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# Standing Committee on Environment and Sustainable Development

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**Tuesday, April 5, 2005**

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**Chair**

**Mr. Alan Tonks**

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## Standing Committee on Environment and Sustainable Development

Tuesday, April 5, 2005

• (1110)

[English]

**The Chair (Mr. Alan Tonks (York South—Weston, Lib.)):** Mesdames et messieurs, ladies and gentlemen, welcome. This is meeting 28 of the Standing Committee on Environment and Sustainable Development. Today, pursuant to Standing Order 108, we have the subject matter of Bill C-43, an act to implement certain provisions of the budget tabled in Parliament on February 23, 2005.

Today, members of the committee, we have the following witnesses from the Department of the Environment: Mr. Samy Watson, Deputy Minister; Cynthia Wright, the director general, strategic priorities, from the environmental protection service; Mr. Alex Manson, acting director general, climate change bureau, policy; and Mr. Mike Beale, the acting director general, economic and regulatory affairs, in policy in the ministry.

Welcome to all of you, and thank you for being here this morning. I think members of the committee extend their welcome—I know they do.

As you can appreciate, there has been a tremendous amount of conjecture and differing opinions put forward with respect to the substance of the proposal that is coming from the government. On behalf of the public, the committee welcomes the opportunity now, in its responsibility with respect to oversight of environmental matters, to have a discussion with you. We are very pleased that you are here, and we hope that the public who are following this issue very carefully, very closely, will also have a better understanding of what is being presented and whether these other opinions also should be sought out, in terms of further witnesses. That is really what the committee is attempting to do here. I certainly, on behalf of the committee, welcome you.

Mr. Watson, I take it you are going to be speaking on behalf of the ministry. Perhaps we can lead off with you. The usual procedure we use here is that we have about 10 minutes, but we certainly will offer some latitude on that. Then we go in the order of parties with respect to 10 minutes of questioning, and then we have a five-minute part of the process.

Mr. Watson, the floor is yours, as they say.

[Translation]

**Mr. Samy Watson (Deputy Minister, Department of the Environment):** Thank you Mr. Chairman. I am pleased to have this opportunity to discuss with you the environmental sustainability elements of Budget 2005.

I would like to take this opportunity to explain each of the measures in turn. I would start first with the proposed Greenhouse Gas Technology Investment Fund; then the proposed amendments to the Canadian Environmental Protection Act, and end with the proposed establishment of the Canada Emission Reduction Incentives Agency.

[English]

The Government of Canada will shortly set out the broad parameters of a mandatory emission reduction regime, which includes an emissions trading system for Canada's large final emitters—companies in the oil and gas, thermal electricity, and energy intensive mining and manufacturing sectors.

Our system reflects extensive discussions that have taken place over the last two years with industry, provinces, territories, and environmental groups. As part of this system, large final emitters would have a number of ways to meet their targets: make investments in in-house reductions; purchase emission reductions from other LFE companies that have done better than their targets; invest in domestic offset credits, which are credits attesting that a real emission reduction or carbon sequestration has been generated outside the large final emitter system; purchase international credits, provided that these present verified emission reductions; and they would be able to make contributions to the proposed Greenhouse Gas Technology Investment Fund in exchange for special emission credits.

The Government of Canada would use the proposed Greenhouse Gas Technology Investment Fund to encourage Canadian industries covered by the large final emitter system to invest in research and development to help to create an efficient economy that produces less greenhouse gas in the future. The fund would be an innovative arrangement that would recognize qualifying investments in research and development as a way of meeting mandatory greenhouse gas emission requirements. The contributions made to the technology investment fund would in turn be used to make strategic investments in new innovative technologies or processes that would reduce Canada's greenhouse gas emissions from the large final emitter sector.

I would now like to turn to the matter of the proposed amendments to the Canadian Environmental Protection Act. I want to be very clear at the outset that these proposed changes in no way expand or otherwise change the manner in which the government administers the act.

The amendments proposed would remove the word “toxic” from certain sections of the act. Specifically, the key amendment would remove from section 64 of the act the shorthand expression that a substance is toxic.

These amendments would leave untouched the criteria that are the basis for the decision on whether or not a substance can be added to the list in schedule 1 and thereby be potentially regulated.

The criteria deal with whether a substance is entering into the environment in a quantity or concentration or under conditions that, one, have or may have an immediate or long-term harmful effect on the environment or its biological diversity; two, constitute or may constitute a danger to the environment on which life depends; and three, constitute or may constitute a danger in Canada to human life or health.

The proposed amendments would also not affect in any way the government's policies, procedures, and practices for the assessment and management of substances under parts 5 and 6 of the act. Assessment of substances would continue to follow a risk-based approach, and the procedures for addition to schedule 1 would remain unchanged.

The government is proposing these amendments to rectify a long-standing concern of many stakeholders over the use of the term “toxic”.

The criteria set out in CEPA itself recognize that in determining existing or potential environmental harm or danger to human health, it is very important to consider the dose or exposure to a substance; that is, the quantity or concentration. There are some substances, such as ammonia, that can have very beneficial purposes if used properly; for example, in plant fertilizers. However, these same substances, if released into the environment in excessive amounts, can cause harm.

When applied to these substances, the adjective “toxic” has created a perceived stigma within Canada and internationally that has detracted from the focus on the criteria in the act. By removing the adjective, the government would bring clarity to the criteria and properly focus discussions on whether or not substances meet those criteria.

• (1115)

The government does not need to delete the word “toxic” to regulate greenhouse gases under CEPA. However, because the government's working assumption has been that CEPA would be the legislative base for the regulatory regime for the LFE sector, we have been conscious of the stigma associated with the word “toxic”.

Regulating GHGs is a new and complex area of regulation. By removing the word “toxic”, the consultations that are essential to the development of the regulations would more properly focus on the criteria as well as the means and mechanisms of the possible development of a regulatory regime under CEPA.

CEPA possesses many advantages as a regulatory instrument. One key existing advantage is that it allows for equivalency agreements under provincial, territorial, and aboriginal governments. Under such agreements, where a province applies the national standard that would be set out under a CEPA regulation through their own

equivalent regulation, the CEPA regulation can effectively stand down in that jurisdiction. This is a progressive approach to regulation that avoids overlap and duplication while maintaining national consistency. As we work to further develop an appropriate regulatory regime, the federal government is committed to taking a collaborative approach to the development of these regulations.

The final element is the climate fund. Bill C-43 seeks to establish a new Canada Emission Reductions Agency, or as it already coming to be known, the climate fund. For ease of reference, I will use the terms “agency” and “climate fund” interchangeably.

The climate fund would be a departmental corporation for a market-based mechanism and is one of the primary tools for Canada's approach to climate change. The climate change fund's primary mandate would be to encourage Canadian industries to reduce greenhouse gas emissions while helping to create a Canadian economy that would be more competitive in the 21st century's low-carbon, high-efficiency global economy. By tapping the potential of the market, Canada would stimulate innovation and energy efficiency, increase sequestration activities by farmers and foresters, and drive the adoption of best available technologies.

The proposed climate fund would invest in greenhouse gas emission reductions across the country and in all sectors of our economy through the purchase of domestic credits. These domestic credits would be created through a program established under section 322 of CEPA. A separate body would be responsible for the issuance of domestic credits for project-based reductions or removals that are determined to be real, incremental, surplus, and that have been verified. Domestic credits that are purchased by the fund would be retired, and the environmental benefit would be reflected in Canada's greenhouse gas inventory reporting for Kyoto compliance.

The Government of Canada would consult with Canadians, beginning in the spring, on how best the proposed climate fund could achieve this mandate. The proposed climate fund could also invest in emission reductions achieved outside of Canada through the purchase of internationally recognized Kyoto units.

International emission reduction credits that could be purchased by the fund include certified emission reductions, emission reduction units, removal units, and assigned amount units. Purchases of the international units must be of benefit to Canada, according to this legislation. These benefits would be defined in regulation and could be the achievement of environmental co-benefits, the application of Canadian technology, the improvement of Canada's international competitiveness, the expansion of Canada's trade, or other ways that advance our national interest. Only green credits, credits that represent real and verified emissions reductions, not hot air credits, would be purchased. A number of aspects of this mandate, such as how to assess the benefits to Canada and how credits could be greened, would be the subject of public consultations.

The proposed legislation says that the climate fund would be an agent of the Government of Canada, meaning that it would carry out all of its activities on behalf of the Government of Canada. The Minister of the Environment would be accountable to Parliament for the agency.

I would be pleased to respond to any of your questions on these elements of the bill. Thank you for allowing me that time.

• (1120)

**The Chair:** Thank you, Mr. Watson, for being here and for giving us that overview.

We'll now go directly to the members. Mr. Mills, would you lead off, please.

**Mr. Bob Mills (Red Deer, CPC):** Thank you very much.

I would ask that you keep your answers as short as possible. I have a lot of questions.

First of all, obviously I hear a lot of “trust us” in what you have to say—you know, we'll put it under CEPA, but that doesn't really mean anything. Obviously from what you said, water in fact could become a toxic substance, because if I can't swim and I fall out of the boat, obviously it becomes a very toxic substance.

But first of all, Mr. Watson, obviously there's been a war going on among NRCan, the finance department, and the industry department about whether CEPA should be used or not. I think it was a pretty tough push to say that CEPA should be used to handle what was designed to handle toxics—dioxins, PCBs, and so on. CO<sub>2</sub> is not toxic. It's not harmful to health and obviously is used for photosynthesis. The only explanation I can see for getting CO<sub>2</sub> in there is that in the battle that has gone on, in the bureaucratic power grab, Environment Canada has won over Natural Resources, and now that interdepartmental rivalry possibly is over.

I wonder if you might comment on that. Are you now in charge of this file totally, yes or no?

**Mr. Samy Watson:** Sure, I can comment, and thanks for that.

I guess I'd like to say a couple of things. One is on your example about water. Your not being able to swim, I think, would probably go outside the criteria, which are what we're trying to focus on: the impacts to biodiversity, harm to the environment on which life depends, and harm to human health. Those are the three issues in terms of whether a release of a substance into the environment in a sufficient dosage causes these things, whether or not the substance is inherently toxic.

**Mr. Bob Mills:** Is CO<sub>2</sub> pollution?

**Mr. Samy Watson:** Are you asking about it in the context of greenhouse gases?

• (1125)

**Mr. Bob Mills:** Is it smog?

**Mr. Samy Watson:** No, it's more than smog. I'd say clean air is probably 60% of the greenhouse gas problem.

So I'll go down to your second question, which is on the battle. For one thing, I find that characterization to be untrue. I think when you're dealing with public policy as complex as this, it is absolutely

critical that there be honest intellectual debate about the right course the government should take and the advice that would be provided. That is, as I said, a clear part of public policy development. I would prefer it to just, you know, having a bunch of yes-men around from everywhere. There are different perspectives on this complex issue.

**Mr. Bob Mills:** Now, CEPA was about to be reviewed by this committee. The five-year review was up. Why would you choose to do it through this budget implementation bill instead of waiting for this committee to do its job and review whether toxics should be there or shouldn't be there? Isn't that the normal way to do it? Isn't it disrespectful of this committee to do it in this backdoor way?

**Mr. Samy Watson:** I don't think it shows disrespect for this committee. This is a long-standing issue, number one; and number two, there have been a number of amendments to CEPA since 1999. The issue is, were those a question of disrespect as well?

**Mr. Bob Mills:** No, I think it's just that you can't call CO<sub>2</sub> toxic. You'd have a hard argument there.

**The Chair:** Can I just interject for a moment?

**Mr. Bob Mills:** He's not answering the questions.

**The Chair:** Well, the whole committee will be the judge of that also, Mr. Mills, and we'll bring that to bear on the answer and on the person who is providing it. But you've asked a question, and I take it that you want a complete answer; so allow Mr. Watson to give his complete answer, please.

Mr. Watson.

**Mr. Samy Watson:** There are many questions now, and I can't remember which one I was on. There was another one right near the end: is CO<sub>2</sub> toxic, a greenhouse gas? The question is not whether it's toxic. The question is—and this is my whole comment—on the whole issue around whether or not CO<sub>2</sub> in the quantities presented in greenhouse gas causes harm to the environment or not. That's the issue; that's the question.

If you're asking me, does greenhouse gas cause harm to the environment on which life depends, I would say paragraph 64(b) applies in this case, which is to say it does. I think the science shows that greenhouse gas, in the current environment and in terms of its projected growth, does cause harm to the environment on which life depends.

The question is not its toxicity. It is this very discussion that actually colours the discussions on whether or not the word “toxic” should be removed, because the focus should be on the criteria, Mr. Mills. The criteria are harm to biodiversity, harm to the environment on which life depends, and harm to human health.

Are you asking me if greenhouse gas causes harm? Yes, it does cause harm to the environment on which life depends.

**The Chair:** I would ask that both the questions and the responses go through the chair from time to time. Thank you.

Mr. Mills.

**Mr. Bob Mills:** Mr. Chair, the target is 270 megatons per year. Natural Resources Canada says all that we have planned will only get to 131 megatons in a year. Can you tell us about this discrepancy? In fact, will your plan, the plan you're going to release sometime in the future, deal with 270 megatons?

**Mr. Samy Watson:** I think we should wait for the plan. I think the plan is going to be released shortly. I don't think I will answer questions about a plan until it has been released.

**Mr. Bob Mills:** "Project Green", from the Prime Minister's Office, says that we are going to have to buy 102 megatons of carbon credits per year on the foreign market. The European price started out on January 3 at \$3. It went to \$11 by the end of the month. It went to \$23 by the end of March. Today it's \$26 on the market. Obviously, if in fact we have a guarantee of 15 megatons for heavy emitters, and it's at \$26 and projected to go to as much as \$75, there's a huge liability there.

If we're going to be buying that internationally, the minister said yesterday, we'll buy it from third world countries. That's hardly a liberal way of thinking, that we'll keep those poor countries poorer and never let them industrialize; we're not going to buy it on the European market. What kind of discrepancy is that?

**Mr. Samy Watson:** I think we should understand a couple of things about that. One is that the European market is a closed market, and closed on purpose to actually—

• (1130)

**Mr. Bob Mills:** But it sets the price.

**Mr. Samy Watson:** No, it does not set the price. It sets the price in the European market. The European market is a closed market, done on purpose to actually increase the price of carbon to create a greater incentive. It is a closed market. Canadian companies can't buy from the European market.

The price in terms of CDM is \$3 to \$6 right now. I would say part of the reason there's a spike in the European price is that there is a drought in Europe that has reduced the availability of hydroelectricity. There are reasons for this, but we should keep it in context.

**Mr. Bob Mills:** So the Canadian farmer or the Zimbabwean government should sell it to you for \$3 to \$6 when in fact the Europeans are paying \$26. That doesn't make much economic sense.

**Mr. Samy Watson:** Let me just clarify what I said, because I think you misunderstood it. For Canada to buy international credits, which I think was the beginning of your question, we cannot buy them from the European market at the moment. It's a closed market. Where we would be able to buy them is from CDM, which is the Clean Development Mechanism, at \$3 to \$6. That's what the price is in terms of that activity.

In terms of the farmer, the farmer is selling a credit, not buying a credit. The farmer is probably selling a credit because he would have done no-tilling or he would have managed fertilizer really well. Therefore, he would be reducing greenhouse gases as a result of these activities. That would generate a domestic credit that he would now be able to sell. In a market, there is buying and selling. In the farmer's case, it would probably be selling.

**Mr. Bob Mills:** Some economists—I mention Mark Jaccard of Simon Fraser University—suggest that in order to achieve our targets of 6% below 1990 levels, the following would have to happen: the price of gasoline would have to go up 50%; the price of natural gas, 40% to 90%; and the price of electricity, 100%. Now, that hits every single Canadian if they are in fact going to achieve these targets.

How are Canadians, how is our economy, going to continue to function when our number one trading partner, in fact, is not subject to these kinds of prices? And the American public is not subject to these kinds of increases. How are you going to tell the person out there, the average Canadian who's paying these bills, that in fact that's what their price is going to be so they can achieve an international agreement, can send money offshore, and not really help the environment?

If you really wanted to help the environment you'd look to the 1940 technology in China and help them modernize their plants. Then you really help the environment. You don't go to a company here in Canada using 2005 technology and say, "You have four choices: improve your technology or cut your production, pay into a technology fund, buy foreign carbon credits, or pay a fine of \$200 per tonne because you're over your target".

A company has those four choices. How will they stay in business if you give them those choices?

**The Chair:** Mr. Watson, we'll have your final response to Mr. Mills.

**Mr. Samy Watson:** Okay. There are many questions in there.

Let me just say one thing about international credits. Since I'm not as good an economist as Mark Jaccard, I'm going to turn it over to Mike to answer for him.

There are a couple of things. First, there is activity on where the priority will be given for paragraph (b) on the domestic side. On the international side, there is co-benefit to Canada from investing internationally, including your China example. A lot of the mercury in Canada—around 25%, but I probably shouldn't use that number—comes from coal-burning plants of that 1940 technology. Mercury, I would say, is inherently toxic.

**Mr. Mike Beale (Acting Director General, Economic and Regulatory Affairs, Policy, Department of the Environment):**

The economic impacts of reducing greenhouse gas emissions depend on what measures are put in place to do it. The sort of approach that the Government of Canada has been proposing in the last number of years does not involve price increases anything like the numbers you quoted from Mark Jaccard. The analyses that have been done on the sort of approach the government has been considering put the economic impacts in a small positive to small negative range. The analysis that was carried out and published with the 2002 climate change plan indicated that the impact in 2010 would be a possible negative hit on GDP of less than 0.5%.

• (1135)

**The Chair:** Thank you, Mr. Beale. I'm sure Mr. Mills will want to come back to parts of that.

Mr. Bigras, you're on next.

[Translation]

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

What we have heard this morning is contradictory. If the government had wanted to take a position that would help bring about an election, it could not have found a better way.

Mr. Watson, you called on us to take part in an honest intellectual debate this morning. I would like you to show the same intellectual honesty.

**You make the following statement, for example, on page 4:** The government does not need to delete the word "toxic" to regulate greenhouse gases under CEPA.

**A few lines further on, you state:** Regulating GHGs is a new and complex area of regulation. By removing the word "toxic", the consultations that are essential to the development of the regulations would more properly focus on the criteria as well as the means and mechanisms[...]

On the one hand, you say that is not necessary to amend the Canadian Environmental Protection Act, but then you say that there are new realities that mean that the word "toxic" needs to be dropped. I would like you to tell us what kind of intellectual honesty allows you to say one thing and then to say the opposite a few lines below.

This is not easy. We are being called on to amend the Canadian Environmental Protection Act through a budget implementation bill. What you are doing, Mr. Watson, is basically killing the strategy that Canada should have adopted a long time ago to fight climate change in Canada and meet the Kyoto objectives. Your government is purposefully putting itself in a shaky position that could lead to an election within a few weeks. So you need to explain to us why you are proposing these amendments this morning and why you are contradicting your own statement.

[English]

**Mr. Sammy Watson:** There are a couple of things on this. One, is it legally correct that we could list greenhouse gases under paragraph 64(b) as a substance that harms the environment on which life depends? The answer to that is yes, legally you can. The other question is whether it's toxic, in the normal use of the word. The way

that works, you have to ask whether it's inherently toxic. I think the answer is no.

This question of toxic colours all discussions on any regulation under CEPA. So while we have an extremely progressive piece of legislation, there is a huge amount of reluctance, and certainly not an acceptance of its use, because of the stigma that the word "toxic" implies. That is not the focus of the bill, interesting enough. The focus of the bill is the three criteria: harm to biodiversity, harm to the environment on which life depends, and harm to human health. That's where the discussion should be.

[Translation]

**Mr. Bernard Bigras:** Mr. Chairman, since I have been a member of the Standing Committee on the Environment and Sustainable Development, that is, since 1997, every time we consider a bill, we always have a delegation of Justice Canada officials come here and tell us that the legislation adopted by Parliament does not violate provincial jurisdiction. They always cite the 1997 ruling by La Forest in the Hydro-Québec case. I find that somewhat paradoxical, because every time we look at the Canadian Environmental Act, we are told that the La Forest ruling gives Ottawa the right to intervene. Why does Ottawa have the right to intervene in some situations and not in others?

**Have you read the La Forest ruling? Do you refer to it? Have you read Paragraph 141 of the ruling? It reads as follows:** [...] toxic as used in the Act includes substances that are not per se, toxic, but that may, when released into the environment in a certain quantity, concentration or condition, become toxic. [...]

I find the situation today somewhat paradoxical. For the eight years since I became a member of Parliament, you have been preaching the La Forest decision to us and you are not mentioning it today. Basically, what you want, perhaps, is to avoid regulating and using the legal tools at your disposal, so that the voluntary approach continues to be used, as it was this morning in the voluntary agreement with the automotive sector that the Natural Resources Minister has just announced. Is that not the real basis of the proposal that you are making here, which we will have to vote on in a few weeks?

• (1140)

[English]

**Mr. Sammy Watson:** Thank you.

I think the government has made it clear that for the LFE sector it wishes to have a mandatory....

With respect to LaForest and the Hydro Quebec ruling, we are aware of it. We've certainly had legal advice on many occasions that the removal of the word "toxic" in no way limits the federal purview.

I will ask Cynthia Wright, if I may, to elaborate on that a bit further.

**Mrs. Cynthia Wright (Director General, Strategic Priorities, Environmental Protection Service, Department of the Environment):** Thank you, Mr. Chairman.

First, I think it's well understood that the LaForest opinion actually draws out the criteria and the importance that we should think of CEPA as acting not just for those substances that are toxic in the common parlance of the word, but for those that are entering into the environment at levels that cause harm to the environment. I think that's the number one point.

Both the minority and the majority argued that CEPA was an appropriate use of criminal law power for the environment, that the environment was a matter on which criminal law power should apply. LaForest argued that the regime of the law demonstrated the application of criminal law power. The minority opinion, interestingly enough, really didn't concentrate on the selection of what substances we chose to act on, but rather how we chose to act. The minority opinion was concerned that the regulatory authorities under CEPA were not application of the criminal law power, and the majority opinion disagreed with that.

So the parts of the act we're talking about are not significantly altered in any way that would affect the constitutionality of it. In fact, it references back in a sense to the concern LaForest had that we were ignoring the criteria on which we choose to act on which substances.

[*Translation*]

**Mr. Bernard Bigras:** It will be interesting to see to what extent the amendments will weaken the Supreme Court decision. It will be interesting to see how the situation unfolds.

However, I realize this morning that we are being asked to sign a blank cheque. We have no plan. We know nothing about the system or the framework that will regulate large industrial emitters, yet we are being presented with a host of measures.

How can we reconcile what you are announcing in the bill with the emissions permit exchange system? You are saying trust us, and we will see after that how the objectives for large industrial sectors will be set. In fact, we do not know what objectives will be set for them. We do not know what kind of system will be imposed on them, and you are asking us to trust you, because you want to regulate greenhouse gases.

For example, how can you reconcile the Greenhouse Gas Technology Investment Fund with the regulatory regime you are preparing to impose? I am emphasizing the fact that you are preparing to impose a regulatory regime on Parliament, as nothing in the bill guarantees that the regulatory regime for large industrial emitters will be examined by Parliament. How can we trust you, when we have no information on either the plan or the regulatory regime? You have told us yourself that it will come later and that "the Government of Canada will shortly set out the broad parameters for a mandatory emission reduction regime" for greenhouse gases. How can you say that?

• (1145)

[*English*]

**The Chair:** Mr. Watson, this will be the final response with respect to the time that's been allocated for Mr. Bigras.

**Mr. Sammy Watson:** I'll just try to answer the essence of the question. I'm sure the plan will be released shortly, which will answer part of that question, and we will comment on that when the

plan is released. I'm sure there will be lots of comments when the plan is released.

On the other aspect, about regulation and whether or not people are going to trust us, I said that CEPA is a working assumption with the government. Clearly, when there is something—you understand the regulatory process—I'm not sure there is anything that limits this committee from having hearings on any proposed regulations that may be forthcoming after a series of consultations. And I'm sure we need to consult on regulations.

Mike, you might want to answer on the relationship between the....

**The Chair:** Mr. Beale, if you would like to add anything to that, go very quickly, please.

**Mr. Mike Beale:** I'll just point the committee to the references that were made in the deputy's opening statement on the variety of options that an LFE company would have to meet its regulatory obligation. One of those would be a contribution to this fund, and the fund's revenues would then be put into the development of innovative technologies that would reduce emissions in Canada in the future. In this way, by adding this additional compliance option to the LFE companies, we are both incenting emission reductions in Canada and at the same time stimulating the development of Canadian technologies.

**The Chair:** Mr. Bigras, we'll come back to you in the five-minute round.

We have to now go over to Mr. McGuinty for your ten-minute round, please.

**Mr. David McGuinty (Ottawa South, Lib.):** Thank you, Mr. Chairman.

Thank you very much for joining us this morning. It's wonderful to see the room filled. It's wonderful to see a serious environment-economy interface discussion. It's wonderful to see that the Kyoto Protocol has arrived. And now that there are serious pecuniary consequences attached to stopping the fundamental fiction that the natural systems we continue to rely on are all taken for free and for granted, it's wonderful to have this debate this morning, Mr. Chairman.

It's been a long time coming, and when the ink dries on the plan and it is tabled and shared with the Canadian public, it'll be a wonderful opportunity to examine further how we're going to participate in leading the world in making the Kyoto Protocol a real tool.

Thank you for your comments, Mr. Watson, with respect to the closed European trading system. It was a little disingenuous, I think, of one of my colleagues to talk about carbon pricing when he knows full well, and members around the table know full well, that it is a closed European system at this stage and that Canada has a wonderful opportunity to advance the notion of international trading. It can practise domestic emissions trading. It can inform the ultimate international trading system, which Deutschebank estimates will be ten times larger than any single stock exchange worldwide when it is in full force.

I'd like to ask you a question about NAFTA, and I'd like to ask you a question about the fungibility of what we're doing under Kyoto and our NAFTA obligations. I have raised repeatedly at the committee here the question of a continental response to climate change. Many American states are already trading through their own systems. Nothing precludes Canadian companies from selling their R and D and their new technologies in the United States and in China and in India. They're already doing it, particularly oil and gas companies, which are high-technology companies.

Can you give us some idea whether this plan we're expecting will help us move the continental agenda forward? We have a North American energy working group led by NRCan. I know this is not in your purview, but that working group is not looking at greenhouse gases at this stage, to my knowledge, and the word "Kyoto" isn't there. But at the same time, the American Senate and the President and the administration are moving very aggressively forward on tax credits—R and D credits and so on. That's the first question.

The second question is this. You mentioned Justice Canada and legal opinions. We have not seen a legal opinion from Justice. Have you? I mean legal advice, sorry. Do we have a legal opinion or legal advice? There is conflicting commentary, and as a recovering lawyer I'm always troubled when I see these kinds of opinions cast about in the media, from one environmental NGO on the right-hand side and somebody else's hired gun on the left-hand side. It is the obligation of the government to come up with obviously robust policy that is through the filter of Justice Canada.

If you could comment on those two questions, I'd be very indebted.

Thank you.

• (1150)

**Mr. Samy Watson:** I'll comment on the second one.

We'll see what we can provide to the committee. Since you're a recovering lawyer, you know that's also difficult to do in terms of any legal advice that we've gotten, but we'll see. I don't understand the process, but we'll try to get that here as quickly as possible.

On the NAFTA issue, I think I'll ask Mr. Mike Beale to respond to that part of the question, if I may, Mr. Chair.

**Mr. Mike Beale:** I would point to a couple of issues.

One is the emphasis that has been part of the government's policy for the last few years, which is trying to develop innovative technologies in areas such as CO<sub>2</sub> capture and storage, and the development of clean coal technology for power generation. Both of those areas are areas of particular interest to the United States as well. There are existing and no doubt future potential opportunities for collaboration between us and the United States on that.

With respect to emissions trading, certainly Mexico would be considered a developing country from the point of view of the clean development mechanism, and the climate fund and LFEs would have the option of buying credits from Mexico. There's obviously nothing that would prevent a Canadian company from buying a U.S. credit or reduction in any way. There would be nothing in legislation or regulation that would prevent that. The question would be what we count in our regulation for compliance against our obligations. Given

the context of our international obligations, we would only be counting reductions that are good in Kyoto accounting terms.

**Mr. David McGuinty:** Thank you for that.

I'd like to turn now to the question of whether or not the changes that are proposed in Bill C-43 constitute in any way a carbon tax. The government has been absolutely clear for over a decade now that it will not bring a carbon tax to bear in the Canadian setting. There was early talk by the leader of the opposition of this being tantamount to a carbon tax.

My reading of the changes that are proposed is that saying regulating greenhouse gases is a carbon tax is like saying that giving out a speeding ticket when drivers break the law is a tax on driving. Bill C-43 introduces no fines and no other form of penalty, so I guess the question first of all is whether this is a carbon tax or overheated rhetoric.

The second question I want to ask you is about the two different funds that are being created. Do you envisage the participation of scared money in those funds? What I mean by "scared money" is private money. In the venture capital markets, there is an awful lot of pent-up demand for investment in R and D funds of precisely this kind. I think venture capitalists are ahead of us, ahead of government, and they understand that it is going to be a carbon-constrained future, so the question is whether or not the funds will in some way address the participation of scared capital in private markets.

**The Chair:** You have two questions, the carbon tax and the scared money. We're going to have to encapsulate them into about two minutes in the response.

**Mr. Samy Watson:** If I may, Mr. Chair, I'll answer the carbon tax one and Mike can answer on the scared money.

I don't see that this is a tax in any way, shape, or form. That's it, but I could elaborate on that. The purpose of the climate fund is to purchase, so that's not a tax. The other fund is to invest in R and D, which is not a tax. The removal of the word "toxic" doesn't play in that sphere.

**Mr. Mike Beale:** With respect to the scared funds or venture capital certainly with respect to the investments that might be made by the technology investment fund, there is considerable opportunity for partnerships there with other funding bodies, including the private sector, on venture capital.

With respect to the climate fund, again the climate fund is buying credits or reductions that have already been created, and one would expect that venture capital would be very active in helping to develop opportunities to reduce emissions in the current period.

• (1155)

**The Chair:** Mr. McGuinty, it's at considerable risk, but the answer was a little shorter than I thought it would be, and there's one minute left now.

Are you up to the challenge?

**Mr. David McGuinty:** Am I up to the challenge? Always. Thank you very much, Mr. Chairman.

**The Chair:** A question and a response, in one minute.

**Mr. David McGuinty:** Well, if there is room for expanded private sector involvement in this environment-economy interface, this challenge, this quintessential sustainable development challenge called climate change, then I would urge that in the final drafting, or wherever you are in the drafting of your plan—which we're all anxiously waiting for and supportive of—you examine this question more fulsomely, or at least leave yourself some room in due course to be able to....

I know you've talked about public consultations, Mr. Watson, in a few different settings. I think it would be very interesting indeed to bring together an awful lot of venture capitalists I've dealt with who are very anxiously awaiting the investment, and not only in new technologies. They want to play in an emerging national trading system, which—to repeat myself—Canada has the capacity to inform and to dominate before the Americans get in and drive up the price of carbon.

**The Chair:** Have you any quick response on that, Mr. Watson? It was just an observation that was taken under consideration.

**Mr. Sammy Watson:** No, just to say thank you.

**The Chair:** Thank you.

Mr. Layton, we'll go to you now, 10 minutes.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Thank you, Mr. Chairman. Through you to the delegation, welcome. I appreciate that your answers have been brief and clear, and we'll hope we can stick with that practice. There certainly isn't much clarity around this issue right now.

I have six questions, so I'll try to calibrate them in the 10 minutes.

First of all, a couple of quotes have come to mind; for example, "How many times can you scrape your credibility to the point that it doesn't exist?", or "What good is a pledge to stabilize greenhouse gas emissions when Canada still has no plan to accomplish it?" When I first saw this, I thought I'd probably said it. Actually, it was Paul Martin in February and May 1992.

So let me ask you, how many times can government scrape its credibility, and why, 13 years after speaking about the need for a plan, doesn't the government have one?

**Mr. Sammy Watson:** Let me just say that the government plans to release its climate plan shortly.

**Hon. Jack Layton:** When? Can you give us a date?

**Mr. Sammy Watson:** I think you know very well that I cannot give you a date. It's not within my purview to give you a date.

**Hon. Jack Layton:** I appreciate that you've made some of my questions somewhat briefer today, by the way, because you've

indicated.... I was going to ask you whether it was necessary to remove the word "toxic", and I was going to quote another quote, which is the minister saying that it's not absolutely necessary and that the word "toxic" leads to confusion, and you've highlighted that issue of confusion.

Here's what I find confusing.

Why, when it is absolutely crystal clear that there is a majority of elected members to this House of Commons who want to see Kyoto implemented—that is crystal clear—would an amendment that is not necessary have been attached to a budget, which then forces the one party that sat on its hands in the vote in order to sustain us without an election to have to vote against the bill? Why would we have brought forward something that is guaranteed to destroy the very plan that a majority of members of Parliament are interested in pursuing, something that is unnecessary according to your minister, the minister's spokesman in the media yesterday, or you?

**Mr. Sammy Watson:** Let me answer it again. I think the response is to say, legally, can greenhouse gas be listed as CEPA is now construed? The answer is yes.

I think, frankly, just from the discussion we've had for probably an hour now around this word, it's the kind of discussion that actually detracts from the criteria. That's the kind of issue that I think is very important, that we have an environmental act that's highly progressive, that lives under a colour, a concept, of "toxic", which the act, by the way.... Because I think it depends on the objective. Do we want an effective, nationally consistent regulation of greenhouse gas, or do we want an effective, nationally consistent regulation of greenhouse gas that also has stigma associated with greenhouse gas?

Those are the two issues. It depends on the objective.

• (1200)

**The Chair:** Mr. Layton, you still have the floor.

**Hon. Jack Layton:** Mr. Chairman, I have further questions.

"Industry...would like us to remove the word". That's a quote from your minister. It would be good policy to do so, I guess, because industry wants the word removed.

Then apparently we're going to remove the word so that we can have discussions. This is the new revelation today as far as I'm concerned—that we're going to have discussions. I thought we were going to get a plan, but what we're talking about, and I guess what we're going to hear, is that there are going to be more discussions about the regulations, after 13 years of promises.

It's legally possible to introduce greenhouse gases, according to your testimony today, under paragraph 64(b) right now. The regulations should have been written by now and could then be proclaimed so we could be catching up. It is very frustrating to hear that what you actually plan to do is to try to remove the word "toxic" so that you can have some discussions, I guess, primarily with industry, which are the biggest polluters.

What is really going on here? Why don't we simply have a listing of the substances and some regulations put forward, after so much time?

**Mr. Sammy Watson:** Mr. Chair, I think there are a couple of things. One is that there are two separate decisions here: the listing of the substances, and the regulations.

The consultations are on the regulations, as is part of the regulatory system. You know we don't impose regulations; we develop the regulations. We develop them in consultation, and that consultation needs to proceed.

**Hon. Jack Layton:** If I may.... Look, people in this country have been involved in these consultations for years. I was on the national climate change board. I chaired one of the tables in that huge multi-million dollar process. Why weren't we creating the regulations during that whole period of time? We've only got a couple of years left, Mr. Chairman. It's unbelievably frustrating to hear that regulations aren't written.

You know something? I bet somewhere in a file some diligent individual has created those regulations. And let me ask you this—I don't know if you're going to be able to answer it—why don't we get them on the table and put them into the legislation and get on with the job?

**The Chair:** Go ahead, please, Mr. Watson.

**Mr. Sammy Watson:** I think, I guess, a couple of things. One is that the consultations that happened before were about the whole idea in the past. We're not necessarily focused on the kind of consultation we have with respect to regulations. You know that as well as I do.

**Hon. Jack Layton:** I'm going to beg to differ. I'm absolutely going to beg to differ.

Let me turn to another topic, please, if I may.

**The Chair:** You still have over four minutes.

Mr. Watson, could you please complete your thought, and then I'll go back to Mr. Layton.

**Mr. Sammy Watson:** I think with respect to the listing, that's science based. With respect to the regulations, clearly there is a process whereby, when you are imposing regulations or you are contemplating regulations, there is a consultation period to go through. We know that—*Canada Gazette* parts I and II. And before that, there would probably be some discussion around the protocol in terms of what the framework would be for those regulations in an area that has these measures in it.

I think we should be happy that we're starting with the elements.

**Hon. Jack Layton:** Mr. Chairman, there are regulations dealing with CO<sub>2</sub>, for example, already in existence in this country. I happen to have chaired a board of health years ago. A thousand parts per million CO<sub>2</sub>, in any context, allows you to go home from work because it's a dangerous workplace. We're on our way to four times as much CO<sub>2</sub>, and we're not going to have much of a planet left, and there's absolutely no sense of urgency around here. There's a sense that we can keep dithering and consulting and discussing. Where is the sense of crisis around this? Some parties—one in particular—don't agree that it's a crisis. Fine. Another pretends it's a crisis and does nothing about it.

Let me turn to another sector that was announced today. Can you tell me what will happen to car companies if they voluntarily ignore your voluntary emissions standards? What is the penalty? And if

they voluntarily wanted to act, why wouldn't they have already done it instead of fighting California in court?

● (1205)

**Mr. Sammy Watson:** That voluntary agreement indicates that the government will monitor and will regulate should the targets in that agreement not be met.

**Hon. Jack Layton:** So what is the penalty? Will there be a penalty? In the announcement today, is there any penalty at all if the voluntary targets aren't met?

**Mr. Sammy Watson:** If the voluntary targets aren't met, the government will exercise its regulatory authority and the regulation will have a penalty in it, as all regulations do. Regulations create a liability.

**Hon. Jack Layton:** What regulation? What regulatory authority are you referring to here, and what are the penalties associated with it?

**Mr. Sammy Watson:** There are probably more than one. One of our favourite pieces of legislation that we're discussing now could probably be the regulatory authority, and that's CEPA.

**Hon. Jack Layton:** I'm asking if that authority exists now, and what are the penalties associated with it?

**Mr. Sammy Watson:** The legislation exists. Is there a regulation drafted?

**Hon. Jack Layton:** Yes or no?

**Mr. Sammy Watson:** Not promulgated.

**Hon. Jack Layton:** And is there any penalty that you can speak to here?

**Mr. Sammy Watson:** Not fully drafted.

**Hon. Jack Layton:** All right.

Can you comment on the budget, which is also in front of us, and the much ballyhooed expenditures on all of these initiatives? Are they front-loaded or back-loaded in the five-year plan? And what would be your definitions of those?

**Mr. Sammy Watson:** Front-loaded or back-loaded? I don't have definitions for those, but I think the flows are indicated on page 198.

**Hon. Jack Layton:** Would you say that would fall within the definition a reasonable person might use to describe "back-end loaded" if they looked at those numbers? The majority are in the third, fourth, and fifth years, and there's relatively little as a total percentage in the first year, which is the budget we're voting on.

**Mr. Sammy Watson:** I think it's an appropriate flow of funds.

**The Chair:** We're going to have to leave it at that point, but we have five-minute interchanges, Mr. Layton. You may wish to come back to that.

Mr. Mills, do you have a consensus on who's going to ask the next question for your side?

**Mr. Bob Mills:** Yes, I've agreed to. They're busy in the House right now, looking at Mr. Murray's appointment, which the deputy minister probably is interested in as well.

Let me tell you, sir, that I think you have a serious problem. I think you have set a limit of 5 megatons for the auto industry. We have 20 megatons from Rick Mercer, and 39 megatons are reported from the LFEs. That's a total of 64 megatons, but you have to hit 270 megatons to 300 megatons. I think you have a big problem, and I think your big problem is why you're using CEPA so that we don't have to have heavy emitter legislation.

I also think you believe in the tooth fairy if you think this isn't a carbon tax. It's a tax when you tax companies for the technology fund. It's a tax when you tell them to buy carbon credits. And let me quote from one of your most recent drafts of your plan: "The federal government will work with the Attorney General to develop a policy not to seek more than \$200 per excess tonne of emissions unless circumstances dictate otherwise, or to have the Minister of Justice list excess emissions as an offence under the Contraventions Act with a \$200 fine per excess tonne."

Sir, you have a plan. This plan is here. There have been new drafts of it, I'm sure, and I'll have them soon. When I do, I'll see nothing but a tax here. I see an implementation plan that says you're going to implement this on January 1, 2007. I see that you do have a plan, and I see that plan as a carbon tax. There's no other way to describe it but as a carbon tax. You can jazz it up with whatever words you want, but you have plans for a carbon tax. You have a liability because you've guaranteed heavy emitters fifteen dollars. That's in writing from Mr. Dhaliwal and Mr. Chrétien. If you're going to break that word, that's one thing. Tell us today. Otherwise, you have a serious problem.

Hanging over you is the Montreal COP 11, because you have to show that you've done something. That's why you have to come out with an onerous plan like this.

I'm just wondering if you sleep at night thinking about the problem that you have in all of these sorts of things. I really wonder.

• (1210)

**The Chair:** I'm sure Mr. Watson's up to being able to answer that.

**Mr. Bob Mills:** I think he can take care of himself rather well. I'm not worried about his health.

**The Chair:** I think he can.

Mr. Watson.

**Mr. Sammy Watson:** I think you're worried about my sanity, Mr. Chair.

I don't know what plan the member has and which draft. I don't know anything about it, so I'd rather not comment on that plan. I think it's probably wise for all of us to wait for the plan that the government is going to release soon.

With respect to this carbon tax, I have read in the media comments around this. I guess I do believe in the tooth fairy, because I don't see it. I worked in tax policy for seven years in the Department of Finance; I think I left there as general director of tax policy for Canada. I don't see this as a tax. It doesn't fit any definition of a tax. It's probably a tax, in some ways, as much as helping farmers who are facing the BSE crisis is a tax, and I don't think we think of that as a tax. I think we think taxpayers' money is used for the priorities of Canada—environment being a priority for Canada.

So really, I have struggled to understand the idea that this is a tax, and I'm sorry to say, I can't see it. That's kind of where I'm at.

**Mr. Bob Mills:** You have 64 megatons taken care of. NRCan says you have 130 megatons taken care of. So let's say that NRCan is right and these other figures that we know about aren't right, or whatever. But we still have 270 megatons. How are you going to get there unless you, as the former environment minister said, make the price of gas double, make the price of electricity double, make the price of heat double in a big, cold country with little transportation infrastructure? How are you going to do that?

You won't call it a carbon tax, obviously. You'll call it a green tax, a clean tax, or whatever name you want to put on it, but it's going to cost Canadians more money. That's a tax, when you cost more money to the average Canadian. So whatever the definition, how do you define that as not a tax?

**The Chair:** Mr. Watson.

This will have to be the last response on this one.

**Mr. Sammy Watson:** I've tried to explain, so if you don't mind, Mr. Chair, I'll ask Mike Beale to try.

**Mr. Mike Beale:** Thank you, Mr. Chair.

I would point the committee to the mechanisms that were laid out in budget 2005, which really provide the framework for moving forward. One of those is the climate fund, which we've already discussed to some extent. The purpose there is to go out and seek domestic emission reductions that are believed to exist in Canada.

A lot of evidence has been developed over the years as to where these emission reductions exist. They exist in the farming community, for example, in agricultural practices. The Saskatchewan Soil Conservation Association is a strong proponent of the role that low-tillage and no-tillage practices can play in sequestering carbon in the soil, and in doing so, that counts against our Kyoto target. There are advanced practices in terms of beef-feeding strategy, in terms of hog manure management. The Government of Alberta, for example, is very active and has been working with this department in coming up with estimates and approaches for how to realize those sorts of reductions. So the budget provides the mechanisms for addressing some of those reductions.

**The Chair:** I have to draw that to a close and go over to Mr. Wilfert, who has the next question, and then Mr. Bigras.

Mr. Wilfert.

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

To Mr. Watson and your colleagues, your role here today was designed to try to hopefully deal with fact from fiction. There has been lots of speculation in the media and a lot of comments made by individuals that clearly did not have any relevance to Bill C-43.

Mr. Watson, you spoke even slowly today, and I still don't know whether people really got the understanding of what is in the bill—probably not because you didn't explain it but because maybe people didn't want to hear it.

On the issue of the budget, discussions that somehow the budget implementation bill is a back-door approach, can you very clearly and very succinctly tell us why we should not have been surprised at the approach taken by the government in terms of this legislation, and in your view, is it a back-door approach or not?

• (1215)

**Mr. Sammy Watson:** Well, it's really hard to have a back door in a budget. But in my view, it's also hard to be using the back door when we're here this morning. It's a fairly public document. I think the mechanisms, as they're now laid out, are laid out just in terms of the framework. There's a commitment to consult on the real guts of making this work in terms of the climate fund, in terms of any regulations, should CEPA be the instrument, and with respect to the technology investment fund.

So no, I don't think we're taking a backdoor approach.

**Hon. Bryon Wilfert:** So that I would say, Mr. Chairman, deals with the first myth.

I point out, Mr. Chairman, for those who are in the room today, that members were offered the opportunity last week to be briefed on this particular bill, and that there are no surprises. There is transparency and openness. Clearly, members had an opportunity to be briefed. We have the deputy minister and officials here today, so the government clearly isn't hiding anything.

Mr. Watson, through you, Mr. Chairman, in terms of the budget itself and the fiscal tools we needed—and I'm not asking you about the plan—in order to be able to help facilitate and to deliver a clear, viable climate change plan, how important was the budget, and therefore the budget implementation bill, in achieving that goal?

**Mr. Sammy Watson:** I'd say it's a very critical step. It provides a significant amount of money. It actually has laid out at least two key mechanisms that would be in the plan, so it's the beginning of those mechanisms. The budget also, particularly with respect to the partnership fund, promised more funding in the future.

**Hon. Bryon Wilfert:** Thank you for that. Another myth disposed of, I think.

On the issue of the blank cheque—which again I have read about in the media—and certainly your work as a former general director with taxation in the Department of Finance.... There was a suggestion, whether you call it a carbon tax, a premium, a green tax, whatever you want, that somehow by passing this legislation we are giving the government a blank cheque to do something down the road.

In fact, does this legislation in any way provide that? If the government wanted to bring in a so-called carbon tax or whatever you want to call it, would it in fact be prohibited from doing so under

this legislation? Would it not have to come back to the House in order to do that?

**Mr. Sammy Watson:** Yes, I think a tax is particularly something you have to come back to the House for.

**Hon. Bryon Wilfert:** Again, another myth, I would say, Mr. Chairman, dealt with.

The other issue that again some of our colleagues have talked about is the purchasing of hot air. Can you very clearly for the committee explain the difference between the purchasing of hot air versus the carbon credit issue?

**The Chair:** Appropriately, this will have to be the last response to Mr. Wilfert.

**Mr. Sammy Watson:** Sure.

Hot air is basically buying credits from a downturn in an economy as opposed to actually effecting a reduction in terms of a green reduction in terms of a facility or other green activity where it's being purchased.

If you don't mind, Mr. Chair, Mr. Beale could answer that in more detail.

**The Chair:** Mr. Beale, quickly.

**Mr. Mike Beale:** Thank you, Mr. Chair.

The proposed legislation establishing the climate fund provides for regulations to be established as to what kinds of credits may be used, may be purchasable, by the climate fund. Those regulations are under the authority of the Minister of the Environment, who has made it very clear that hot air would not be eligible for purchase by the climate fund.

• (1220)

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

Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras:** I understand from that answer that the government is again asking us to trust it. We have just been informed that everything involving hot air will be clarified in a regulation. That gives the government the opportunity, through the governor in council, to make decisions without necessarily having to consult parliamentarians.

It is unfortunate that some people are trying to lead us to believe that the opposition is responsible for the failure of Kyoto and its application. On this side of the House, namely on the Bloc Québécois side, we have been asking the government since February 14 to table a separate regulation in the House of Commons on the issue. We are not talking about a regulation that will be included in a budget implementation bill. The government has a host of means available to it to table a bill that will monitor the regime for GHG and large industrial emitters.

So we are hearing two messages at the same time. According to one of them, which we are hearing this morning, the government would set out the broad parameters for a mandatory emission reduction regime. But to date, everything that has been negotiated and signed with industrial sectors has been done on a voluntary basis. These voluntary agreements include a number of loopholes. For example, the voluntary agreements signed with the pulp and paper industry, the steel industry, and the automobile industry—as was revealed this morning—contain several loopholes that will enable industry to avoid applying the reductions set out in the agreement.

I would like to know if we are supposed to believe you when you talk to representatives of industrial sectors and when you sign agreements with them, or when you are before us, at the committee, and you tell us that you want to adopt a mandatory regime. Your message varies according to your audience. When you talk to the industrial sector, you talk about a voluntary system, and when you are here, you talk about a mandatory regime. How can we believe you, when you are saying two very different things?

[English]

**Mr. Samy Watson:** I think with respect to LFEs there's been consistency that we want that to be mandatory. I don't think there's been any other comment that I'm aware of, other than that it would be mandatory. Part of the reason it needs to be mandatory is that it's very difficult to have a trading regime under a voluntary system. That's not an unimportant point, and I think the consistency has been there.

[Translation]

**Mr. Bernard Bigras:** You treated the industrial sectors differently according to where they were. For example, how can you justify having excluded the automobile industry from the large industrial emitters? How can you explain the fact that this industrial sector, that has nonetheless signed voluntary agreements, will not be required to respect the binding obligations? Why didn't you tell people in this sector that you intended to table regulations designed to reduce vehicle emissions by 25 per cent, as was done in California? Why are you telling some industrial sectors one thing, when you are not doing it in other sectors, which have however successfully reduced their greenhouse gas emissions?

Mr. Chairman, the aluminum industry reduced its greenhouse gas emissions by 7 per cent, yet it is considered a large industrial emitter. Others that have increased their greenhouse gas emissions will only be held to voluntary rules.

It is clear that what we have before us this morning is a government without a plan, a strategy, or an agenda, and that is positioning itself to give preferential treatment to industrial sectors that generate pollution to the detriment of those that have made efforts in the past. We can guess that from your presentation, and that is why we are dissatisfied on this side of the House, Mr. Watson.

•(1225)

[English]

**The Chair:** Mr. Watson, do you want to respond to that?

**Mr. Samy Watson:** I'd say there's been consistency since at least the 2002 plan, where the auto industry was going to be treated with a voluntary method and the LFEs would be treated in a mandatory

manner. That shouldn't be a surprise, because that particular dichotomy has been around for some time.

**Mr. Bernard Bigras:** Why?

**Mr. Samy Watson:** If I may, Mr. Chair, I am going to ask Mr. Beale to discuss that element of it.

**The Chair:** Mr. Beale.

**Mr. Mike Beale:** Thank you, Mr. Chair.

There are a couple of issues here I would like to bring to the attention of the committee. One is that the automobile sector was excluded from the large final emitter system itself. It didn't meet the criterion for being a large final emitter, which is that there be a significant emissions intensity from production. There were not significant enough emissions relating to the production of automobiles.

The other point, Mr. Chair, is this. The key difference is that with the LFE sector we're regulating emissions from production in Canada under the control of Canadian companies. In the case of automobiles, we're talking about emissions resulting from the use of products by Canadians that are bought from a variety of manufacturers, Canadian, North American, and international.

Another key difference is the number of companies involved. In the case of the automobile sector—and I don't have the exact figures—I think it's roughly twenty companies we're talking about. In the case of the large final emitters, we're talking in the area of 700 companies, representing almost 50% of Canada's emissions, so the prospect of a voluntary approach for large final emitters seemed absolutely not feasible.

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

Thank you, Mr. Bigras and Mr. Beale.

We're now going to Mr. Scarpaleggia.

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Thank you, Mr. Chair.

Mr. Watson, I'm very impressed personally with your obviously detailed knowledge and command of the issue, and I congratulate you. More than that, I congratulate you on your cool in the face of questions that, in my opinion, are intended for media clips. Obviously, you're well rested, and your composure is testimony to the fact that you sleep well at night.

**Some hon. members:** Oh, oh!

**Mr. Francis Scarpaleggia:** I've noticed there's a lot of division on this issue, and I've been participating in these hearings for a while now. For example, with the Conservative Party, we have a party that's obviously more concerned about industry than the environment, I would say. To borrow from one of my colleagues, Minister Dryden, who spoke in the House of Commons in another context on another issue, just because Mr. Mills says this amendment is a carbon tax over and over again, that does not make it so, Mr. Chair.

**Mr. Bob Mills:** Wait and see.

**Mr. Francis Scarpaleggia:** Then we have the Bloc Québécois, which doesn't believe there should be a federal role in the environment to begin with but are afraid to say so because they know Quebeckers are friendly to the environment.

**The Chair:** Mr. Scarpaleggia, excuse me, we're not debating across the floor.

**Mr. Francis Scarpaleggia:** We're not debating. I have a question.

**The Chair:** We are asking questions, extracting information from Mr. Watson. You are getting to that now, please.

**Mr. Francis Scarpaleggia:** Absolutely, Mr. Chair. Thank you.

But I have noticed at these hearings on Kyoto that we have business groups and environmental groups and there's a lot of division. It's obvious that if we're going to move ahead quickly with a plan, we need the cooperation of all sectors. It seems to me, from what I've been hearing, that it's very important that business be involved in developing a plan, in developing regulations. It seems to me this amendment—and this is the reason it's so important and so urgent at this time—is intended to allay fears in the business community.

Would you say that removing the word “toxic” makes it easier to get the different parties to this issue to work together toward implementing a plan to reduce greenhouse gases? That's how it seems to me after listening to you and your colleagues for the last hour or so.

• (1230)

**Mr. Sammy Watson:** What it allows us to do is focus on the criteria. We don't talk about them in CEPA, which has reduced the utility of this act. When we hear about something being listed, we think of “toxic”. We don't think of whether it's harmed biodiversity, whether it's harmed the environment on which life depends, or whether it's harmed human health. These are really key criteria we need to have and that need to be brought to the fore because they form the operating principle under which harm to the environment is defined.

Does it make it easier when you talk in terms of those three criteria as opposed to talking about “toxic”? Yes, I think it's clearer.

As to a question that was asked earlier about whether greenhouse gas is toxic, CO<sub>2</sub> is not toxic except in relation to the quantities we're dealing with and to what it's causing in terms of climate change, so it is threatening the environment on which life depends. That is a much clearer point of discussion than whether or not something is toxic.

**Mr. Francis Scarpaleggia:** Would you agree that's why it's important to do this now so that we can get cooperation on a plan?

**Mr. Sammy Watson:** I think it's important to do it now.

**Mr. Francis Scarpaleggia:** That's where the urgency comes from.

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

Mr. Layton, do you have a question?

**Hon. Jack Layton:** How long will it take to develop the regulations? Do you have a deadline on when they'll come out? I'm only picking up on the urgency theme that I was harping on a little earlier. Would it be a month?

**Mr. Sammy Watson:** I can see it taking a month, but that would be pretty fast for a regulation. I think when you go through the process, there is a protocol that could be put out. There is *Canada Gazette* part I. I think it's 60 or 90 days. Then, there is the *Gazette* part II, and then another 90 days. I think you understand the process.

Mr. Chair, we would be following the regulatory process for the Government of Canada, and the issue is, I think, that CEPA is the working assumption.

**Hon. Jack Layton:** What would be the target date for the *Gazette* part I, then?

**Mr. Sammy Watson:** It would be the fall of 2005. All things being equal, it would be the fall of 2005.

**Hon. Jack Layton:** The regulations could come into place some time in 2006.

Let me ask about another issue. I tried the Minister of Finance and his staff on this one. They actually indicated that they'd send an answer along, but to the best of my knowledge, we haven't received it. It's on the amount of the subsidization going to the fuels that pollute. I know the finance minister or his staff would have to provide those numbers, and they have failed to do so despite a request at a committee some time ago.

On the question of why Canada continues to subsidize the very fuels that we pretend to want to combust less, wouldn't it be more coherent to shift the subsidies to fuels that don't pollute? Do you contend that it's cohesive policy, on the one hand, to urge people to use less coal and oil and, on the other hand, use taxpayer money to subsidize it?

**Mr. Sammy Watson:** I think that's probably not within my purview so I think I will decline. I'd rather not answer that question. I'm not sure I could give you an answer. I think you should ask the competent authority.

**Hon. Jack Layton:** You're an environmental policy expert and you have a team of them here. Does it make sense to subsidize the fuels that you're trying to pretend you want to combust less? Is this coherent policy, in your view?

**Mr. Sammy Watson:** Frankly, I'm here to defend government policy, that's my role. I'm not here to give my own personal views.

**Hon. Jack Layton:** I'm giving you that opportunity.

**Mr. Sammy Watson:** I know. I'd rather not. I may not be an environmental expert; I'm only a deputy minister.

**Hon. Jack Layton:** So you're here to defend government policy, but on this question you'd rather not answer. Is that what you've just said?

• (1235)

**Mr. Sammy Watson:** I'd rather not answer this question. You're asking me about my personal point of view.

**Hon. Jack Layton:** No, no, I'm asking you as a deputy minister, sir. I'm asking you as a deputy minister: is it coherent policy to be subsidizing these fuels, and do you happen to know what the level of subsidy is?

**Mr. Samy Watson:** I think we also subsidized ethanol and wind, which I think is positive, from an environmental perspective, to the tune of \$600 million in this last budget.

**Hon. Jack Layton:** How does that compare to the subsidies we give to the fuels that we want to combust less?

**Mr. Samy Watson:** I guess we'll have to make that comparison when we get the information from the Minister of Finance, Mr. Chair. I don't know how much that is.

**Hon. Jack Layton:** You don't know how much that is. Okay.

**Mr. Samy Watson:** I don't know how much that is.

**Hon. Jack Layton:** Okay. If you can help us to obtain the information from the Minister of Finance, I'd appreciate it.

**The Chair:** You have one minute, Mr. Layton.

**Hon. Jack Layton:** Your minister said in the House that I was wrong to note that despite Paul Martin's promise to cut greenhouse gas emissions by 20% by 2005, they're up by 20% instead. I was using figures from your reports. Is the figure wrong? Have greenhouse gas emissions not gone up by more or less 20%? That's what we reported to Buenos Aires.

**Mr. Mike Beale:** The most recent data on Canada's emissions, which refer to the year 2002, indicate that our emissions are about 20% above 1990 levels.

**Hon. Jack Layton:** Okay. Well, you might want to send a memo to your minister and have him apologize to me.

**The Chair:** All right. Thank you, Mr. Layton.

Mr. Galloway.

**Hon. Roger Galloway (Sarnia—Lambton, Lib.):** Thank you, Mr. Chair.

Mr. Watson, you've been talking about what is factually and legally correct. I want to ask you, then, in your opinion, what is in this legislation before us that will control industry to meet objectives? What is contained in the legislation that will control them? Or is it all voluntary?

**Mr. Samy Watson:** In the legislation in front of us?

**Hon. Roger Galloway:** Yes.

**Mr. Samy Watson:** In the legislation in front of us, there is the climate fund. It is not a control piece of legislation; it's a facilitating piece of legislation, in terms of encouraging purchase of credits. The technology investment fund is part of a regulatory frame, because it provides a means of compliance to targets through the purchase of special emissions credits in the technology investment fund, those moneys to be used for technology or processes that reduce greenhouse gas. So I'd say of everything in front of us, as it now is, that would be the only element—and it's not mandatory to purchase that, because as I think I indicated in my statement, there are many ways of meeting compliance, this being an additional one.

**Hon. Roger Galloway:** Okay. I thought you had said—correct me if I misunderstood you—the regulatory power, which would come in terms of failure to meet objectives or targets, would come later, in a future regulatory regime. Is that correct?

**Mr. Samy Watson:** Yes.

**Hon. Roger Galloway:** I want to talk, then, about what is factually and legally correct. As I understand it, what you're doing is attempting to implement treaty obligations. Is that correct?

**Mr. Samy Watson:** In terms of Kyoto? Yes.

**Hon. Roger Galloway:** All right. There's a parliamentary principle, Mr. Watson—and you've stressed to us your long standing here in this place—that says if you're going to implement a treaty, you must bring legislation. You want to control behaviour, but what you're saying to us, then, is that you're not going to do that; you're going to ask Parliament, particularly the House of Commons and the Senate, to give you regulatory power. Is that correct?

**Mr. Samy Watson:** No, that's not correct.

**Hon. Roger Galloway:** Where is that regulatory power going to come from, then?

**Mr. Samy Watson:** The regulatory power has already been approved by Parliament. The working assumption is CEPA. CEPA provides the regulatory power to control emissions of greenhouse gases.

**Hon. Roger Galloway:** Okay. That's very interesting, Mr. Watson. Then to meet Kyoto targets—other than through these financial incentives contained in these funds—from a perspective of controlling behaviour, you already have that right and authority under CEPA?

● (1240)

**Mr. Samy Watson:** We have that. You can create new authority if it's not the appropriate piece of authority.

**Hon. Roger Galloway:** Well, Mr. Watson, do you not think it's fascinating that, as you well know, the cabinet—that is, the executive—has the right and authority, without consulting Parliament, to sign a treaty? Would you agree with that?

**Mr. Samy Watson:** I think it needs to be ratified by Parliament. I'm sorry, I'm not an expert on this.

**Hon. Roger Galloway:** No, I said to sign the treaty. I'm not talking about ratification. Would you—

**Mr. Samy Watson:** Yes.

**Hon. Roger Galloway:** You agree with that.

Second, you are now telling us here that you, through the enormous prerogative powers of administration—that is, the powers of the executive—can implement a treaty, therefore, without ever resorting to Parliament. Is that what you're telling me?

**Mr. Samy Watson:** I don't think I'm saying that. I'm not an expert in terms of how this is done, but my understanding is that treaties need to be ratified, and they're ratified by Parliament. Signing a treaty and ratifying a treaty strike me as two different things. Signature and ratification are—

**Hon. Roger Gallaway:** Ratification, then—and you have Ms. Wright with you, I think, who's your legal assistant here—is implementation, Mr. Watson, and implementation is a way of controlling behaviour. The only behaviour you control.... What you're saying to me is you already have that authority, that the fine powers, the powers to extract penalties, already exist. Is that right?

**Mr. Sammy Watson:** No. What I'm trying to say—and maybe I'm not saying it clearly enough—is that there's a piece of legislation that exists in Canada, CEPA 1999, from which regulations can be developed. You need a legislative frame in which you can get the power to do regulations, according to the regulatory process. CEPA has the capacity to be able to regulate greenhouse gas.

Before it can do that, greenhouse gases would need to be listed. So there are two sets of regulations, and there's an order in council that in effect identifies greenhouse gas as a listed substance. That, in the way CEPA's constructed, allows regulations to be made for the management and the control of that substance.

**The Chair:** Mr. Gallaway, I'm going to have to interrupt there.

We're going to have to go to Mr. Mills, and then Mr. McGuinty.

**Mr. Bob Mills:** Thank you, Mr. Chair.

Mr. Chair, NRCan was in the final working phase of working out things with the LFEs. Now that you've taken over the file, do those agreements stand?

**Mr. Sammy Watson:** Yes.

**Mr. Bob Mills:** So they're fully endorsed by you?

**Mr. Sammy Watson:** Yes, by the government.

**Mr. Bob Mills:** Second, by the OECD we're rated 24 out of 24 in environmental integrity. We have over 300 boil-water warnings. We have smog days occurring more frequently in Toronto, Ottawa, and so on. I wonder how you can convince Canadians that you can monitor environmental projects internationally when in fact you're doing such a terrible job with the environment here in Canada.

**Mr. Sammy Watson:** If I understand the purpose of this question, you're asking whether international credits that we purchase would actually be green.

**Mr. Bob Mills:** Yes.

**Mr. Sammy Watson:** Maybe I'll ask Mike to answer that, if you don't mind, Mr. Chair.

**The Chair:** No, that's fine.

Mr. Beale.

**Mr. Mike Beale:** There is a process for issuing credits under the Clean Development Mechanism. There is an internationally approved board that actually verifies that reductions have occurred and issues the credits. So it would not be necessary for the Government of Canada to do that verification. There already is an international body that verifies whether the reduction has occurred.

**Mr. Bob Mills:** Basically, more bureaucracy then.

I'll turn this over to Mr. Jean.

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

Mr. Watson, I understand why your personal opinion is often not consistent with government policy and why you don't want to answer this question. I also understand why we're in an emergency situation today. The Liberal government has in essence done nothing for the last 10 years with the Kyoto file, quite frankly, and now falls back on legislation and, in using CEPA, what I consider to be bad public policy.

The two things that are most important to me are the environment and the economy, and it appears this government is playing games with both. Why are you using this legislation? In the use of CEPA, it's as if a hidden agenda is coming out of nowhere. You have a situation where you're using the amendment tabled with the budget implementation bill. Why are you doing it that way? Why not stand-alone legislation? Why not have a full debate in the House? Why not deal with this in a manner where we can have full debate, and open discussion, and originating legislation? Why not? Why a hidden agenda, sir? It appears that way to me.

I'm speaking as someone from Fort McMurray in northern Alberta. We're looking at \$87 billion in investment in the next 15 years to 20 years, 250,000 more Canadians employed. I'm concerned.

•(1245)

**The Chair:** Mr. Watson.

**Mr. Sammy Watson:** Let me make it clear that what I was saying earlier is that I'm not here to give personal opinions on whether or not I agree with the government. Let me make that really clear. I'm here on behalf of the government in my role as deputy minister and I'm going to play it that way. So I would appreciate it if that's understood and not misconstrued.

With respect to whether there is a hidden agenda, this is far from a hidden agenda. Unless new legislation is created, CEPA is now the only piece of legislation in the Canadian legislative arsenal that has the competence and the capacity to regulate greenhouse gas.

I would go back to a set of questions I had here about whether greenhouse gas was toxic. That's not where the discussion should go. The discussion should focus on whether greenhouse gas poses harm with respect to biodiversity, the environment on which life depends, or human health. That's where the discussion should go.

**The Chair:** I'm going to bring that to a close, Mr. Jean. Thank you.

We go now to Mr. McGuinty for five minutes.

**Mr. David McGuinty:** Thanks, Mr. Chairman.

For the panel, I'd like to pick up on a couple of comments made by the opposition members.

•(1250)

**Mr. Bernard Bigras:** Me? Not me, please

**Mr. David McGuinty:** I'll hold my comments for Monsieur Bigras for a couple of minutes.

I want to go back to comments made by Mr. Mills and Mr. Jean in particular, and perhaps even the leader of the NDP, who—if we were to believe him—knows precisely where the theoretical threshold limit of the carrying capacity of the atmosphere is, because he's in the business of telling us that the atmosphere is on the verge of collapse. I wish I knew where that theoretical threshold was. We don't, and that's why we're taking a precautionary approach as a country, and we're moving forward.

Recently—last week in fact—with the executive vice-president of Shell International and the president of Shell Canada, Shell rolled out 25-year scenarios. As a leading member of the international energy community, a corporate community, they are moving towards a zero carbon emission strategy as a company. The Canadian Chemical Producers' Association, represented here today by its president, has a responsible care standard that is now in over 84 countries, something devised only blocks from here, and is now a global leader in the industry. The Forest Products Association of Canada, Mr. Chairman, brought in its own new sustainability standards, including very aggressive greenhouse gas reduction targets. I'm personally lobbying the engineers of Canada to run down to Industry Canada and register the trademark, "Engineering for Sustainability", so that our large engineering firms can brand themselves internationally.

To listen to some of the opposition members of this committee.... It's really quite remarkable they don't understand the economic opportunities inherent in shifting to a carbon-constrained future. Even Mr. Mills' comments about creating a new bureaucracy.... If he understood that the International Emissions Trading Association of the World, based in Australia so far, is backstopped by over 40 major transnational corporations, he would understand that the corporate world is heading toward a system of accounting, transparency, and costing of green house gas reductions.

I want to ask you a question about Monsieur Bigras's comments, which portray a fundamental ignorance of how to achieve environmental improvement. He talks about voluntarism as if it is the worst possible and conceivable approach, when he understands full well that in the spectrum between voluntarism and regulation, there's an awful lot of opportunities. He should also understand that the Germans, for example, have led Europe in environmental protection and greenhouse gas reductions precisely through voluntary negotiations with their governments, by banding together in corporate and industrial sectors. So it's really, again, disingenuous for him to say that voluntarism per se, by itself, as applied to the auto industry is a bad thing.

The questions I have for you are: how much are we relying on the market mechanism of trading to achieve the reductions here domestically; and how quickly, and where, do you see the domestic trading system interfacing with the emerging international trading system?

**The Chair:** Mr. Watson, or Mr. Beale.

**Mr. Samy Watson:** I'm going to ask Mr. Beale to answer that question.

**Mr. Mike Beale:** Thank you, Mr. Chair.

With respect to the large final emitters, fundamentally the market system itself will actually determine how many tonnes of reduction

obligation they themselves will decide to make and how much they will chose to buy from others. There certainly are, in the proposed approach to large final emitters, a variety of trading options. They can buy credits among themselves. So if company A is in a better position than company B, then company B can buy from company A. They can buy, internationally, the CDM units that we talked about.

An interesting approach is buying the domestic offset credits that would be created by farmers and municipalities through capture of their landfill gas, for example. What the climate fund does is to then add another element to develop this trading system. In that sense, the combination of the large final emitter system and the climate fund really marks a breakthrough in terms of the use of the market and market forces in the approach to climate change policy.

**The Chair:** I think we're going to have to bring that to a close.

Thank you, Mr. Beale.

We'll go to Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras:** Thank you, Mr. Chairman.

A few weeks or days ago, I was somewhat surprised to hear the statement made by my colleague Mr. McGuinty, and by the Parliamentary Secretary to the Minister of the Environment, on the nuclear industry.

After the presentations made by that industry, the Parliamentary Secretary to the Minister of the Environment indicated that we would have to be able to negotiate certain clauses of the Kyoto Protocol to exclude the nuclear industry from the energy sources included in the protocol.

Can you tell us if your department wants to renegotiate that clause, namely as part of the Conference of the Parties that will take place this fall in Montreal, because that could perhaps enable Canada to meet its objectives?

I am not doing an analysis, I am attempting to get some clarifications from your department. Can you confirm what the Parliamentary Secretary to the Minister of the Environment indicated to us a week or two ago, in other words that we need to seriously consider renegotiating these clauses?

[*English*]

**The Chair:** Mr. Watson, do you want to redirect that to Mr. Beale or are you going to handle it yourself?

**Mr. Samy Watson:** I'm not sure what the parliamentary secretary said.

**Hon. Bryon Wilfert:** Would you like to know, Mr. Chair?

**The Chair:** I think Mr. Watson can respond. It was addressed to him.

I have you down, Mr. Wilfert, as the final questioner, so we'll just wait for a second.

**Mr. Samy Watson:** With your permission, Mr. Chair, I'll ask Alex Manson to respond.

**Mr. Alex Manson (Acting Director General, Climate Change Bureau, Policy, Department of the Environment):** There is agreement amongst countries in the development of the international rules for implementing the Kyoto Protocol that credit for nuclear projects would not be part of the first commitment period. They may be reconsidered in terms of the future regime.

[*Translation*]

**Mr. Bernard Bigras:** That is not my question. We know that credits for nuclear projects will not be considered, as Mr. Watson said.

My question is as follows: There will be a Conference of the Parties. Is that part of your plan? You are appearing before the committee and you are required to tell the truth. Is your department conducting negotiations that will result in Canada proposing, in the fall, a reconsideration of the exclusion clause for nuclear energy within the Kyoto Protocol? I am not asking you to describe what is already involved, but rather what you are going to negotiate in a few months.

I am asking Mr. Watson to answer. After all, he is the deputy minister.

• (1255)

[*English*]

**Mr. Sammy Watson:** I understand him now. I would say that there are no discussions that I'm aware of or have been party to with regard to the renegotiation as you've described it.

**The Chair:** Mr. Bigras, you have one minute left.

[*Translation*]

**Mr. Bernard Bigras:** This morning, the Minister of Natural Resources made public the protocol signed between the Canadian government and the auto industry. If either of the parties were to decide that such a protocol was no longer desirable, one or the other could decide to withdraw from this voluntary agreement on the reduction of greenhouse gases.

If the automobile industry decided to withdraw from this memorandum of understanding, what obligations would this industrial sector have, given the fact that you do not consider these industrial stakeholders to be large industrial emitters? Does this not open the door to the possibility of an exemption for this industrial sector?

We are entitled to the view that three separate systems are being established: cornerstone for Ontario, because the auto industry is the economic base of the province; another for western Canada, because its economy depends on the oil and gas sector; and another that penalizes the manufacturing industry, around which Quebec's economy revolves, despite the fact that this industry has reduced its greenhouse gas emissions by 4 per cent.

Are we not creating a loophole for the automobile industry, which in the end, may not be obliged to reduce its greenhouse gas emissions?

[*English*]

**Mr. Sammy Watson:** I think the agreement makes it clear that if somebody steps on it, regulations would be in place. I think that's pretty clear.

**The Chair:** Thank you, Mr. Bigras. It appears that's the answer you're going to have.

Before we go any further, we have a notice of motion, and I'm just noting that the time is one o'clock. It would be my suggestion, if we have consent, that we deal with the notice of motion, which has implications for where the committee is going to go with what it has heard and so on. I suggest we ask Mr. Cullen to give us his overview of the motion and that we deal with it.

Do I have consent to do that?

**Some hon. members:** Agreed.

**The Chair:** I have consent. Mr. Cullen, thank you very much.

We'll thank Mr. Watson and his associates for being here. I think we'll be having a continuing dialogue on this issue for a number of months, if not years. We do thank you for being here.

Mr. Cullen, would you like to take over, please?

**Hon. Bryon Wilfert:** Mr. Chairman, I have a point of order.

**The Chair:** Yes, Mr. Wilfert.

**Hon. Bryon Wilfert:** Since my name was mentioned, I think I should make it very clear, as Mr. Bigras knows, that I have no problem in our reviewing the issue of nuclear—that's my personal view—post-Kyoto. That in fact is what was suggested here and again confirmed by Mr. Manson—that anything may be considered. It does not mean the government “will”; it certainly enough “may” be—

**The Chair:** I'll remind the committee also—

**Hon. Bryon Wilfert:** —as Sweden reviewed and decided to change its policy, as you well know.

**The Chair:** Mr. Wilfert, I will remind the committee that we also asked our researchers to look at that issue and bring us a report with respect to it.

**A voice:** It's been sent around.

**The Chair:** Has it been sent out? Good. Thank you.

All right. Mr. Cullen, can you maintain the momentum we have here, please?

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Of course.

Very quickly, with the current process that's going on with respect to the CEPA amendments, there is some concern within the House and on my own part that the environment committee have the opportunity to actually hear from witnesses as to what the implications are of the suggested changes and amendments to CEPA. The timeline is difficult because of the pace of the legislation going forward. It's been a concern that the environment committee would not see this at all; that it would simply go to finance, who are less equipped.

There have been two witnesses mentioned here in the motion. Clearly we're open to one or two more, particularly those who might be able to represent the views of industry, and particularly if they bring expertise to the issue. So the motion as it stands, but of course we're entertaining friendly amendments.

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

I'll go to Mr. Wilfert and then I'll go to Mr. Mills.

**Hon. Bryon Wilfert:** Mr. Chairman, having given my assurance the other week that I had no difficulty with a follow-up, if that was desirable, I don't have any problem. However, as I indicated to Mr. Cullen on the side, I would appreciate the opportunity to provide a name, but on Thursday, simply because this motion just appeared before us. I think it would be helpful if I could do that. I'm not obviously wanting to delay it; I simply want to be able to provide, as I know he wants to do, an appropriate witness. I understand that Mr. Mills has a recommendation as well. I'm just not in position at this point, but I would be more than happy to dispose of it at the beginning of the committee on Thursday.

•(1300)

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

Mr. Mills.

**Mr. Bob Mills:** The only point I want to make is that definitely we must have both sides of the issue. Industry obviously needs to be represented if in fact we're going to look at the other side of the issue. I can provide names if the clerk needs them. I certainly go along with this, but we must have both sides.

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

Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras:** Mr. Chairman, I want to believe what the parliamentary secretary has said, but I think we have to move more quickly. We could very well vote for or against the motion now, and the parliamentary secretary could provide a list afterwards that he could include in a motion on which we could vote.

On the other hand, I think that we have to pick up our speed, given what we have heard this morning. Let us vote on the motion. If the parliamentary secretary wants to present other witnesses, the committee could very well welcome them, in theory, but let's get moving! If not, we will slow down the work of the committee.

[*English*]

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

Mr. Wilfert.

**Hon. Bryon Wilfert:** As always, Mr. Bigras is always helpful. I will point out to Mr. Bigras that I have no difficulty; I just don't want an open-ended motion. I have no difficulty with the two people who are listed here, with the proviso, Mr. Chairman, that on Thursday we would consider whatever additional names Mr. Mills or I—or whoever on the committee—would like to propose.

I want to ask Mr. Cullen, if I may through you, Mr. Chairman, is there going to be an upset limit in terms of the number of witnesses you're looking for?

**The Chair:** You've heard the motion. If I may just interpret it, the motion before us is that by Thursday any members who wish to submit further names should please forward them to the clerk. Is that —

**Hon. Bryon Wilfert:** Mr. Chairman, through you to Mr. Cullen, would there be a limit on the number of witnesses he was looking for in total?

**The Chair:** Mr. Cullen.

**Mr. Nathan Cullen:** Once we get beyond four or five, we start to run into difficulty in the length of time we have to question the witnesses.

I'm wondering why we can't hear the names tomorrow in terms of suggestions. They can be provided to the clerk with a deadline of tomorrow. Then we could arrange a meeting for early next week to ensure that the legislation doesn't go ahead of the committee's ability to actually review the legislation. My concern with waiting until Thursday to get all the names is that it would take another week or so and we would lose the legislation in the process.

**The Chair:** Mr. Mills and then Mr. McGuinty.

**Mr. Bob Mills:** My concern, basically, is that we don't overshadow the witnesses we already have planned for Thursday. I believe those are important witnesses. We have three of them scheduled, and I really wouldn't like to see us schedule another three or four witnesses, making it, say, seven. That's just not possible. So let's make sure that it is a separate occasion.

**The Chair:** Mr. McGuinty

**Mr. David McGuinty:** In fairness, Mr. Chairman, it's easy for Stewart Elgie and Matthew Bramley to appear, because they live here. Witnesses from other parts of the country can't turn on a dime, necessarily. It would be interesting to get two or three names for consideration by Thursday and then, hopefully, give them at least three or four days' notice so they can make their travel plans and appear and be prepared.

**The Chair:** I think that is the sense of where we're going. So we'll put this motion with the proviso that those additional names will be brought forward. Then we'll be fully apprised as to how many meetings we have to schedule and so on.

(Motion agreed to)

**The Chair:** Thank you very much.

The meeting is adjourned.







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