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**Thursday, February 24, 2005**

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**Chair**

**Mr. Alan Tonks**

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## Standing Committee on Environment and Sustainable Development

Thursday, February 24, 2005

•(1110)

[English]

**The Chair (Mr. Alan Tonks (York South—Weston, Lib.)):**

Good morning, ladies and gentlemen. Bonjour, mes amis. Thank you for being here this morning and for your interest in the ongoing deliberations of the committee. This is meeting number 22. Pursuant to Standing Order 108(2), we continue the study on Canada's implementation of the Kyoto Protocol, part I, "Setting the Stage: The Current Situation".

This morning we have witnesses attending, and we thank them for being here: from the Department of the Environment, Mr. Alex Manson, acting director general, climate change bureau; from the Canadian Environmental Assessment Agency, Steve Burgess, executive director, special projects and regional liaison and guidance; from the Department of Natural Resources, Sheila Riordin, director general, energy policy branch; and from the National Energy Board, Robert Steedman, professional leader, environment.

For those who haven't been before the committee, we start off with your presentations. I would suggest that we go in the order you are listed on the agenda. We then have ten-minute segments for questions and answers with the various parties, and we'll look forward to that.

We have distributed copies of your statements.

Mr. Manson from the Department of the Environment will lead off. We have allocated about ten minutes to your opening remarks.

**Mr. Alex Manson (Acting Director General, Climate Change Bureau, Policy, Department of the Environment):** I'll try to meet that directive, Mr. Chair. I'm glad to be here.

May I offer a suggestion, Mr. Chair? I'm going to give an overview of what the federal government is doing on climate change and my colleague from Natural Resources Canada will be going into some of the specifics, so if she were to speak after me, the flow of things might be more helpful to the committee than the other way.

**The Chair:** I'm sure the committee is very much in support of that, Mr. Manson. Thank you.

**Mr. Alex Manson:** Thank you very much, Mr. Chair.

Taking action on climate change continues to be a priority for the government. This priority was reiterated in the Speech from the Throne and yesterday in the budget Minister Goodale presented.

The issue of climate change is one that engages many federal departments and agencies. I think it's around 12 or 15. It involves all

of our provinces and territories, industry, academia, the non-governmental organization community, and the public at large.

What I'd like to do briefly this morning to start this session off is provide you an overview of how federal resources have been invested in climate change and how these investments are being managed. I might just briefly touch on, if there's time, Environment Canada's role in this.

In Budget 2003 the government committed \$2 billion over five years toward meeting our climate change goals, bringing the total investment, which started with the budget in 1998, to \$3.7 billion. About \$3 billion of that have been either spent or allocated, so about \$700 million are unallocated at this time.

The development and implementation of a greenhouse gas emission reduction strategy has been a core element of the federal policy thus far. Some \$1.7 billion have been invested in greenhouse gas emission reduction measures in all sectors of our economy. This includes \$250 million—until the budget yesterday—that were invested in the green municipal funds, which are administered by the Federation of Canadian Municipalities.

The following are other important elements of federal investments on climate change. The government supports international efforts to improve climate science, and since 1997 it has invested about \$145 million toward this end. This includes \$110 million that have been provided to the Canadian Foundation for Climate and Atmospheric Sciences. The government has also invested \$45 million to support efforts to identify Canada's vulnerabilities to a changing climate and to develop adaptation strategies to help minimize these impacts. So in the science, impacts, and adaptation area, some \$190 million have been invested.

Climate change requires a concerted international effort to fully address it, so the government participates in a number of fora, in particular the United Nations Framework Convention on Climate Change and the Kyoto Protocol, which is built on the framework convention. Since 1997 the government has invested some \$200 million to support these activities, of which half has been done through the Canadian International Development Agency to help developing countries build their capacity to address climate change and also to support the beginnings of some emission reduction projects in developing countries.

Public education and outreach is another very important component. Since 1997 the government has invested nearly \$100 million to engage Canadians. This includes the \$45 million that pertain to the one-tonne challenge, which has been under way for about a year, to engage Canadians in reducing their emissions by 20% or about one tonne. Many of you may have seen the advertising just before Christmas on the one-tonne challenge.

The next important tranche of investments has to do with the development of new technologies. Here the government has earmarked over \$720 million, of which \$350 million were provided to Sustainable Development Technology Canada.

Since 1997 the government has also earmarked \$120 million to a lot of policy, coordination, analysis, and reporting efforts. This funding was used to support the national climate change process that was launched immediately after Kyoto was concluded. Kyoto was concluded in December 1997, and this process was launched in April 1998. It was a big process involving 450 or more experts from across the country. This funding also supported the operation of the federal climate change secretariat.

• (1115)

As I said earlier, the climate change issue involves many departments. Over the past year or so, our colleagues in the Treasury Board Secretariat have been working to bring all this activity, if I might use the terminology, under one roof—to bring it all together and provide a framework to help the government with the ongoing management and oversight of the climate change programming we have. This has involved getting a consensus across government on the program results architecture so we know how programs in various departments link together. It shows the contributions programs are making in achieving the goals and objectives the government has set, and gaining a very comprehensive understanding of government expenditures, commitments, and results. This involves assessments of all of our ongoing programming. This is a work in progress. It is not complete, so at the moment we can't provide you with any of the results. Indeed, with what was in the budget yesterday, I imagine this work will take on added importance and urgency in terms of an assessment of our existing programming. We'll be using the lessons we learned to refine and reframe our climate change plan and programming.

Let me touch, for a few moments, on what Environment Canada does. Environment Canada is active on climate change in three different levels. First of all, in terms of the government-wide leadership and management of the file, we work very closely with our colleagues in Natural Resources Canada and Foreign Affairs Canada, both domestically and internationally. We co-lead in a number of areas, such as climate change science and understanding the impacts of a changing climate on international negotiations—particularly now, with the focus on the post-Kyoto agreement, because those negotiations will start up at the end of this year. We also co-lead, with our colleagues in Natural Resources Canada, on the public education and outreach.

We play a supporting role in a number of other areas, such as the mitigation programming technology development and adaptation, though the bulk of the work in all those areas is in other departments.

I just want to finish up quickly, Mr. Chair. The climate change plan for Canada was released in November 2002. It was developed in consultation with stakeholders across the country. The plan outlined a lot of measures to begin to address climate change and to move toward our international commitments. Many of these measures were funded in Budget 2003, so I think we have built a solid foundation for further action. The plan itself indicated it would be a work in progress, and would evolve over time, as we learn from our efforts and adapt to new possibilities and new technologies. Certainly with the budget announcements yesterday, we will be building, refining, and adding to the climate change plan for Canada over the next days and weeks.

Thank you.

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

As suggested, perhaps we'll go on. Ms. Riordon, would you like to take over, so to speak?

[*Translation*]

**Ms. Sheila Riordon (Director General, Energy Policy Branch, Department of Natural Resources):** Thank you, Mr. Chairman.

[*English*]

I'm very pleased to be here this morning, to have this opportunity to meet with you, and to respond to a number of your questions. In reviewing my presentation last night, I realized it's a little longer than ten minutes, so I won't be following it verbatim, in terms of the text that's been distributed to you. But I think Mr. Manson was a few minutes short of ten minutes, so maybe I can borrow some of his.

**The Chair:** In true collegial style, he will, and we will, allow you to add that to your time.

• (1120)

**Ms. Sheila Riordon:** As the director general of energy policy, I would like to begin my remarks today by saying a few words about the energy economy, and then I will expand on the role of energy policy in addressing climate change.

As I'm sure all of you around the table know, Canada is endowed with substantial and diverse energy resources. Energy represented 5.6% of our GDP in 2003. It accounts for almost \$50 billion of our exports, not to mention one-fifth of Canadian investments. As you are aware, not only are we a major producer of energy, but also a major exporter.

The Government of Canada's energy policy framework has supported and contributed to the success of the energy sector in Canada. The key objectives of our framework, of course, are to continue to ensure prosperity for Canadians; to ensure the security of supply for Canadians to ensure that they have access to competitively priced energy; and finally, of course, to promote the sustainable development of our energy sector in a way that is consistent with our environmental objectives.

As you know, climate change is largely about energy. That is because about 85% of our carbon dioxide emissions come from producing, transforming, and consuming energy. Canada has a relatively highly energy-intensive economy, for a combination of reasons, many of which you are aware of. They make us unique among industrialized countries. We have a cold climate, as evidenced this morning when we got up; we have very long distances between population centres; we are export-oriented; and of course we have energy-intensive industries in our economy as well.

There are significant pressures on energy demand. Our economy is growing, and of course our population has been growing as well. For example, between 1990 and 2002, our GDP grew by 40% and our population by 20%. Of course, with this comes growth in emissions as well.

While the economy has grown by 40%, energy consumption in Canada has only grown by 18% during the same period. Our internal analysis in NRCan suggests that energy efficiency is the main factor to explain the difference between these two figures. Suffice it to say that a proportion of the programming we have been doing over the last number of years has begun to take effect.

Our progress on energy efficiency has been confirmed recently in a study by the International Energy Agency in Paris. According to this study, Canada ranked in the top third of the group of member countries in this organization in improving energy efficiency in the 1990s, ahead of the United States, the U.K., and Japan.

But of course, despite that progress we have an enormous challenge ahead. In addressing climate change we have been working within a policy framework whereby we have what I would call two main thrusts of activity. The first is on short-term emission reduction action, designed to achieve mega-tonne reductions in the Kyoto commitment period of 2008-2012.

The second main thrust of our actions to date has been in the area of technology innovation. The fundamental solution to emissions reduction is to break the link between energy and emissions over the longer term. The funding allocation Mr. Manson referred to earlier has been largely aligned to these two main thrusts. Of the \$3 billion that has been allocated to date, almost \$2 billion of it has been directed towards short-term actions, and about three-quarters of a billion dollars has been dedicated to technology.

Of course we'll have to adjust our figures, potentially, once we have a chance to analyze the additional funding we learned of yesterday in the budget.

Let me just spend a few minutes on that first thrust I talked about, the short-term emission reduction approach. This approach was presented in the climate change plan for Canada. It was a result of many years of consultation with a whole range of players in Canada.

We looked at various options for pursuing these shorter-term emission reduction strategies. In the end the government adopted a mixed approach that reflects the structure of the Canadian economy and that ensures that Canadian companies are not placed at a competitive disadvantage particularly vis-à-vis the United States.

• (1125)

As I'm sure all of you are aware, a system of mandatory emissions targets is being developed for the large emitters in our economy. This was viewed as the most efficient approach when dealing with a small number of relatively large emitters. To ensure maximum efficiency, the system of targets is to be complemented with an emissions trading system that will allow large emitters to take advantage of the least costly emissions reduction opportunities.

We have made significant progress with our large final emitters initiative. I cannot discuss the initiative in detail today, as negotiations are proceeding, but let me say that the government expects a significant contribution from industry in a manner that rewards innovation and efficiency, allows for economic growth, respects regional diversity, and establishes a framework for reducing emissions over the longer term.

With respect to the other sectors of the economy—and I'm talking here about the building sector, transportation, agriculture, services, and so on—the government chose a different approach from the one for the large final emitters. It would be very difficult to administer a similar kind of approach, given the huge number of players in the remaining sectors of the economy and the fact that many of them are small to medium-sized businesses as well. The choice was made to achieve emissions reduction through an evolving mix of specific measures using various instruments, whether they be voluntary efforts, financial incentives, or specific regulations in particular areas.

Let me talk for a few minutes about some of the key targeted measures or specific areas where NRCan is very actively engaged. I'd like to start first with the building sector. We have a number of programs aimed at encouraging more efficient buildings, both in the residential market and also in the commercial and institutional areas. We are placing significant efforts on retrofitting existing homes and buildings. This is key because those buildings are going to be there right through the commitment period, and therefore it's critical to achieve emissions reduction in that area.

Our energy guide for houses program is well known. We're now getting more than 6,000 energy efficiency evaluations performed every month across the country. More than 150,000 homes have been evaluated since we launched the program, and 17,000 homeowners have undertaken retrofits that have benefited from our incentive. We're seeing a lot of activity. It's quite encouraging and exciting.

[Translation]

With respect to commercial and institutional building retrofits, NRCan programs have funded projects involving over 3,800 buildings. But our focus has not been exclusively on existing buildings. Indeed, it is critical to improve the energy efficiency of new buildings given that these will have long life expectancy. The department has several programs, like the Commercial Building Incentive Program, under which more than 500 incentives have been provided to support efficient design for new schools, office towers, shopping centres, and so on.

[English]

We're also engaged on the new homes front. We're working very closely with provinces and territories, and we are hopeful that we are starting to create the conditions for more stringent codes in this sector. We're quite encouraged by recent provincial and territorial initiatives. For instance, the Government of Quebec announced recently their interest in mandating higher energy performance levels for new homes and buildings, and other provinces are now also considering this.

Another very positive development is in Ontario we're working with the provincial government and gas utilities on a pilot project that will for the first time in Canada establish an ENERGY STAR system for homes. This is a really exciting development.

With respect to appliances and equipment—this is an area again where NRCan has been quite active, and continues to be—some of you may be surprised to know that Canada overall has the most stringent regulations in the world in efficiency in appliances.

• (1130)

[Translation]

The department has a long tradition of working with the industrial sector on improving energy efficiency through such initiatives as the Canada Industry Program for Energy Conservation, an industry-government partnership. This program encourages the adoption of effective energy management practices and energy efficiency investments. As a result of these actions, Canadian industry is saving approximately \$3 billion per year in energy costs.

[English]

Turning now to the transportation sector, this is another area NRCan is very active in. I will admit that this is proving to be quite a challenging area, but we are making progress.

You all know that negotiations are under way with the auto sector to ensure that this sector does its part to reduce emissions by offering more fuel-efficient vehicles to Canadians. The auto sector clearly wants to be part of the solution to climate change. There is a great deal of goodwill on both sides in our discussions. Of course there is no deal until there is a deal. We are hopeful that one can be reached in the very near future.

We're also encouraging efficiency in commercial fleets and in the use of renewable fuels such as ethanol, bio-diesel, natural gas vehicles. If I could single out one of these areas, the ethanol expansion program was a \$100 million program. It has allocated contributions to six projects that together will almost quadruple

Canadian ethanol fuel supply by 2006. We're seeing good results here.

The department has also introduced an aggressive set of measures to encourage renewable energy. Of course the flagship program is the wind power production incentive. Under this program so far we've supported 16 projects, of which 11 are in operation and four are under construction, for a total of 435 megawatts of new capacity. Of course yesterday in the budget we learned about additional funding that will quadruple our capacity in wind and will also add significant resources for other emerging renewables. Based on a quick calculation, it suggests that by combining the new and the current programs, we'll be able to add more than an additional 5,000 megawatts of emerging renewables.

[Translation]

Having a set of national programs is key to ensure that action is taken across the country and all elements of our society. But the government also wants to ensure that regional opportunities and provincial/territorial priorities are taken into consideration. The government has signed a number of MOUs with provinces and territories, identifying prospective areas for future collaboration. The government has approved a first round of funding toward a number of initiatives under the Opportunities Envelope, a partner in mechanism designed to fund the most cost-effective reduction ideas put forward by provinces and territories.

[English]

I'm not going to talk any more about our programs. We do have other programs, and clearly I could go on at length here, but I know you're going to be having the Office of Energy Efficiency come before the committee in a few weeks. They will be able to elaborate further on a number of the programs. I do think it is important to mention here that while we're off to a very good start in a number of areas, the impacts of these programs are not yet fully reflected in our emissions statistics. In many cases, while a good deal of the funding has been allocated, it actually hasn't been spent yet, as it takes time for plans to be put in place, etc.

Turning for a couple of minutes to long-term technology solutions, I said we had two thrusts to our overall policy framework for climate change with the short-term actions. I'd like to talk a minute about technology solutions. The government's strategy at the present time addresses the full range of the technology spectrum—from the demonstrations of technologies that are on the verge of coming into the market, to the medium-term where there are technologies that are in development and in the pipeline but are not quite ready to get on the market, and finally to investments in long-term research.

Our efforts to date can be subdivided in five key areas: cleaner fossil fuels, advanced energy end-use efficiency, biotechnology, decentralized energy production, and hydrogen. I'm not going to go through each one of these, in the interest of time and also in light of the fact that yesterday in the budget you would have learned that the government has announced the development of a sustainable energy science and technology strategy that we will be—

• (1135)

**The Chair:** And I'm sure there will be some questions in follow-up. You've highlighted those areas, but there will be some questions on that, Ms. Riordon.

**Ms. Sheila Riordon:** If I could conclude, Mr. Chair, I think it's fair to say that while we have a long road ahead of us, we certainly are making progress, and more and more Canadians are becoming engaged in the process. In the months ahead, we will be continuing to roll out our programs, monitor progress, and evaluate results. It's not an easy task. As Mr. Manson mentioned, there are a lot of departments involved and a lot of players.

We're very pleased with and very supportive of the process that the Treasury Board Secretariat has been putting in place to develop a horizontal structure to enable us to coordinate and account for what we're doing at a broader strategic level.

I'd also like to mention that the time has come for us to update our long-term outlook on emissions. This is a complex task. It involves making a lot of assumptions. It involves detailed economic modelling. We are required, under the United Nations Framework Convention on Climate Change, to submit a report on January 1, 2006, which will require us to have an updated emissions outlook. We're now in the process of developing that outlook in the coming months.

Finally, I would like to thank you, Mr. Chair and members of the committee, for hearing me out today. I think the work of this committee will be invaluable to policy-makers like myself and Mr. Manson, and of course to ministers, in helping us guide our work. New ideas and new ways of doing things in such a complex file are always welcome.

Thank you.

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

Perhaps we'll go to you now, Mr. Burgess.

**Mr. Steve Burgess (Executive Director, Special Projects and Regional Liaison and Guidance, Canadian Environmental Assessment Agency):** Good morning. Thanks for inviting us here today to speak to the committee.

I should probably start off by describing how federal EA fits with climate change. Certainly our involvement in the climate change file is much less substantial than that of Environment Canada and Natural Resources Canada.

There are two main tools that exist for environmental assessment federally. One is legislated under the Canadian Environmental Assessment Act, which requires federal departments to consider the environmental effects of projects for which they have decision-making responsibilities. Second, there is the cabinet directive on the environmental assessment of policies, plans, and programs. That's a

non-legislated process and it applies to federal departments that are putting forward initiatives that could have environmental implications.

I have a very short presentation today. The first point relates to a guidance piece we produced a little while ago to describe how climate change could be taken into account in project-level assessments by federal departments. The guidance piece was a joint effort, and I think a fairly successful effort, between the federal, provincial, and territorial governments, which was led by the Canadian Environmental Assessment Agency. It involved extensive consultations with provincial authorities and other stakeholders.

The purpose of the guidance really was to address a need we saw in environmental assessment to the extent that climate change was not being considered, in our view, in a consistent manner across jurisdictions, or even within the federal government in various environmental assessments. Obviously, and it's I think the reason we're here today, we see climate change as an important environmental issue that needs to be addressed in project-level assessments.

Environmental assessment provides an opportunity to link the project planning and management to the broader response to climate change. Certainly the public, key stakeholders, and governments, both federally and provincially, see climate change as becoming more and more of an issue that needs to be addressed through environmental assessments. As I said earlier, we saw some concerns with the consistency with which this issue was being dealt with in various environmental assessments.

From the Canadian perspective, we think, and I think others agree, climate change is a very significant issue. We're seeing shifting weather patterns that are being ascribed to climate change. We have coastal areas that may be susceptible to flooding should sea levels rise or flow patterns change in inland bodies of water. In the north in particular, we're seeing changing ice patterns, and glaciers shrinking, and so forth. This is having a real effect, particularly in the north, on wildlife distributions and the life and culture of people in the north, and in fact it's affecting their livelihood.

I'm not going to go into any real detail with respect to what the guidance document is about, but it looks at climate change from two perspectives. It provides advice on how to factor in the emission of greenhouse gases in the project assessment, and it also sets out a methodology for considering the potential impacts of climate change on a project in the future.

By way of example, the Confederation Bridge, the fixed link between New Brunswick and Prince Edward Island, was designed in a way to account for potential rises in sea level that might occur as a result of climate change, and also to take into account potential changes in ice patterns that may occur as a result of climate change. This is happening more and more, particularly in major project assessments.

We're hoping this guidance will provide a consistent approach across jurisdictions. I should say that this is not really a federal piece of guidance; it's guidance that is being used and applied both federally and provincially, so it was very much a joint effort.

From our perspective at least, and from the research we've done, this is a fairly unique initiative. We did some research that showed that there were very few other examples of guidance out there in the environmental assessment world that dealt with this issue as this document does.

• (1140)

I'll note a few benefits. I think we need to increase awareness of and the attention that's paid to the issue of climate change. I think this document will help us do that. We're hoping that the guidance will promote less emission-intensive ways of designing and operating projects by focusing proponents', regulators', and the public's attention on this issue.

We also feel the document will help to encourage the design of projects in a way whereby they won't be susceptible to potential damage as a result of changes—climatic changes, for example—that may occur as a result of climate change. We think this will improve decisions made by federal or provincial decision-makers with respect to how projects should proceed. We're also hoping that this will provide assurances to the public and other stakeholders that climate change is being taken seriously as part of environmental assessments that are undertaken in the future.

I turn now to the cabinet directive on the assessment of policies, plans, and programs. This is meant to be a systematic and comprehensive process for evaluating the potential environmental implications of federal policies, plans, or program initiatives. It's a self-assessment approach, whereby individual departments are responsible for conducting assessments of their initiatives. Although the directive doesn't specifically mention climate change as a factor to be taken into account in environmental assessments, climate change is certainly an environmental issue that, if relevant in the context of the initiative being put forward, should be considered.

Mr. Chairman, that ends my remarks.

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

We'll finish with Mr. Steedman from the National Energy Board.

**Mr. Robert Steedman (Professional Leader, Environment, National Energy Board):** Thank you, Mr. Chairman.

• (1145)

[*Translation*]

I would like to thank you for this opportunity to outline some of the ways that greenhouse gas emissions, climate change and Canada's commitment to the Kyoto Protocol have been referenced in recent decisions and publications of the National Energy Board.

[*English*]

The National Energy Board, or NEB, engages the issue of climate change through a variety of mechanisms. Perhaps most important is the evidence and opinion presented by participants in project-specific public regulatory hearings. Engagement also occurs through public consultation related to our corporate strategic planning, analyses of Canadian energy supply and demand, or other topics. NEB personnel also actively track science policy and legislation related to climate change issues.

My key message today is that over the last decade NEB public hearings and regulatory decisions have reflected changes in public awareness, government guidance, and industrial action related to climate change issues. Because the NEB convenes public hearings on large or contentious energy infrastructure applications, our regulatory process can become a focal point for public concern about a range of energy issues. These issues have included policy, technology, and regulatory jurisdiction related to oil and gas production, pipelines, energy use, greenhouse gas or GHG management, and global climate change.

[*Translation*]

I will touch on six themes that emerge from the NEB's engagement of climate change in the context of federally-regulated energy infrastructure. These are:

[*English*]

NEB jurisdiction over global-scale climate change; NEB jurisdiction over end-use combustion of fuels transported by federally regulated pipelines; regional, national, and global significance of local GHG emissions; reporting of project-specific GHG emissions; mitigation of project-specific GHG emissions; and interpretation of Canada's climate change plan.

[*Translation*]

Before proceeding further, I should provide a very brief overview of the role and mandate of the National Energy Board, because are central to the scope of the issues I will be describing.

[*English*]

The NEB is an independent, quasi-judicial tribunal established through the National Energy Board Act in 1959. The NEB's corporate purpose is to promote safety, environmental protection, and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development, and trade. The NEB regulates the construction and operation of interprovincial and international pipelines; pipeline traffic, tolls, and tariffs; the construction and operation of international and designated interprovincial power lines; the export and import of natural gas; the export of oil and electricity; and frontier oil and gas activities.

The NEB also provides energy advice to the Minister of Natural Resources in areas where the board has expertise derived from its regulatory functions. It conducts studies into specific energy matters as requested by the minister, holds public inquiries when appropriate, and monitors and reports on current and future supplies of Canada's major energy commodities.

The NEB takes the public interest of Canadians into account when it makes decisions. Public interest is inclusive of all Canadians and refers to a balance of economic, environmental, and social interests. As illustrated by today's topic, the public interest changes as society's values and preferences evolve over time.

Regulatory decisions made by the NEB must respect the laws of Canada. In reaching a decision, the NEB also considers relevant policies and guidance of government agencies, in addition to all other evidence placed on the record—a hearing, for example. The NEB does not make policy, but as an independent source of information about energy, it may be of service to policy-makers.

[Translation]

I will now provide some examples of climate change issues that have found expression in recent NEB decisions and publications. These examples address the six themes I mentioned a few minutes ago.

[English]

Please note that National Energy Board reasons for decisions speak for themselves as complete documents. The excerpts and interpretation that I'll provide here are intended to illustrate specific points relative to today's discussion and cannot be taken as statements of policy or regulatory precedent.

I'll give you some examples here. A 1994 decision, perhaps the first referencing climate change, involved the ability of the National Energy Board to consider global-scale environmental effects of GHG emissions. Just to quote the decision very briefly,

...the question of the jurisdiction of the Board to consider the environmental effects on the global commons of the end use of gas in the United States, must be answered in the negative.

Partially related to this, a 2003 decision found that the end use of natural gas was not relevant to the NEB context and would not be considered under the Canadian Environmental Assessment Act unless it had been scoped into the project:

The Board...determined that the end use of gas is not relevant to its decision under the NEB Act. Further, the Board clarified that, in order to consider environmental effects related to the end use of the gas under CEAA, facilities or undertakings related to the end use of the gas must be part of the project, as scoped.

I have a couple of examples that describe a comparative approach in the absence of quantitative criteria, where board panels assessed the significance of GHG emissions from a pipeline project.

Calculations of GHGs arising from project facilities constitute a negligible proportion of Alberta's and Canada's annual emissions. The Panel finds that it has sufficient information to determine that such emissions would be insignificant and that there would be no significant adverse effects associated with GHG emissions from the Project.

Another example:

The Panel notes that, at the present time, there are no defined criteria to measure significance in relation to GHG when considered in an environmental assessment.

However, comparisons to provincial ornamental emissions levels can provide a useful context for evaluating projects.

In its decisions, the NEB has required applicants to participate in GHG reporting registries and has noted voluntary GHG mitigation through fuel substitution. For example:

The Company shall submit to the Board and Environment Canada, as soon as available, a copy of the Company's action plan under the federal Voluntary Challenge and Registry Program to deal with greenhouse gas emissions arising directly from the operation of the pipeline.

Another example:

The majority of the Panel notes BC Hydro's commitment to offset 50 per cent of the increase in GHG emissions...in the period through 2010. ...Given that this is a voluntary commitment, and that there are no legally binding federal or provincial regulations or targets for GHG, the majority of the Panel has relied upon this commitment and considers this to be a positive step toward addressing GHG emissions....

In its decisions the NEB has recognized the national and global importance of climate change and noted that emissions from new natural gas energy projects had already been considered in Canada's climate change outlook:

Regarding GHG, the Panel considers climate change an important Canadian and global issue and recognizes the Government of Canada's effort in this regard by the ratification of the Kyoto Protocol and the development of the Climate Change Plan for Canada.

...the Panel relies on Environment Canada's statement that GHG emissions resulting from new natural gas pipeline projects and energy generation projects... have been factored into the Government of Canada's outlook, and therefore should not compromise Canada's ability to reach its Kyoto Protocol target.

And as a last example, in an energy market analysis looking at Canada's energy future, the National Energy Board found that it was not able to incorporate Canada's climate change plan into the quantitative supply and demand scenarios analyzed in that report:

In November 2002, the Government of Canada released a plan to address Canada's commitment to the Kyoto Protocol. However, additional elements of implementation would be required in order for the Protocol to be incorporated in the scenario analysis. Therefore, the Protocol was not considered in either scenario.

In summary, GHG emissions, climate change, and Canada's commitment to the Kyoto Protocol have had a high profile in recent National Energy Board hearings and energy market analyses. However, the NEB has found that it does not have jurisdiction over global impacts of GHG emissions from pipeline projects. For specific projects, the NEB has required or encouraged reporting of GHG emissions, as well as GHG emission offsets through fuel substitution.

● (1150)

[Translation]

This concludes my prepared remarks. I would be pleased to address questions from the committee. I believe it would be preferable for me to answer your questions in English.

[English]

**The Chair:** Thank you very much, Mr. Steedman.

To all of our witnesses, those were very well presented briefs. The committee does appreciate them.

We'll start now with a ten-minute round of questioning, starting with Mr. Jean.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, presenters, for coming today. It's much appreciated to help us straighten out our thought processes on what's taking place currently.

I have three questions. The first relates to the 1990 baseline and the international formula used to monitor emissions. I know the Monte Carlo formula has been utilized recently, but I'm somewhat skeptical of the international bodies doing self-monitoring. I know there's some ability for spot checks under the Kyoto Protocol, but I'm wondering what's taking place, as a result of the change in this formula itself, that gives us a different baseline from 1990, and how the international bodies, including Canada, are going to monitor to make sure this is being done properly and that everybody's on the same playing field.

• (1155)

**The Chair:** Who would like to take a crack at that question? Mr. Manson?

**Mr. Alex Manson:** I'll try.

The emission reduction commitments in the Kyoto Protocol are based on 1990 emissions. There is a group that works on the methodologies that are used to determine emissions. As those methodologies are refined, there are actually some changes in the baseline. Now, this isn't because the emissions have actually changed; it's because the methods for estimating them have changed. In particular, there have been some changes in the methodologies for estimating nitrous oxide emissions and things like that, not so much on the carbon dioxide side. I'm quite confident this group of people are doing the best work they can to come up with the methodology, and that it is the best available information we have.

In terms of spot checks, at the moment the emission inventories that are submitted by parties to the United Nations Framework Convention on Climate Change are reviewed by the secretariat to that convention and assessed to see whether they meet the methodologies before they are released and put up on their website. I think now that about every four years—and I may be off on this number, it may be every four or five years—the industrialized countries that are party to the convention do receive a visit from a group of the international community to actually assess the information we are providing.

The last time they were in Canada, I believe—some of my colleagues might be able to help me out—was two years ago. This group involves experts from other countries, as well as experts from international organizations. They come in and spend a week or so poring over the books. It's a little bit like having the auditors visit you.

**Mr. Brian Jean:** I guess the answer to the second part of my question is that the baseline has actually changed, then. We're not utilizing the same baseline as in 1990, so we're up about 120 megatons or—

**Mr. Alex Manson:** No, our emissions are up. Excuse me; I thought you were asking about the baseline.

**Mr. Brian Jean:** I am asking about the baseline.

**Mr. Alex Manson:** Our baseline has actually shifted. Our emissions in Canada for 2002, which is the last year for which we have data, put them at 20.1% above 1990.

**Mr. Brian Jean:** I was talking about the baseline, and that actually has changed from the original baseline.

**Mr. Alex Manson:** Yes.

**Mr. Brian Jean:** Excellent. Thank you.

**Mr. Alex Manson:** It has dropped, I believe—and I could stand to be corrected here—by 11 megatons over the period of about six or seven years. It's all methodological changes.

**Mr. Brian Jean:** Thank you.

My second question has to do with large final emitters. There was reference three times to regional differences. Of course, that's pretty obvious with a country this size. The second part of my question, first of all, is what regional differences in particular we are dealing with or speaking about. And secondly, is the federal government using, let's say, the greenhouse gas emission treaty as somewhat of a hammer in relation to negotiating with the provinces for building codes for residential—and there was some reference to that—and to do other things, such as a national recycling program? Are they utilizing it as a negotiating tool province by province to get more or less a national system of environmental consciousness?

**The Chair:** Ms. Riordon, would you like to answer that?

**Ms. Sheila Riordon:** With respect to the first part of your question, in terms of regional differences, what we have been doing over the past several months has been working very closely with industry across the country, and obviously the large final emitters tend to be concentrated in certain parts of the country. What we have been developing with the industry is a set of sectoral-based emission targets that take into account the circumstances within each of the various sectors. In effect, our process is designed and the system that we're trying to come up with is one that reflects the various differences in different parts of the country and different parts of the sector in a way that is equitable, that doesn't undermine the competitiveness of our industry, etc. A great deal of discussion has taken place with the industry in that regard to design a system that is going to be effective in reducing emissions but at the same time reflects the various differences across the country.

On the second issue, Alex, do you want to—

• (1200)

**Mr. Alex Manson:** I'll try to quickly answer your second point.

The federal government is negotiating agreements, memoranda of understanding with provinces and territories on climate change, and certainly in those agreements we're seeking to find areas where we can cooperate in making progress, including areas where provinces have jurisdiction and have the most efficient and effective tools to move forward. We're looking in many of those instances to see how we could take action federally that might help or might support those kinds of things. We're certainly not using them in a sense of trying to beat up on anybody.

**Mr. Brian Jean:** It was used to suggest negotiation.

My final question is in relation particularly to the oil sands; that is my constituency.

I've spoken to the large final emitters in my area about an alternate source of energy for natural gas, which currently has a cost of approximately \$6 a barrel on every barrel produced. They seem to indicate that there's no alternate source of energy that they can utilize at this time based on current technology. I'm wondering if there's any reference or any investigation or knowledge for yourself that would suggest that there's some sort of alternate source they could utilize in that area, which is fairly remote, and obviously no hydro or wind would be sufficient to power what they need.

**The Chair:** Ms. Riordon.

**Ms. Sheila Riordon:** Clearly there are challenges around developing sources of energy for the production of the oil sands. The federal government is working closely with the Government of Alberta and with industry in a whole range of areas and in particular on technology development to address some of these issues. I don't necessarily think there's a solution before us today, but certainly we are engaged in discussions at a variety of levels to see where technology development and advancement can help to mitigate some of the challenges in that area.

**The Chair:** Thank you.

We're now going to go to Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Thank you very much, Mr. Chairman.

First, I want to say that I'm quite disappointed in your presentations this morning, particularly that of Mr. Manson, who ultimately has presented us with a plan that dates back to 2002, budget initiatives that date from 2003. You've presented us with a strategy, a plan that has been a lamentable failure, since greenhouse gas emissions have increased by 20 percent.

I'd like to go back to yesterday's budget. There are a number of indicators, a number of interesting points in yesterday's budget, which I suppose you have examined and been informed of.

First, the budget states, at page 19:

... this budget also launches an examination of all existing climate change programs to reassess and redirect funding to the most effective measures.

It's indirectly admitted that the plan hasn't worked and that funding should be redirected.

What schedule have you set for conducting this reassessment and redirecting funding? How many weeks or months have you given yourselves?

[*English*]

**The Chair:** Mr. Manson, would you like to take a crack at that?

**Mr. Alex Manson:** I'll try.

As I mentioned in my presentation, through the good offices of the Treasury Board, we've been working for some time now to do an evaluation of all of our existing programming. While that is not yet complete, we know that some of it is working better than others. As my colleague Ms. Riordon described, the building retrofit program, for instance, is completely oversubscribed, and that's one of the reasons a decision was made to put more money into it in the budget yesterday.

In terms of the timeframe of the more intensive evaluation raised in the budget yesterday, we haven't set a timeframe for that. I anticipate that we officials are going to be instructed to do that quite quickly. I haven't received that instruction yet, but I would anticipate that it will be quite quickly.

• (1205)

[*Translation*]

**Mr. Bernard Bigras:** Mr. Chairman, what we're being told today is quite incredible. On the one hand, the minister is announcing that he's getting ready to present a new Kyoto plan in a few weeks and, on the other hand, the Minister of Finance announced yesterday that he had instructed officials to reassess climate change policies and programs. The main person responsible for the issue is not aware of the schedule and doesn't know when the programs will come to an end. On the one hand, the minister is going to announce a new plan in a few weeks, and, on the other hand, officials have come to tell us they don't know when the assessment will be completed, that there's no specific schedule.

Ultimately, we wonder what the minister is going to announce to us in a few weeks. Is this more window-dressing? I was pleased to learn they were going to announce a program re-evaluation because the current programs have in fact not enabled us to achieve objectives. However, there has to be some consistency between the two. So this is quite troubling.

A \$1 billion clean fund has also been announced. First, I want to know who will be responsible for administering that fund? Will it be a department? Which one? Will it be a foundation? Second, I see they're announcing projects that could be encouraged. I'm concerned for Quebec, among others, as a result of this fund that has been announced. Why? Because I wonder, for example, how the Quebec energy sector, which produces 95 percent of its power by hydraulic means, will be able to obtain funding out of that \$1 billion.

I'm also concerned for the manufacturing sector, which has made efforts in the past. I'm thinking of the aluminum industry. In the past, it's adjusted its production method, its methods and processes. One billion dollars is being announced for this fund, but the businesses that have decided to change their production methods won't be able to obtain any of it.

Can you assure us this fund, which will be announced, will be fair for the industrial sectors that have changed their production methods so as to encourage those that have made efforts in the past rather than encourage businesses to change their production methods and to favour polluting industries so that they can then obtain money to realign themselves with the objectives.

I think there's something unfair there.

[*English*]

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

Mr. Manson, would you like to respond?

**Mr. Alex Manson:** Yes. I think the member asked a number of questions. I'll try to cover them—and if I don't, please remind me.

First of all, the clean fund does not deal with the emission reductions of those companies that would be covered by the large final emitter system. For instance, the clean fund wouldn't be involved with reductions from the aluminum sector, which are covered by the large final emitter system. The clean fund would be purchasing emission reductions or credits from companies or other entities on a project basis; so if a project reduces emissions, the fund would be able to purchase those credits, as was laid out in the budget documents yesterday.

With respect to one of the issues regarding Quebec, in the budget documents yesterday, it was noted that the clean fund could also invest in large strategic projects as the second of its two mandates. And listed under those strategic projects were improvements in the east-west electricity transmission system in the country. I think one of the areas where that might be applicable is the availability of hydro power in Quebec.

The third thing the clean fund can do is to purchase credits in the international marketplace, where the purchase of those credits would meet certain criteria, such as using Canadian technology or helping achieve other Canadian policy interests. So there would be no purchase of any so-called Russian hot air through the fund.

In regard to the issue of fairness, the fund will be a market-based mechanism. It is going to purchase the credits that people presented to it for that possibility of being purchased; so it will operate on market principles.

I believe that one of the other questions was whether the fund was going to be a foundation. The modalities of how the fund would operate are under discussion. No decisions have been made on that other than the three criteria that were specified in the budget documents yesterday afternoon.

● (1210)

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

Mr. Bigras, you have a couple of minutes left.

[*Translation*]

**Mr. Bernard Bigras:** My question now is for Ms. Riordon.

I was struck by pages 5 and 6 of your document. With regard to measures, you talk about large final industrial emitters, negotiations and certain principles. However, when it comes to sectors of the economy, you talk about voluntary agreements and regulation. It's as though you had two systems. For the major polluters, which are responsible for 50 percent of greenhouse gas emissions, you apply a voluntary approach. However, for the other sectors of the economy, including transportation, you even contemplate regulation, which isn't necessarily the case for the large industrial emitters.

How can you have two systems, one for the polluters, for which you don't consider a regulation in your brief, and a second for the other sectors of the economy, which might be subject to regulation? What's the explanation for these two different approaches?

[*English*]

**Ms. Sheila Riordon:** Thank you.

If I understood your question correctly, you're suggesting that for the large final emitters, we're not looking at a regulated system. In

fact, we are looking at a regulated mandatory system. That's what we've been working on and negotiating and discussing with the industry and provinces.

[*Translation*]

**Mr. Bernard Bigras:** Is the mandatory system restrictive? That's the question.

[*English*]

**Ms. Sheila Riordon:** Absolutely. It will be a mandated emission-reduction system that will be legislated.

[*Translation*]

**Mr. Bernard Bigras:** All right.

[*English*]

**The Chair:** I'm going to have to bring it to a close.

Did you wish to finish your answer, Ms. Riordon?

**Ms. Sheila Riordon:** Yes. I know I went very quickly in my presentation, and I apologize.

With respect to the approach we've taken for the large final emitters versus the rest of the economy, as I said, we needed to come up with something to achieve the objectives of reducing emissions across the country, obviously, but in a way that is administratively feasible. We chose the approach we did for the large final emitters because there is a defined number—a relatively small number—of large final emitters, and their emissions are significant in the economy.

With respect to the rest of the economy—the transportation, buildings, and so on—you're dealing with thousands and thousands of entities, so the approach for those sectors of the economy had to be somewhat different. We're using a combination of approaches in that area. Some of it is working voluntarily with Canadians to try to give them an incentive to retrofit their homes. Some of it is working with provinces to try to encourage them to put in place enhanced standards in the building sector, as an example, because they have the jurisdiction in that area, but we're trying to create the conditions, and I think we're really having success.

Among other areas, equipment and appliances is an area where the federal government clearly has jurisdiction. Indeed, we have put fairly stringent standards in place in that area, and we're looking at even enhancing those standards, both on products that aren't currently regulated, as well as on products that are already regulated, where we think we might be able to even improve the standards over time.

So it's a mixed approach, depending on the circumstances within the sector. It reflects, as I said, the structure of the economy, the structure of the various sectors, and does so in a way that does not undermine the competitiveness of Canada's economy.

● (1215)

**The Chair:** Thank you very much, Ms. Riordon.

Before we go to Mr. Wilfert, sometimes I'm sure it's missed in terms of our proceedings. On Mr. Bigras' question with respect to coming out of the budget, an analysis of existing programs would be important to the committee, because at the back of this process is we would like to make recommendations with respect to an effective Kyoto program or plan, so you can see where the committee is coming from in terms of that particular line of questioning.

I'll go to Mr. Wilfert, please.

**Hon. Bryon Wilfert (Richmond Hill, Lib.):** Thank you, Mr. Chairman.

I thank everyone for appearing today.

Mr. Manson, one of the key issues you raised in your presentation is the work of the Treasury Board Secretariat, and the whole issue of managing or developing an appropriate framework for the climate change file. The difficulty I know you experience, I'm sure, and certainly I have experienced, is there isn't a comprehensive framework of management for this file; I think you said somewhere between 12 and 15 different departments or agencies have their hands in it. Therefore, there is not one consistent voice. Everyone has a little piece of the pie. Some people actually think they have their hand in more than one, and sometimes that means there are many voices, not all of them singing from the same songbook at times.

Can you elaborate a little more on that issue, and can you provide any additional information with regard to where that process is at the moment?

**Mr. Alex Manson:** I'll start with your last question.

The process has been under way for a number of months. It's well under way, and I would hope we will be able to conclude it fairly quickly.

The process is coming up with a very clear framework or basis for all the work going on across the federal government. If you take all the programs and the departments involved in all those programs, there are about 240 separate pieces around the federal government. This framework Treasury Board is developing, with the help of all the departments, is going to show how all these things are linked together in the various streams of activity, whether it's mitigation or public outreach and education, the amount of funding being spent in each one of these activities, who's accountable for the activity, and the outputs expected from that activity, as well as assessments about how well they're doing against those activities.

With that many departments and activities, the other very important piece is Treasury Board is also looking at the governance structures in place for the various sets of activities. We're looking at how to refine and, in a number of areas, improve those, so we have a way of bringing all this together.

As I said, I would hope we will be able to complete this fairly soon, because it's very important in terms of our moving forward.

**Hon. Bryon Wilfert:** In terms of that importance, the Minister of the Environment has indicated that relatively soon we will have a more robust plan, building on the 2002 climate action plan. How critical do you see the completion of the Treasury Board work in terms of this plan?

To my way of thinking, without having a very clear framework and a more horizontal approach, the plan itself will have difficulty in that we still have all these departments, agencies, etc., out there and there is the issue of the coordination. In order for it to be executed with a real hammer, how are you going to do that?

**Mr. Alex Manson:** I think we can move forward on parallel tracks on some of the initiatives that were announced yesterday. At the same time, we are completing our evaluation of the ongoing program. For instance, we can certainly proceed in parallel on the development of options for the modalities of implementing the clean fund. If you will, it's a stand-alone piece. It does relate to a lot of the other activities, but it can move in parallel.

Also, the continuing negotiation of agreements with provinces and territories and the partnership fund can proceed in parallel with the evaluation of the programming. I wouldn't want it to be taken for a moment that we should not complete that evaluation as quickly as it can be done, but I don't believe it needs to be sequential in its entirety.

• (1220)

**Hon. Bryon Wilfert:** Not in its entirety, but there are some stand-alone pieces. It would be more helpful, presumably.

**Mr. Alex Manson:** Yes, presumably.

**Hon. Bryon Wilfert:** Mr. Chairman, we've concluded memorandums of understanding with Manitoba, Ontario, Prince Edward Island, the Territory of Nunavut, and, I believe, Yukon, and we are either close to or have concluded one with Newfoundland and Labrador.

**Mr. Alex Manson:** That is correct. We've basically concluded the negotiations with the latter two.

**Hon. Bryon Wilfert:** Each MOU, obviously, is different, and there may be certain annexes. Just for the benefit of the committee, tell us, what are we trying to highlight there? What are we trying to achieve in order to re-engage provinces and territories? What's the goal?

**Mr. Alex Manson:** Well, we're certainly trying to re-engage them or engage them as we move forward on climate change, because provinces, as my colleague Ms. Riordon mentioned several times in her presentation and in response to questions, hold a number of levers that are very efficient and effective at moving things forward. Building codes are an example. We want to work with all of the provinces and territories across the country to reach agreement on the things the federal government and a province can cooperate on.

Those are different, depending on where we are in the country, although there are some similarities. Energy efficiency pops up very frequently, as one might imagine, and adaptation does. We want those memoranda of understanding to identify the areas where we can cooperate with each other but equally identify areas where the federal government or a province or territory is committed to utilizing their authorities in areas where they're best suited to do that. If there are things the other party can do to help facilitate that... So they're very important vehicles in terms of moving forward.

**Hon. Bryon Wilfert:** I think Alberta, New Brunswick, etc., are engaged, though we haven't reached an agreement. Do you see that we will eventually wind up with agreements across the board?

**Mr. Alex Manson:** We will have agreements, I believe, with all provinces and territories. We are having discussions with our colleagues in Quebec; we've had a couple of meetings and have another one scheduled for next week. We've started discussions with Alberta, we started discussions with British Columbia yesterday, and we're going to be very busy over the next little while.

**Hon. Bryon Wilfert:** This is just a very quick question from a grade five student I met the other week. They saw Rick Mercer on television, they saw the one-tonne challenge, and they said, "So who marks the homework?" I said, "What do you mean?" They said, "Well, once we do what we're supposed to do, who checks the homework to see that we've done it? How do we report, if you will?"

**Mr. Alex Manson:** I guess the ultimate report card will come when we see our emissions going down in our inventory in a much more near-term gratification sense in terms of reporting. That would be self-reporting, because when people take the one-tonne challenge and sign onto a commitment on the one-tonne challenge website, they're to report the activities they are doing to move forward. We'll see the results of that in a very quantitative manner in the years ahead when we see how emissions are shifting in those areas where individuals are responsible for them.

**The Chair:** There's just a couple of minutes left in the round.

Mr. McGuinty, if you could, just put it in; I will come back to you.

**Hon. Bryon Wilfert:** I'm always willing to share my time, Mr. Chair.

**The Chair:** I would suggest that we get that straight up front, Mr. Wilfert. We're almost at the end of the time now.

Mr. McGuinty.

• (1225)

**Mr. David McGuinty (Ottawa South, Lib.):** I just want to pick up, Mr. Chairman, on a couple of points made by my colleague, Monsieur Bigras from the Bloc. It's just to remind the committee members, the witnesses, and those in attendance that the Kyoto agreement was written, rewritten, and redrafted. As an original participant in the drafting of the Kyoto Protocol, I can speak from experience in 1992 in Rio de Janeiro, representing 27 island states, Mr. Chairman.

The Kyoto Protocol is based on the notion that there should be mid-course corrections, there should be mid-course corrections based on emerging science, and there should be mid-course corrections based on the notion of managing one's plans at the nation-state level. So the notion that somehow this isolated nation state called Canada should have a 110% galvanized plan in place is ridiculous. That's why we're investing so heavily as a government and why we're revisiting, refining, and strengthening the operationalization of these measures, Mr. Chairman. There is no inconsistency. "Stay tuned" is the advice I would lend to my colleague—stay tuned—and I think a country that did not revisit and strengthen its plan would be an irresponsible one, Mr. Chairman.

Now, with respect to the province of Quebec, Mr. Chairman, and the \$1 billion fund, I'm very happy to see there is discussion at the table here about the notion of Quebec fully participating in the \$1 billion fund. Once again, the national government of Canada has created financing arrangements that will help all provinces, including

the province of Quebec, achieve their negotiated greenhouse gas reductions.

I'd like to table a question with the speakers today, Mr. Chairman, because I'm probably out of time.

**The Chair:** Yes, Mr. McGuinty, you're at the end of it.

**Mr. David McGuinty:** I want to ask them to address the question of North American participation. It's fine that we are moving forward in a wonderful, multilateral, good-corporate-citizen way to reduce our greenhouse gases, but 86% of our exports are to the United States. We have a fully integrated energy market. Is it possible—here's the question—to devise a final plan without considering NAFTA and a North American response to greenhouse gas reduction targets?

**The Chair:** We're going to have to leave that sitting rhetorically out there for the moment. You can possibly incorporate it into some of your responses, but we're now going to Mr. Cullen.

Mr. Cullen.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair.

I might incorporate it into part of my questioning. I'm not sure who's actually on the witness stand. Certainly the committee's here not to seek apology, but I am quite surprised, and somewhat to the point of being offended, that I didn't hear a presentation this morning seeking some sort of forgiveness for the fact that we don't have a plan after the date has gone past us. The reason I'm using this type of language is because of this uncertainty that's being created and the budget we've just seen. While you may feel there are some good concessions in it, I have a number of questions that create an uncertainty within the business sector, within the public policy sphere, and among Canadians in general.

I'd be curious about how many Canadians have signed on to the one-tonne challenge. Based on not having any analysis of the effectiveness of our climate change work to this point, I am left with an enormous amount of distrust and uncertainty about what the government has or hasn't done. The fact that Kyoto was not mentioned in the budget speech yesterday, to my hearing, is striking. It must have been clearly an oversight by the minister and a typing error in the PMO. To miss such an important word in such an important week is incredible and leaves me with even greater suspicion.

So I have a question for Mr. Manson—or it might be Ms. Riordon on this one. I doubt our determination with respect to our engagement with both the auto and LFE sectors in reaching some sort of negotiated settlement. I'll take an example I've used before in committee: that in the U.S. it wasn't until the EPA was able to establish the hammer—or the stick, if you will—of mandatory requirements for vehicles to establish what type of fuel efficiency they had that the auto sector eventually came on board and then made it part of their marketing package.

Do we have a drop-dead date on these negotiations with auto and with the LFE? I'd be surprised if we entered into a negotiation with such an important group without establishing when we're going to finish these long-drawn-out negotiations.

I'm also stunned that we're arriving at this point as if this is a new dawn and a new day. We've had years upon years to work on this. There's been this spoken tension between Environment and EnerCan, with EnerCan being one of the major barriers to progressive environmental action.

My second question is with respect to trust and transparency. I'll go back to Madame Gelin's report to us—which I'm sure you've read—of last year, reporting on years prior: that we need to make better use of decision-making and public policy tools to support environmentally sound development, more consistently measure the results of federal efforts so that all Canadians can assess what is being accomplished and what remains to be done, and do more to ensure effective accountability for results.

My question goes back to Mr. Bigras'. I have little trust in the foundation set-up this clean air fund is meant to do. Will it have oversight? Will you encourage it to have oversight by the Auditor General's office so that Parliament can actually look into what programs are being funded? Do you plan for this to have an analysis we actually understand showing that when we spend a dollar it actually leads to an emission reduction?

My very last question is to Madam Riordon, with respect to the general paradigm you presented and the extraordinary frustration I have with such an antiquated one. I'm hearing this from government now, that the reason our emissions are up is because our economy has been doing so fantastically. My question then becomes: let's just admit now that there is absolutely no chance of meeting Kyoto, because with all due hope we would imagine that our economy would continue to grow, and under your paradigm, if the economy does well, then clearly pollution must increase as well. I'm very surprised that we remain in this paradigm of the economy-versus-the-environment debate, with people who are solely....

My last question, to Mr. Manson, if this is true—and if it's not, please correct me—is with respect to who holds the bag on this. I want to know who to blame or who to congratulate when 2010 or 2012 comes around. Is it yourself, or is it the minister—and if so, which minister—when we do or don't meet our targets? Where some of us find the frustration in this committee is in there being no certainty. The presentation glibly remarked that not having a plan here, we should just stay tuned. We've been staying tuned, and we've been getting promise after promise of a plan to come forward, which creates an enormous amount of uncertainty in the oil sector and other sectors, without the government showing any chutzpah at all.

I'm not sure how that will be translated, and it doesn't matter.

I apologize if my rhetoric was too long, or my questions too long, but I would very much look forward to some clarity on what I saw was a very thin presentation—and I'm being as polite as I can.

● (1230)

**The Chair:** You have four questions: the one with respect to an update on the large emitters; on the oversight provisions; I guess on the general paradigm not working, and how we're going to change it; and on who holds the bag.

There are five minutes for all those responses. Perhaps Ms. Riordon would like to start off, and then we'll go to Mr. Manson.

**Ms. Sheila Riordon:** Thank you for that comprehensive list of questions. I'll take a stab at responding to most of them.

First I'd like to comment on your concerns about the lack of analysis of the effectiveness of programs. I know this has come up in different contexts around the room this morning. I'd just like to clarify things for you because I don't want you to be left with the impression that everything is hanging on this Treasury Board Secretariat process in terms of us actually starting to look at the effectiveness, etc.

Natural Resources Canada runs a number of the programs around climate change, largely for the reasons I explained in my presentation. Eighty-five percent of emissions come from the energy sector, and as a result it's an area where we have a great deal of expertise.

We are constantly monitoring, constantly analyzing our programs. We're constantly trying to put in place mechanisms to see what's working and what isn't working. We have experts right across the department who are on the ground working with industry, working with partners across the country, working with Canadians, working with provinces. We are undertaking analysis of these programs as we develop them and as we unfold. We have already done a great deal of work that is feeding into this Treasury Board process.

I just want to assure you that this analysis—

**Mr. Nathan Cullen:** If I could interrupt just for a second, the problem with this statement, while it sounds nice, is that we're hearing from the Auditor General's office, we're hearing from the people who analyze your department in terms of your effectiveness, and what they're saying is absolutely contrary to that point. They are saying that there hasn't been effective analysis and there's been a call for it year after year in the management practices.

So while I hear your words, I have Madam Gelin's coming in front of us saying the opposite. I have to tell you, when push comes to shove, I'm going to trust the auditors.

● (1235)

**Ms. Sheila Riordon:** I'm not sure if perhaps.... And I apologize if I'm misinterpreting what you're saying. I know there are criticisms by the Auditor General of the fact that some money for climate change is being channeled through arm's-length organizations. I know there are issues around that, which we can come back to later.

With respect to the programs in NRCan, we have very stringent frameworks for monitoring and evaluating our programs. We table a report in Parliament every year on energy efficiency, on the progress of our energy efficiency activities, etc. I thought I had a copy of it here, but I don't have it at my fingertips.

We do a report on the progress of those programs. I don't want to belabour the point; I just want to give the committee comfort that we're not just out there spending money left and right. We have very rigorous requirements under which we operate. We are analyzing them. We are, I think, to use one of the member's comments—

**The Chair:** I wonder if I can interrupt. The large emitters—that was a question from Mr. Cullen. Could you address it please? I think we would like that.

**Ms. Sheila Riordon:** Yes. With respect to the large emitters, actually you raised a question around the drop-dead date for negotiations with the large emitters as well as with the auto sector. We have, I believe, made a great deal of progress on both of these fronts. Negotiations are at a very intensive stage right now. I am hopeful that there will be final decisions and announcements in both of these areas in the very near future, because, quite frankly, the commitment period begins in 2008. In order for us to get the results we are hoping to achieve in the commitment period between 2008 and 2012, it's critical for us to have decisions on those very soon. I'm hopeful that this is going to happen.

**Mr. Nathan Cullen:** So that's a no.

**Ms. Sheila Riordon:** You also asked the question about mandatory versus voluntary. I think that was with respect to the auto sector. We've had actually a great deal of success with the auto sector in the past in terms of working with them in the context of voluntary agreements. Our objective at the moment is to negotiate a deal with them. As I said in my presentation, we're quite confident we're going to get there.

What we're trying to do is come up with a voluntary agreement that provides the industry appropriate flexibility to make the changes in as cost-effective a manner as possible and at the same time achieve the objectives that we have set out. We also want to do it in a way that's as cost-effective as possible for the government. Putting in place regulations is not without cost. It's a lengthy process. And it needs to be timely; we want to get an agreement in place soon because we want those—

**Mr. Nathan Cullen:** And that agreement will have a 25% reduction over a given period of time. So if we go back to Mr. Watson's riding, we can give to the auto sector some certainty about what their lines are going to look like. The words are nice.

I want to move over to Mr. Manson in terms of who is holding the bag. And this paradigm that you talked about, not to worry about our pollution increases because our economy has done so well, I expect our economy to continue doing well, which blows Kyoto completely out of the water. Let's just admit it and get on with it.

**The Chair:** We won't get to Mr. Manson if we don't limit it.

**Ms. Sheila Riordon:** But I would really like to answer that question, if you wouldn't mind.

• (1240)

**The Chair:** All right.

**Ms. Sheila Riordon:** There's no question that this is a challenge. We want our economy to grow, we want to maintain our standard of living, we want to ensure that we're competitive vis-à-vis the United States, etc. But we have made progress. The economy has grown by 40%, as I mentioned in my presentation, while our emissions

improvement, as I mentioned also in my presentation, has significantly improved as well.

What is really key going forward, to try to de-link the economic growth from the emissions growth, is technology. It's transforming the energy economy. That's why we are beginning to invest in technology. That's why the government has announced a sustainable energy science and technology strategy whereby we want to work with experts and with people in the know in the technology, in the innovation cycle, to determine where Canada's priorities are, where our niches are, where we need to be cooperating internationally, because in the long term, you're right, this is a challenge and that's where we have to make progress. That's why we're—

**The Chair:** The chair is going to have to bring that to a close.

Mr. Manson, and even Mr. Cullen, we'd be interested in your answer, but I think we're going to have to go on now.

Mr. Watson, and then we'll go back to Mr. Paradis.

**Mr. Jeff Watson (Essex, CPC):** Thank you, Mr. Chair.

I wish I had a lot of time to ask questions here today. I want to set the stage first, as I'm reading all of these presentations for the first time instead of being able to study them well in advance.

Let me paint the picture of what I read in these reports: no defined quantitative criteria for regulatory purposes; environmental assessments not consistently applied across departments; senior bureaucrats not receiving proper directives; earmarks with little spending; review mechanisms being rushed to creation after money has already been allocated or flowing, not before; no means of fully assessing program efficacy; and ongoing negotiations with sectors without the context of knowing our exact Kyoto position by objective analysis.

I could go on and on. I'm starting to get a little frustrated here.

Ms. Riordon, you said that the impacts have not been fully felt. I can say that the negative ones have. We're 30% above our emissions reductions. That's a definite negative. We're now in a sense of rushing to do something.

I think it's important for Canadians to have buy-in and for members of Parliament to have buy-in on an implementation plan for Kyoto. We have to have an honest accounting of what went wrong along the way, how we got to where we are, before we can ever really fully design what an implementation plan has to look like for the future. A mid-course correction would somehow imply that we've had an understanding of what course we've been on.

I'm not sure we've had a transparent accounting of how we've gotten to where we're at.

I'd like an answer after each one. This has to do with program allocation versus spending. I'll just start with Mr. Manson's report, on the science impacts and adaptations.

You say that since 1997, \$145 million has been earmarked for international efforts to improve climate science. How much of that has been spent?

**Mr. Alex Manson:** Virtually all of it.

**Mr. Jeff Watson:** On international leadership, \$200 million has been earmarked. How much has been spent?

**Mr. Alex Manson:** Virtually all of that has been spent as well.

**Mr. Jeff Watson:** Why are we using the word “earmarks”? Why aren't we talking in terms of more forceful language, that it's been spent? There's a difference between earmarking and allocating and actually spending.

You say the Government of Canada has earmarked nearly \$100 million for public education and outreach. How much has been spent?

**Mr. Alex Manson:** On that one, all but \$15 million has been spent, I believe.

**Mr. Jeff Watson:** Over \$720 million has been earmarked for technology and innovation. How much of that has been spent?

**Mr. Alex Manson:** I'd have to get back to you on that one. I'm not absolutely certain on that.

**Mr. Jeff Watson:** Okay.

On domestic policy, \$120 million to a host of policy development and reporting efforts under the national climate change process. How much of that has been spent?

**Mr. Alex Manson:** About \$100 million.

**Mr. Jeff Watson:** And we're 30% behind where we're supposed to be. That's interesting.

When did they start negotiating the memorandums of understanding with the provinces? What year?

**Mr. Alex Manson:** In 2003.

**Mr. Jeff Watson:** Okay.

When was Treasury Board given a mandate to develop this coordinated management framework? When were they given that mandate? Does anybody here know that?

**Mr. Alex Manson:** It was in 2003. I'm trying to remember what month it was.

**Mr. Jeff Watson:** I have a report here, November 2003.

We signed on to Kyoto in 1997. We supposedly had a skeletal action plan in 2002, and we're three years from the reporting period. That makes your job really tough, obviously. I'm not sure my criticism is necessarily for bureaucrats, but it's certainly for this government for dragging its heels for a long time. Somebody is going to wind up paying the price at the end of all this.

I'm not sure whose report this was here—it might be Mr. Manson's again—but it says 18% of the funds have gone into foundations. Do we have any clear accounting of how that money has been spent? Eighteen percent of \$3.7 billion is a lot of money. How has that been accounted for?

How much time do I have left?

• (1245)

**The Chair:** I think we're just about out of time, Mr. Watson.

Can I suggest that—

**Mr. Jeff Watson:** Can I—

**The Chair:** If you would just allow me to finish on behalf of the committee, I think what Mr. Watson is trying to get a handle on is that he wants to know the effectiveness of the existing allocations—how much has been spent and what the accomplishments are. I wonder if you could make that available to the committee, rather than taking the time....

You have one minute left, Mr. Watson, but I think we could get that information.

**Mr. Jeff Watson:** Thank you, Mr. Chair.

Can I provide some information to them for that report? There are a couple of other questions I'd like them to answer.

**The Chair:** Let's make it quick.

**Mr. Jeff Watson:** I will make it very quick.

I'd like to know how many programs have been cancelled for poor performance with respect to reaching our Kyoto objectives. How many reallocations have occurred to better-performing programs, and what are those better-performing programs?

I'd like to see that in order to be able to evaluate how we've gotten to where we are, and in order to look ahead to what the next implementation plan—or the “real implementation plan”, as I like to call it—will actually look like.

Thank you.

**The Chair:** We're out of time now, but Ms. Riordon, you wanted to again shoehorn something in there. Could you make it very brief, please?

**Ms. Sheila Riordon:** You asked some questions about technology and the amount of money spent. We believe around 25% of the allocation has been spent.

You also raised the question about arm's-length funding. I know with respect to SDTC—Sustainable Development Technology Canada—they have had five funding rounds. They've allocated \$89 million to 46 projects.

You raised the question around accounting. We have been working with SDTC and have signed new funding agreements. In those funding agreements we have attempted to address some of the concerns around transparency and auditing and so on. There have been a number of new clauses inserted in those agreements to allow for independent audits of financial statements.

I just wanted to mention that for the record.

**The Chair:** Thanks, Ms. Riordon.

We'll have to go now to Mr. Paradis, please.

[*Translation*]

**Mr. Denis Paradis (Brome—Missisquoi, Lib.):** Thank you, Mr. Chairman.

My questions and comments are first for Ms. Riordon. On page 5 of your presentation, you state:

... that ensures that Canadian companies are not placed on a competitive disadvantage given that the United States, our main economic partner, has not ratified the Kyoto Protocol.

However, we know that the United States accounts for approximately 35 percent of greenhouse gas emissions. We also know that a number of U.S. states, such as California, have taken measures in one other field or another. We also know that there's a bill before the U.S. Senate and House of Representatives called the Climate Stewardship Act, a bill that was rejected by the Senate on October 30, 2003 by 55 votes to 43. So it was quite close. I'm told the bill was reintroduced on February 10 of this year.

Is someone in your organization regularly monitoring what's going on in the United States at the federal level and in each of the states? This is important because we all live in the same America, and when you talk about greenhouse gases, it's also important on both sides of the border. In fact, there is no border in that case, given the importance of the subject.

Second, you mentioned the building sector on page 6. I've raised the question at other meetings of our committee. There's still a problem with the government's general regulatory framework. In my riding, Brome—Missisquoi, there's a company that wants to install solar panels. Those panels, which are installed on the roofs of buildings, are used to heat water. The Canadian government's current policy apparently doesn't cover this. It has to be electricity from a renewable source. But these panels aren't producing electricity.

Is there any way of adjusting our regulatory framework so that energy produced by solar panels to heat water is as acceptable as wind energy?

Third, on page 7 of your presentation, you discuss the transportation sector and automobiles. I don't know anything about it, but you say that there are negotiations and that everyone is in good faith. I get the impression that things aren't going quickly, that people have been negotiating for a long time in the automotive sector and that they're not coming up with specific projects.

Shouldn't there be a draft settlement? When you put a draft settlement on the table, it's not necessary to adopt it for the other party to know at least where things are headed. Sometimes it has the effect of forcing negotiations to a quicker conclusion. If you say at one point you intend to submit a settlement, if the negotiations don't come to a conclusion, it seems to me that can help advance the negotiations.

Fourth, we know that trees absorb greenhouse gases. So I think it's important for us to have the largest possible number of trees in Canada. In Quebec, the federal Department of the Environment has just assisted in the transfer of Parks Canada. In the area of parks, I believe Quebec is in a deficit position: it lacks parks compared to the other provinces. The other day in the House, I asked that the Bloc Québécois support us on this matter so that we could get more from Parks Canada. The Bloc Québécois always says that Quebec must have its share. I'm demanding its share of parks, and I ask that Parks Canada parks be created in Quebec.

Thank you, Mr. Chairman.

• (1250)

[English]

**The Chair:** There are four questions there. Who'd like to start?

Ms. Riordon.

**Ms. Sheila Riordon:** With respect to your first question, on what's happening in the United States, perhaps I can also respond to a question that was raised by one of the other members around the table.

We certainly do monitor what's going on in the United States very closely, both at the federal level and at the state level. I want to make sure I didn't mislead you, but in my presentation I said we have attempted in Canada to design a plan that ensures we don't put Canadian companies at a competitive disadvantage vis-à-vis the Americans, given that they have not ratified the protocol.

That being said, not only do we monitor what's going on in the United States, but we work with the United States government in a range of areas that are environment and climate change oriented. For example, we have a memorandum of understanding with the Department of Energy in Washington whereby we collaborate on technology. We also work very closely with them on energy efficiency issues around labelling, standards, and so on. So there's a whole range of areas where we collaborate with them, and where we are working to enhance the environment in North America more broadly. Mr. Manson may want to comment further on that side.

On the question you raised about buildings, perhaps we could follow up with you on that one. I don't know the particular circumstances you were describing. We do have what's called REDI, the renewable energy development initiative, which does cover space heating and the like. But I don't know for sure whether it's something that would apply to the kind of situation you're talking about, or whether the clean fund would apply to something in that area. I think we need to know a little bit more about the specifics of that issue.

[Translation]

**Hon. Denis Paradis:** The Canadian government's purchasing policy states that the emphasis must be placed on electrical energy production from renewable sources. The operative word is always "electricity", but electricity from a renewable source. However, a solar panel does not produce electricity, but it's nevertheless a system that can heat the water in a large building. So the idea would simply be to adjust our Canadian policy to expand the definition of renewable energies to accommodate everyone.

[English]

**The Chair:** Mr. Paradis and Ms. Riordon, there was also the forest absorption issue, and the one Mr. Paradis was interested in more specific to solar panels—why they cannot be, under any of our programs, included in addition to an energy source other than solar.

I'm going to have to bring this to a close on behalf of the committee. I'm sorry, but we are out of time. We have a motion the committee would like to deal with.

I'd like to thank you for being here today. You can see that the committee is interested in having a very firm handle on where we are and how we're going to get to where we need to be. All of those questions were to attempt to extract the kind of information that would help us be much more definitive and accountable as a committee. So we appreciate your being here today, and we thank you for the intercessions you've made.

We'll now go to the motion. Mr. Mills is not here, but we understand he's given permission to deal with this in his absence. Is that okay?

•(1255)

**Mr. Jeff Watson:** That is correct.

**The Chair:** Good.

Mr. Watson has moved the motion.

Mr. Watson, would you like to speak to it? Then we'll deal with it.

**Mr. Jeff Watson:** Yes. I think it's pretty self-explanatory: "provide external performance audits on environment related government foundations such as SDTC". I think we heard today about 18% of funds being allocated to foundations. We heard that only \$89 million in agreements have actually been concluded under SDTC for 46 projects that have some amount of scrutiny. The reality is that none of those have parliamentary scrutiny in a direct way. Even if you take it on face value, it's a very small percentage of the hundreds of millions that have been allocated.

So I think it's a self-explanatory motion that we'd like to have the Auditor General have greater scrutiny on behalf of Parliament, in an independent fashion, to establish the actual performance of programs like this.

**The Chair:** Mr. McGuinty.

**Mr. David McGuinty:** Just a point of clarification, Mr. Chair.

The committee members know that all of these foundations are presently being audited—correct? The question I'm trying to get to is, is the Auditor General actually mandated to conduct a performance audit? Because by my understanding of the four corners of the statute that actually creates the AG's office, the Auditor General is not permitted to conduct what are called performance audits. In fact, that is the responsibility of the Treasury Board.

**The Chair:** Mr. McGuinty, you're raising a question the chair doesn't have an answer to. I don't know, perhaps our researcher can.... No, he hasn't got an answer to that.

**Mr. David McGuinty:** I'm raising it, Mr. Chair, because I'm just trying to get to whether or not, in fact, this motion is void *ab initio*, as they say, because it may not even be that the Auditor General's actually mandated to conduct what's called a performance audit, because a performance audit is a very different question.

**The Chair:** Okay.

**Mr. David McGuinty:** You're talking about value for money propositions...the kinds of questions Mr. Watson asked earlier, which I thought would be well dealt with at other standing committees. This is not the environmental audit committee, after all.

**The Chair:** Mr. Watson.

**Mr. Jeff Watson:** Mr. Chair, with all due respect, we had a similar motion passed through the House with respect to, I assume, other government programs that would fall under.... So if that had been out of order, then I'm not sure why this, in terms of applying to specific departments now, at specific committees, would somehow be out of order.

**The Chair:** I'm not ruling—

**Mr. Jeff Watson:** Not within our purview.

**The Chair:** —it out of order, we're just raising questions with respect to whether the wording is what you're trying to get a handle on.

**Mr. Jeff Watson:** I think it is consistent with what Parliament has already addressed by means of a motion, and that was not ruled out of order, Mr. Chair.

**The Chair:** Let me just clarify, Mr. Watson. The chair isn't even considering ruling it out of order. The question was raised whether it's a performance audit and whether it comes under the Auditor General or whether it comes under Treasury Board. I don't have the answer to that as chair.

The committee also will have to determine whether that question is relevant to dealing with the motion, but we don't have a question before us of declaring it out of order.

Mr. Jean, did you wish to speak?

**Mr. Brian Jean:** I was just going to speak on the Auditor General and her purview. In essence, my understanding is that she can set external performance audits. She can't comment on the criteria of the audits, but she can set the performance itself and whether or not the department is reaching those sets of guidelines or the performance itself. She can't comment on it.

**The Chair:** Mr. Wilfert, then Mr. Cullen.

**Hon. Bryon Wilfert:** Mr. Chairman, I think Mr. McGuinty's comments lead us to the fact that we need a lot more information before we vote on it. I think it would be helpful to have that, and then obviously we'd be more than happy to deal with it.

I'm not quite sure what we mean by performance audit. If we could get some clarification and then bring this back for the next meeting, we can deal with it at that time.

•(1300)

**The Chair:** Just so that I understand, Nathan is the next speaker, but your suggestion is that research have a look at it, in terms of the question raised, and then bring it back for the next meeting?

**Hon. Bryon Wilfert:** I think it would be a reasonable request to get all the information so that at least we all know what we're voting on, and then I'm more than happy to deal with it. I think, Mr. Chair, without all of the facts on the table, and whether or not it's within the purview of this committee to even vote for that, it's not very helpful.

**The Chair:** Mr. Cullen.

**Mr. Nathan Cullen:** The only thing I would ask for research on is just a little bit more specificity on.... It's a little in the broad spectrum right now. What is an environment-related government foundation? It could be just about anything.

I agree with the motion in terms of the direction. It was passed through the House. This is in line with that, and I would look forward to that, particularly with the questions and comments we had today in committee. I mean, I'm prepared to support it with a little bit more information supplied.

**The Chair:** Okay. I'm just trying to facilitate putting the question in its appropriate form on the basis of what the committee wants to see happen. If there is a referral, and it has been moved as a referral to research, Mr. Cullen is suggesting further that a definition of what government foundations are, vis-à-vis environment, and also what the definition of a performance audit is. Those are the two questions that would be part of the referral.

Does anybody else wish to speak?

Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras:** Mr. Chairman, I believe the motion we have before us and that we're studying was first adopted by other committees. This isn't new; it's not specific to this committee. The motion was previously introduced in other committees, and I believe the audits were conducted.

I think it's important—and this is the purpose of this motion—that the Auditor General be able to conduct external performance audits in foundations. This is particularly important with regard to the environment. Why? Because the federal government, you will recall, decided to sell the shares of Petro-Canada, to use the money from that sale and to put it into foundations, which have been criticized by the Auditor General on numerous occasions.

I recall that Mr. Cullen has often been troubled by the money used by these foundations. I think this is a very valid motion. I ask you to put it to a vote immediately.

[*English*]

**The Chair:** That was to be the final speaker. Now we have Mr. McGuinty.

**Mr. David McGuinty:** That's wonderful, Mr. Chairman.

I'd like to know which committees. I'd like to see the wording of the committees. I'd like to reconcile the wording here with the wording in the House of Commons.

I'd also like to ask research two more questions. I'd like to find out what the import of this is in terms of the Auditor General's responsibilities. Is it in the purview of the Auditor General to conduct such performance audits? And not only what do they look like, but are they in the mandate of the Auditor General to do such?

Furthermore, I think it would be good for members to know whether or not there are other government bodies already performing such types of audits, including the Treasury Board. If that's the case, I'd like to know how the grapple grommets proposed here connect with the grapple grommets of other government machinery conducting such audits.

If it were so clear, and if anyone has the precise wording of the House motion or other committees' motions, I'd love to see it.

**The Chair:** Mr. Paradis, you're the final speaker.

[*Translation*]

**Hon. Denis Paradis:** Mr. Chairman, I wonder whether it's the Auditor General who should do that or whether it's the environment commissioner, who shares the Office of the Auditor General. If we ask someone to conduct an audit, perhaps we could ask him to see to whom this should go.

I side with those who say we should postpone the vote on this until we've gotten some answers from our researcher.

[*English*]

**The Chair:** This is the purpose of the referral, to cover the points I have already mentioned—in addition to that just mentioned. Whether it is in the Auditor General's purview is what research would attempt to.... Are there any other entities charged with this responsibility—i.e., Treasury Board—and what is the role of the commissioner of the environment? Does that relate to this particular issue of performance audits?

You've heard the amendment. That is the purpose of the amendment, to refer it to research. And I believe it was for the next meeting of this committee to review those.

• (1305)

**Mr. David McGuinty:** Yes.

**The Chair:** All right, thank you.

I'll put the amendment first, then we'll go to the main motion.

(Amendment agreed to [See *Minutes of Proceedings*])

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** Thank you.

Members of the committee, we are at the end and we will adjourn.







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