



House of Commons
CANADA

Standing Committee on Environment and Sustainable Development

ENVI • NUMBER 029 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Tuesday, April 5, 2005

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Chair

Mr. Alan Tonks

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• (1530)

[English]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Ladies and gentlemen and members of the committee, we have the second meeting for today.

We have to stop meeting like this. We really enjoy each other's company, but if we I won't go any further.

I'd like to welcome the minister here, along with his two associates.

Pursuant to the Standing Orders for this 29th meeting of the standing committee, it's a study on Canada's implementation of the Kyoto protocol, part II, a lower carbon energy supply.

We have the Honourable John Efford, Minister of Natural Resources. With him from the Department of Natural Resources are Mr. George Anderson, deputy minister, and Mr. Howard Brown, assistant deputy minister, energy policy sector. Thank you for being with us.

We usually have about ten minutes for a presentation, Minister, and then we go in the order of parties—ten minutes of questions and then a five-minute back-and-forth from the opposition to the government side, and so on.

With that, perhaps we'll get on. And thank you for being here a little early. It's most unusual, Minister. We're used to the ministers coming in at the last minute. Thank you for being here.

Hon. R. John Efford (Minister of Natural Resources): As my deputy just said, I'm on Newfoundland time.

The Chair: Well, is that a Newfoundland tan?

Hon. R. John Efford: You have to visit; the weather is perfect.

The Chair: There was some speculation it was rock burn. I'm not sure what they were talking to. We'll leave it at that.

Thank you for being here.

Hon. R. John Efford: Thank you, Mr. Chair.

As you've already said, I'm joined by my deputy minister, George Anderson, and my assistant deputy minister, Howard Brown.

I want to thank you, as chair, and committee members for my opportunity as Minister of NRCan to come and respond to your questions on my department's climate change activities. Natural Resources, of course, is a key player in the government's overall agenda for sustainable development.

We pursue three broad objectives: economic growth, environmental stewardship, and social stability. We take each of these very seriously. Because of the nature of our sector, no other department or agency in the federal government has a bigger stake in the effective implementation of sustainable development practices.

Our business is the resource industries that account for nearly 13% of Canada's gross domestic product. That's nearly four times the value of the telecommunications, electronics, and computer industries together.

We administer some of the most successful green programs and initiatives in the government, which I'll be happy to talk about in a few minutes.

We are focused on the industries that often provide the only jobs in hundreds of communities right across this country, often in the most remote regions of the country. These jobs provide the foundation for social stability in these communities. So when Canadians think about this department, they should not just think in terms of energy, mines and forestry; I want Canadians to think of us as the department of environmentally and socially sustainable economic development for all of Canada.

Let me say that I am proud of our achievements in recent years in promoting sustainable development. We have built up a lot of momentum; we have laid the groundwork for future action. I want to talk to you about these successes today and to offer some views on how we need to move forward from here.

But first, I think it's important to take a step back and look at the enormity of the challenge we are dealing with. Ultimately, while the solutions must be forward-looking, they must also be realistic. Clearly, climate change is the number one sustainability challenge of the 21st century. At the heart of the problem is energy. Over 80% of emissions come from energy production and use. But the challenge is that without significant policy change, global energy use is projected to increase by almost 70% in the next 25 years or so, and over 85% of this will come from fossil fuels.

What does this mean for Canada as an energy-producing country? Forecasts suggest that our energy production will grow by over 40% in the next 15 years alone. We are expected to have the largest production growth of any OECD country. This is good economic news for Canada. Our challenge, of course, is to reap these economic benefits in an environmentally responsible fashion.

The Kyoto framework, while it may not be perfect, provides a solid basis for us to move forward in addressing this challenge.

While the challenges are enormous, we cannot lose sight of the huge progress we are making. When one looks back not so many years ago, the climate change issue was hardly on the radar screen. Today, companies and Canadians all across Canada are becoming engaged with it and are looking to do their part. In no small way, this is the result of the actions this government has been taking, most of which have been implemented by my department.

Our strategy has been in three broad thrusts: promoting cleaner fossil fuel production; improving efficiency and energy use in homes, industry, or the transportation sector; and encouraging alternative energy sources. Time does not permit me to elaborate on our success in all these areas, but let me single out a few examples.

First, let me talk about autos—what all of you have been waiting for. This morning, my colleague, Stéphane Dion, Judi Longfield, chair of the auto caucus, and Jerry Pickard, PS to Minister Emerson, and I were in Windsor, Ontario, for the official signing of an agreement with the Canadian automotive industry, which will result in an annual reduction of greenhouse gas emissions from cars and light trucks of 5.3 million tonnes by 2010.

This is a major accomplishment. As many of you know, emissions from this sector already account for about 12% of all GHG emissions in Canada and about half of the average Canadian's personal emissions; hence, the need to make and drive vehicles that are more efficient and produce less greenhouse gas emissions.

The government is particularly pleased to have the industry commit to this target voluntarily. The automotive industry has a good track record of establishing and meeting voluntary agreements with government in Canada. This agreement is a good example of how industry and government can work effectively together.

Another success story dates back to before the term “sustainable development” was ever coined.

● (1535)

The Canadian Industry Program for Energy Conservation has been around for 30 years. Its network includes 47 trade associations and more than 5,000 companies. In 2003, CIPEC partners avoided 27.8 megatonnes in greenhouse gas emissions, relative to 1990, through improved energy management.

I alluded earlier to programs to improve energy efficiency in buildings. We are particularly pleased with the progress we are making with the EnerGuide for Houses retrofit. This has been a highly successful program. Every month, over 6,000 evaluations for energy efficiency are being performed. The program then offers grants for people who improve the energy rating of their houses. The recent budget included \$225 million to quadruple the number of retrofitted homes to 500,000 homes.

Our efforts in promoting alternative fuel sources are paying off. We have made significant advances in wind energy. In fact, wind power is the fastest growing form of energy generation in Canada. Through the wind power production incentive we are reaching our goal of quadrupling wind power capacity to 4,000 megawatts. That is enough electricity to power more than a million Canadian homes.

In 2003 we launched a \$100 million ethanol expansion program. We've funded the construction of six new ethanol plants that will produce some 650 million litres of fuel ethanol. We're just beginning the second round of funding now.

For two decades my department has been supporting the development of hydrogen and fuel cells. At the beginning, the technology seemed like a long shot, but we invested some \$200 million over the years. Now it looks as though it may well provide an important key to reducing greenhouse gas emissions, and we recently committed another \$215 million to demonstrate and to commercialize. For the 2010 Olympics, we will help design, build, operate, and test the world's first hydrogen fueling infrastructure on the highway from Vancouver to Whistler.

While improving efficient energy use and looking for alternative forms of energy are critical aspects of our plan, the reality remains that fossil fuels will be the dominant energy source and the economic driver for decades to come. For these reasons, we have devoted considerable attention to research and development and technologies aimed at producing cleaner fossil fuels.

As an example, the department has been a pioneer in developing technologies to store carbon dioxide. Last September, the International Conference on Greenhouse Gas Control Technologies concluded that the geological conditions at the Weyburn oil field are favourable for storing CO₂ for the long term.

Taken together, these programs and a multitude of others that I do not have time to mention represent a considerable legacy of achievement. Frankly, we have accomplished so much because of the spirit of partnership and cooperation with stakeholders.

But where to next? We are still only at the beginning of a very long journey. Our strategy will need to evolve as we move forward, as we learn more from our experiences, as we receive input from various sources, and as we assess international developments.

I am hopeful that in the very near future we will be in a position to announce refinements to our strategy. I have been working closely with Stéphane Dion and other colleagues on our plan over the past few months. Since the plan has not yet received cabinet approval, it is not appropriate for me to talk about the specifics today. However, I would like to share some of the fundamental principles that will be critical as we move forward.

Firstly, we must build on the successes we have had to date. That does not mean the status quo with all our existing programs. What it means is assessing them and building on those with the greatest potential.

Secondly, it means taking the fullest possible advantage of marketing mechanisms. Governments simply do not have all the answers. What we must do is set out the policy framework within which the market can operate efficiently in meeting the sustainable development goals. The funding in this budget for a Clean Fund will be an important means of pursuing this project.

Thirdly, it means working in partnerships. We are collaborating now with industry and governments across the country. This must continue and must be accelerated. A good example of success has been the opportunities envelope. We have recently approved \$24 million for ten initiatives that reflect provincial priorities for emission reductions. The Partnership Fund announced in the budget will enhance our work with the provinces and territories and build on the arrangements we already have in place.

Finally, we need to move in a direction that will promote transformative change. In the long run, the energy economy will need to change fundamentally, and we must begin to sow the seeds for that today.

• (1540)

The development of a science and technology strategy announced in the last budget will be an important step in the process. It will focus on how we might best find long-term solutions to higher energy prices, concerns about energy security and reliability, and above all, the need to reconcile our reliance on energy with our environmental goals.

Let me conclude, Mr. Chairman, with a few final thoughts. I believe Canada is ready to be a world leader in the production and use of energy and in addressing climate change through the realization of its current potential. By working together, we will usher in a new era of greenhouse gas management that rewards innovation and efficiency, that allows for economic growth and regional diversity, and that establishes a framework for effective long-term emissions control.

We will be second to none in the world in our level of effort to reduce greenhouse gas emissions. While it is a daunting challenge, we must embrace the opportunities. Being more energy efficient and at the leading edge of the technologies means that companies can save money in the long run and improve the competitive edge in international markets.

Finally, Mr. Chair, I would like to applaud and to thank the committee for the work you are doing on this very important issue, and I would certainly be happy, with my colleagues, my staff here, to answer any questions you might have.

The Chair: Thank you for that, Mr. Minister.

Without any further ado, we will go to the first questioner, who is Mr. Mills.

Mr. Bob Mills (Red Deer, CPC): Thank you, Mr. Chairman, and thank you, Mr. Minister, for appearing.

I have a number of questions. First, Environment Canada basically says that we can achieve a 270-megatonnes reduction in the release of emissions. Your department says we can achieve 131 megatonnes per year in reductions. Now, obviously there's a discrepancy there. I wonder how you, or Environment, now that they've taken over the file, are going to get to that deficit.

• (1545)

Hon. R. John Efford: First of all, I'm surprised that you're saying that Environment is taking over the file. We've had many weeks of consultation and discussion with industry, the Minister of Environment, my department, the Minister of Fisheries, and a number of cabinet ministers, but in particular with the Department of Environment and my department, the Department of Natural Resources Canada. So I disagree with your statement that Environment is taking over the file.

Second, in any round of discussions leading up to the final conclusion, which is not yet done, and will not be done until the next cabinet meeting when it's finally decided upon, you always arrive at different numbers and different figures. But at the end of the day, I have no doubt in my mind that the numbers, the targets, and the things that will be discussed and finalized by cabinet will be supported by myself and all ministers on the committee.

Mr. Bob Mills: But, sir, let's take where we're at right now. You are very proud of the 5% we're at with the auto industry. Rick Mercer is at 20%, if he achieves his goal and every single Canadian adheres to the Kyoto challenge, and we're at a rumoured 39% for the large final heavy emitters. So obviously if we add that up, or if we add up your department's figures, we come to a huge, huge discrepancy. It's kind of unbelievable that you believe we can hit that target.

Figures like achieving a two-megatonne saving if we were to put triple-pane windows in every single house in Canada.... This is the kind of problem we're dealing with. So it would seem to me that it's kind of a dream if you think you're going to achieve those, and of course we wait until next Wednesday to see that plan and how exactly it gets to 300 megatonnes.

There was an agreement between Mr. Dhaliwal and Prime Minister Chrétien with the large final heavy emitters of 15 and 15—and you know what I'm referring to—

Hon. R. John Efford: Yes, I do.

Mr. Bob Mills: What I want to know is, as the price of carbon increases, and as we approach 2008 and there's much more competition for carbon credits, has your department done any figuring as to the potential cost to the Canadian taxpayer of making up that difference?

Hon. R. John Efford: First of all, let me go back to the first part of your preamble. With all due respect to it, I disagree with a lot of the things you said.

First of all, I tell you, back in Newfoundland and Labrador, I'm going to have to put triple-pane windows in my house because my heating bill has gone up to about \$700 a month. So anything we do in reducing greenhouse gas emissions will save money for the Canadian population, whether it's one tonne or a thousand tonnes. Every single tonne we reduce is very important.

Also, in regard to the numbers you're talking about, which you extracted from the news media, really, we've been around politics and we know what the news media does on a day-to-day basis. The government's plan is not yet out in public. It's not yet out in public. You know that as well as I do, so you can't say, and I'm certainly not going to say today, what's in that plan. But believe me, as I said in my opening remarks, the only way it's going to be successful is if every single Canadian plays a role, whether it's from a political position or from the consumer, or whether it's from a citizen living in all the communities that you and I represent. It's not something that's going to be done by merely putting numbers, targets, on a piece of paper. It has to be cooperation, promotion, and education.

As I said earlier today, and I've said this many times in my remarks—and I don't think any of you will disagree with what I'm going to say—this is a file. It's not going to be released next Wednesday and concluded by 2012. This is a file that's going to be ongoing as long as the earth exists. So what we're doing today, what we will be doing next week, in the numbers and the new technology and the investment, is making a vision for the future and for future generations, which your children, your grandchildren, and your great-grandchildren will benefit from. So it's the beginning of a long road into the future.

Mr. Bob Mills: That's exactly why we think if you would bring in legislation, so it could be debated, so it could go to committee, so it could be examined, so we could get the details, so we could talk to economists, so we could let Canadians know what the cost of power, heat, and transportation is really going to be.... But bringing it in the back door, using CEPA to in fact start the process of regulation, using it under regulation and not legislation, is what is so obnoxious to all of us. I can't believe that you, as a minister at the table, wouldn't know how obnoxious that would be.

In actual fact, we listened to Samy Watson this morning, and he said that CEPA provides regulatory power to control greenhouse gas emissions. I go further, where he says the government will work with the Attorney General's department to provide \$200 per tonne when they're over their carbon credits.

Somebody has to pay for that \$200, and that \$200 is going to be paid for by the taxpayer, by the consumer. So isn't it only honest to tell the consumer, tell Canadians, what exactly it means? It's one thing to have a pie-in-the-sky, "we're going to save the world with our Kyoto plan" attitude, but it's another thing to actually say what that is going to cost us. That's the dishonesty of this whole approach, that all of us, all opposition parties, find so absolutely obnoxious.

• (1550)

Hon. R. John Efford: First of all, you're making an awful lot of assumptions, and I guess that's the right of an opposition. I did serve on the opposition from 1985 to 1989, and I guess if you looked back through Hansard, I probably did the same thing in many instances in Newfoundland and Labrador. I respect the right of an opposition

because I believe very strongly that an opposition keeps government on its toes, and I've said that through my 20 years, which I celebrated last Saturday, April 2. So I know what you're saying, and I understand your genuine concern for the environment and the consumers and the constituency we all represent right across this country.

But government—and you know how the democratic system works. Ministers have a responsibility to bring forth policies to government for completion. After next week, when the plan is announced, there will be lots of consultation with the industry stakeholders, with the provinces. Everybody will have an opportunity to have input. So let's not put a full stop, a period, on what we're talking about today. This is the beginning of a future. As I said earlier, this is not going to begin and end in a few short years. This is going to be a long time. My real concern is like yours. We have to do it right, and how to do it right is by engaging Canadians, everybody. Leave the politics out of this. This is too important a file to get politically caught up in.

Yes, as opposition parties, I respect your responsibility and your right, and I don't discredit it. In fact, I enjoy the conversation and the dialogue back and forth, but this is something that you and I, and all of us, have a tremendous amount of responsibility for. I'm very fortunate and very lucky to be a grandparent and to be able to say to them, I'm working for your future, not just for what I'm doing today.

Mr. Bob Mills: All of that is fine, but the bottom line still comes down to the cost we're talking about of the way this is being done. Of the provinces I've talked to, seven of them say they're not prepared to sign on to any kind of agreement until they have full consultation and full information. That's seven that are totally prepared to commit to that. Eighty per cent of the large final heavy emitters are saying, "We were dealing with NRCan. In fact, we were close to getting a deal. But now everything is up in the air." Environment has now, as Samy said, taken over. We're going to hammer this home.

We're giving industry four choices. The first one is that they use modern technology. A lot of them are already doing that. The second choice is to go into the technology fund. That's a tax. They can buy foreign credits. That's really a tax too. Consumers will have to pay for that. Fourthly, Samy says, we'll fine them \$200 for every carbon tonne they produce over their target. Think about that from an economic standpoint and the huge impact if in fact you were to do that.

I have grandchildren too. I love them dearly, and I have great fun with them.

But damn it anyway, the whole country is going to suffer because of this pie-in-the-sky concept you have.

Let's develop something internally. I love your wind idea. That's great. There are all kinds of new technologies. That's great. But don't bring it in the back door. Let us do it through the front door. Come into Parliament. Convince us.

The Chair: You have one minute.

Hon. R. John Efford: First of all, you can't call something you haven't seen a pie-in-the-sky idea, so let's wait to have a look at it.

Secondly, with regard to the seven provinces, you develop national targets and then you work with the provinces. You can't sit down with them before you come to a firm agreement on targets. I met with the Alberta Minister of Energy last week, and we had a good meeting.

• (1555)

Mr. Bob Mills: So did I.

Hon. R. John Efford: There will be dialogue back and forth. Once you do the national targets, then you go out and meet with the provinces and come to an agreement.

I disagree with your calling the new technology fund a tax. It's not a tax. It has to do with developing new technology for the future, with contributions by the companies. There's a further \$200 a tonne if we meet our targets, which we all must do. If we don't, then there will be no \$200 a tonne.

I wasn't here this morning when the Deputy Minister of Environment was here. But referencing \$200 a tonne, you have to have some realistic measures and a plan in place. What if we just threw up our hands and said we're not going to do anything? What happens to the country? What happens to the future?

Mr. Bob Mills: We're not saying that either.

The Chair: We'll have to leave it that.

Mr. Bigras, you're next.

[Translation]

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

We had a lot of hope in your government in recent weeks, hope that it would come up with legislation and regulations harmonizing automotive manufacturing standards with those of California. We left Mr. Dion a chance. We had great hopes that we might see regulations following his visit to California.

Today, Mr. Minister, we can only observe that we are terribly disappointed to see not only a voluntary agreement, but also the many loopholes that agreement contains. I'm going to cite you a single example, and it's not trivial. On page 4 of your agreement, you state the following about its duration:

This MOU will come into effect on the day of its signing and will remain in effect until at least December 31, 2010 or until one or both of the Parties determine that such an MOU is no longer desirable. Either party may terminate this MOU by giving 90 days' notice in writing to the other party of its intention to end its participation [...]

Mr. Chairman, one wonders whether the government is not trying to make a good impression in anticipation of the party conference that will be held in Montreal. How can the minister seriously say he intends to make the automotive industry responsible and sign a voluntary agreement, on the one hand, and provide, on the other hand, for loopholes under which the automotive industry can simply terminate the agreement in 90 days? How can the minister seriously present this kind of agreement to us here in the Standing Committee on Environment and Sustainable Development? You'll have to explain that to me because I don't understand.

[English]

Hon. R. John Efford: That's no problem whatsoever. You just sit back and I'll explain it.

First of all, I disagree with all of the comments you made. Every comment you made I totally disagree with. Let me just itemize some.

Let's talk about California. Under the mandatory agreement that's been opposed by my colleague, the Governor of California, Arnold Schwarzenegger, by 2009 will accomplish about a 4% reduction. Then they may very well end up in a court challenge. That's the indication that's been shown. Then who knows whether that is going to take one year, five years, or ten years?

We just signed an agreement with the auto industry and we are now starting not to worry about going into court, not to worry about any delays, not to worry if we're going to start reducing emissions into the atmosphere. It's already started. Why would we want to end up with 10 or 15 years of bickering over whether it's going to happen when we can start reducing emissions now?

Now we're talking about—

• (1600)

Mr. Bernard Bigras: Answer the question.

Hon. R. John Efford: With all due respect, I gave you the opportunity to make your comments. Allow me the same.

With a five-million-tonne reduction—you're saying the agreement could end given a 90-day notice. Well, if at any time the government decides there's a problem with the agreement by the auto industry, we can regulate. There is nothing stopping us from regulating in the future.

I have confidence in the auto industry based on 14 previous successful agreements, Mr. Chairman. Why are we being negative now by saying this one's not going to work? The auto industry is as concerned about the environment as we are. I'm concerned with the environment. I'm also concerned about the economy. We're going to have a successful thing, and you will see, years down the road, Minister Efford and Minister Dion were right.

[Translation]

Mr. Bernard Bigras: I'd like to ask another question, Mr. Chairman. I'm not confident about this agreement because, among other things, in 1982, the federal government signed a voluntary memorandum of understanding with the automotive industry and it didn't produce results. I'd like the minister to tell us whether emissions have fallen or risen. Our future is guided by the past. The MOU signed in 1982 didn't work. That's why we had to adopt a regulatory approach rather than opt for a voluntary approach, as you're doing right now.

Your agreement is a botched job and isn't worth the paper it was signed on. I'll give you an example. The sixth recital states the following:

AND WHEREAS this MOU does not require additional fiscal measures by the Government of Canada [...]

In French, the agreement states: “ne requiert pas d'initiatives budgétaires supplémentaires”, whereas, in English, it states that it doesn't require additional fiscal measures.

Mr. Chairman, isn't the government even capable of telling the difference between a fiscal measure and a budgetary measure? Can it tell us what will apply when the time comes to support the industry: the English version of the agreement, which refers to fiscal measures, or the French version, which refers to budgetary measures? That was my second question.

Here's my third question, Mr. Chairman. Can he admit that the agreement that was signed and that provides for 5.3 megatonnes will permit an 18 percent increase in greenhouse gas emissions in the automotive industry between 1990 and 2010? If it had opted for energy efficiency standards of 25 percent, reductions would be in the order of 20 megatonnes a year. Was the target poorly adjusted? Greenhouse gas emissions won't really be reduced because the 5.3 megatonnes correspond to an 18 percent increase in emissions between 1990 and 2010. It should have concentrated on manufacturing standards rather than designate a voluntary standard of 5.3 megatonnes, which contains a lot of loopholes and is based on a text whose English version doesn't correspond to the French version.

[English]

Hon. R. John Efford: Thank you, Mr. Chair.

I questioned the leader of the NDP on his ability in math earlier in question period today. I have to do the same thing now, seriously, because 5.3 megatonnes, no matter how you mathematically put it down, is 5.3 megatonnes, and if you take 5.3 megatonnes of reduction of greenhouse gas emissions, that improves the atmosphere by 5.3 megatonnes.

I never had a chance to deal with a couple of points in the first part of your question. You said, who are we trying to impress? I am trying, as Minister of Natural Resources, responsible in my department, with the Minister of Environment and the Government of Canada, to show leadership on this file. And I believe we are showing leadership, and we want to impress Canadians, give them the confidence that we are reducing greenhouse gas emissions and that we are moving this file forward.

In the second part of your question you said there are more emissions today than when the agreement was signed in 1982. I can tell you, there are a lot more vehicles today on the highways than in 1982, so the growing economy and the growing population and the vehicles cause more emissions. But if you look at the new technologies in the vehicles today compared to 1982, you will see a major improvement. Are we satisfied? No. Is the auto industry satisfied? No. Is the consumer satisfied? No. We want to go further. We want to go on into the future, and as I said earlier, the file will never end. You can look for the loopholes that you're talking about, but we don't necessarily have to say we agree with you. You're entitled to your opinion.

I apologize for the discrepancy in French and English, but unfortunately, and I apologize, I don't speak French. The point is you can read it how you like, but you have to understand, 5.3 megatonnes—5.3 million tonnes—is a reduction in real numbers that will not be emitted into the atmosphere.

• (1605)

[Translation]

Mr. Bernard Bigras: Mr. Chairman, this isn't a translation problem. There's a difference between a budgetary measure and a fiscal measure. It seems to me it should be clear. I invite the minister to review the text in English and in French.

This voluntary agreement affords the industry the opportunity to avoid its objectives. Furthermore, the government protected it twofold when it excluded the automotive industry from the major industrial emitters.

If the automotive industry decided to tear up the agreement tomorrow morning, what emissions reductions would be imposed on it? Those required of the major industrial emitters? It's ultimately possible that the automotive industry will tear up the agreement and not even be required to meet the commitments the major industrial emitters must meet. You've decided to exclude this industry from the major industrial emitters, and that's utterly unacceptable.

You're protecting the industry not only through a voluntary agreement, but also through loopholes contained in the agreement. You've also protected it by excluding it from the major industrial polluters. Lastly, the past has been a guarantee of the future since the 1982 MOU resulted in an increase rather than a reduction in emissions.

[English]

The Chair: You have one minute for your response on that.

Hon. R. John Efford: It's amazing how little my friend from the Bloc understands the difference between voluntary and mandatory. First of all, in a voluntary agreement, the officials, the technicians from the department of NRCan, and the industry stakeholders will meet on an annual basis, or more frequently, and they will look at the numbers and the reductions. If at any time there's a concern or discrepancy, they can do what's necessary. If at any time we feel that the auto industry is not meeting its targets, then certainly we can regulate, but the LFEs and the auto industry are two opposites. The LFE's emissions are from their plant, from their equipment. In the case of the auto industry, their plants, where they manufacture the cars, have very little emissions. The vehicles that you and I drive on the highway make the actual emissions, so the technology that has to be implemented by the auto industry is on how we perform. When you're driving in from your riding, do you go 90 kilometres per hour? Do you go 140 kilometres? Do you go 120 kilometres? The faster you drive and depending on the type of vehicle you drive, the more emissions there are, so it's not as simple as just saying they can turn off or put a new piece of equipment in the plant and reduce emissions. This is totally different from the LFEs.

The Chair: Mr. Minister, I'm going to have to bring that to a close because the time envelope is finished, and we're going to go to Mr. McGuinty.

Mr. McGuinty.

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Mr. Chairman.

Thank you very much for joining us, Minister, and your colleagues from the department.

Thank you for reminding the committee and for Canadians watching that mature governments understand that there is a range of options available between pure voluntarism and pure regulation, and that mature economies, chiefly the western European ones, have shown over the last 25 years, real evidence, that improvements can be made along the whole spectrum between voluntarism and regulation. It's good to see that we do have annual meetings. We have input. We have an ongoing dialogue with the industry.

It would be important for the Bloc Québécois, with its stated mandate of separating this country, to keep in mind that the industrial sectors of this country, including the automobile sectors, manage scarce resources. They manage private capital. They have understood the workings of a modern corporation. They have safeguards that actually call on the corporation to honour the kinds of obligations they've signed on to in this voluntary agreement. So thank you for setting that record straight.

Minister, I have a question for you that's in two or, possibly, three parts. The first is, we've had an ongoing debate—we heard it again this morning here—about the federal government's role in energy. Should subsidies be offered by the federal government in the energy sector—for example, investment tax credits in the oil sands? There's an ongoing debate, thrust more recently into the limelight through Pembina's research, which I've not seen validated or peer-reviewed. I don't know if it has been, so I can't comment on it; I haven't seen it.

I'm trying to get a sense from the government and from your officials whether the playing field is now levelled between non-renewable and renewable energy sources in Canada. If not, is it going to be levelled, or are we heading into a direction of tilting the playing field in favour of non-renewables? That's question number one.

Question number two speaks a little bit to the capacity of your department and our government to generate for you, and for elected members of Parliament, robust, evidence-based analysis and options for the future as we make hard choices in this environment-economy integration challenge that we're facing. You alluded to this challenge in your remarks. For example, the last time I looked, your department had very few resources, in person-years and capacity, dedicated to the analysis of macroeconomic modelling and other forms of modelling that would help us to better understand what's at play in the Canadian economy as we go forward.

I've been an advocate for months now of having a team built at PCO that could help us to generate the kinds of options we need. We had the Minister of Finance here. I put the same question to him. His officials came back and said they had somewhere between 18 and 20 person-years, when you cut and paste all their efforts, on an annual basis dedicated to environment-economy issues.

You, yourself, said this is the issue of the 21st century. Are we going to move to address this? Along the same lines, as we're looking to bring together Environment, NRCan, and other players, the French government just merged five or six ministries into one ministry of sustainable development. Is that something we'd be prepared to consider here in Canada?

• (1610)

Hon. R. John Efford: I'm going to take the last part of your question first. Any changes in a government or in the organizational

structure of a government are.... As much as I wanted to be Premier of Newfoundland and Labrador, I lost by eight votes; I never got into the position of making those decisions.

So that's up to the leader of the government, the Prime Minister. As to whether or not that's going to happen any time in the future, it's done in other places, as you said, and it's probably working very well. But I'm also confident that the system we have now, the collaborative system with my colleagues—Minister Dion, Minister Emerson, and my other colleagues in government—works very well.

Do I say that we agree on everything? Well, I believe, and I say this very seriously, there would be something wrong with the system if we agreed on every issue. Challenges cause debates, which improves what happens. The government still has the departments of natural resources and environment and industry—there's no bringing together of the departments—but I'm confident about the approach, and I like what we're doing.

I want to get to the subsidies you were talking about. I believe last year, as I was reminded earlier today by my deputy, approximately \$5 billion in taxes were paid by the oil and gas industry into the Government of Canada. That's \$5 billion in direct payments.

Now, look at the jobs, at the people working. Look at the spinoffs. Look at the economy of this country today because of the oil and gas industry. I only wish we had a couple more oil sands like you have in Alberta, because that is a tremendous, tremendous opportunity. They're investing in new technologies as they go along. The technology they used a decade ago is not the technology of today, and the technology today will certainly not be the technology of the future. Better and more efficient ways of doing it, with more technology—that's what we're all going to.

So the cooperation between the industry and governments is working very well. Yes, there are incentives. There were more incentives in the beginning, but I mean, that's how we get started. An example is Hibernia, off the coast of Newfoundland and Labrador. Had the federal government not invested in Hibernia, it would not be pumping oil today. At that time, the price of oil was far below what it would cost to get the oil, because of its location off the Grand Banks of Newfoundland. Investment in Hibernia allowed development, and now 200,000 barrels are being pumped. Royalties are coming to the Government of Newfoundland and Labrador, and hundreds of people are working in that industry. Canadians are benefiting from the investment the Canadian government made in Hibernia.

Some people will say that we shouldn't support industry, but I agree with what you're saying about investment in industry. And I don't call this a subsidy; I call it investing in our future, investing in our people, and providing jobs.

•(1615)

Mr. David McGuinty: Thanks, Minister. I guess I was looking for an indication—perhaps it would best come from your deputy, or somebody more in tune with the detailed workings—of whether NRCan has done the analysis on whether or not the playing field is levelled, to be levelled, tilted...?

Do we have the horses to do that work inside the department?

Hon. R. John Efford: Oh, I'm sorry; you'd mentioned the non-renewables.

Mr. David McGuinty: Should we be placing that more centrally—for example, in a work unit at PCO? There are some people who say that the only minister who could conceivably be responsible for sustainable development is the Prime Minister, given the vertical and horizontal nature of this beast we're wrestling to the ground, which is now manifesting itself in the climate change challenge for us.

I go back to the number of western jurisdictions who are examining the struggles they have in the systems they've put in place, and who have acknowledged that sometimes it's better to create at least interdisciplinary and interdepartmental teams to deal with this. It's just too big for any one line department.

The Chair: Mr. Anderson, do you want to reply to that?

Mr. George Anderson (Deputy Minister, Department of Natural Resources): With your permission, Mr. Chair, we have been doing a fair bit of modelling work.

If you remember from the earlier climate change plans, there was modelling that was done and predictions made about what the impacts would be on the Canadian economy, etc. We are now in the process of completing work on an updated energy model for the Canadian economy. We also do what are called energy updates. We're not that far from being able to bring out the results of some of that.

I have not sensed that in this modelling work, which is shared interdepartmentally and so on, there's been criticism that because of the nature of our department, somehow the work is not valid. There are always weaknesses in this kind of work, but I think the view has been that it has been quite professional. What's coming, in terms of the new model, I think will be a respected one.

And what the minister said at the outset in his comments about our being a department of sustainable development has, I think, actually been very much embraced within the department by the officials. We don't view ourselves as a department to sort of promote the industry perspective; we view ourselves very much as being caught up with all sides of the question, including the consuming, the environmental, and the production sides.

In terms of the level playing field, there's been work done on this from time to time. It's a very complex issue. The budget, as you know, had a whole series of measures that were oriented toward the green side of energy production and energy efficiency. I think, if anything, we would probably say at this juncture there's a tilt toward the new renewables, etc.

You get into complex issues like electricity. Some of our provinces still have crown corporations, which are sheltered from

federal taxes, so there's a significant tax benefit for them in the fact that they've been able to do their electricity production through crown corporations. When you look at something like the energy system, some of the major issues that were raised by Pembina had to do with the fact that we adopted a mining regime for the oil sands. The expectation is that governments are going to see huge revenues out of the development of the oil sands, and we're starting to see that now, both provincially and federally.

It's not always the case that you can have identical provisions for all types of production, because the characteristics of an oil sands production, which is very long-term, highly capital-intensive at the front end, are quite different from those of conventional oil, say.

The Chair: Thank you, Mr. Anderson.

Mr. McGuinty, we're out of time there.

We'll go down now to Mr. Cullen.

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

Thank you, Mr. Minister and your officials, for coming today.

There was an interesting exchange just there between the deputy minister and the minister that I'm not sure was picked up by the microphones in terms of which way it was tilted.

You seemed to indicate it was tilted toward the non-renewables, Minister. Did you not just say that? Interesting.

As the department of sustainable development...“sustainable development” is perhaps the most abused phrase in environmental issues going today. Everyone will pander to it, regardless of what they're doing. I looked at the Brundtland and at some other fundamental definitions of what it is, and there is some sort of notion of being able to do what you're doing on an industrial scale potentially forever, for future generations at the very least.

You talked about fundamental successes that you've had over the number of years. As the department of sustainable development, I would suggest that you've entirely failed.

I sincerely doubt your sincerity, particularly in delivering your notes to us an hour or so before committee. It would have been nice to have known a little beforehand. You're familiar with the committee process. We just received these notes. It would have been nice to have had them a little before. Many witnesses give us the grace, as committee members, to know what is going to be presented.

The e-mails were received by committee members and by the clerk and chair about an hour and a half ago, when most people were in question period.

You talked about good math in the House today. As the department of sustainable development, while your government has promised to reduce emissions by 20%, they've actually gone up by 20%, under the definition of "sustainability". That's actually correct because we had the deputy minister and his assistants in front of us this morning, confirming those numbers.

• (1620)

Hon. R. John Efford: A growing economy comes into play.

Mr. Nathan Cullen: So you folks will have to figure out this internal politics. You talked about leaving politics out of it. I sure wish that NRCan and Environment Canada would stop battling over this issue. It's the worst-kept secret in Ottawa as to why the Kyoto plan is delayed and why you folks are having so much trouble delivering a plan that you knew in advance was coming for many, many years. Yet, when the day actually arrives, the plan is still nowhere to be seen.

Now we finally have our announcement, glory be. We're meant to be excited by the fact that something has come this late.

With respect to this auto agreement that you have announced today, you talked about it being voluntary and that voluntary is great. In April 2002, in the Motor Vehicle Safety Act review that was done by Transport Canada, I'll take you to page 10. It says:

For the past two decades, the voluntary fuel consumption program has been subject to a number of deficiencies including the failure of some vehicle manufacturers to submit fuel consumption data to Transport Canada. Furthermore, there has been a failure on the part of certain manufacturers to meet the annual fuel consumption target.

Page 25 shows recommendations:

Voluntary motor vehicle fuel consumption program

Authorize the Minister to require manufacturers to submit data related to the motor vehicle fuel consumption program

That was back a few years ago and that was never done.

Why would we have any confidence in a voluntary agreement that the industry is allowed to pull out of arbitrarily, that does not necessarily have a good track record from the industry in terms of showing the numbers? How can you measure it if the industry won't tell you the numbers and can pull out of the agreement at any time? I worry not just for your grandchildren but for many.

As NRCan is now the department of sustainable development...or as the steward for the environment, the Auditor General's report today, which I assume you have seen because your department has made comments on it, says, and I'm quoting now:

...the Department does not have a corporate strategic plan that addresses its legislative mandate and government priorities.... It also needs to improve its strategic decision-making and governance processes to help ensure that horizontal issues are managed consistently....

...it does not have a clear understanding of competencies and capacities of its current workforce, and those that it will need to acquire. We also found that the department's information management system lacks consistent data that would allow effective corporate oversight.

If Canadians are meant to entrust you folks with our environment and trust this voluntary agreement, I'd say their trusts are misplaced. Certainly you can appreciate why I'm skeptical about your enthusiasm for Canada meeting anything anywhere close to its targets.

Hon. R. John Efford: Mr. Cullen, I believe you'd be skeptical about anything I would say today, or anything I would put down. There's no doubt in my mind about that.

Mr. Nathan Cullen: Not true.

Excuse me, Chair, I have a point of order. Impugning some sort of discretion as to whether I'm willing to listen and appreciate the minister's comments.... Contrary to what the minister has said, I'm referring to a document from the Auditor General and a document from Transport Canada.

The Chair: I think the minister was just going to get to the substantive answer you're looking for, Mr. Cullen.

Hon. R. John Efford: Exactly. Thank you, Mr. Chairman.

Mr. Nathan Cullen: I would appreciate a withdrawal, though, just in terms of the impugning of whether I'm willing to listen and believe what he has to say.

Hon. R. John Efford: Thank you, Mr. Chair.

Mr. Nathan Cullen: Apparently not.

Hon. R. John Efford: From the fundamental success this department has contributed to the Canadian economy to the concern about social stability, about environment, I'm very proud to be Minister of Natural Resources Canada. You're entitled to your views; you're entitled to your comments, and that's the democracy—

Mr. Nathan Cullen: Will you not address the comments of the Auditor General or Transport Canada in terms of these two pieces? These are not my comments.

Hon. R. John Efford: First of all, I was starting off with your first comment and going down through.

The Chair: At that point, will you begin going down your list?

Thank you.

• (1625)

Hon. R. John Efford: That's what I did, Mr. Chair.

Everybody is entitled to an opinion, but on the success of the Department of Natural Resources Canada and what we're doing for sustainability in this country—in my entire life, including private business before politics, I've never been satisfied with the status quo; however much we do today, we want to do more tomorrow. You measure success day by day, but you also never stand still, because the minute you stand still, you start falling backwards. I have no argument and no disagreement with moving forward on a continued basis.

Further, voluntary agreement works. We can argue over the voluntary approach. I'm a strong believer in voluntary approaches; I've always thought you can get a little more with a spoonful of honey than with a bottle of vinegar. That's an old saying in Newfoundland and Labrador.

If you can sit down with such a large sector as the auto industry and work with a voluntary agreement with confidence—and I have to represent the Canadian people with confidence, and I do have confidence in this voluntary agreement. Is that to say that in 2006, 2007, 2008, or 2009, something could happen and the agreement could fall apart? History proves the 14 previous agreements did work very well, but if—

Mr. Nathan Cullen: Not according to Transport Canada.

Hon. R. John Efford: —but if with the voluntary agreements something unimaginable happened—and I don't have any doubt in my mind that it will not happen—we can always regulate. There's nothing to tie government's hands at some point in time for regulations.

Mr. Nathan Cullen: This is an interesting question; I'd like to have some clarification on it. There is this sort of illusion of a threat you'll make this mandatory; you'll regulate. Many environmental groups have called upon you to make it so, and in this agreement there's no mention of it. Are we meant to trust again? Considering your party has promised 20% reductions, and broken that promise, and then had a 20% increase in pollution, I'm confused about why we should trust you with respect to this.

Hon. R. John Efford: If you look at the growing Canadian economy, to say there's nothing being done in Canada when it comes to greenhouse gas emissions is absolutely false.

Mr. Nathan Cullen: That's not what I said.

Hon. R. John Efford: I'll tell you one thing we're all guilty of, all of us, as Canadians—we do not brag, Mr. Chair, and boast enough about what we have already done, and what's already been done by industry stakeholders in all of our communities. That's something I feel—as Canadians, we're too passive. We should talk more about it.

Should we do more? Absolutely. Will this agreement work? Absolutely, it will work, and we will reach our targets.

When it comes to the report of the Auditor General—you mentioned some comments there by the Auditor General—the one thing I have always stood very clear on in my entire life, inside and outside of politics, is never be afraid of a bit of criticism. Those people who stand still and do absolutely nothing are the only people in this world who don't make any mistakes. Learn, when it's pointed out to you; move forward and make changes. There is no doubt in my mind the staff of my department, the executive, recognize and will perform, and will make the necessary changes to comply with the Auditor General's report. I call that moving forward.

Would there be any point in my standing up as minister and arguing with the Auditor General, saying I don't like what you're saying? No. Let's move.

When it comes to the point you made about the reports by Transport Canada, I think if you'd do further research—with all due respect, Mr. Cullen—you would find that was probably from a few of the smaller companies involved in this. So in those remarks you made, to say the voluntary report of the large auto industries is not going to work because of that...you're entitled to your opinion. I believe the opposite.

Mr. Nathan Cullen: There are two points to that—

The Chair: Thank you, Minister.

We're out of that time envelope, Mr. Cullen. I'm sorry.

We're now going to go up to the top of the batting order, and we'll make our way back down to Mr. Cullen in due course.

Mr. Jean, you have five minutes.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you very much, Mr. Chairman.

Thank you for coming, sir, and thank you for thanking us for the work we do here. I'm just wondering why you do so, though. I'm not trying to show disrespect, sir, but it seems apparent that when we do provide recommendations, they don't seem to be given any credence. The government doesn't seem to pay any attention whatsoever to them. Even when they're most obviously of substance—such as the most recent one before the House today—it's been ignored completely, so I wonder why you would thank us for that. But that is not a question. I wouldn't want to waste my time there.

I'm wondering seriously, sir, why the government is dictating LFEs without consultation and giving special deals to the auto industry. I'm not saying that just because of the votes in Ontario. How can you do so fairly to the people in Alberta?

• (1630)

Hon. R. John Efford: As to your first comment about our not listening, seriously, I was speaking for myself, and I've been around quite a number of years. While it may not seem that we listen, we do listen to the comments of Canadians, to the comments of people who hold responsible positions, like yourselves as MPs, who are respecting and representing your constituencies. Sometimes I feel that I'm not listened to, which goes without saying, but to say that you're not listened to, I would disagree.

In the case of the mandatory regulations and LFEs, look at the auto industry and how it's pretty well evened out. There are different makes of vehicles and different sizes. When it comes to the companies, they're pretty well on the one track compared to the LFEs. Look at the oil and gas sector, look at the chemical industry, look at the cement industry, and look at the lime industry. They are so diverse in their operations right across this country. In the case of the LFEs, it's like the old saying that one size doesn't fit all. I've met with the LFEs and their association, and I tell you very seriously that we tried to get them and all of the stakeholders at the table to try to bring together an agreement. But I think they will say to you that it's even difficult within their own house to get everybody on the same wavelength.

I'm mighty proud that we've worked very closely with and dialogued with the LFEs, not only for a sustainable environment but also for the economy, because the one message I've delivered as Minister of NRCan is that we have to protect the environment and also grow the economy—not with one at the expense of the other, but finding that balance. We have those responsibilities. While nothing is perfect and you won't get a yes, yes, on everything, I believe, at the end of the day, that what we're going to put in place for the LFEs will, overall, be in the best interests of the economy and the best interests of the environment.

Mr. Brian Jean: Actually, I'd like no, no, so there are no special deals for anybody. I'd like to be treated fairly.

That gets to my next topic. I agree it's not that simple and that one size doesn't fit all. We have a situation in Alberta, for instance, where we have \$87 billion that's happening in the oil sands industry, or is being announced, and we have another 26 or so applications. We could be up to \$200 billion worth of investment in northern Alberta in the next 30 to 40 years. I think a lot of people don't understand that the existing oil sands plants have actually reduced their greenhouse gases, and one plant in particular, Suncor Energy, has reduced I think by about 26% over the last 10 years. So things are active.

But how are you going to deal with the geographical differences? We have regional differences across this country, but we also have some economic differences. We have huge growth in one sector and we have some sectors, quite frankly, that are struggling to stay in business. How are you going to address that?

Secondly, I have to say this, because this is an emergency in northern Alberta. Despite these huge revenues, we have people living in tents at 50 below zero. We have trailer parks, with every one of them full...at 50 below zero. We have 15% to 20% growth in our population every year. We have 19 doctors for 70,000 people. We have raw sewage going into our rivers because we have infrastructure for 50,000 people, yet 70,000 people are living there. We have people killed on our highway, the most dangerous one in Alberta and Canada. Quite frankly, we have two lots for sale right now in Fort McMurray, both of them for over \$200,000, and it's a bidding war. You can buy a mobile home there for \$239,000 today. That's about the only house for sale.

What are you going to do about that with these energy revenues of \$4 billion a year and the royalties that come in and the \$10 billion indirectly per year in employment?

An hon. member: Tax them.

Hon. R. John Efford: Let me begin this way. I have a great deal of respect and admiration for what's happening in Alberta, the growth in the economy, the expansion in the oil sands, and the potential it holds for the future. I only wish the area in which I have lived had that golden opportunity. While you talk about the growing population and the expansion of the jobs and the people moving in and the lack of infrastructure, well, we have people and communities who don't have the bare necessities you just talked about. So while it is troubling, and I understand very clearly what you're talking about, when it comes to infrastructure programs and finding housing for people who are working and earning a good living.... Believe me, 35% of the population in Fort McMurray is from Newfoundland and Labrador. I have family members up there. They're very, very happy to be there, working 12 months of the year, and all the time they want to work. Even though their homes are very expensive, their income is very, very good, far outweighing what they would have got working seasonally back in Newfoundland.

So while there are a lot of problems and troubles, and I don't put up any argument in disagreement with that whatsoever, I am sure that with the great expansion, with something like \$30 billion going into the oil sands in the next decade—

• (1635)

Mr. George Anderson: More than that.

Hon. R. John Efford: More than that, so I'm talking of billions and billions....

The one thing I liked about what you said, which you're absolutely right on, is the percentage reduction in greenhouse gas emissions by the industry. Those are the numbers we need to accomplish. We want to see more of that right around this country—a growing economy and companies taking responsibility in protecting the environment.

Mr. Brian Jean: Mr. Minister, I would just say this in closing: don't count on this investment money. Don't count on any more investments in Fort McMurray because it's not going to handle it, and the people living there aren't going to take it. I'll be honest with you: they won't take it.

The Chair: Thank you, Mr. Jean. That's a pretty profound indication of the relationship between growth and infrastructure requirements, Mr. Minister.

We're going to Mr. Wilfert for five minutes.

Hon. Bryon Wilfert (Richmond Hill, Lib.): Thank you, Mr. Chair, Mr. Minister. And I'd like to thank your deputy and assistant deputy for being here.

There's much made by the opposition and in the media sometimes about the fact that there's daylight between you and the Minister of the Environment. Next week the Minister of the Environment is going to unveil the climate change plan, which I know my friend Mr. Cullen was very anxious to see happen.

I want you first of all to make very clear, Mr. Minister, in terms of this plan, whether you feel you've had all the input you need, and whether you feel there is in fact anything that is in there that you're not comfortable with.

Hon. R. John Efford: I like the analogy about the daylight between me and the Minister of Environment. When I first met Minister Dion when he was appointed minister and was sworn in, and I had the opportunity with my deputy to sit down and chat with him—I said this out in Calgary—the number of speeches was a breath of fresh air. I work very closely with Minister Dion. We've become friends. Now, do I agree on everything? Absolutely not. There would be, as I said earlier, something wrong with that. But Minister Dion is very committed to the environment, as he should be. He's also repeated many times that we have to have a competitive economy. He has said that very clearly. These are my words, and one is not at the expense of the other.

When the plan is released next week, and the final discussions will take place and things come down, holding my health, I will be sitting side by side at the microphone with Minister Dion.

Hon. Bryon Wilfert: Minister, through you, Mr. Chair, there seems to be some consternation around the table as to the fact that you reached a voluntary agreement with the auto sector. In fact in 2002—correct me if I'm wrong—it was announced that we were going to decouple, if you will, from the LFEs, the auto sector, and in fact we were going to move towards, hopefully, an agreement.

First of all, can you confirm that? Second, can you give us an example of the types of MOUs, not going into any great detail, that the auto industry has signed with the government in the past, and how you have ensured that they in fact have been met?

Hon. R. John Efford: I'm going to let my deputy answer that because he was around at that time and has more knowledge.

Mr. George Anderson: When we first started talking to industry about doing a large final emitters regime in the very initial draft of the proposal we put out, we had included the auto sector as one of the industries we covered. As we got into looking at the data, we realized that the auto industry's level of emissions from its production—if you remember the minister made the distinction between production and the actual vehicles—relative to revenues from its production, was one-tenth the level of the next lowest company that would be within the large final emitters regime.

Most of the emissions that are actually associated with auto production come from electricity generation, which is captured through the large final emitters regime. So the view was that it was just too small. The only thing that brought them into even being considered is that it's such a big industry. But relative to their revenues, it was a very small number, so it was decided that if we captured them we would not actually be treating them on the same basis as some other manufacturing industries that also have relatively small emissions from their production. As I said, electricity was captured.

As for other examples of voluntary agreements, they've covered quite a spectrum: vehicle efficiency, a series of safety agreements in terms of types of provisions that companies will put into their vehicles. There are also some other pollution things not related to energy efficiency. The compliance levels have been extremely high.

One of the advantages of the voluntary agreements compared to a more regulatory approach is that there's a degree of flexibility in terms of how the companies can meet their obligations. The government gets what it wants, but the companies have more flexibility in moving it around. There are rigidities associated with putting these things into law.

• (1640)

Hon. Bryon Wilfert: Mr. Anderson, you answered my next question, which was why you preferred the voluntary route. Obviously, people are always concerned about the issue of compliance and that the monitoring will be there. I heard the minister talk about a yearly basis, and then I heard you say something that could be more frequent. I would assume, then, that you would be able to track and measure this.

Mr. George Anderson: We actually have a group that will be meeting very frequently, and it's an interdepartmental group—the Department of Transport, the Department of the Environment, ourselves, and industry. We'll meet on a regular basis with industry; we'll track this.

If you look at the agreement that was announced this morning, you'll see that it has a target not just to 2010, but also for some of the interim years as well.

The Chair: Thank you.

Mr. Bigras, if you'd like to ask your questions, you have five minutes, please.

[*Translation*]

Mr. Bernard Bigras: Thank you very much, Mr. Chairman.

In his February 23 budget, the Minister of Finance announced—I don't have the text here—that he would ask the departments to review programs to see how they were committed to reducing greenhouse gas emissions and fighting climate change.

My question isn't for Mr. Efford, but rather for Mr. Anderson. Has the program review announced by the Minister of Finance on February 23 been completed at your department?

Mr. George Anderson: I don't have the text before me either, and I'm not sure of the reference for your quotation.

There are two elements, including the operations of the departments. We're conducting studies to improve our own operations in terms of environmental objectives. You'll find more details on the subject in the program that will be announced next week. We're working on it in cooperation with a group of departments. No deadline has been set. In our department, which isn't a big department, most of our efforts are focused on our programs as such, which are developed with partners outside the government. Naturally, we're always conducting evaluations.

Mr. Bernard Bigras: Mr. Chairman, I understand that the announcement made by the minister on February 23 concerning the review of programs on climate change so that Canada achieves its greenhouse gas emissions reduction objectives set out in the Kyoto Protocol... There's a very clear line there.

Mr. George Anderson: He announced that existing programs would be reviewed, and that's what we're doing. We have a compatibility agreement with Treasury Board, and we also have a series of evaluations within that. This morning, I met with my colleagues from the department to review our program evaluation for the coming year. It won't include all programs, but every time we receive Treasury Board approval to implement a program, a certain amount of money is allocated to the evaluation of that program and a date is set for that evaluation. We follow those rules.

Mr. Bernard Bigras: So it's not yet completed.

Mr. George Anderson: No, it's not completed. We've completed certain evaluations, and we're continuing to do them in accordance with the rules.

• (1645)

Mr. Bernard Bigras: If I understand correctly, the evaluation and review aren't completed.

My question is for Mr. Efford. How can we believe the government, and how can we believe you on April 13, when you table your plan on climate change, if the program review is not yet completed in your department? The reality, Mr. Chairman, is that, since 1997, the federal government has invested approximately \$3.4 million or \$3.7 million to fight climate change, but greenhouse gas emissions have increased 20 percent. One can only observe that the plans, programs, policies and strategic environmental assessment have not produced results.

How can we believe you on April 13 when you'll be with your colleague before the microphones, as you said, if the program review as a whole has not been completed in your department? Is that credible? Won't the plan go the same way, with the results we currently have, that is an increase, rather than a reduction, in greenhouse gas emissions?

[*English*]

The Chair: Would you like to respond, please, Mr. Minister?

Hon. R. John Efford: To the last question of whether I am really credible, I would ask the same question of yourself. To make all those comments, to say that the Minister of Finance announced this in his budget on February 23, and to say that all of the program reviews in the Department of Natural Resources must be completed today is absolute nonsense.

When the plan is announced next week for the future of the climate change program, it's not going to be completed the next day. That's the beginning of the targets we will meet under the timeline of 2012. So the program review that was announced is not contingent on having it done before the announcement is made of the climate change plan.

The program reviews will be done and programs will change, such as the Partnership Fund that was just announced in the budget. We will be looking at how that Partnership Fund is going to work into the climate change plan that's ongoing in the future.

So we can sit here for the next number of hours and talk about all of the things that you think are a concern, but I'm sure we're just as conscious of the things that have to be done. To say that because program review is not yet completed everything is going to fail is absolutely wrong.

The Chair: Mr. Minister, I'm going to have to bring an end to that issue. We're over the time that is provided, and we now have Mr. McGuinty who is going to ask questions.

Mr. David McGuinty: Thank you, Mr. Chairman.

Mr. Chairman, with all these questions of trust and belief being raised, you'd think we'd just come out of the Easter season. The number of doubting Thomases on this committee is growing as the meetings continue.

I'd like to ask two questions of the guests.

Mr. Minister, the first is to you. I'd like to put something forward for your consideration. What you've just described in the auto sector is effectively what the Europeans call an eco-covenant, which is an industrial sector entering into an arrangement with a regulator—a government in this case; in the European Union, with a series of

governments. It is something that began with the chemical industry in Germany because the Rhine was on the verge of collapse.

The difference between our agreement here and the agreements signed there is that the Europeans have the participation of environmental NGOs. They tend to have the opportunity to sit on the committee that is struck to work with industry on a regular basis, and from my experience and from what I've seen, it has worked very well. So I would put that forward for your consideration going forward on this particular auto agreement and perhaps future types of eco-covenant deals in the country.

The second question I want to put to you, and perhaps more directly, is the question of NAFTA—something I've raised repeatedly here, and again with the deputy minister from environment. We have a NAFTA agreement that more or less provides for energy security among the three countries. We're building a pipeline through the Northwest Territories, if the American Senate doesn't out-incent us to put the route through Alaska—the over-the-top route, as it's called.

Where is the department with respect to its understanding of the American situation? We've done a strong multilateral deal through Kyoto, but we are partners in NAFTA. There are energy security questions. In your travels in Washington, your dialogue with the United States—your department has a North American energy working group that unfortunately does not embrace the greenhouse gas challenge so far—I'm just wondering if you can help us understand the interface between our multilateral commitments and our NAFTA relationship.

•(1650)

Hon. R. John Efford: Let me deal first with your suggestion that it would be positive to have the NGOs on the committee. I'll give you an example. I recently visited the model forest program in Newfoundland and Labrador and found that the Sierra Club sits on that committee. It's working very well, and there's no reason why it shouldn't. I've seen it work positively, and I don't disagree with having an interaction of people sitting on a committee. Sometimes I got angry with the environmental groups in my former life in Newfoundland when I was Minister of Fisheries. But just imagine what would happen if they weren't there. So while I don't agree with everything they do, and sometimes I get upset, I do respect them. Some are more extreme than others, but that's par for the course.

I'm going to let George talk about NAFTA, but before I do, with respect to negotiations between the countries—Mexico, the United States, and Canada—on energy security, I've had many discussions as minister with my former colleague. In fact, I'm supposed to go to Washington on Friday to meet the new Secretary of Energy in the Government of the United States, because Spencer Abraham is no longer there. I've had bilateral discussions with the minister in Mexico, and I can tell you that it's at the top of all of our minds to ensure that we have a secure energy policy for North America.

Canada is very fortunate, not only in what we have today, but also in our potential for further discoveries. We're a net exporter—80% of our exports of oil and gas go to the United States. With the Alaskan pipeline—and the Mackenzie perhaps coming on stream first—we're talking about greater security and interaction and cooperation between the two countries. There are benefits, major benefits, coming to Canada.

Deputy, I don't know if you want to add anything.

Mr. George Anderson: I would add that what we have within NAFTA, particularly between Canada and the United States, is basically free trade in energy. That's been very much to the advantage of both countries.

You were touching on another issue, which is that the United States is not part of Kyoto and we are. This creates an extra challenge for us in addressing the Kyoto accord. That being said, the Americans are doing a number of very interesting things in the area of climate change. They've been leaders internationally on a large number of technology initiatives, and we've been working closely with them on those.

The Chair: Thank you.

Mr. McGuinty, you're out of time now, so we'll go now to Mr. Cullen.

Mr. Nathan Cullen: Thank you, Mr. Chair.

Bringing up memories of your being Minister of Fisheries in Newfoundland, and the near destruction of the fishery there, is disturbing to me in considering the stewardship of something even larger, something like climate change.

I'm curious about your enthusiasm for an increase in burning more fossil fuels. I don't begrudge northern Alberta their successful economic strategy in promoting the oil sands. But when you say, "If we only had a couple more oil sands", I'm confused about that enthusiasm. It would mean a huge increase in our output of greenhouse gas emissions, which the Kyoto Protocol, an agreement you claim to support, asks us to reduce. Those two ideas don't fit very well.

I would like you to clarify some comments you made, I believe it was to CBC Radio. After an offshore oil spill on the east coast, you lamented the fact of the oil spill because "at \$50 a barrel, it was a waste of oil". It was reported in the local papers. If you didn't say that, I'd like to know that you didn't.

With respect to another offshore oil and gas project that's proposed, you've heard from the Priddle report, with respect to the offshore of the west coast of British Columbia, that 75% of people consulted asked you to keep the moratorium. All of the first nations people who were consulted said, "Don't do it". My question is, how serious is your intent to lift the moratorium? I know you're probably going to say you need to study the reports, but I would suggest that one only considers lifting a moratorium if one wishes to lift a moratorium.

Finally, you mentioned Hibernia. I'm wondering what the total investment from the federal government was for the Hibernia project, and how many direct jobs were created by that investment. Also, do you recognize that the investment that goes into alternative

energy production actually gives us a great deal more bang for the buck?

• (1655)

Hon. R. John Efford: I'm trying to calm down a bit. With all due respect, I've never, ever made a statement to a colleague, no matter what side of the House they sit on, that I didn't know the answer. I was minister of fisheries from 1996 until 2001. The average annual export of fish was \$400 million in 1996. When I left in 2001, it was \$1 billion. The destruction of the cod fishery happened pre-1992, so with all due respect, I take a great deal of exception to the inference that the destruction of the fisheries had something to do with my ability as Minister of NRCan.

I'll go on to the other points. The first was the issue of \$50-per-barrel oil. In regard to these oil spills off Newfoundland and Labrador, I said I was very disappointed in the oil spills. When you have an oil spill, you have destruction of the ecosystem, the environment. Thousands of seabirds are destroyed.

We had an investigation into the oil spill. The first one was on the Grand Banks of Newfoundland, and we've had a minor one since. Those were very unfortunate. I don't know what CBC reported to you, but I never made the statement that it was too bad we had them because oil is \$50 a barrel.

At \$50 a barrel, when you're pumping 200,000 barrels a day, that's a lot of money for the companies and a lot of money for the Government of Canada, and it's particularly good for the economy of Newfoundland and Labrador in light of the failure of the fishing industry in 1992. It's diversifying the economy, so that's a positive thing.

We're pumping now from three wells. We'll be pumping this year from Hibernia and Terra Nova, and White Rose is coming on stream and Hebron is coming on stream. I'm very happy to be able to say that, but I'm also environmentally concerned about possible oil spills and I'm putting everything into where we can protect the environment.

When it comes to the number of jobs in Hibernia, the amount of income coming into metro, into the province of Newfoundland and Labrador from oil development on the Grand Banks, coming into the capital city St. John's, which is small compared to other cities in Canada, is averaging \$1 billion a year. That's coming in from the spinoff factors and everything else, so it is very positive.

When it comes to the B.C. offshore, there's a great deal of controversy over the B.C. offshore. As Minister of NRCan coming from Newfoundland and Labrador, if I said I disagreed with offshore production it would be ludicrous, wouldn't it? I'm in favour of offshore production, but not against the total will of the people and not against the destruction of the environment.

There will be further studies done. I'm sure you've read the Royal Society's report. There are a number of scientific gaps that need to be filled in. Those will have to be addressed.

Are there concerns about the Priddle report? One mayor called me, as did one individual from a particular area. I think the population that was counted was about 35,000 people. So one person objected to the offshore, but 35,000 people were counted. So what are the numbers?

We have to go back and we have to consult. Will it go ahead? We haven't made a decision to lift the moratorium. Am I interested in doing further research and further work with the people of British Columbia—not just the Government of British Columbia, but the people themselves? There are opportunities there if everything goes according to what I would like to see, coming from where I come from, while protecting the environment and at the same time having development.

In Newfoundland and Labrador, the fishing industry works side by side with the oil industry. There has not been a problem except for the oil spill, which didn't impact on the fishery but certainly did impact on wildlife.

The Chair: Minister, we appreciate that interchange. I know it's of great concern to the member, and we appreciate that response.

We're out of time now, Mr. Cullen.

We'll go right on with Mr. Mills.

• (1700)

Mr. Bob Mills: Thank you.

Well, Mr. Minister, I think you and I could probably go fishing and have a great time.

Hon. R. John Efford: I'll have to come to the west coast.

Mr. Bob Mills: However, I see an awful lot of uncertainty here. The one thing that companies don't like, that Canadians don't like, is all of this uncertainty.

There are three areas that I think we can look at. When I talk to the large heavy emitters, they have found their negotiations with your colleague Mr. Brown to be very frustrating and non-productive over the years. Now we hear the threat that if it doesn't work, we'll put on regulations and nail them that way. It is pretty unnerving for them to hear that sort of a comment.

For Canadians, for every man, woman, and child across this country, we also hear people like economist Mark Jaccard, whom I mentioned this morning, saying that gasoline will go up 50%, natural gas will go up 40% to 90%, and electricity will go up 100%. That affects every single Canadian. That's a great deal of uncertainty out there.

And as of this hour, CP is now putting out, now reporting, that the Liberals have in fact agreed to drop CEPA from the budget implementation bill.

So I wonder if you could tell us two things, really. What about this uncertainty? How are we going to deal with that? Secondly, will CEPA be dropped from the budget implementation bill?

Hon. R. John Efford: Let me start off first by commenting on the comments you made about the uncertainty, the LFEs, and Mr. Brown.

Mr. Brown is the ADM of the Department of Natural Resources. I have total confidence in my deputy and in my ADM in their discussions with industry stakeholders across this country. Am I to expect that every time they sit down at a table to have a discussion with any sector in the industry they're going to come away and say they're happy with those guys? That's not the way it works.

We have a responsibility to our department for sustainability of the economy and sustainability of the environment. I believe very seriously that after next week, when the plan comes out, in going forward I think there's going to be a great deal more optimism coming from all Canadians, including you, us, and the Canadian population.

Yes, I agree with you on the uncertainty. Any uncertainty in any business is not good. We need to get the plan out, and we need ongoing consultations with the industry stakeholders and with the provinces. The provinces and the territories have a great role to play in what happens in the future. Once the national plan is out, then you start dealing with the jurisdictions across this country.

In the case of the increase in prices for gas and electricity, and the other commodities that will increase, today in the world markets I think oil was around \$55-plus a barrel. I didn't see the latest this morning, so I'm not sure what it is today. But with the large demand that is coming in the vast growing economy in Asian countries, particularly in China, and other countries around the world, as the demand grows, so grows the cost. Will the new climate change plan increase the prices to what is being quoted by the press? I don't agree with all the numbers. Everybody's entitled to their comments, I guess, but I'm more optimistic than that.

In the case of the CEPA being pulled from the legislation, you and I have been around politics and public life for a long while. I'm not going to get caught up and comment on what the press is printing from day to day. If I did that, I'd be wrong more often than I'm right.

Mr. Bob Mills: But I think you were right in saying privately at least—and not to me—that going through the backdoor of CEPA is in fact a very dangerous approach. I think your colleagues in the industry would agree, and even the Minister of Finance might agree. You know right away that is going to translate into a carbon tax. You know very well that we cannot go along with that. There is absolutely no way.

As long as you're going to take that approach, obviously leaving CEPA there is caustic. I think you realize just how caustic it is. I don't know that some of the other ministers realize that. I guess it's pretty significant. I hope the CP report is correct. Obviously, we will then do it the right way. The right way is to bring it here and bring in the experts, the economists, and industry to find out how we're going to solve this problem with climate change and deal with these emissions. That's the right way to do it, not through some regulation coming in the back door. That's our objection.

I think you understand, but as I say, I'm not sure some of your colleagues do.

• (1705)

The Chair: Mr. Mills, we're out of time.

Mr. Minister, do you want to make a short comment?

Hon. R. John Efford: I have one short one. If—and I will use the word “if”—you're right in what you're saying, it repudiates the comment that was made earlier that we don't listen. If that's happening, it shows the government is listening to the people.

Mr. Bob Mills: I agree with that.

The Chair: Thank you.

Mr. Wilfert, for five minutes.

Hon. Bryon Wilfert: Mr. Chairman, if what we have continued to hear, and if we understand—and I don't know that all of us seem to—that this is a back door approach, then obviously every door in the house, every window in the house, and the skylights are all open. There is clear transparency here, a pure and open approach.

I had hoped, Mr. Chairman, that hearing from the deputy minister of environment this morning would show that, but that was laid to rest. Clearly, Mr. Mills continues to spout the same language.

Mr. Minister, in terms of this bogeyman that has been raised again by Mr. Mills about a carbon tax, a premium tax, or whatever kind of tax you want to call it, I don't know whether his leader first read it or interpreted it, but I don't think he read the bill. In terms of the budget implementation bill, do you see anything that even comes close to such a suggestion?

Hon. R. John Efford: I'm glad you raised that, because I admit I didn't have the time to comment on it. My answer is very clear: absolutely not. I've heard the words “carbon tax” used a number of times. I have absolutely no idea what people are talking about.

Hon. Bryon Wilfert: I assume, Mr. Minister, that if there was a carbon tax you would not support it?

Hon. R. John Efford: Absolutely not.

Hon. Bryon Wilfert: Thank you. At least it's nice to get a very clear answer to that, because again, that's what we heard this morning. But again, I think it obviously has to be re-emphasized.

In terms of leading up to the climate change plan—and obviously I don't want you to comment on it—one of the issues has constantly been that there aren't enough fiscal instruments to put into operation the plan to deal with our Kyoto commitments and beyond.

Can you briefly comment on how those instruments have assisted your department in terms of—you alluded to them briefly—some of the programs you are engaged in? Also, how has it assisted you in being able to achieve, in support of the Minister of the Environment and other ministers, the climate change plan we are going to be seeing unveiled next week?

Hon. R. John Efford: Well, the tools I have within the jurisdiction of my department are very clearly laid out in the budget and also in the existing programs. I can begin with the one-tonne challenge that's already ongoing. The technology fund that was introduced in the budget will be put together as a major tool going forward. The WPPI program, the wind energy program.... We're talking now about quadrupling the megawatts to 4,000 megawatts, but I can see that escalating in the future to much greater than that. In fact, I even have expressions of interest from my own local areas, where there's a great incentive for more wind energy in the provinces, for example, in the case of P.E.I.

All the programs we have in the alternative energies and all the things we're doing in new technologies and the moneys we have available are giving us the tools to supplement the climate change program that will be announced next Friday. I have a list of...

I was out yesterday, for example, to the cellulose ethanol plant, where the Government of Canada, through the Department of Natural Resources, invested \$21 million. Now they're talking about building a major commercialized plant in western Canada, where it's not only going to benefit the environment but will benefit the farmers. Straw that would otherwise be just laying waste and rotting on the fields can now be sold by the farmers to the ethanol expansions program. Then there's the biodiesel program and the ethanol program—there are a number of plants that we invested in last year in Ontario.

You can go on and on listing the number of tools that we've used, but in the department we'll go toward future reductions and accomplishing the targets that will be released this coming week.

• (1710)

Hon. Bryon Wilfert: Thank you, Mr. Minister, for that. I would like to talk to you more later about commercialization, because clearly on the green technologies file, that is one of the problems we've had, and I know you and your colleagues are very interested in moving that file forward.

The Chair: Thank you very much.

Members of the committee, we've reached a point.... I've asked the clerk to confirm with Mr. Wilfert and his BlackBerry whether that report is correct. The chair is looking for a little direction here.

I don't have any other questions down. If there isn't anybody else who wishes to ask questions, we have the.... Do we have that confirmed? I was going to suggest that we get that confirmed and deal with the motion we passed this morning, Mr. Cullen, if we still wish to continue with that.

For the moment, I think there are a couple more questions, Mr. Minister, that we wish to ask. But could I ask members of the committee to think about that for a moment, and then we'll come back to that towards the end of the time we have?

Mr. Cardin, you have a question? If you'd like, go ahead for five minutes, please.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chairman.

Mr. Minister, you spoke with Mr. Wilfert earlier about the fact that there are a number of elements in our greenhouse gas reduction objectives: energy savings incentive programs, wind energy and also, probably, nuclear energy. But 80 percent of greenhouse gases are emitted through energy production and utilization. An agreement such as this one, on a voluntary basis, leaves me very doubtful and skeptical. You're investing simultaneously in wind energy—and that's good—in energy savings and, probably, in nuclear energy. But have you estimated how many tonnes of greenhouse gases will be saved and at what cost?

Mr. George Anderson: As regards the voluntary agreement, as you know, we're talking about 5.3 megatonnes in 2010. If you saw the government's previous plan for climate change, the reduction was estimated at 5.2 megatonnes, for a 25 percent improvement in vehicle energy efficiency. So that's equivalent to or greater than that figure.

As for the wind energy program, I don't know the figures off hand. We can look for those figures and provide them to you, but I don't know them off hand, or the cost per tonne. Those figures are available, and we can find them for you. Perhaps they're here...

Mr. Serge Cardin: As we speak, the cost to save each tonne of greenhouse gas through the use of wind energy seems quite high.

Mr. George Anderson: That's correct.

Mr. Serge Cardin: So the cost isn't worth...

[English]

Hon. R. John Efford: What we have to look at is that in the case of wind power or any alternative energy, in its initial stages of research and development, and getting into commercialization, naturally the cost is very high. I'm sure you'll agree that even though the cost is high today and the investment is high, what we're investing in is the future.

If we can produce enough megawatts, the volume of production will lower the cost. So you're looking not only to the next generation, but to the next generation and beyond, to new technologies. Investment today is expensive. People will sometimes ask if it's worth it. Yes. We have no alternative, because at some point in time in our future, fossil fuels will run out. We'd better provide, and not only for our environment, alternative sources of energy. Investing up front is costly, but into the future we believe—and I'm sure you will agree with us—it will be less costly and consumers will be able to use it.

• (1715)

[Translation]

Mr. Serge Cardin: I'm very much in favour of wind energy and of investing in that area. I'm talking about costs because, in my mind, wind energy doesn't necessarily replace fossil energy or its production in a place like Quebec, where most users use electric energy.

Of course, if we invest in wind energy, it's profitable. However, if we do so in order to use that energy in future, we realize that even the oil producers are also beginning to invest in wind energy, probably to use it on a smaller scale and to use more oil. If a voluntary program is established in the oil and automotive industries, it's not very likely we'll achieve the reductions you anticipate,

especially if the oil companies increasingly become renewable energy owners. In my view, they're doing that so they can sell their oil before renewable energy.

[English]

Hon. R. John Efford: Let me just address it in this manner. In the case of wind power, I believe you're absolutely right when you say that if it was profitable, more companies would be investing. But they will; they will invest quite heavily in wind power in the future.

I'm familiar with a number of paper mills now that are looking at wind power as an alternative source of energy. It will supplement their energy. It'll be costly, but it's reducing greenhouse gas emissions. But with the high cost of fuel, I'm not so sure that five or ten years down the road we'll be saying wind power is more costly than fossil fuel. It's the amount of production that we have to look at for the future and the alternative energy sources for the future.

In the case of the voluntary agreement, look, we've had a lot of discussion around this table today on people's positions on voluntary methods. I don't disagree with your right to have your particular position on this. I have a different position. I'm very confident in voluntary agreements. I think we should have more voluntary agreements in other areas. I'm hoping we sign MOUs with the provinces. I signed an MOU with the steel industry out in Hamilton. We signed an MOU with the Province of Nova Scotia. I'm looking forward to signing an MOU with my own province of Newfoundland and Labrador. So there are lots of things we can do. I believe in that method of working.

In answer to the first part of your question, in the WPPI program, we're talking about 3.6 megatonnes of emissions reduction that would be achieved by 2010 with the present wind power program. It's 3.6 megatonnes from that one alone.

The Chair: I'm going to have to interrupt there.

Thank you, Mr. Cardin. Thank you, Minister.

Now, Mr. McGuinty, you have a question.

Mr. David McGuinty: Thanks, Mr. Chairman.

Mr. Minister, I wanted to go back to the actual bill, Bill C-43, because you mentioned in your remarks that it has called for the creation of two interesting new creatures: first, the Greenhouse Gas Technology Investment Fund; and second, what we're now calling the climate fund.

I've read and reread the relevant parts in the bill that create both structures and understood where they'd be located and to whom they'll be reporting and so on. My question is one I raised as well this morning with the deputy from environment to try to get a better sense—and you may not have this detail right now, but just going forward I would put it to you for your consideration—of where the role for the private sector would begin and end, with respect to both of these new agencies and organizations. It's not clear to me from having read it.

There is an awful lot of pent-up venture capital money in the markets waiting to participate in the sunrise industries that you have helped to accelerate here through the budget and through your own department's efforts, as opposed to the sunset industries—and we all know that's happening. It's a normal part of any free market. It's been going on for a long time.

But I wanted to get a better sense of what your thinking was with respect to how this would engage the private sector. What I defined this morning for the previous panel is what they call on the market “scared money”—money that is investors' money, as opposed to citizens' money. And that's not to say that citizens' money ought not to be scared money, but governments don't always have the best track record in picking winners and losers.

I'm wondering what you're already thinking in terms of how these two, this public-private dynamic, might be made more obvious for the markets.

• (1720)

Hon. R. John Efford: I'm going to deal with it in a general way and from a technology fund perspective, and then I'll allow either my deputy or my ADM to elaborate more on the technical part of it.

In the case of the technology fund, there will be an investment into that by the industry, by the LFEs, across this country. That pay-in will start in 2008. As that fund grows, it will be invested into developing the new technologies for the future of energy, of efficiency in the reduction in greenhouse gas emissions, into the climate change program that will be ongoing, as I said earlier, as long as the world remains.

In doing so, you're not only using the technology here in this country and gaining the advantage from the investments and the returns from here in this country from the different industry stakeholders, i.e., the clean coal industry or the oil and gas industry or whatever, but it can also be exported abroad. So it's a sustainable, environmentally friendly thing, but also sustainable for the economy. We can see using this particular fund in a number of ways.

When it comes to the climate fund, George, would you or Howard like to elaborate on the technical part of it?

Mr. Howard Brown (Assistant Deputy Minister, Energy Policy Sector, Department of Natural Resources): Well, on the technology fund, having read the bill you'll know that there's a provision for an advisory panel to be named by the minister; I believe it's up to 11 people. That's precisely in order to get that outside input from experts in the business community, academia, and so on.

We also see the technology fund as being situated within a broader national energy science and technology strategy. The budget allocated \$200 million for that. We'd like to think that's a down payment and not the end of that story.

To get that strategy going, the minister will very shortly be naming a blue ribbon panel that will provide us advice on science and technology priorities, and it will also provide us advice on how to organize ourselves to best deliver science and technology.

We see the next step after that as a process of consultation with the provinces, academia, and business in order to set national science

and technology strategies. That will be the overarching framework, and the technology fund will be a component of that overall framework.

The Chair: We're out of time.

Mr. Cullen, then we'll finish with Mr. Wilfert.

Mr. Nathan Cullen: Thank you, Mr. Chair.

The minister has often advised me, in the House and here today, not to ask questions I don't know the answers to. I need to clarify to the minister to not make assumptions that he doesn't know are true. I lamented the loss of much of the east coast fishery as a stewardship issue, coming from the west coast where we still have a barely viable one. While there are threats posed, he seems to have infused it with some sort of laying at his feet for that travesty. It seems to me that the lack of stewardship by the federal and provincial governments is what led to that, and overharvesting and the rest.

I have a question about credibility, because it has been raised. I'm wondering if the minister can let us know.... Oftentimes when government talks about climate change, it talks about \$3.7 billion being spent to this point on the climate change strategies, or in large part the number is bandied about quite a bit in the House. I'd like to know how much has been allocated of that \$3.7 billion, how much of the \$3.7 billion has been spent, what the tonnage reduction has been of that investment, in terms of our greenhouse gas emissions, and at what cost per tonne that investment has paid out.

As we are all aware, being fiscally responsible to Canadians is extremely important. So how effective have we been, and how much have we actually pushed out the door?

• (1725)

Hon. R. John Efford: While my staff is looking for some of the numbers, let me just generally talk, and then we'll give you the numbers.

What we've done in this country is being kept too quiet. What we haven't even begun to look at right across this country is talking about all of the industry stakeholders, and, from a Canadian citizen's point of view, what has absolutely been done. I suspect if you were to do a poll, Mr. Chair, right across this country and ask the average Canadian whether we've reduced greenhouse gas emissions and to what extent, they would say “I don't know”. So I agree with the point that we haven't publicized it and we haven't communicated that enough to the general public.

Looking at all of the industry stakeholders right across this country, I can see a lot of things. Just a few months ago I was out in Alberta to visit a clean coal plant. I drove past it and looked at this massive plant with no emissions coming out of the stacks whatsoever. It looked like a modern department store, a factory, and it was a coal plant. So the technology that is happening in this country is being kept too quiet.

I'm talking and rambling while I'm hoping the people have the numbers you're looking for. If we don't have the numbers with us, I can commit to you that we will get the numbers of the....

Mr. George Anderson: I'll take a crack at it, Mr. Chairman.

Of the \$3.7 billion that Mr. Cullen was referring to, roughly \$2 billion has been spent. Another \$1 billion has been allocated and \$700 million has not yet been allocated. That was money that was already in the fiscal framework prior to this budget. This budget added another \$2.5 billion, I think.

Now, of the \$3.7 billion, you should understand that about \$1.4 billion is directly associated with mitigation measures. There is a significant amount for technology and innovation, science, policy, etc. There is also about \$700 million that is allocated to arm's-length foundations. Most of that, the largest piece, is to the SDTC, which is technology and not really tightly tied to mitigation, for the Sustainable Development Technology Fund. There is also money that went to the green municipal funds and to the Canadian Foundation for Climate and Atmospheric Sciences. So it's very much a mix.

Can I give you a report today about how many megatonnes have been achieved through mitigation? No, but you'll see in the plan that comes out next week our estimate of what our current programs will produce.

Mr. Nathan Cullen: Thank you for that.

I need to return again to the auditor's report and to what assurances we can have. When the auditor found that the department's information management systems lack consistent data that would allow effective corporate oversight, there's a concern I have, given that out of \$2 billion spent so far, we don't know what we've reduced.

It seems—

Mr. George Anderson: With the greatest respect—

• (1730)

Mr. Nathan Cullen: Allow me to finish.

Just in terms of corporate management, if a company were investing in new technology to become more efficient, it would have some sort of estimate or an idea of how much more productive or profitable that company may be. The fear that many Canadians have, or some in this committee have, is that when the auditor says there is not good tracking of some things, when we say that with the \$2 billion spent we're not sure how much we got reduced, and when we look at the pollution figures that were confirmed by the deputy minister this morning of an increase in pollution, why am I meant to walk away from the meeting feeling confident that the new Kyoto plan, to be released in a week or so, will be any better for the environment than what we've seen so far?

Mr. George Anderson: What the Auditor General's report was going on about in terms of a strategic plan was that the different parts of the department didn't have a completely integrated approach to planning. It didn't say we weren't doing strategic planning, or we didn't have a policy, or we weren't evaluating our programs. In fact, if you look at the area of climate change, we have developed with the Treasury Board, across the whole of the Government of Canada, a very elaborate accountability structure. For each of the programs that we have had approved within our department or elsewhere in the Government of Canada, there is an accountability framework, expectations in terms of megatonnes, and so on, and we can report on all of that.

Mr. Nathan Cullen: Allow me to interrupt for a moment. I didn't actually ask about strategic planning, but it's interesting that you bring it up, because the auditor says “the Department does not have a corporate strategic plan that addresses its legislative mandate and government priorities....” That's significant.

I actually was asking you about the ability to record and keep consistent data, which she also says is sadly lacking.

Mr. George Anderson: But if you look at that, what they were complaining about was the fact that we put out certain kinds of reports on the mining industry, where we don't put out comparable reports on the forestry industry or on the oil and gas industry.

We're of the view that we shouldn't necessarily be doing these things, that we have different needs. We're actually engaged right now in a comprehensive review of all reporting that we do, but also—this is something we're doing with the provinces and the National Energy Board—that are done more broadly on the energy industry.

The mindset that was behind the Auditor General's report was very much that everything should be the same across the department. We had a bit of a debate with them about it, and we are doing more to strengthen our strategic planning, but I wouldn't want you to read that report as being that we don't have accountability frameworks or that we don't have policies. We certainly have both.

The Chair: Thank you, Mr. Cullen. I'm going to have to interrupt.

We're just going to finish now with Mr. Wilfert.

Hon. Bryon Wilfert: Thank you, Mr. Chairman.

Minister, I'd like to inform you that the *Los Angeles Times* is running an article this afternoon in which they say, in part:

Conservationists say Canada's voluntary agreement, combined with California's law, could have a significant effect on global warming, because they probably will lead automakers to make reduced-emissions vehicles for all of North America.

So in fact we are hearing in the United States that conservationists, among others, are applauding the agreement that you and the minister made today. So if there is any question as to whether that was positive, I certainly hope that would reinforce that for you.

Also, Mr. Mills raised the issue as to whether the CEPA legislation will be in or out. As a former parliamentary secretary to the Minister of Finance, I would just remind him that once it finishes second reading in the House, it will go to the finance committee. That committee will be charged with the responsibility of reviewing the bill, and if they decide to take it out or not, that is a decision of the Standing Committee on Finance, not of this committee.

All I can say is that many in the industry sector would have liked to have seen the word “toxic” removed, because some of them clearly have concerns about the perception emissions have in terms of being declared toxic. I’m surprised that Mr. Mills doesn’t take that view—

Mr. Bob Mills: I know that.

Hon. Bryon Wilfert: —but on the other hand, I would point out to you, just from a procedural standpoint, that if in fact a decision is made to take it out, that will be the decision of the committee. I think we have made it clear, at least as the Department of the Environment, why we support the amendments, but as I often say, the decision will be made at a higher pay level than the one I’m at, so I’m in the hands of whatever....

The Chair: Thank you, Mr. Wilfert.

With that, on behalf of the committee, I’d like to thank you, Minister, and your two colleagues for being with us. Thank you for both the expansive overview and the responses you’ve given.

Hon. R. John Efford: Let me conclude, on behalf of my department, in thanking you, Mr. Chair, and the committee members for the debate and questions that we had around this table this afternoon. When we don’t agree on all the things we say to each other, it’s certainly healthy for the Canadian population. And I want to leave a clear message from my responsibility as minister with my officials from NRCan. We’re very concerned about the economy and growing the economy, but we’re equally as concerned about the environment. One cannot be costed at the expense of the other. I want to leave you with that clear message.

The Chair: Thank you very much.

Thank you, members of the committee. I think we’ll proceed as we’ve agreed.

We’re now adjourned.

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Publié en conformité de l'autorité du Président de la Chambre des communes

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