm sorry, but I'm just not familiar with that.

[*Translation*]

Mario Simard: Thank you. The clerk can send you the proposal in writing, so perhaps you could get back to us with a written answer.

Mr. Jeffery, I have the same question for you. While we wait for a resolution, do you think reimbursing producers 50% of the duties retrospectively would be a good way to support the people in the forestry sector?

[*English*]

Rick Jeffery: Yes, Mr. Simard, you make a very good point, which is that there is $11 billion that has been collected at the border from this industry. That has impaired this industry's ability to reinvest in itself, a reinvestment that we need to do to meet the challenges I was outlining earlier.

Measures that can try to repatriate that money certainly would be useful for the industry. I'm not sure of the technicalities of the buyback and how that would work, or whether that would create additional claims by the coalition of subsidies to the industry, but the fact remains that without that $11 billion we've been impaired badly in our ability to reinvest in our people, our communities and our facilities.

[*Translation*]

Mario Simard: Thank you, Mr. Jeffery.

In your opening statement, you stressed the importance of using wood products and promoting wood-based building. I've been an MP since 2019. Over the years, I have repeatedly pushed for legislation or a government policy that would require the federal government to take into account the carbon footprint of a proposal in the tendering of contracts. When you take a project's carbon footprint into account, wood tends to be the material that scores better than others. Unfortunately, though, such a measure has never come to fruition.

In the last Parliament, the NDP introduced a bill on the use of wood. Although the government agreed to it, the bill isn't binding. Essentially, what it says is that wood is a material that can be used, but I don't think the use of wood was prohibited previously. Let's just say the bill lacks teeth.

Would you welcome legislation or regulations requiring the government to take a project's carbon footprint into account when putting contracts out to tender or making the use of wood mandatory in such contracts?

● (1135)

[*English*]

Rick Jeffery: Yes, Mr. Simard, absolutely. There are a couple of ways that we're working on this right now. First of all is the whole building life-cycle assessment or analysis. That should be a requirement for any federal procurement. You also have the buy Canadian policy, a procurement policy that's under development. That should say we should be buying Canadian products and that we should be looking at the carbon footprint of those products.

Combining that whole building life-cycle assessment with the procurement piece would go a long way towards helping us ensure that we're decarbonizing the built environment. That would be favourable or helpful for wood and wood hybrid systems.

The Chair: Thank you.

We're on to our second round now, colleagues. We're going to start with Mr. Tochor, with Mr. Hogan on deck.

Mr. Tochor, you have five minutes.

Corey Tochor: Thank you, Chair.

Thank you to our witnesses for appearing here today.

Mr. Jeffery, you talked in your opening remarks about de-risking and needing support for de-risking. What are the associated risks?

Rick Jeffery: I was talking about de-risking the move to modern methods of construction. One of the issues that we face today is that the current procurement and contracting policies don't accommodate the fact that if we go to modern methods of construction, which are built in factories, you can get paid. Generally, the way that construction financing works is you don't get your money until the building starts coming out of the ground. If you're spending 80% of your time and effort and money building it in the factory and not getting paid for that, that's a big risk.

We can also make sure that there's a pipeline of projects. The federal and provincial governments have non-market housing, social housing, those kinds of things. In order to get people to invest and de-risk investments in those projects and in factory-built housing, we could get a pipeline so that folks know that they have order files. It's a bit of a boom-and-bust business now, and if you can flatten that out, that would be helpful to folks who are building just normal light wood frame.

Corey Tochor: I get the pipeline comment, and I get the frustrations. The one that comes to mind is B.C. Ferries. The government had control over who would build them, but now it's going to China because the federal government wouldn't underwrite that project. That has to be frustrating for associations like yours.

Rick Jeffery: Yes.

Corey Tochor: I want to switch and ask a question on steel studs versus wood studs. Where are the steel studs primarily being made in Canada?

Rick Jeffery: I have no idea. I can tell you where the wood studs are made.

Corey Tochor: Absolutely, it's backwards in this country at times.

I'll switch to the mayor.

Your Worship, Mr. Dahl, you talked a little bit about the good times and bad times in your industry. Would you characterize the last decade as a bad time?

Kermit Dahl: Well, it hasn't been a good time.

Corey Tochor: Would before 2015 be a good time?

● (1140)

Kermit Dahl: It was a much better time.

Corey Tochor: Many Canadians would agree with you.

We've seen in the last decade a layering of regulations and increased taxes. First, it was the carbon tax that the federal government brought in and then they removed it. Now, it is shifting to an industrial carbon tax, which is going to hurt all industries in Canada for no benefit. However, in your industry, probably the number one thing is the tariffs and Mark Carney's inability to get a deal or to fulfill his promise of having one by July.

Perhaps you could summarize what has happened because of that deal not happening since July, or the promise that he made that he would have a deal by July. It's a few months after. In the last few months, how have the job losses affected your community?

Kermit Dahl: The tariffs have been bad for, as someone mentioned, already 30 years or more. However, since April 2025, we have seen six major sawmills permanently or indefinitely close, representing 1,720 direct jobs in British Columbia.

Corey Tochor: I understand you used to have a mining sector. We know, with changes in the regulatory process the Liberals brought in—Bill C-69 and some of the other anti-resource-based policies—it has driven out different mine operations across Canada.

Can you explain a little bit more about the mining opportunity that was in your community and then what happened?

The Chair: I'd just remind everyone that this is a forestry study, but please go ahead, Mr. Dahl.

Kermit Dahl: Primarily, it's a zinc mine, an underground zinc mine, and I think the only mine operating in a provincial park in Canada. It closed about a week before Christmas in 2023.

Corey Tochor: It's devastating.

Kermit Dahl: Yes. That's another 300 jobs that we really couldn't afford to lose, good-paying jobs.

Corey Tochor: These have been bad times for everybody.

The Chair: Thank you, Mr. Tochor. That's your time.

I would ask colleagues to stick to the topic at hand.

Mr. Hogan, you have five minutes.

Corey Hogan (Calgary Confederation, Lib.): Thank you, Mr. Chair.

Mr. Jeffery, the forestry sector, in my opinion, requires really three things: access to economic inputs, access to capital and access to markets. Wrapped over all of this is the technology, the training, to make this all happen. You touched on a few of those, but you identified domestic markets as the biggest opportunity and I want to focus there.

First, though, you seemed to run out of time in your remarks in that section. Did you have anything you wanted to add to that before I get into my question?

Rick Jeffery: I had so much more to say. I don't think I want to waste your time on all of it, but I'm happy to follow up with anybody in the committee on that.

Corey Hogan: Okay.

As you noted in the recently passed budget 2025, there are commitments to build big, build broad and build with Canadian lumber, but now it needs to be operationalized. You mentioned that this would be an opportunity, even if we could get a 10% shift in demand, to fundamentally change the fortunes of the forestry product sector. Did you want to expand on your thoughts on that?

Rick Jeffery: Sure. One of the things I was going to talk about was Build Canada Homes. That's the major effort now. We need to realize on that effort and that opportunity. Again, in the things we would like to see from there as it makes its way and develops its policies is that pipeline that I was talking about earlier for creating decades of demand.

We just took a delegation of small and medium-sized enterprises to Sweden. Sweden, in the 1970s, did a one-million homes initiative. That's what spurred their country to become a country that builds 80% of its housing needs in factories. Build Canada Homes can create that demand and create decades of demand.

On de-risking investment, I never got to finish my comments there, but there are other things that government can do in that regard through Build Canada Homes, such as taking equity positions, loans and those kinds of things to help these firms de-risk. Again, I was talking about fixing procurement and payment approaches to match factory construction. Some of that money can go to retooling sawmills. Then again, the buy Canadian procurement policy needs to specify in it Canadian lumber products, panel products and wood products.

I will say that my concluding remarks were going to be that the forest sector can deliver a triple word score. We can deliver you low-carbon affordable housing and non-residential construction using sustainable wood and forest products created here in our sustainable well-managed forests, and that can support the 200,000 direct jobs in the forest sector across the country, plus the 200,000 additional indirect jobs as well as jobs in construction.

Nobody is talking about it right now, but there are 70,000 fewer construction workers in Toronto and 30,000 fewer construction workers in Vancouver right now, because the market slowed down. We need to get the market up and running. The government could be a catalyst to help that market start to recover.

We need to start looking at these other things, at different ways of approaching it.

● (1145)

Corey Hogan: Yes, and as you know, in Calgary, for example, my hometown, the average age of a construction worker is 56 or 57. When you start thinking about expanding and the level of building we want to do, it starts to become quite an interesting challenge.

Rick Jeffery: That's why modern methods of construction become very attractive, because you're building this stuff in factories now, and you don't need as many of those 56-year-old carpenters. You can build this stuff in factories, and you can build it with light wood frame materials. You can build it with panels, using the existing products we make. There's a synergy here.

We're hosting an event on December 2. We're bringing the industrialized construction guys and the sawmills together to ask what we need to do together to realize on this opportunity, because the opportunity is right in front of us.

Corey Hogan: Would you also say that those more senior journeymen in a factory setting are more able to supervise crews of the less experienced?

Rick Jeffery: Yes...and transfer knowledge.

Corey Hogan: That's perfect. Thank you.

What about the pipeline of pre-orders and pulling forward demand that is going to exist anyhow?

Rick Jeffery: Both the federal government and the provincial governments are in the non-market housing business. Through their procurement, they can start to specify that they're going to use these modern methods of construction as well as the traditional ones and create those order files so that we'll know those order files are there. They can get those order files onto people's books. I'm told by the industrialized construction guys that they don't really need your money; they need consistent order files. If they have the order files, then they'll invest.

It's boom and bust right now. If they get a 100-home order, they'll build 100 homes, and then they don't have any new homes to build. If they have the backstop of government non-market housing, they can fill in those dead spaces. If you give them that solid work order file, they'll invest in their facilities and their people and they'll deliver the housing.

The Chair: Thank you.

[*Translation*]

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

Mario Simard: Thank you, Mr. Chair.

Mr. Jeffery, in response to Mr. Hogan's question, you mentioned retooling sawmills. When it comes to federal financial support, the armed wing of the government is Economic Development Canada.

However, if a sawmill asks the federal government for financial help to purchase equipment or retool, the default answer is no, because the request is referred to Global Affairs Canada. The government thinks providing that help would cause problems with the U.S. trade agreement.

I think that's a travesty. The federal government's vehicle for economic development can't be used to help a sector of the economy, the forestry sector. That puts us at a total disadvantage.

Is that something you've experienced in recent years, in other words, a lack of financial support, for sawmills in particular?

[*English*]

Rick Jeffery: We get federal government support in a whole range of different ways, but you're right that Global Affairs doesn't want to engender the ability for the U.S. coalition to argue that there's a subsidy if government invests in the industry. The U.S. coalition and the Department of Commerce use witchcraft. They change their methodology. There is a sensitivity and a risk there, so I think we need to sit down with the industry and figure out ways they can get money to help with retooling in a way that limits that risk. It's a real risk, but at the end of the day, we need to make some reinvestments.

As you pointed out earlier, $11 billion is sitting on the sidelines. Knowing how we can get some of that money back to our guys would be useful, but we have to be cognizant of the risk.

[*Translation*]

Mario Simard: Thank you, Mr. Jeffery.

The Build Canada Homes agency comes up a lot, so I'm eager to see how it will be structured. I realize it's very important.

Whenever I go to Europe, I'm really struck by all the large-scale public infrastructure built out of wood, bridges, for instance. That is not necessarily the case here, even though we're supposed to be major wood producers, both in British Columbia and in Quebec. Are we lagging behind on that front?

● (1150)

[*English*]

The Chair: Answer in 10 seconds, please.

Rick Jeffery: In Quebec and the Maritimes, there is much more of that kind of wood-bridge building and those kinds of things. It is an opportunity. It's regional in nature, and we are doing work on it.

The Chair: Mr. Rowe, welcome back. You have five minutes.

Then you're on deck, Mr. Danko.

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): Thank you.

My first question is for Mr. Jeffery.

In Newfoundland and Labrador, we've had two paper mills close in a little over a decade. Our current pulp and paper mill is on its last legs, yet our forest has very small trees that are ideal for pulp.

What are some ways that Newfoundland and Labrador can pivot our forestry industry away from paper and into other manufacturing industries, because the demand for paper is going down?

Rick Jeffery: That's a great question. On our side of the business, we're focused on construction using solid wood and those kinds of things.

They vertically integrated in Europe to focus supply away from the pulp mills. What do they do? They do bioenergy. They create pellets that go into the U.K. tariff system for energy. They use them for heat and power in their own facilities, and they also make wood fibre insulation out of it.

Wood fibre insulation is an opportunity that's in front of us right here in Canada. We're working to make sure the CSA standards and those things are available for folks. Now we have to attract people to say, “Hey, that's a good investment” so that we can take that chip supply and use it for that kind of thing.

You can also start to think about some of those other engineered wood products. You can flake the stuff and chip it to make LVL or oriented strand board and those kinds of things, and there are other streams where you can send residuals.

Jonathan Rowe: Yes, bioenergy is something that is becoming big in Newfoundland. Some buildings are actually transitioning away from home heating fuel to bioenergy, furnaces that use chips. It's a good industry.

Speaking of chips, Mayor Dahl, you mentioned that there's actually a shortage of chips to your pulp and paper mills, and they come from the States. Why is there a shortage of chips? Is it because of the actual cost of foresting? The price of fuel has gone up. There are permitting restrictions. Why is there a shortage of chips in Canada? You mentioned large, old forests. I'm just curious if there are more reasons there.

Kermit Dahl: The main reason we have a shortage on the coast is that we've lost, I think, 44 sawmills in the last fifteenish years. Those sawmills produced the chips that the pulp mills used to produce energy and pulp and paper.

Jonathan Rowe: There's a synergy there between the two industries, and one without the other is lacking. What we're seeing in Newfoundland is kind of the opposite. Our pulp and paper mills are closing because of the lack of paper, and our sawmills are having difficulties finding something to do with the chips. We've actually had fires in my region because of sawdust piles collecting and actually combusting.

Speaking of fires, you talked about how B.C. has some old forests, and what we're seeing now in Newfoundland is that our forests are getting very old. The forestry industry is saying that they go in to try to get logs or lumber for logs, and the wood is almost too old for that. Do you think that increases the risk of fires in B.C. and Newfoundland?

Can you explain the importance of the forestry industry in preventing fires?

Kermit Dahl: It certainly increases the risk if you're not taking the fuel out. It's a continuous change—taking the timber out, sending it to the mills, replanting and starting the cycle over again. That reduces the risk, and you can build fire breaks by engineered plans for how you're logging the cut blocks. On the east coast we do primarily, and almost exclusively, clear-cut logging. We take everything out, and then clean it up and replant. It makes a fire break from one area to the next.

Jonathan Rowe: Do you think that having 30 by 30, where we're protecting 30% of the forest by 2030 and 50% of the land and forest by 2050, will significantly increase the risk of fire in B.C. and Newfoundland, and across the country?

Kermit Dahl: Without a doubt.

● (1155)

Jonathan Rowe: I'm just shifting again. I have another few seconds.

Mr. Jeffery, you're talking about building with wood. I'm from Newfoundland and Labrador, and most of our buildings are built with wood. I come here to Ottawa and other cities, and it's mostly steel and concrete, because of high-rises.

Do you think that the federal government should be trying to create policies so that people are encouraged to live in rural areas so that, then, wood construction is more sustainable, more practical, in those areas?

The Chair: Give a quick answer, please.

Rick Jeffery: I think we can build wood structures in urban and rural environments. As I said, the most affordable housing unit we can build is a six-floor building that could be built in small cities, big cities, towns, villages, that kind of thing.

The Chair: Thank you.

Mr. Danko, you're the final MP on this panel.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Chair.

I'm really enjoying this conversation. As a structural engineer, I love building with wood. It's one of my favourite materials. It's so nice to design, and it's beautiful once built.

I wanted to give you the opportunity, Mr. Jeffrey, to speak about some of the general benefits of wood construction. You spoke about the cost benefits for that six-storey building, but beyond that, what are the benefits of working and building with wood?

Rick Jeffery: First and foremost, it is economical up to that sixth floor, and as I said, as we're learning and building out and getting experienced in the construction sector, those seven- to 12-storey structures are now becoming cost-competitive. These types of buildings are also very good in terms of speed of construction. There's a cost benefit there, but there's also a benefit to the communities, because they tend to be built in places where people are living. If you can build them faster, the disruption to those communities is lessened.

As I said, wood buildings support the sustainable forest industry and the jobs, those kinds of things. It's low carbon, so the carbon benefit is very good, and it has biophilic options. Studies are now showing that wood buildings are better for people's health—for calmness, for their mental health, for their healing properties. As we were saying earlier, it's like forest bathing inside the building. There's this biophilic opportunity, and the wood buildings are beautiful. We're a forested nation. We should be celebrating a culture of building with wood, because that's who we are and that's where we come from.

John-Paul Danko: Absolutely. I agree with that 100%.

Thinking about where Canada is, having such a vast forestry sector, what are some of the global leaders in wood construction? Where should we be looking? What lessons can we learn from around the world on what we need to do here?

Rick Jeffery: We've been taking delegations for probably the last decade to central Europe. They're the leaders in mass timber manufacturing. We're learning from them. Just recently, Hasslacher made a big investment in Element5 in St. Thomas, Ontario. That was as a result, I think, of our forging ties with them. Just last month we took a delegation to Sweden. Sweden builds 80% of their housing in factories. They're world leaders in that. We took a bunch of industrialized construction folks there to look at that. They're world leaders in it.

I'm going to tell you: I'm a forester by training. I ran Coast Forest Products Association on the coast of B.C. for 15 years. I am intimately familiar with the challenges faced by places like Campbell River. We are a world leader. We should be celebrating that. We should be building on that. We have world-class forestry. We have world-class forest products. We have a construction industry that's now starting to adopt forestry. We should be building on that to meet these challenges. We should celebrate it. Too often in this country we're not celebrating it. We should be celebrating it.

John-Paul Danko: Absolutely. I'd love to leave it at that, but how much more time do I have, Chair?

The Chair: You have a little over a minute.

John-Paul Danko: Okay.

Is there anything else you want to add, Mr. Jeffery, on specific government policies or what's in the budget for housing construction and infrastructure that we can work towards to make sure we're....

● (1200)

Rick Jeffery: Yes. There are three programs in NRCan that I'd like to give a shout-out to as part of that softwood lumber sector support package.

One is the forest innovation program that funds research—research into forestry, research into forest products and research into bioenergy and pulp products. It's a very important program.

There's also the investments in forest industry transformation program. MP Simard asked earlier about places where funding is available for sawmills. That IFIT program is a place where that money can be used to fuel innovation as well as help us with the housing crisis.

Finally, there is the green construction through wood program. We partner with NRCan to help us help the architects, engineers, construction, development, municipalities and universities build with wood and do the technical support and tech transfer. That helps them start to be able to be more comfortable and build more of these wood buildings.

Those are three programs that I want to shout out, but we also do a lot of work with the National Research Council. They do a lot of research. We need to do that research in order to be able to go into the codes world and make sure we can advance codes for wood buildings that are safe, affordable and resilient and that meet the needs of Canadians.

The Chair: Thank you. That brings our first panel to an end.

Thank you, Mr. Dahl and Mr. Jeffery, for telling a compelling story this morning about some of the challenges faced by the sector and by our communities. Thank you so much.

Colleagues, we will recess for just a few minutes while we set up the next panel.

● (1200)

_____(Pause)_____

● (1205)

The Chair: Colleagues, if you could take your places, we'll begin our second panel.

I have just a few comments for the benefit of witnesses. For those participating today by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. Also, at the bottom of your screen, you can select the appropriate channel for interpretation—floor, English or French. I remind you that all comments should be addressed through the chair.

I'd now like to welcome our witnesses on Zoom for the second panel. As an individual, we have Dr. Robert Froese, professor, Department of Renewable Resources, University of Alberta. From TorchLight Bioresources, Inc., we have Dr. Jamie Stephen, managing director. You will each have five minutes or less for your opening remarks.

Dr. Froese, you have the floor.

● (1210)

Robert Froese (Professor, Department of Renewable Resources, University of Alberta, As an Individual): Thank you, Mr. Chair and members of the committee. It's an honour to appear before you today.

My name is Robert Froese. I'm a forest scientist and registered professional forester with more than two decades of experience in temperate and boreal forests across central and western North America. I currently teach and conduct research in forestry at the university level. My intent is to offer a perspective grounded in ecology and silviculture—what we know—while leaving, to policymakers and ethicists, the question of what society wants from our forests.

Canadian forests are among the most resilient ecosystems on earth. They evolve with frequent stand-replacing disturbances—fire, insects and wind—and regenerate vigorously afterward. When harvesting follows sound science, it is not ecological harm; it is a disturbance we can shape, unlike wildfire and insects. Well-managed working forests are not degraded. They are renewed, often faster and more predictably than nature alone achieves in our modern fire-suppressed landscape.

Wood is also a powerful climate solution. It is the only major construction material that is renewable and biodegradable, and stores carbon for decades or centuries. Using one cubic metre of wood, instead of steel or concrete, avoids roughly one metric ton of CO2 emissions. The harvested tree is promptly replaced by a young stand, which sequesters carbon rapidly.

Expanding wood use in construction is one of Canada's most scalable low-cost emission reduction pathways, yet we actively manage only a small fraction of the land base where fire is a natural and recurring process. Across the boreal forest and montane west, fire ecologists document a persistent fire deficit. From 1984 to 2022, wildfires burned just 23% of the area expected under historical regimes. Fuels have accumulated and fire behaviour has intensified. Even as individual years, such as 2023, break modern records, they occur against the backdrop of decades with too little burning.

The recent mega-fires we have experienced are a predictable consequence of decades with too little active management across landscapes that had evolved with frequent fire. In many forest types, responsible harvesting remains the only tool available at the scale required to reduce hazardous fuels, maintain forest age-class diversity and keep landscapes within their natural range of variability, the conditions under which these ecosystems evolved.

In Canada, most of the fire deficit lies on provincial Crown land allocated for sustained yield timber production, where commercial harvesting and revenue-generating thinning are the primary, and often the only, scalable and self-funding mechanisms available. Prescribed fire, while valuable in specific circumstances, faces severe constraints from smoke regulations, risk aversion and limited operational windows across much of the boreal and montane west. A viable forest sector is, therefore, indispensable for delivering the active management these forests require. In short, a strong and innovative forest industry is not in conflict with ecological sustainability; it is essential to it.

I will close with the wisdom of my late professor of forest ecology, Dr. Hamish Kimmins: Forests do not need us to leave them alone. They need us to manage them wisely, based on what we know.

Canada has the knowledge, the land base and the people to do exactly that if we enable a forest sector capable of carrying out this work.

Thank you, and I welcome your questions.

The Chair: Thank you, Dr. Froese.

We now go to Dr. Jamie Stephen for up to five minutes.

Jamie Stephen (Managing Director, TorchLight Bioresources Inc.): Thank you, Chair. Thank you for the invitation.

I am the managing director of TorchLight, a bioenergy adviser and project developer. We work at the interface of the forest products and energy sectors. Our clients and partners include forest products companies, airlines, manufacturers, oil sands producers, energy utilities, first nations and institutional investors. We have completed approximately 40 projects for the Government of Canada.

Over the 22 years I have worked in bioenergy, Canada's forest products industry has lost 150,000 jobs. Annual timber harvest has declined by almost 50%. Most Canadians are aware that oil is Canada's largest net export today, but in 2004, our largest net export, more than three times the value of oil, was forest products at $53 billion in 2024 dollars. In 2000, Canada was exporting more newsprint than the next 10 countries combined. This production has declined by over 90%. As an example, Ontario used to have 20 pulp and paper mills, and now it has three.

It is true that industries come and go, but forests are different. The counterfactual is not stasis. In most of Canada the counterfactual to active forest management and harvest is wildfires. Canada's forests have gone from net carbon sinks to by far our largest source of greenhouse gas emissions and air pollution, more than everything else in our country combined on both counts. We debate about, frankly, irrelevant oil and gas caps and EV subsidies while our largest carbon asset burns and pollutes our air. Climate change is a numbers game. To put those numbers into perspective, Canada's 2023 wildfires alone emitted an estimated three billion tonnes of CO2. This is more than four times our annual anthropogenic emissions and 75% more emissions than the oil sands for the entire history of the oil sands since 1967. This country is completely missing the point on climate policy, but it seems to also be willing to ignore the tens of billions of dollars of costs to the Canadian economy caused by wildfires annually.

The answer to reducing wildfires is healthy forests, but healthy forests do not mean walking away; it means active management of our publicly owned asset, which when valued at $170 per tonne of CO2 has an asset value of $7.5 trillion. In 2023, we had a net asset loss of $500 billion.

Other boreal forest countries, namely Sweden and Finland, show what is possible. These countries harvest seven times the number of volume per forested commercial hectare as Canada, but on average, they have 2% of the wildfire rate per hectare. While Canada is losing billions of tonnes of carbon from its forests, these Nordic countries are increasing in-forest carbon stocks annually. Yes, counterintuitively they harvest more to store more carbon in the forest.

Can Canada follow the Nordic active management model that lowers the timber costs and builds forest carbon stocks? Yes, but not without bioenergy. It is important to remember that for every tonne of wood that becomes solid wood products, two tonnes of wood, as residues and low-grade timber, is generated. In the absence of pulp mills, the only viable market of sufficient scale to consume the hundreds of millions of tonnes of residues and low-grade wood is bioenergy, and the only viable bioenergy option that can be deployed at scale is heat and power.

The Nordics already show how this works, with almost 40% of energy in Sweden and Finland coming from bioenergy. Stockholm, Copenhagen and Helsinki, along with hundreds of cities and towns, are heated using large heat and power plants fuelled by wood and connected to community-wide underground heat networks. Many manufacturers also use biomass to generate renewable and affordable process steam for low-carbon export products.

The Nordics are now taking bioenergy to the next level by adding carbon capture and storage in a combination known as BECCS. BECCS is the only technology that generates energy and permanently removes carbon dioxide from the atmosphere. Think of it. A tree pulls CO2 from the atmosphere and stores it as wood using energy from the sun. When wood is combusted, that's solar energy, what we call bioenergy, and CO2 is released. If we capture and store that CO2 subsurface, we have permanently removed CO2 from the atmosphere. This is called a carbon dioxide removal, or CDR. Since the CO2 removed could have come from any emitter globally, CDRs are an exportable product. Microsoft alone has already committed approximately $6 billion to BECCS CDR offtakes from projects in the Nordics and the U.S.

Most pulp mills and biomass plants in the Nordics are either planning to or are already implementing BECCS. However, Canada is the lowest-cost jurisdiction in the world to generate BECCS CDRs, and it is by far our largest climate-related export opportunity.

Thank you very much.

● (1215)

The Chair: Thank you to our witnesses.

We'll now begin our first round of questions .

We'll start with Mr. Malette for six minutes.

Gaétan Malette (Kapuskasing—Timmins—Mushkegowuk, CPC): Thank you. My question is for Dr. Stephen.

Thank you for being here, both of you.

I'm going to go back to part of your speech and bring you to central Europe and the Scandinavian countries. We know that the basis of everything begins with a healthy boreal forest, and I've heard from you both—and agree—that we have one of the healthiest boreal forests in the world. You take the tree to a sawmill—and we have 500 sawmills in 300 communities in Canada. You then produce lumber, and from the lumber you have wood chips and by-products. Then you go on to biomass cogeneration to produce heat and electricity for the engine for your pulp mills and then your paper mills. Most of them used to be called “company X power, pulp and paper”.

I am coming to the missing link, or where we've fallen behind, because we were a world leader. Dr. Stephen, why has Canada fallen behind the Scandinavian countries and parts of Europe that have capitalized on these bioenergy technologies to generate power? Where's our missing link, and what do we need to become again a world leader?

● (1220)

Jamie Stephen: It absolutely comes down to markets, and in Canada, jurisdiction for electricity is with the provinces. If you cannot sell power to the grid, you cannot have a combined heat and power plant.

Alberta is the only province that essentially has open access. Obviously, it is still regulated, but it has open access. The others are controlled by either provincial Crown utilities or other mechanisms. If you cannot sell power, you cannot have that source of revenue.

In general, we have very low-cost natural gas for most of the country. I currently live in Nova Scotia, so the the Maritimes and Newfoundland are obviously the exception there, but competing on a heat-only basis is generally very difficult in Canada. That's why we're suggesting that BECCS, as an exportable product and as one that can actually lower the cost of energy, is really the pathway to moving forward.

Gaétan Malette: Thank you.

We have examples in Ontario. It's a provincial issue, but I guess you're talking about PPAs, power purchase agreements. There is such a thing in Thunder Bay with one of the major forestry companies there.

I guess what you're saying is that policies have to change within Canada.

Jamie Stephen: I would say so. Bioenergy is a renewable energy, so it is often grouped with wind and solar. However, bioenergy is a dispatchable energy, which means that you can turn it up and down and on and off. If it gets colder, you can have more. Oftentimes, in the procurement policies or the competitive energy policies for electricity, you put biomass in with wind and solar. With regard to the cost on a per-megawatt-hour basis, biomass is typically more expensive than wind and, in many cases, solar.

However, what we need to be thinking about is not only the cost of generation but also the cost to the consumer and the levelized cost of energy for the entire system. This is where bioenergy, as a dispatchable resource and as the only one that's at scale in many jurisdictions in Canada and can be turned up and down, has to be dealt with differently. Ultimately, we also have to think of it as a public resource and about how there are very significant macroeconomic benefits to having biomass power and combined heat and power plants in terms of retention of jobs in the solid wood products sector and also on the forest management side.

Gaétan Malette: Yes. You've touched on this, and at times we seem to forget about it—that it is also a tremendous control for emissions of CO2. If we don't harvest our forests, we're in big trouble.

Jamie Stephen: I would go as far as to say that I don't see a lot of point in a bunch of our other climate policies if we do not deal with the emissions from the forest. It is our primary climate responsibility to the world, I would argue. In 2023, it's estimated that Canada's wildfires were responsible for 82,000 premature deaths, with 90% of those occurring outside of Canada. We have a responsibility, and I would argue that we are not taking that responsibility seriously enough.

Gaétan Malette: Do we have the expertise here to go forward with these projects in Canada? Do we need help?

Jamie Stephen: Absolutely. This does not require any technology development.

We have incredible professional foresters, and I would argue that we need a lot more, given the size of our resource. Germany, for example, has a dramatically higher number of professional foresters relative to their forest land base. It is important to remember that forestry is a registered profession, just like engineering and just like being a lawyer. We have great training schools. I was fortunate to attend the University of British Columbia in their faculty of forestry, but we have great ones across the country.

Every professional forester I speak with is just beside themselves in terms of finding markets for low-grade wood and being able to do management of forestry for the forest. I think it's important to recognize on the bioenergy side that when we talk about solid wood products, bioenergy allows you to manage a forest for the forest. You need to have a market for that low-grade wood. We can't forget that not all trees are created equal.

What the Nordics are doing is going in every five to 10 years and removing the low-grade trees, because they're thinking about the long-term health and vitality of that forest, but you have to have a market for that. If we only have markets for saw logs and we only have saw logs, that's actually not permitted on Crown land, because it's high-grading. It's reducing the genetic quality of the forest. We have to have a market not only for the residues but for that low-grade wood that is bug-infested, diseased and dying. Trees need light and space to grow, and it is humans who come in and have a very positive impact with our skill sets and with our rural communities.

● (1225)

Gaétan Malette: Thank you.

The Chair: Mr. Guay, you have five minutes.

Claude Guay (LaSalle—Émard—Verdun, Lib.): No, it's Corey.

The Chair: I'm sorry. I'm looking at the second round there. You distracted me.

Go ahead.

Corey Hogan: You could reward that distraction with more time, Chair.

The Chair: Mr. Malette was on time.

Corey Hogan: Thank you to our witnesses. I appreciate the expertise they bring.

Dr. Froese, I'm hoping you can talk to us about silviculture in Canada versus other jurisdictions, particularly when it comes to growth and yield, and maybe, in particular, compared to Nordic countries, because they've come up a fair bit in the last while here.

Scandinavia often has more plantation models—often monoculture, often in straight lines, growing fast and harvested in 20 to 25 years—and in many cases those are on fifth- or sixth-generation stands. When you contrast that with the Canadian model, we plant for diversity. Trees are in competition with each other and it's for longer growth periods. Obviously, our colder climate also contributes, but as a result, it's a stronger product.

There are relative strengths and weaknesses of each system. I'm hoping that you can help the committee unpack them.

Robert Froese: Certainly. Thank you for the question. I appreciate the opportunity to share some thoughts.

Silviculture as a tool is a tool available to help us guide the development of forests to produce certain values. Those values can be economic—we can produce products or goods and services that people demand or desire from the forest—and they can be non-market values as well.

In these systems where forests are small, in smaller countries with small forest land bases, with forests they did not inherit from nature beforehand, they've been developed for a long period of time. There can be a significant amount of demand, and I think generally that silviculture is responsive to the market. If we have a market for small-diameter logs, if the supply is low and the demand is high, then we know, through forest science and silviculture and the science of forest growth and yield, that we can produce those values to meet the market.

Why are our systems different?

A professor of mine on silviculture—I'm fortunate to be a graduate of the University of British Columbia as well—said that our forests are inexpensive because we didn't have to pay a lot to make them. We just inherited them when North America was settled and developed by Europeans. It's very easy for us to acquire forest resources at low cost. If you wanted to develop a mine, you would have to dig a hole in the ground and build it out. We have the tools to do these things. It's just a question of whether there's a market value for doing so.

There are also a lot of mechanisms that incentivize different kinds of silviculture. I've argued for many years that silviculture, again, is just a tool that we use to produce certain values. If the value that is attached to a forest is, say, a particular spiritual and structural old-growth value, we can use silviculture and forestry to produce that value. If the value we want is more low-carbon building products and more bioenergy, we can do that as well.

I think the difference between Canada and Europe reflects the incredible supply that we have had of very low-cost forests. We just go out and get them, and there's a relative lack of that in Europe, again, matched with demand.

● (1230)

Corey Hogan: In the Canadian context, what is in natural abundance often doesn't end up being the one that's lower cost in the long run because the Europeans will look to models that are more easily harvested as they go through those second- and third-generation stands. That's fine. Actually, I am a huge proponent of the way Canada approaches forest management in terms of the quality of wood.

However, as we start looking at more engineered wood products, I'm wondering if you see advantages, areas for concern or disadvantages for Canadian forest products relative to other countries.

Robert Froese: I think it's well understood that the raw materials we produce are of high quality and have a wide variety of applications, so I don't think we have a disadvantage compared to Europe. It's just a question of making the most of that opportunity.

Again, my expertise is in forest growth and yield, and in forest biology, not in economics. We do face lots of challenges in Canada in terms of long transportation distances, distance to markets and so forth, and I know, in fact, that they impact the economics of doing those things. However, we have mills and facilities that produce all sorts of engineered wood products that I think are competitive on scale. I built a shop myself and was surprised to learn that we make LVL—laminated veneer lumber—out of peeled lodgepole pine here in Alberta, when I was told that we couldn't have an economy built around veneer coming from these small-diameter, long-rotation trees.

I think the technologies are there, and we have the capabilities to do it.

Corey Hogan: You talked about wood being a powerful climate solution that's renewable, biodegradable and stores carbon for decades or centuries. I wonder if you could expand on that for this committee.

Robert Froese: Certainly. There's no contest. The carbon that is in forests came from the atmosphere, and if we choose to use wood as a building material, then that carbon is sequestered in the products. If we choose to use steel or concrete products that have high-input energy in terms of their development, then that often comes from fossil sources.

We also have the opportunity to regulate how the carbon is sequestered in the forest land base through management. The carbon that's in our forests came from the atmosphere. If we leave them alone, the forests will burn, and it will go back to the atmosphere. Then the forests will regrow and will come back. It's a closed-loop cycle. However, we have the technology and the know-how to influence it, and that was one of the messages I wanted to make in my opening statement. We have the technology and the know-how to affect how that cycle develops in ways that can cause a benefit for us. The opportunity is to just ignore it all and leave it alone or to engage proactively in using wood as a material.

I think I would also add that we have to reflect on our history. The problems we have in our forests now with wildfires are the result of our success in suppressing wildfires. A lot of carbon is built up in our forests. There are jurisdictions in the world where there's a tremendous net-negative current carbon flux from the atmosphere into forests that relates to past exploitive management.

Again, we have a choice here, but if we leave our forests alone, the carbon will go back to the atmosphere.

The Chair: Thank you, both.

[*Translation*]

Mr. Simard, you may go ahead for six minutes.

Mario Simard: Thank you, Mr. Chair.

Mr. Froese, I'm going to ask my question quickly. Both in your opening remarks and in your answers, you did a good job of explaining that forests are carbon sinks. If we want to keep it that way, we need to cultivate them. That's what silviculture is.

In recent years, we've seen insect epidemics and wildfires. I'm from Quebec, but I know British Columbia and the rest of Canada experienced the same things. There is a little federal funding to support forest communities in that regard, but almost none for silviculture. The government did away with the two billion trees program, and as far as I know, there isn't a federal program that supports silviculture—a very important sector of activity. Take, for example, the recent boreal caribou situation in Quebec; forestry companies were asked to close logging roads. The two billion trees program could have been used to close logging roads.

Can you tell me what types of federal support are available for silviculture, to your knowledge?

● (1235)

[*English*]

Robert Froese: We have a program in Alberta, called FireSmart, that exists in many other jurisdictions. Certainly, a large amount of applied research and technology transfer and knowledge transfer has gone into educating communities on how forests can be managed in their vicinity to help reduce the potential for a catastrophic fire. There's been a significant investment in many locations in silviculture directed specifically at that target. Given the catastrophic fires that have happened in Alberta in the last few years, there's been very significant renewed attention given to implementing those programs on the ground. The exact source of funding for those I'm not aware of, but certainly support has been made available for understanding how silviculture can be used in those contexts.

The one thing I would add is that it's very important, when thinking about fire, to understand that there are circumstances where fire is unstoppable. Weather circumstances can conspire to.... For example, with the fires in Banff, basically nothing could be done once that fire started, but much can be done before a fire starts to alter the situation. I think the knowledge and information are there. It's a question of putting the resources in place to implement them.

[*Translation*]

Mario Simard: Thank you very much.

Mr. Stephen, you talked a lot about bioproducts and biofuels in your opening statement. The Standing Committee on Natural Resources did a study on energy two or three years ago, and we heard from witnesses on the subject of biofuels. Generally, what they told us was that, without carbon pricing, developing a market for biofuels would be tough, because they cost a little more than other types of energy.

In your view, then, is there a future for biofuels without carbon pricing?

[*English*]

Jamie Stephen: I think there has to be a valuation of carbon. How that is structured really depends. Number one is to recognize that when we talk about wood, really the only commercial technology is combined heat and power. My Ph.D. is actually on liquid biofuels from wood, but we have been trying this for about 50 years. It's just not carbon-efficient, and the capital costs are very high.

We propose focusing on this bioenergy with carbon capture and storage. For half the emissions in the world, it is actually of lower cost to continue business as usual and to remove those emissions after the fact using bioenergy with carbon capture and storage in western Canada. For half the emissions of the world, it is of lower cost to avoid the emissions, with fuel switching, etc. We have to understand that there are two sides to the carbon equation. We have to live in economic reality, which means that in aviation, for instance, it is of much lower cost to continue using Jet-A1, or conventional jet fuel from kerosene, and to remove the emissions after the fact using BECCS, than it is to fuel-switch to avoid the emissions.

This has to be considered in all of Canada's climate plans, because the reality is that the lower the cost for fossil fuels, the higher the cost it is to fuel-switch away from that fuel. If you have natural gas at five dollars a gigajoule and you switch to wood, the implied carbon cost is lower than if the natural gas was one dollar a gigajoule.

Your question related to carbon pricing, but fundamentally I would say it's about carbon valuation. This is where the federal government can play a very critical role. Its jurisdiction generally does not extend into electricity systems, but it can be the primary offtaker for carbon dioxide removals. This is what we see in Sweden, for example. The Swedish government has allocated $5 billion Canadian to purchasing BECCS CDRs. We fundamentally believe it is also a key component of what should serve as the Government of Canada's backstop on industrial carbon.

● (1240)

The Chair: Thank you.

We're now into our second round, colleagues.

We will start once again with Mr. Malette for five minutes.

Gaétan Malette: Thank you.

Mr. Froese, when we talk about mill closures, should Canadians understand that we're losing not only jobs and paycheques but also the tools that keep our forests healthy?

Robert Froese: Candidly, I think Canadians should be terrified of losing the tools to keep our forests healthy—terrified.

Gaétan Malette: Thank you.

How much does having all these mills down affect our regeneration capabilities and the process for the future?

Robert Froese: Again, engaging in active forest management is very difficult if there's not a revenue-generating opportunity. It's very easy to look at revenue generation as kind of a dirty part of what we do. I've argued for my entire career that when we remove a tree, we're making room for a new one. If we can't do that in a cost-effective fashion, then we just basically walk around and we get what we get from our forests and what nature will provide to us.

In terms of regeneration, forests have managed to regenerate themselves and have been very vigorous naturally, prior to any humans arriving in North America, but we can direct that in a constructive fashion, often far more effectively and efficiently than nature can and in a more timely fashion, through silviculture. We can end up with scenarios in which young forests burn and the seed source is then no longer available for regeneration. If we have an active forest industry and forest sector, we can invest in reforestation and put trees back faster than nature would in those circumstances.

In terms of our ability to regenerate forests, we'll be fine if we just walk away and leave them alone, but we won't get the kind of value that humans demand from them. Again, I'll just say that the loss of a vigorous forest industry means the loss of an opportunity to direct forests in ways that benefit society and the ecosystem.

Gaétan Malette: Could you expand on not only the benefits but also the control of environmental pollution?

Robert Froese: One of the consequences of industrial development in the forest is the legacy of roads. We understand across North America that the construction of roads changes the ability of humans to access the forest as well as the patterns of use by wildlife.

My expertise is in forest growth and yield and silviculture, not wildlife, but we understand that roads have a significant impact on the movement of predators and other species into those systems and affect those values. Without our opportunity to regulate what's going on in the forest through active management, we lose the ability to address those values.

Gaétan Malette: To Dr. Stephen, what would be the possible scale of investment in jobs if Canada embraced district heating and combined heat and power generation fuelled by biomass? What could be the economic benefit to this whole country?

Jamie Stephen: Number one, we already have about 180 district heating systems in Canada. Most of them operate on gas. The Government of Canada is actually a large owner of district heating systems, mainly through the Department of National Defence. There are 27 military bases, and most of them have existing district heating systems. Even the building you're in today is heated with a district heating system that, at one point in time, was planned to be operated as a combined heat and power plant fuelled by biomass.

That is something for which we already have existing infrastructure, and these types of assets can be developed with institutional capital, with no investment by the Government of Canada. It's simply an offtake agreement. The same is also true if it's not connected to a district heating system on the power side. That's where the power purchase agreement comes in.

This is what institutional investors want to put their money into, but they have to be guaranteed that offtake. That's where the Government of Canada, along with our universities, can play a critical role, creating that market and driving a market for low-grade wood and allowing for enhanced forest management.

● (1245)

Gaétan Malette: Thank you.

I guess I'm over time.

The Chair: Yes, your time is up.

For some reason I'm being very generous to you today, Mr. Malette. Your questions are so thoughtful. Thank you so much.

We are now on to, finally, Mr. Guay.

Claude Guay: Thank you, Mr. Chair.

Mr. Stephen, Mr. Froese, thank you very much for being with us today. It's very helpful.

I'm going to direct my question to Mr. Stephen.

Mr. Stephen, I'm assuming you have seen part of budget 2025, which the government tabled and got approved on Monday night. Importantly for this discussion, we've expanded the clean technology investment tax credit to include the biomass industry, and it's retroactive back to 2023.

Are you aware of that? What's your impression of this measure? Is it going to help the decarbonization of our country and our forest industry? I'm curious to hear your feedback on that.

Jamie Stephen: Absolutely. It's the investment tax credit, which is now 30% for combined heat and power plants and 15% for biopower alone. It is certainly helpful, but it doesn't matter what that investment tax credit is if you cannot get access to the electricity grid. It's one of these things where the numbers can improve potentially to the point where the provincial government says that it will sign a power purchase agreement, but my experience is that it's a little hard to understand the position of some of the provincial governments, particularly because they also own the forest, as to why they have denied access to the grid for biomass power plants.

This is why I bring the suggestion on the DND bases side, because you can essentially have a behind-the-meter type of situation. It is certainly helpful. It helps to improve the economics and drives down the levelized cost of energy generation, but by itself, it's insufficient to lead to significant investment in development.

Claude Guay: I like your idea for DND. If you would be kind enough to submit that on paper to the committee, we could include that in our recommendations, and it would be very much appreciated.

You are aware that there are some provinces and utilities in this country that are thinking of firing back coal plants. Do you think the biomass or the biofuel alternative should be considered or could be an economical solution in that case?

Jamie Stephen: Absolutely, and this is where I come back to bioenergy with carbon capture and storage. This is from the Canada Energy Regulator in its modelling for a net-zero world in 2050. It modelled that the number one source of electricity generation in Saskatchewan, which is where I grew up, would be biopower. People ask how that would be the case. That is because you're generating two products. You're generating electricity for local use, and you're generating an exportable carbon dioxide removal. The sale and the margin on that carbon dioxide removal lowers the net cost of energy.

The Canada Energy Regulator found that the net cost of energy would be negative. In other words, it would out-compete everything else because of the sale of this carbon dioxide removal. We do have some existing coal-fired assets, primarily in Saskatchewan, and then obviously there has been the conversion of the coal-fired power plants in Alberta to gas, but those plants can be retrofitted. In general, the fuel by itself, if you're just talking electricity, will be higher cost, but this is where the addition and the additional product are really critical to making those economic numbers work.

Claude Guay: Thank you very much.

I hope, as a good Saskatchewan native, you'll be well received in Saskatchewan. More importantly—and that's important—I'm trying to understand the role of your enterprise. Are you consulting? Are you building the projects? Are you helping with the technology for the proponent that would build the project? Talk to me a bit about the positioning and how we can help.

● (1250)

Jamie Stephen: Historically, we've been an adviser, but in 2021, we started working with institutional investors advancing projects. We essentially serve as development support for institutional investors.

The Chair: We are going on to Mr. Simard for two and a half minutes.

Go ahead, Mr. Simard.

[*Translation*]

Mario Simard: Thank you, Mr. Chair.

Mr. Stephen, I want to follow up on our previous discussion.

When I spoke with the witnesses about bioenergy, I was always under the impression that developing a market was very hard, because the molecule price was ultimately more expensive when bioproducts were involved. However, I thought that developing the market would be possible if incentives, carbon pricing and other such government measures were in place.

We talked about carbon pricing, but the clean fuel regulations are another consideration. I'd like to know whether you think it's important to keep those regulations in place.

I have another quick question. Earlier, in response to a question from my friend Claude Guay, you said that fibre access was a problem in some provinces. I had always heard that bioenergy was made from waste, so there were no projects to produce bioenergy using the whole fibre. It's kept for building, but energy was produced mostly from waste.

My two questions, then, are about clean fuels and the use of waste.

[*English*]

Jamie Stephen: The first is that anything we make from oil and gas we can technically make from biomass. What matters when we're talking about this is what the implied cost is per tonne of CO2. We can make jet fuel from wood, and we can make diesel from wood, but if the implied carbon cost is $1,500 per tonne of CO2, that doesn't live in reality. This is where you have to look at the other side of the carbon equation, and it's why I bring up BECCS and the carbon dioxide removals. Ultimately, if we're going to actually accomplish any of these climate goals, they have to be done in a way that is pragmatic and is delivering the lowest-cost reductions possible. The clean fuel regulations, I would say, are pretty strong regulations. Keep those in place. Carbon dioxide removals are complementary to that. Ultimately, we're not going to have enough agricultural products to be able to replace a majority of our transportation fuels. That's just not going to happen.

On your second point—

The Chair: Just wrap it up, please. We're out of time.

Jamie Stephen: Yes.

If you don't have pulp mills, you have to have a market. Yes, historically, we haven't gone and done a lot of pulp wood—so that timber directly for energy or for BECCS—but ultimately, if you want to manage the forest for the forest, you have to have that low-grade market.

The Chair: Thank you.

We'll move on to Monsieur Martel.

[*Translation*]

You have five minutes.

[*English*]

He is followed by Mr. McKinnon, who also has five minutes before we wrap up.

Thank you.

[*Translation*]

Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Mr. Chair.

Many sawmills across the country are very likely to close. That is what's happened in my riding. The sawmill in Petit-Saguenay announced last week that it was closing, putting 25 people out of work, and impacting 25 families and whole villages that rely on those jobs.

On Monday, I asked Steeve St-Gelais, the president of Boisaco, whether the government was unwilling to sign an agreement, and he said that would be a logical conclusion.

For that reason, I would like to move the following motion:

> That the committee report to the House that it condemns the ongoing and unjustified American tariffs on Canada's softwood lumber industry, and that it calls upon the government to live up to the promise it made during the election to "negotiate a win" for the workers whose livelihoods depend on a good deal for Canada.

● (1255)

[*English*]

The Chair: That motion is in order because it relates to the study at hand.

Go ahead, Monsieur Simard.

[*Translation*]

Mario Simard: It's very clear where my friend Mr. Martel is going with this. Is that what the motion says? I don't think that's the version I was sent beforehand, because the wording isn't quite the same. Could you send us the motion right now?

[*English*]

The Chair: Colleagues, because it has different wording, as Monsieur Simard has said, I think we need to see the wording, so I am suspending.

● (1255)

_____(Pause)_____

● (1255)

The Chair: Colleagues, we are back in session.

This was put on notice on November 14, so it is in order.

We're back to you, Monsieur Simard.

[*Translation*]

Mario Simard: I wasn't expecting this today. If we go ahead with this, it means there will be a debate in the House.

I would've preferred to work on the motion a bit before agreeing to it. I'd like to hear what my fellow members have to say. We've talked at length about a proposal. I brought it up to the witnesses. It was raised here. I would've liked to refer to it, since we are looking for a solution.

Perhaps I'll wait a bit.

It's Mr. Guay's turn, so I'll yield the floor to him.

Claude Guay: Yes.

[*English*]

The Chair: Hang on. Go through the chair, please.

Mr. Tochor.

Claude Guay: Mr. Chair, prior to your adjourning, I had asked.

The Chair: We'll go to Mr. Tochor and then to you.

Corey Tochor: Briefly, Chair, this has been on notice for a while now. We've heard testimonies about the damaging impacts that these tariffs have had. This is a statement for which I'd be surprised if we didn't have support from all members of this committee, because it is reporting exactly what we've heard from people living the hell that is their lives since these tariffs were put into place.

I think we should concur this report to the House and condone this. I would be shocked if other members of this committee didn't support this.

The Chair: Mr. Guay, go ahead.

Claude Guay: Mr. Chair, I propose that we adjourn.

I agree with Mr. Simard that we want to study this. We're thinking about some changes we haven't concluded, so I propose that we adjourn the debate.

The Chair: Colleagues know that's a dilatory motion, and we have to have a vote.

The Clerk of the Committee (Geneviève Dubois-Richard): Is it to end debate or to adjourn the meeting?

Claude Guay: Don't I have to adjourn the debate first?

The Clerk: No, you don't have to.

I just want to be clear that we're adjourning the debate.

Corey Tochor: I have a point of order, Chair.

This is shutting down debate. We should be having this conversation at this committee.