House of Commons
CANADA

Standing Committee on Environment and Sustainable Development

ENVI • NUMBER 032 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Tuesday, April 12, 2005

Chair

Mr. Alan Tonks

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● (1105)

[*English*]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good morning, ladies and gentlemen and members of the committee. Welcome to Minister Emerson and David Fransen.

Pursuant to the Standing Order 108(2) study on Canada's implementation of the Kyoto Protocol, part II—working towards a lower carbon energysupply—this is meeting number 32 of the committee. Thank you to the members of the committee for being here; we can start now.

We have appearing before us the Honourable David Emerson, Minister of Industry, and he is supported by David Fransen, who is the assistant deputy minister, policy sector. Welcome to both of you.

Just for the information of the committee, at 12 o'clock Phil Fontaine, the national chief from the Assembly of First Nations, will be coming in. So we'll move along.

Mr. Emerson, the manner in which the committee proceeds is we have about 10 minutes for presentations and then 10 minutes, party by party, for questions and answers. Then we go into a five-minute question-and-answer period. We'll try to shoehorn in as much as we can before 12 o'clock.

We welcome you once again. Thank you for being here. Perhaps the chair will just pass it over to you, and you can make a statement; or we can just proceed to questions—whatever you're comfortable with.

Hon. David Emerson (Minister of Industry): Thank you very much, Mr. Chairman. It's nice to be here. I'm not going to make a substantial statement. I think people know the government is releasing its climate change plan tomorrow, so I'll leave the details of the climate change plan for tomorrow's announcement.

Perhaps I can just give a little bit of background as to what my role has been. You pointed out that I have been chairing the ad hoc committee on environment and sustainability, where we have done a lot of the discussion and debate around climate change in the government. I am the Minister of Industry, so I would naturally bring an industrial/economic perspective to the debate, although as chair I am a neutral chair, as you are, Mr. Chairman.

When you look back at my history, I think perhaps one of the reasons why the Prime Minister put me in the chair of that committee is my own background is one of working in both the public sector and the private sector. In my time in the private sector I gained an awful lot of on-the-ground experience with environmental issues and the challenges business faces in meeting environmental standards and transforming the business to achieve ever higher standards going forward.

In the forest industry I've been through the challenges associated with trying to do that in an industry where they were seen as an environmental pariah for many years, and in some parts of the country and the world still are seen that way. But I also participated in a transformation of that industry, where we really did have to change fundamentally the nature of how we manage the business, from the management of the forests and the achievement of environmental standards right through to the mills and down to the customers, where the customers themselves have become, and are becoming more so, sensitive to corporate environmental practices.

So I come from a world where I think we were able to demonstrate that environmentalism and achievement of higher environmental standards can indeed go hand in hand and can in fact reinforce your ability to become more efficient, more competitive, and more successful in the marketplace.

That's really what we're trying to do in the government climate change strategy: develop a forward-looking framework that will enable companies and governments and individuals and organizations of all kinds who are making decisions that affect the environment, and give them the tools and an opportunity and incentives to make decisions that further the competitiveness of the economy and further the improvement of the environment at the same time.

That's really a fundamental theme that I've been pursuing and the government is pursuing, and it will unfold tomorrow in greater detail when Minister Dion, Minister Efford, and I release the climate change document for the government.

With that, Mr. Chairman—I'd like to think of you as my customer—I will be happy to respond and go in directions committee members would like to go. I will be as open and candid as I can be.

● (1110)

The Chair: Thank you, Minister.

We're going to go to a question period and start off with Mr. Richardson for questions of the minister.

Mr. Lee Richardson (Calgary Centre, CPC): Thank you, Mr. Chairman.

Thank you, Mr. Minister. I appreciate your being here.

Obviously with these announcements pending—coming out tomorrow—it makes your visit a little different in terms of what may be said. Frankly, I can understand your saying wait until tomorrow.

I'd like to ask you some general questions about the difficulties you may or may not have had in the course of the deliberations of your committee with the Minister of Environment particularly, because I think that many in the industrial and manufacturing sectors in our country look to you as defending their interests, as we proceed with a Kyoto implementation plan.

One of the areas that's come up frequently in our discussion at this committee, in hearing from industry representatives, is the potential of a loss of economic competitiveness, particularly with our largest trading partner, the United States, which is not a signatory to the Kyoto Protocol. Could you give me your general thoughts on that, as to whether or not you believe there will be some sectors of the Canadian economy more affected than others? Will we be less competitive because, as I say, our largest trading partner is not participating in the Kyoto Protocol?

Hon. David Emerson: I think the question really goes primarily to the issue of large final emitters, which are really the most affected, or potentially the most affected, by the climate change plan. To some degree so is the automotive industry, but less so. I would say that Minister Dion, from the outset, has been very much committed to the idea that if we can engage a business in a more meaningful and substantive way—meaning understand their needs to understand their capital planning and capital replacement cycle—if we can be more clear and more efficient in the way we regulate and the way we deal with industry, there is in fact no reason why we should be undermining our competitiveness of Canadian companies in the short run, and certainly not in the long run.

My general sense is that we have consulted with and accommodated by far the vast majority of issues and concerns that have been raised. I think that when the plan comes out, and once we go through more detailed consultations on some of the details of implementation, you will find that in fact it is not a threat to competitiveness. If anything, it's an opportunity for industry to become more competitive and an opportunity for them to perhaps in some cases accelerate capital replacement and become more efficient rather than less efficient.

I can only go back, as a very substantial example, to my days in the forest industry. The forest industry was not very competitive a number of years ago in Canada. We were seen as a poor environmental performer. We were seen as a sunset industry with old capital and technology. The protectionists were attacking us. We were not a very strong competitive industry and not seen as part of Canada's new age economic future. Yet when we did focus on transforming the industry and doing it in an environmentally constructive way, we found that we became much more competitive, to the extent that now when you do sector comparisons with the U. S., in terms of the competitiveness of Canadian industry versus U.S. industry, our forest industry is right at the top. It's one of the few sectors where we're actually more competitive than the U.S. in terms of those comparisons.

I'm quite confident that the way we're approaching this should not be seen as a threat to the competitiveness of Canadian industry, and indeed the reverse ought to be true.

● (1115)

Mr. Lee Richardson: I appreciate your answer, and I think the example is a good one. The difficulty is short term versus long term, and again it's very difficult to be talking in this theoretical, hypothetical situation with your report coming out as early as tomorrow. I don't want to put you on the spot in that way, because we're not going to get an answer anyway.

My sense is there are some industries that, if required to meet a certain standard, simply won't make it through the short term. I agree with you, and so do many of the industry people who have come to our table. They've said yes, we want to become more environmentally sound, we want to contribute, but it's a question of timing, of function, of getting to that point, as you say, of capital cost replacement, equipment replacement, to get to that next stage of more efficient operating equipment, for example.

I'm only looking to get some notion of what we can expect coming up. I took it from the discussions we had throughout that it was more on your suggestion that we looked to incentives as opposed to punitive action with regard to some of the large emitters. I'm concerned about getting them over the hump. We're all after the same goal here: we want to reduce our emissions but we don't want to destroy our economy getting there.

Hon. David Emerson: I think we've been fairly careful to recognize that some industries and some segments of any given industry are more or less amenable to transformation in any given timeframe. Right now, as you probably know, we're essentially exempting process emissions in terms of the large final emitters. We're recognizing that emissions that are related to the fundamental chemistry of a manufacturing process, for example, cannot be changed rapidly. Those would be the focus of longer-term technological transformation as new technologies become available.

I think we are really focusing on areas where we know that transformation is possible and economic in a reasonable timeframe. As you say, I am very strong on using, as much as possible, positive incentives. I think it's really important that we move now when the economy is in a relatively robust cycle, if I can call it that. We all like to think that economic nirvana is here to stay because we've been doing well for a few years. I think we also all know that's not true. There will be some tougher times ahead when demand and prices, particularly in the commodity business, will not be as strong. So now is a good time, while profits are strong, to use tax and other kinds of incentives, and work with industry as they replace capital to get ahead of the curve for those days when it won't be quite as easy to do that.

● (1120)

Mr. Lee Richardson: That's all I have for now. Thank you, Mr. Minister.

The Chair: Mr. Watson, do you have anything to add? There are still three minutes left in that round.

Mr. Jeff Watson (Essex, CPC): Okay, thank you.

Thank you to the minister for appearing today.

I've been trying to reconcile some of the numbers in my head about commitments, and perhaps some of this will be reconciled tomorrow. I'm not sure. When you talk about exemptions for large final emitters, the auto industry's memorandum of understanding that you recently signed is only 5.3 megatonnes. I'm having trouble adding up the numbers. I guess I'm going to ask it straight out. Are we going to meet our Kyoto commitment by the 2010 average part of the reporting period—not by 2012, but are we going to be able to average out by 2010 to hit our original Kyoto target? That's the first question.

Hon. David Emerson: I think everybody in this room will know that the numbers are extremely uncertain, and even the business-as-usual forecasts change year by year, if not month by month. One does not know when you put incentives and programs in place that are designed to encourage technological transformation with positive environmental consequences exactly how much take-up you're going to get or how effective you're going to be. There's always going to be uncertainty.

I do believe that the framework of policies and incentives and regulations that will be put in place will be capable of allowing us to meet our Kyoto commitment. Having said that, we recognize that the international purchase of some verifiable credits may be an important part of it late in the first Kyoto period. We think we can rely heavily on internal Canadian initiatives and greenhouse gas reductions before we have to do that, and we think we can do international acquisition of verifiable emissions credits in a way that is economically beneficial to the country but that may have to be part of it late in the process.

Mr. Jeff Watson: Let me ask the next question, then, because that's not a definitive yes, that we're going to meet our targets. With Montreal coming up in the fall, the question then is, are we—as probably other nations with binding targets will be under the Kyoto Protocol—moving to back some of our commitments into the post-Kyoto phase, into the next phase of Kyoto reporting? Is that the strategy of this government? Is that something we're looking at doing in Montreal later this fall?

Hon. David Emerson: I should be clear that it is the government's commitment to meet our Kyoto commitments. There is no contemplation at this time of backing any of it into the next Kyoto period.

Mr. Jeff Watson: If I understand correctly, Japan is getting closer to their target than we expect to get, and they're still going to come in at about 6% or 7% over. They're already looking at, or discussing—or at least there's been the overture publicly that they're going to be looking at—back-ending some of their commitment into the next reporting stage. I can't conceive of how we wouldn't be looking at much the same thing. If I'm following the strategy of this government, giving exemptions all the way along and hoping to encourage the behaviour, either we should have started this five or seven years ago when we originally signed on, or else we're going to end up back-ending some of this into the next reporting period.

Hon. David Emerson: There's no doubt about it: we are anticipating a much more substantial response, as a result of the broader range of initiatives and incentives we're putting in place, than we've seen in the past.

I should say, although I wasn't here, that this actually started a number of years ago. We didn't reach the objectives we had originally hoped to reach from initiatives put in place a few years ago, but we are making progress. I think we will be able to meet our commitments.

The Chair: Mr. Watson, I'm sorry to interrupt that line of questioning, but it's Mr. Bigras' turn now.

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

The Chair: Thank you.

Mr. Bigras.

[*Translation*]

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

Welcome, Minister.

I'd like to focus on the approach that the federal government has thus far taken to deal with the different industrial sectors that you represent. Thus far, the government has opted for a voluntary approach. I'd like to use the example of one industry with which you're likely very familiar, namely the steel industry.

Your government signed a voluntary agreement with this industry sector calling for a commitment under the Kyoto Protocol. However, the agreement stipulated, among other things, that if this sector presented to the government studies demonstrating that the steel industry's competitive position would be jeopardized in some way, then the industry would not be forced to meet its greenhouse gas emission reduction commitments. That's the nature of the agreement between the government and the steel industry.

Do you feel that this approach, which would allow an industry sector to back down from its Kyoto commitments under certain circumstances, is the advisable one to take? Isn't is really a loophole that industry sectors can employ to withdraw from the Kyoto Protocol when they can demonstrate, using studies that they themselves have prepared, that their competitive position would be compromised?

● (1125)

[*English*]

Hon. David Emerson: On the agreements with the steel industry, Minister Efford would be the minister who could get into the detail of those agreements. But I would say, generally speaking, that when we do voluntary agreements, as we did in the auto sector, we require a very rigorous commitment and interim targets that are monitorable and externally can be validated, and we reserve the right at all times to move in with a regulatory approach. On the details of the agreement with the steel industry I think you'd want to deal with Mr. Efford, but we are committed to meeting our commitments and to use the fallback of a regulatory approach if required to do so.

[*Translation*]

Mr. Bernard Bigras: Mr. Chairman, I don't imagine that we will have an easy time of it today getting answers to our questions. I get the impression that the Minister plans to direct all questions pertaining to agreements and negotiations with industrial sectors to Mr. Efford. At least, that's the impression I get from Mr. Emerson's presentation.

I have another question for him.

I don't know if the minister is familiar with the principle and concept of environmental cross-compliance, that is when the government puts environment conditions on subsidies to a particular sector. Let me give the minister an example of cross-compliance.

How does the minister explain the fact that his government gave subsidies to the Ford company, while not demanding at the same time that the company introduce more efficient production standards? Would it not be fairer if Industry Canada imposed some restrictions on the subsidies awarded to a particular sector, to ensure compliance with the Kyoto Protocol?

Ultimately, it comes down to this and to the criticism levelled by the Commissioner of the Environment and Sustainable Development. Often, departments fail to comply with the strategic environmental assessment.

Do you believe the principle of environmental cross-compliance applies to government subsidies? How far along is the government in terms of compliance with the strategic environmental assessment findings? What steps has your department taken to comply with this strategic environmental assessment?

[*English*]

Hon. David Emerson: I can say that with respect to any assistance we provided to the automotive sector that you pointed out —to Ford, to GM—we make that assistance conditional on its being used for environmental improvements in their manufacturing processes and in their plants. So there is an element of environmental enhancement and upgrading involved in that assistance.

Fundamentally, you will recognize that the fundamental driver of emissions related to the auto industry is the vehicles that are driven here in Canada and sold here in Canada. We have focused our efforts to improve environmental greenhouse gas emissions by focusing on vehicles sold in Canada and operated in Canada, and I feel very comfortable that we are going to achieve at least the 5.3-megatonne reduction that has been committed to by the automotive industry.

In terms of Industry Canada's environmental plans, we are maintaining those commitments.

● (1130)

[*Translation*]

Mr. Bernard Bigras: Can the minister tell us if environmental conditions were put in place prior to the two companies mentioned receiving financial assistance?

Can he tell us what specific conditions were imposed on the industry in terms of increasing the energy efficiency of the vehicles manufactured in exchange for federal subsidies to this sector?

You stated that environmental rules were respected. I understand that, of course, but what specific conditions did your department place on these two companies with a view to increasing by 25 per cent the energy efficiency of the vehicles they manufacture? In my view, companies should be required to meet this objective in order to qualify for financial assistance.

[*English*]

Hon. David Emerson: We have taken the approach of getting commitments to fuel efficiency improvements from all companies who are selling vehicles in Canada, not just those who are investing in Canada. We did not feel it was wise to target those who were investing in Canada without doing it in conjunction with their competitors, many of whom wouldn't have the same level of investment commitment. We treated the vehicle emission reduction commitment separately from our attempts to bring investment to the automotive industry in Canada.

Frankly, we are doing better, I think, in Canada than we've done in many years in terms of attracting automotive investment in Canada. Much of that investment is focused on more environmentally benign, more environmentally friendly production processes, and they are making commitments to vehicle efficiency improvements.

The Chair: Mr. Simard, there are a few minutes left there.

[*Translation*]

Mr. Christian Simard (Beauport—Limoilou, BQ): Mr. Minister, I would have appreciated a written text of your presentation. It's more interesting for us to have an overview of the situation and this is an opportunity to provide us with one.

I see by your answer that you draw a clear distinction between economic development and environmental protection. You subsidize industrial development, all the while hoping for voluntary measures to meet Kyoto commitments. The information that we have does not provide us with many indicators.

Am I wrong to say that you have no industrial indicators, or green indicators, in place to show how Canada is faring, for example, in terms of environmental protection, compared to other OECD countries? Is Canada pulling up the rear, or is it somewhere in the middle of the pack? Does it barely rate a passing grade, or is it among the front runners?

I get the feeling that a report card hasn't even been prepared. We have nothing concrete to go on in terms of performance. The government is spending a considerable amount of money and widely promoting the action plan, but ultimately what has it achieved in terms of results? Do you have any reports to show us? Do you have any indicators specific to Industry Canada?

[*English*]

Hon. David Emerson: We have been examining indicators, and part of the strategy going forward will be to tidy up that research and make sure we have a much more rigorously enforceable and monitorable standard that we can track. That's going to be part of the commitment going forward.

From what we've been able to determine, our greenhouse gas reduction target is actually larger than we had anticipated even two years ago. The megaton reduction has risen to something in the neighbourhood of 270 megatonnes to reach our 6% reduction from 1990 levels. But we feel we're performing well. The intensity measures of environmental performance that Canada has achieved are actually significantly higher than those of most of the major industrial economies.

● (1135)

The Chair: I'm going to have to interrupt there. That envelope is finished, but we'll come back in the next round.

We'll to go Ms. Ratansi and then to Mr. McGuinty.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Minister, for being here.

I had the good fortune of being invited by the Department of Energy, the U.S. embassy, to do a cross-Canada consultation, because the U.S. realizes that its insatiable appetite for energy is not going to be sustainable, so they are looking at alternatives. They are looking at—surprise, surprise—Canada to see what we are doing, and they were showing what they are doing in terms of alternative energies: biomass, etc. They want to learn; they want to cooperate.

I understand from your strategy, where you're trying to maintain competitiveness versus environmental friendliness, that you have certain goals in mind—technology road maps, and innovation in architectural designs, etc.—and you say you're providing tools and incentives to industries. Could you give me some examples of what these tools and industries are and how they rank in terms of others, if you've done it on a global comparative basis? And how do you determine which industry, for example, gets the tools?

Are there some sunset industries that will not be able to be competitive enough and maintain Kyoto targets? And will that give rise to some sunrise industries?

Thank you.

Hon. David Emerson: Thank you very much.

If you look at Canadian environmental industries in particular, we are one of the leaders in the world in terms of a number of environmental clean-energy industries. If you look at the hydrogen fuel cell business, for example, we are a world leader.

That really is thanks to interventions and support provided by the Government of Canada over the years, whether it's been from Technology Partnerships Canada, tax incentives, or other kinds of support from the Canada Foundation for Innovation and some of the research support we've provided.

So we are a leader, and I believe it is a big opportunity for Canada, going forward. Our environmental industries can, in fact, grow, and become very successful as exporters in their own right, but also as companies that can help the rest of the economy to become much more energy efficient, improve their environmental performance, and become more competitive at the same time.

When you look at some of the initiatives in Mr. Goodale's budget, some of the new tax incentives, the accelerated capital cost allowances are going to become very important. From my days in industry I know there are enormous opportunities out there for industries to use much more environmentally friendly technologies—methods of trapping heat and recycling it to heat buildings in the community, to create electricity, to fire boilers and industrial processes. There are some huge opportunities there, and the incentives that will encourage companies to invest in those technologies will also allow them to become more cost-effective.

So I think you're going to see industries you might have thought were sunset industries.... I hear about sunset industries all the time. The forest industry was a sunset industry; the textile industry is a sunset industry. I don't buy it.

I think there are industries that have transformed. Maybe they're not at the same scale they were a decade or two decades ago, but they transform. They invest in technology, they find the niche market they can be effective in on a global, competitive basis, and they thrive going forward. That's what I think you're going to see.

You're going to find every industry is going to transform in its own way. I don't think there is an industry out there you could.... I would be hard-pressed to find one you could legitimately say is a sunset industry that won't be here in ten years' time. It will look different, but it will be here.

Ms. Yasmin Ratansi: So basically you're saying anybody who takes advantage of the change that's come through will be able to survive as long as they meet this.

There are other industries—like BIOCAP Canada, etc.—who consider themselves as corporate citizens and have gone the distance in terms of becoming environmentally friendly, so there is no disconnect between being environmentally friendly and being competitive.

● (1140)

Hon. David Emerson: Absolutely, and you can look at major companies in the Canadian economy today—Suncor, a variety of banks. All kinds of major companies out there, as well as smaller companies, have a very strong commitment to environmental standards.

Indeed, the market is telling many industries they must have demonstrably high environmental standards or we won't buy your product, so it's becoming a force in the marketplace. Not only are people doing it for reasons of good corporate social responsibility, they're also doing it because the market says they must.

The Chair: Mr. McGuinty, do you want to pick that up?

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Mr. Chairman. How is our time?

The Chair: You have about four minutes.

Mr. David McGuinty: Minister, and your colleagues, thank you very much for joining us this morning.

I wanted to thank you as well for reminding the committee members that your department has been leading the world in the development of the eco-efficiency indicators Mr. Simard alluded to earlier. In fact, the work of Industry Canada on eco-efficiency indicators—particularly in the area of energy intensity and water intensity—is the leading work in the OECD. Monsieur Simard might want to go back and look at their analysis of Canada's work, which is considered to be chef de file.

Second, I'd like to thank you again for reminding the committee about the work we're doing on green procurement. This notion of eco-conditionality is writ large all over our green procurement reforms at public works. Whether it's the lead standards in our buildings, or whether it's the siting of federal facilities on transit lines, Mr. Chairman, the government is pursuing it aggressively.

But I want to put more of a systemic question to you, Minister. You were privileged, from my perspective, to chair the ad hoc committee looking at climate change. In fact, the former leader of the Progressive Conservative Party put forward, in a platform some years ago, the idea that a number of departments should be merged in order to deal with this notion of sustainable development.

You've just gone through the privilege of presiding over a committee with four or five major line departments to come up with a plan, which will be released tomorrow. Could you help us understand the merits of that exercise? Did it work well? As a committee, should we be looking to examine whether this should be made more or less permanent? Was it required to help reconcile these competing interests, seemingly, between departments and parts of Canadian society? That's the question I wanted to put to you. Could you give us some insight on the process? How well did it go?

Hon. David Emerson: That's an insightful question.

Most people will know, and I've observed, that the Government of Canada has many tentacles. There are many different departments; it is very fragmented. As I have seen in my years in business, one is always tempted to recommend government reorganizations, or corporate reorganizations, as ways of getting rid of fragmentation. But in point of fact, I think any reorganization you do would always be flawed. There would always be boundary issues as to whether this properly belonged in environment and not natural resources, or whether natural resources should have this and industry should have that. So you'll always have boundary problems.

The challenge governments face today, and will face increasingly going forward, is the same problem and the same challenge the private sector has faced for 10 or 20 years—that is, how do you get large, complex organizations behaving in a cohesive, efficient way, so that the strategy of the corporate entity is known by all its parts, and the behaviour of all of its parts is done cohesively, and decisions are made in a timely way?

The ad hoc committee was one mechanism for pulling together the disparate voices and interests of the Government of Canada. It worked well. You followed the press as we had meetings. They were leaked to the media almost every week, so the play-out of some of the frictions and disagreements is known to everybody.

To be honest with you, the disagreements were legitimate, valid disagreements that you would expect from parts of an organization when their mandate and their philosophy is oriented to what they're trying to achieve, and another part of government is trying to achieve something quite different. Some parts of government would take more economic risk with environmental transformation; some parts of government would take no economic risk at all, so you have these natural tensions. The committee was a very helpful way to get those different interests and perspectives brought together. I think it actually worked very well.

● (1145)

The Chair: We're going to have to end that part of the time envelope and go to Mr. Cullen.

Mr. Cullen, please.

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

Thank you, Minister, for showing up today.

I'd like to pick up on the last comment you made, in connection with some of your experiences in the private sector and now in the public sphere. With regard to the economic risk you talked about, I want to clarify a comment you made about the forestry sector. It may have been termed a sunset industry, whether that notion actually exists or not, but it certainly was inefficient, particularly towards the environment and towards the use of energy. Through a great deal of controversy, I would suggest, you were pushed—the sector was pushed—to become more environmentally sustainable, more efficient. Am I hearing you correctly, in terms of the effort of the environmental movement—we'll use that term—to push you folks forward?

Hon. David Emerson: That's a good comment. I have, from my days gone by, given strong recognition to the environmental movement because what we saw in the forest industry was an industry that was very comfortable with an historic status quo that wasn't very environmentally friendly, if I can call it that. The environmental movement launched campaigns of various kinds in the market, with financial institutions, with the media, and created a real crisis in terms of the marketability of forest products from forests that were argued to be not managed in an environmentally sustainable way.

The pressures from environmentalists in those days were very important, but it leads me to another issue that is more general in nature and that we need to be aware of. At the same time as environmentalists were pushing the forest industry to up its standards and governments were demanding more in terms of forest environmental regulation, we had a protectionist threat from the Americans. So you had a combined threat from the marketplace and environmentalists and you had a protectionist threat from the U.S., and it really put the forest industry into what I've called a near-death experience five or ten years ago.

The forest industry got through that, and the question I haven't satisfactorily answered is whether you need a near-death experience to make the transformation that allows you to really come back to life in a stronger, more environmentally sustainable way. I believe you can make the transformation if governments have the framework, but sometimes you may need to go through the near-death experience in order to rise from the ashes and be strong and successful.

Mr. Nathan Cullen: We'll call it the phoenix effect.

To pick up on that, you mentioned the government regulations, and there has been a confusion for me with respect to the reluctance to use regulations. From the leaks and the various reports that we're getting on the plan to be released tomorrow, there will be little of that.

When I look at a relevant case to your former industry and to my riding of beehive burners, which contribute all sorts of things that we don't want to contribute in terms of particulates and global warming, and the inability of industry to move towards capturing that energy, and given permission to avoid regulations over and over again while there have been incentives in place, I'm confused as to why there's so much reluctance. When you've talked about the forestry experience, there had to be a combination of both some incentives put forward—market and government—and also the regulations that were required to say to industry, "We're serious about this. You must protect salmon habitat," as an example, "and that you must do by law." Yet when we get to something like the auto deal, there's a great reluctance to even mention it in the deal we have that regulations will be there or to simply use them. Why the reluctance if they were so successful in the past?

● (1150)

Hon. David Emerson: Let me respond to that, because again it's a good question.

On the auto deal, we've done 14 voluntary agreements with the auto sector and they've all worked out. There's a strong sense of confidence that they will meet their commitments in an honourable way, and we have a regulatory backstop in the event that they start to fall off the trajectory of greenhouse gas reductions.

Let me go back to the example you had, because in your part of the world beehive burners were indeed a big problem. There have been all kinds of opportunities, as you know, in your part of the world to take the wood wastes that are being burned in beehive burners and use them for cogeneration. The reason that didn't happen and has been slow to happen has nothing whatever to do with regulation. It has to do with the fact that they did not have in British Columbia at the time sufficient incentives for somebody to invest in a cogeneration facility, knowing that the electricity they produced from a cogeneration facility could be sold into the grid at a reasonable price.

So if you look at what we're doing, we are creating the incentives that will allow those kinds of investments to actually be made.

Mr. Nathan Cullen: Thanks for that answer, although I'll leave it behind now. We can have a more private discussion about that.

I've asked from the ministers of finance, environment, and natural resources for some sort of cost accounting of the effectiveness of the investment that we've made to this point—how much pollution reduction we've achieved for the investment that we've made. The investment is sometimes talked about as near to $4 billion, but actual expenditure is somewhere near $2 billion. The number floats, depending on who you ask.

Again, coming from a business background, I would be hard-pressed to think that at any point you'd be able to go to shareholders and say, this our plan going ahead in the future, without specific targets and dates for what it is the investment in a company per se is hoping to achieve. Yet when we come to this plan that will be released tomorrow, there's been much talk of the lack of specific targets and dates. How is it that the Canadian people are meant to feel assurances over the effectiveness of this plan and any hope in this plan, when from previous experience the government is unable to tell me, from now three ministries, how much we've been able to reduce?

That is put in contrast to the evidence of pollution continuing to mount over these years—regardless of whether we signed on and then ratified Kyoto, pollution continues to accelerate—while we're going to introduce a plan tomorrow that likely still does not have specific targets and dates and no cost-effective measurement of what the investment, whether it's $5 billion, $10 billion, or $20 billion, is actually going to produce in pollution reduction.

Hon. David Emerson: I'm not going to go back and try to second-guess or re-evaluate what went before. What I've been doing is looking forward, and looking forward, the plan that will be released tomorrow will include, as a fundamental element, an ongoing quantitative monitoring, effectiveness evaluation, in terms of how well we're doing using a variety of different initiatives, which ones are most cost-effective, and an ongoing process of shifting funds, as you would in any business, between the programs and initiatives that are working and proving to be cost-effective and those that are not. Going forward, that's going to be a fundamental part of the plan, and you will be able to hold us to account.

Mr. Nathan Cullen: Just to have clarity on that, a year after the plan's introduction I'll be able to ask the ministers again and I'll have an answer: for the amount of money we've spent to this point, these are the reductions we've achieved and this is the shifting that we're going to do in our investment. Is that what my expectation is meant to be?

Hon. David Emerson: Your expectation should be that, but you should also recognize that the plan is trying to be a medium-term plan, so you're getting ahead of the capital planning cycles so that you're going to ramp it up substantially over time. But having said that, you'll be able to ask that.

Mr. Nathan Cullen: A quick question about transportation. You know I have great interest in a northern transportation corridor. How important is transportation and the investment in transportation, particularly our port facilities, to something like Kyoto? Does the connection get made for government between making something like our overseas and internal transportation systems more efficient through investment?

● (1155)

Hon. David Emerson: I think it gets made. I think it's a fair point to say we should pay more attention to it. If you think about your own part of the world, Prince Rupert, and that transportation corridor up to Prince Rupert and the port and the opportunities to serve Asia, clearly that corridor and investments that are made in that corridor will allow product to be shipped much more efficiently and in a more timely way to some of our critical markets. All of that means you're going to burn less fossil fuel on the way to shipping lumber or pulp or coal to Japan or China, so that will be an important consideration. I would be lying if I said that was a driving factor in decision-making, but it will be an important consideration.

Mr. Nathan Cullen: Thank you.

Thank you, Chair.

The Chair: We'll go to Mr. Watson.

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

Minister, I want to come back to the auto industry for a second. You talked about environmental process improvements that you've been seeking as part of federal funding of the auto industry. Then you go on to suggest that the greatest strides will be made with auto emissions, fuel efficiency, that type of thing. Twenty percent of the vehicles produced in Canada are actually driven in Canada. The other 80% are exported to the United States. With regard to a memorandum of understanding with the Canadian auto industry, I can understand why it's so low at 5.3 megatonnes. It really doesn't provide a very comprehensive solution to improving the fleet on our roads.

The question I have first of all is this. Why wasn't there a move either previous to this or currently for some sort of a continental standard for fuel efficiency improvements according to a specific timetable that would actually make a real improvement, not only in Canada but on the continent, and would allow us to make up the competitive disadvantage we have against the European Union and Asian automakers as well? That's the first question I want to leave with you. Why wasn't there a move for a continental standard? Wouldn't that be more effective than a 20% solution?

Hon. David Emerson: That's a good question. You will note, if you were following the meeting with the Prime Minister and President Bush and President Fox of Mexico, that coming out of that was the security and prosperity partnership. Part of the prosperity component of that partnership will involve some sector-specific examination of regulatory incompatibilities. The auto sector, in fact, is one of the targeted sectors, where we will deal with the Canadian automotive industries and the variety of stakeholders represented in the Canadian automotive partnership. We will be looking at that very issue as part of this initiative.

Mr. Jeff Watson: The reality is, if you want to improve auto emissions in Canada, it's going to have to be for vehicles produced in the United States and sold into Canada. That's a bit of an oversight that should have been dealt with prior to this. We've had a number of years to deal with issues like these.

I want to move on to the post-Kyoto framework with respect to the auto industry. Buzz Hargrove has floated the idea, and I've had some talks with him—our Conservative Party auto caucus has sat down and had some discussions with him—specifically about the issue of auto emissions. Essentially what he's asking for, and you probably know it already, is a timetable of targets that are workable and negotiated with the auto industry over time to be able to achieve those things.

Is there any kind of negotiation on a timetable post-Kyoto with the auto industry? Are there plans to have that kind of negotiation, or are we going to end up with another sort of eleventh-hour scrambling for an agreement with the auto industry to get some sort of additional greenhouse gas reductions?

Hon. David Emerson: We in fact are going to be consulting with the automotive industry through the CAPC committee on post-Kyoto greenhouse gas environmental issues and considerations. Part of our plan is to negotiate—

Mr. Jeff Watson: Are you going to have a timetable, with negotiated targets and timeframes in which to achieve them? Is that the strategy of the government?

Hon. David Emerson: In the agreement we have now, we actually have some interim targets that we'll be tracking to. But post-Kyoto, which is post-2012, we'll be looking at more fundamental issues and, sure, that's going to have to have a strategy, with timeframes and measurables and deliverables and....

● (1200)

Mr. Jeff Watson: Under the issue of tax incentives, this being the centrepiece of your Kyoto implementation strategy.... I'll just take post-secondary education programs for example. You have budgets that announce hundreds of millions of dollars to increase accessibility to post-secondary education and that are underutilized. In other words, there's only a specific participation rate, and it's not 100%, in accessing those funds.

Does your department or any other department have any numbers on historic participation rates for corporate tax incentives that are designed to change corporate behaviour? In other words, what can we expect from these new tax incentives in Kyoto? How much of that will be accessed by corporations to change their behaviour? Do we have any historical data that will shed light on what we expect this time around?

Hon. David Emerson: If you look at the effectiveness of tax credits, accelerated write-offs, and so on, they are effective when corporations are profitable and paying taxes; they're not effective when they're not. So if you have an industry that's not making any money, giving them a tax write-off isn't much good. If you're in a period in the business cycle when you're profitable, they can be more high-powered than if you're in a weak period in the business cycle.

Mr. Jeff Watson: Then maybe I can make the question more specific.

Do you have any numbers, then, on what type of tax-incentive participation rate happens in times of economic prosperity?

Hon. David Emerson: I think we have numbers in the budget that suggest that.... In effect the cost of the tax incentives is a measure of the take-up of the incentive, and I think it's in there at $150 million to $200 million over the next five years, so there's some take-up there.

The Chair: Mr. Watson, I'm going to have to interrupt. That's the end of the time.

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

The Chair: Members of the committee, the chair would like to get some direction.

We have Chief Fontaine, who is here, and we had slotted an hour for the minister. We've reached that point. Might I suggest that we finish with this now and that we have Chief Fontaine now come as a witness? Do I have consent on that?

Thank you very much.

Thank you, Minister, for being here.

Hon. David Emerson: Thank you kindly.

The Chair: We appreciate your presence very much. And Mr. Fransen, thank you very much.

We'd ask Chief Fontaine if he'd like to come forward.

Chief Fontaine, thank you so much for being with us today. Of course, your presence and the timing of the climate action plan that will be tabled tomorrow is I think very propitious, because we recognize that all stakeholders have a great interest in Kyoto and in environmental matters, not the least of which has always been demonstrated in our first nations. Your presence here is very timely, so thank you for being here.

The routine we use is usually ten minutes for a presentation, give or take a few minutes; then we go through the parties in order with ten minutes of questions and answers. Then we have five-minute rounds if the time permits.

Welcome. Perhaps I'll just turn the floor over to you, if you'd like to make a statement. Then we'll have questions.

Thank you.

Chief Phil Fontaine (National Chief, Assembly of First Nations): Thank you very much, Mr. Chair.

First of all, allow me to express our appreciation to the committee for providing us an opportunity to appear before this committee. We recognize the important work you're involved in, and the many big challenges you face in ensuring we do the right thing for all Canadian citizens and, in terms of our responsibility, for first nations.

I'm joined here by Peigi Wilson, from my office, who's responsible for the environmental file with the Assembly of First Nations.

I do in fact have written text, but it's longer than ten minutes, so if you will, allow me to get as far as I can in ten minutes with my presentation and leave the rest to your own review. I'm not going to be able to get through it all.

● (1205)

The Chair: We'll play that as we go. The committee has been very flexible with respect to this.

Chief Phil Fontaine: Thank you.

Good to see you all.

My presentation will focus on three issues: the unique needs and interests that first nations bring to this issue; the different ways in which first nations can assist Canada in meeting its Kyoto obligations, including what we need to facilitate this; and the creation of win-win scenarios for Canada and first nations. In the process of doing so, I will also address reducing first nations energy demands, the success of the existing climate change plans in responding to the needs of our people, and first nations interest in participation in developing alternative energy supplies and carbon sequestration.

My concluding remarks will focus on suggestions for moving forward. While I appreciate that your committee is focused on the implementation of a Kyoto Protocol, and therefore is more concerned with issues of energy efficiency and renewable energy than with impacts and adaptations, my remarks will hopefully underscore the linkages between these two issues and will call upon and encourage a more holistic approach to climate change.

Who are we as first nations and the assembly? We represent 633 first nations communities. We are more than 750,000 first nations citizens, both on and off reserve. We are inclusive of our people living in all parts of the country. As well, we have formal councils in place to ensure that the voices of women, youth, and elders are heard in all of our discussions and deliberations. We serve as a national delegated forum for determining and harmonizing effective, collective, and cooperative measures to advance the aspirations of first nations.

The chiefs meet annually and as needed to set national policy and direction through resolutions. Our leadership is elected by their citizens and provides direction to the national organization based on the direction they receive from their citizens. In this way, the Assembly of First Nations is accountable to our people and our communities very directly. Our communities range in size from less than 100 to more than 10,000. There are communities right next to cities in some of the most populous parts of Canada, and there are remote communities that can only be accessed by air. Eighty percent of our communities are located in the boreal forest—80%.

The first nations population is the youngest and fastest-growing segment of the overall Canadian population. The 2001 census data shows that the median age in the first nations population is 23.5 years, compared to 37.7 in the non-aboriginal population. Indeed, our young people represent the future of this nation. Our future is your future. Yet we are also the poorest, least well educated, and have a lower life expectancy than other groups in Canada. The rates of suicide and violence in our communities are alarming. In fact, the most alarming is the recent suicide of an eight-year-old boy in God's Lake, northern Manitoba. Prior to that, his eleven-year-old brother also committed suicide. That's our reality—eight and eleven. I have grandchildren. I have a granddaughter who's eight and a grandson who's twelve. It's scary.

First nations people continue to pursue a traditional lifestyle—at least I should say that many of our people continue to pursue a traditional lifestyle—that is threatened by climate change. Our traditions are different from those of other Canadians. We tend to live connected closer to the land, reliant as we are on the land for our food and medicines and spiritual and cultural inspiration. Our traditional social structures revolve around our relation to the land. Environmental practices that are unsustainable or irresponsible are problematic for all creation, but they are felt sooner and more profoundly in our communities. For example, the loss of a caribou herd, a mainstay of first nations' diet in northern Quebec, constitutes a crisis in food security for the first nations, but may have little impact on a non-aboriginal Canadian.

● (1210)

Along with the loss of food comes the loss of self-sufficiency, loss of opportunity to pursue our traditional way of life and to share our traditions with the younger generation. Our way of life is threatened when we are faced with lost prospects of cultural expression and enrichment as a result of the impact of climate change on settlement patterns, sources of food and medicines, and spiritual sites.

This in turn adds to the severe social, economic, and cultural pressures on first nations, as we struggle with the profound changes we have already experienced. The loss of opportunities for cultural expression in turn triggers social problems, as we lose hope for the future. Environmental degradation therefore often has a more direct and negative impact on our people. First nations health also is under threat from the impact of climate change, in particular from the declining diversity of traditional foods and plant-based medicines.

The epidemic of diabetes is evidence of this. It has become increasingly obvious that the health of the environment is a key determinant of the health of humanity. Social well-being and opportunities for spiritual sustenance are also important determinants of health. First nations face many challenges in this regard, many of them different from those facing the non-aboriginal community.

We are pleased that the federal government has acknowledged the link between greenhouse gases and human health in its proposed amendments to the Canadian Environmental Protection Act, 1999. We are still studying the proposed amendment with respect to the term “CEPA toxic”. We encourage the federal government to continue to make strides in addressing the human health impacts of environmental degradation. Our life expectancy is already lower than the average non-aboriginal person in Canada and our health costs are spiraling upward.

Not only are first nations facing more immediate challenges from climate change, we also have the least capacity to respond. First nations are among the poorest in Canada—as I've already noted—and thus as a group have the least ability to adapt to the pressures that will be brought to bear by climate change. We have the least access to capital, the lowest levels of education, and the smallest land base to see us through economic downturns.

This is a critical factor in designing effective economic and fiscal policy to respond to climate change. Tax incentives—for example, rebates of the GST or provincial sales tax on major appliances with ENERGY STAR ratings—will generate little response from our communities. Not only are we not subject to these taxes for items purchased for use on reserve, but we have little capacity to purchase these items in the first place.

The Kyoto implementation plan needs to be responsive to the unique needs and circumstances of first nations. We also have rights that are different from the rest of the Canadian population. This is because of our unique relationship with the Crown. These are constitutionally protected rights and thus have the highest protection in Canada. While we can debate what is included in this bundle of rights, at the very least it includes the right to hunt, fish, and gather in our traditional territories.

We also enjoy the same rights to freedom of religion and cultural expression enjoyed by non-aboriginal Canadians, although we may pursue these rights in ways significantly different from our non-aboriginal neighbours. Our ability to pursue and enjoy our rights is being undermined by climate change. For example, climate change is causing a loss of the biodiversity on which we rely for our health and well-being. This in turn creates additional stress in our communities, resulting in increased social disharmony. A failure to address the causes of climate change constitutes a failure to protect our rights.

How can we help? First nations are keen to lend their support to the international struggle to reverse global warming. We see it as nothing less than a matter of survival. We want to work with government, industry, and the public to respond to the challenge. We believe we have much to offer. We have lived in this territory since time immemorial. We have knowledge that has been gathered over many centuries that has been handed down by our ancestors, generation to generation.

● (1215)

We know this land intimately—the environment, the geography, the plants and animals. We know how the land responds in times of stress. Combining our knowledge with the expertise of non-aboriginal scientists will allow us all to deepen our understanding of the forces at work.

A great deal is still unknown about the potential impacts of climate change. Computer modelling can be enhanced by incorporating first nations knowledge. We want to work with the non-aboriginal community to share experience and understanding.

Of course, this must recognize the need for community protection and control of this knowledge in a way that protects the rights and interests of first nations.

Our traditional knowledge can also help in the formulation of effective policy and programs, particularly those aimed at promoting sustainable development. Bringing our unique perspective to the issues at hand can facilitate greater understanding and potentially suggest new approaches, but in order to be of assistance, we need to be included.

First nations have not been invited to be involved in the process of preparing Canada's Kyoto plan. Allowing me this opportunity to address this committee is a step in the right direction; however, we need to do more. We need to be involved in policy development and research, in scientific and economic analysis.

The current Prime Minister speaks of the need for transformative change and promised a full seat at the table for aboriginal people. A full seat at the table simply means that first nations must come as a partner equal to the provinces, the federal government, and the territories, on a nation-to-nation, government-to-government basis.

Transformative change means accepting and investing in the single most crucial factor for the development of real accountability, social cohesion, and economic growth—and that is self-government.

Our unique perspectives and interests must be recognized and incorporated in legislation, policy, programs, scientific analysis, education, and training programs through respectful, timely, and fully informed dialogue and consultation. We must be included as equal partners on a government-to-government basis in all regular and ad hoc decision-making bodies that have the potential to affect our interests.

The Prime Minister has made a commitment to the first nations that policy will no longer be made without our involvement. We must be included—and I underline this—and we are willing to share our advice and experience.

A great deal of money has already been spent by government, but first nations are not benefiting or receiving due consideration for the role we can play. We need to make sure that programs meet the needs of first nations and are administered through first nations institutions.

There are a significant number of government departments responsible for various environment, climate-change, energy, and economic development-related matters, including Indian and Northern Affairs, Environment Canada, the Canadian Environmental Assessment Agency, Natural Resources Canada, and Canada Mortgage and Housing Corporation, to name just a few.

There is a need to coordinate the work of these departments to ensure first nations' concerns and issues are being adequately addressed with a minimum of bureaucracy.

Intergovernmental priorities need to be addressed within this framework. Federal policy needs to be reviewed to ensure it does not provide disincentives to first nations adopting energy-efficient and renewable energy initiatives.

At the same time, we can look to our people for innovation and leadership. First nations and other indigenous people are facing huge climate-change impacts, and in turn they will be among the first to make adaptations to these impacts. We are the leading edge of response.

Non-aboriginal governments and individuals need to seize the opportunity that exists for all Canadians to learn about climate-change mitigation and adaptation through the experiences, responses, and resiliency of our people.

The Prime Minister says he shares our commitment to implementing Kyoto and addressing the poverty and social conditions in our communities. Mutual goals can be addressed through partnerships between first nations and government. This is a win-win approach.

● (1220)

The Kyoto accord represents an enormous opportunity to address the urgent priorities of first nations while working towards Kyoto targets. Responding to our interests and engaging our people in the decision-making process will promote greater results for Canada than by leaving us out. In every crisis there is an opportunity, climate change included.

A Kyoto implementation plan that considers the unique needs and interests of our people and includes us in the planning and implementation can generate wins for both Canada and first nations. As energy consumers, we can do our part to reduce overall energy demand. Policy-makers need to understand our particular circumstances, however, in order to design effective programs and policies.

For example, our housing situation is deplorable. It is a national shame. Not only are many of our homes unhealthy for us, they're unhealthy for the environment. Inadequate houses with plastic sheeting for windows and gaps in the walls stuffed with newspaper and discarded clothing leak heat into the atmosphere. Energy-inefficient homes increase the energy demand, thereby increasing greenhouse gas emissions. Obviously, improving the quality of housing for first nations will reduce our overall energy demand and reduce greenhouse gases.

The sources of energy in our communities can be addressed with corresponding reductions in greenhouse gas emissions. For example, many homes in the remote communities are heated with wood in small, inefficient stoves, which are a source of greenhouse gases. Wood and other biomass are a renewable energy supply, so it makes sense to continue to draw on this source for our energy needs. Programs to facilitate first nations' access to airtight wood stoves or biomass energy production systems would be appropriate.

Other first nations communities off the grid are reliant on diesel generators for their energy needs. The fuel is brought in at great expense, often over winter roads that are becoming increasingly unreliable due to climate change. Replacing these generators with proven renewable energy options can help to reduce the amount of greenhouse gas emissions from these communities, and has the added benefit of creating a reliable energy supply.These advantages will accrue to all of Canada and all Canadians.

The vast majority of first nations people live in the boreal forest, which is an important greenhouse gas sink. Protecting the boreal forest protects first nations peoples, traditions, and economies. As well, it protects biodiversity and offsets greenhouse gas emissions. First nations have an inherent connection with the boreal forest. Our traditional activities rely on an intact forest ecosystem. The forest is home to traditional medicines; traditional food in the form of wildlife, birds, and berries; sacred sites; spiritual and cultural activities; recreation; and economic opportunities.The forest is integral to our well-being. As the impacts of climate change grow worse, first nations will be challenged and possibly severed from our traditional knowledge, traditional activities, and traditional culture.

The domestic co-benefits of rewarding first nations for sustainable stewardship of the boreal forest, including payments for forest sinks, will be cheaper and better than buying carbon credits internationally. It is a win-win approach.We can look at some examples that are already under way. The Little Red River Cree and Innu First Nations are working on stewardship of the forests in their traditional territories so that they will store more carbon through a combination of effective sustainable management, protection of important wildlife areas, and planting new trees in deforested areas.

Deforestation and poor forest management cause 25% of the total greenhouse gas emissions worldwide. Supporting good forest stewardship is a large contributor to dealing with climate change problems.

We need to look at long-term solutions for first nations. We need to ensure that energy efficiency and sustainable energy solutions are part of the plan.First Nations have economic interests in the energy industry, including oil and gas. While we are seeking economic opportunities to allow us to respond to the immediate needs of our communities, we are well aware that short-term opportunities are not necessarily in our long-term interest. We want to ensure that our participation in the energy sector is sustainable for future generations.

Our strategies should engage and promote first nations youth involvement to meet the challenge of climate change and leveraging employment and economic opportunities where they can be created. Our youth are the present and the future. We need to build capacity in first nations communities through education, training, and skills development, particularly for the youth. Such capacity needs to be developed with a view to sustainability, and must include adequate long-term financial stability.

Ensuring that the immediate crisis issues facing first nations are addressed will allow communities to develop long-term strategies for sustainable development.Our communities require infrastructure, and we need to do more to ensure that first nations communities have reliable and sustainable energy supplies.Supporting the application of advanced environmentally friendly technologies—even though they may be more expensive at this time—will reduce the impacts of climate change and save expensive retrofitting after the fact.The government can invest in Canadian businesses as suppliers to first nations of advanced environmentally friendly products. This will help to support the new businesses in this area.

As part of this plan, government should develop a program to support first nations entrepreneurship. We can create employment opportunities and support business through such initiatives as sustainable energy developments, new energy-efficient housing and infrastructure, and a first nations housing retrofit program aimed at creating healthy, energy-efficient housing. In fact, many first nations are already involved in alternative energy projects. These not only help the first nation, but also help to reduce Canada's overall greenhouse gas emissions. And we again see the added benefit of building strong and viable first nations economies that contribute back to the national economy.

The federal government can support first nations initiatives aimed at renewable energy and energy efficiency, as well as exploring the economic development potential Kyoto presents for first nations communities. Programs need to be reaching first nations communities, and they must support capacity-building at the community and regional levels. We need to look at how solutions can create economic development opportunities and jobs in our communities.

We are currently aware of at least 22 first nations projects supporting renewable energy and energy efficiency.For example, in southern Alberta, Piikani Nation is harnessing wind power, an alternative energy source, to generate clean, emission-free energy. This project offers economic development and employment opportunities, while respecting traditional elements of the culture of the Piikani people. We can point to many other examples, including the Kahnawake Mohawk territory program for sustainable housing; the Fort Severn First Nation waste heat recovery project; Island Lake Tribal Council's plan to distribute energy-efficient wood stoves; and Lac Seul First Nation space heating project.

First Nations must overcome a number of challenges with respect to energy efficiency, including lack of capacity; economic, technical, and social disadvantages; lack of participation in planning and decision-making; and a challenging policy, regulation, and jurisdictional environment.Capacity challenges beg immediate attention, but often get low priority due to other urgent needs. Planning and decision-making is a concern because of the restrictions imposed that limit first nations' ability to make long-term financial planning. During the project development and implementation period, funding envelopes may be available for only a short time, the ability to access programs can be compromised by limited outreach efforts and insufficient time provided to apply for program funding, community planning horizons may be limited, and political support may be inconsistent.In addition, renewable energy and energy efficiency programs are divided among a variety of departments, and each department has its own priorities. There is a need to integrate government spending and results for initiatives that have common goals and identified activities.

Economic challenges result from the fact that few first nations currently have the capacity to generate their own source revenue. Self-financing renewable energy projects is a difficult challenge, as many first nations simply do not have the necessary financial resources or the means of acquiring these resources.Government also needs to eliminate subsidies and price distortions favouring non-renewable energy sources and create targeted incentives for renewable energy that promote market competition.

We also need to identify renewable energy and energy efficiency technologies that are suited to remote locations. This means we need to consider issues of installation, operation, and maintenance, as well as a consideration of access, climate, and terrain. Finally, we need to address perceptions that investments in cost-saving measures through renewable energy and energy efficiency pose uncertain and unacceptable risks for first nation governments and citizens.

Many of these issues are concerns for all Canadians, not just first nations. Responding to them appropriately may require tailor-made programs for first nations. Improving the state of affairs for first nations garners improvements for all of Canada, by reducing costs for health care, greater social cohesion and harmony, and an improved environment.

We are supportive of energy development schemes that are relatively unobtrusive. First nations have raised many concerns about further development of nuclear power generation and large-scale hydro-electric development. These methods may be low in greenhouse gas emissions, but they are not environmentally neutral. And in the case of large-scale hydro development, they have often come at a tremendous cost to first nations. First Nations support sustainable energy options because they are consistent with our holistic view of the environment and our responsibility to act as custodians of the land for future generations.

Finally, I note that Canada will be hosting the eleventh meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the first meeting of the parties to the Kyoto Protocol in Montreal at the end of November. This is a unique opportunity for Canada to showcase its efforts and show itself to be a leader in the global effort to address climate change. We are interested in making a strong showing at this important international meeting. In particular, Canada can show the rest of the world how it is possible to both maintain a high standard of living and improve the lives of those less fortunate. If we do the right thing, this will be an opportunity for Canada to show the world that it is a country that values the contributions of first nations peoples and that it is honouring the commitment in its own Constitution to recognize and affirm our inherent rights. We are interested in working with Minister Dion, who will serve as president of the meeting, to show the international community that we are moving forward together.

In conclusion, the Assembly of First Nations supports the federal government for taking steps to address climate change. We have long been voicing concerns about the effect of destructive practices on the environment and the consequences of such practices for all creation. We want to work with government to ensure Canada's Kyoto plan recognizes the unique circumstances of first nations. We must embrace a concept that has been part of our world view since time immemorial: the concept of sustainable development.

The concerns and issues of first nations are many and diverse. I urge you to invite other first nations leaders to share their perspective as well. I know our people and communities in the north are particularly interested in offering their perspective.

I would like to thank you for inviting me here today. I thank you for listening and I would be happy to respond to any questions you may have.

Meegwetch.

The Chair: Thank you, Chief.

You've laid a very wide but excellent framework for some questions. I would suggest you try to take your answers to raising some of the issues in the rest of your speech. If that works, we'll start with Mr. Richardson and work through the members of the committee. Thank you for that beginning.

Mr. Richardson.

Mr. Lee Richardson: Thank you, Mr. Chairman.

Thank you, and welcome, Chief.

I want to ask you a couple of questions about your involvement to this point—and that of the Assembly of First Nations—in any discussions or input into the government's Kyoto implementation plan. I also want to ask you about the aboriginal and northern community action plan that started back four to five years ago, and then the more recent aboriginal and northern climate change program through which the government funded, I think, about $30 million to increase awareness and interest in energy use and production among aboriginal and northern communities.

I wonder if you can tell us a little about that program. Although in some respects $30 million sounds like a lot of money, it's a pretty big area; it's a pretty big constituency you're talking about up there. Where does that kind of money go? What results have you derived from that? Perhaps you could just give us a little background to start off about how that's working out.

● (1225)

Chief Phil Fontaine: Thank you.

In response to the first question related to our involvement in Kyoto and all of its related initiatives, I tried to point out in my presentation that we're concerned with the absence of the unique perspective that we represent in this important issue. I've suggested that we have much to offer. We have traditional knowledge that would serve the interests of the planning process very, very well, but we've been absent from the table. In fact, the state of the union presentation on Kyoto in Calgary some months ago did not speak about first nations interests in this regard.

When the Kyoto accord was being negotiated, there was only one aboriginal organization represented in Kyoto, and that was CIER, the Centre for Indigenous Environmental Resources—the only organization to actually represent this unique perspective I referred to that was present. We have considerable expertise. This organization, for example, has the ability to do environmental assessment work, environmental auditing, environmental monitoring, research. Indeed, the reclamation initiatives undertaken by Health Canada for old diesel sites has been largely undertaken through this particular organization I referred to.

While we have been absent from most of the discussions and the consultation that's taken place, we believe that our entry at this stage would lend considerable weight to all of the collective efforts we're engaged in at the moment.

I'm going to ask Peigi Wilson to speak directly to the second question, Mr. Richardson.

Mr. Lee Richardson: Right. Thank you, Chief.

Just before you do, Ms. Wilson, I want to say that your presentation was eloquent in making that very case, and that's why I wanted to emphasize it. There were in fact the two aspects. I take it that Ms. Wilson is going to respond to the second one.

First, you've addressed the lack of involvement of the aboriginal and northern communities generally in the overall implementation program, but we also have this aboriginal and northern community action program. You have, for example, aims to reduce by 1.2 megatonnes, so there has been considerable work done by the aboriginal community in this area. I want to get a sense of how that's going. Is it your sense that you can reach those targets? And secondly and inclusively in the first question, what kind of cooperation have you had with the government and their Kyoto implementation program? Are we on two different tracks here, or is there coordination?

If that's where you're going, Ms. Wilson, I respectfully ask you for your comments now.

Ms. Peigi Wilson (Assembly of First Nations): Thank you very much for your questions.

The northern program has involved both aboriginal and non-aboriginal communities. It's been operated through the Department of Indian Affairs. There are first nations organizations that have been involved with the ANCAP program as well as communities—the Council of Yukon First Nations and the Dene Nation in Northwest Territories, primarily. It also obviously involves the Inuit.

The northern first nations communities are experiencing the most rapid changes on the ground as a result of climate change. It's a documented fact that the more northern reaches of the globe are going to be affected more strongly and sooner than elsewhere on the globe.

There have been a number of activities, both at the international and national level, that have engaged the first nations communities. The chief of the Yukon First Nations participated in the tenth session of the Conference of Parties to the Framework Convention on Climate Change in Buenos Aires last year. They've also worked with the Inuit through the Arctic Athabaskan Council and through the Arctic Council to be engaged in promoting interest with respect to climate change internationally. Nationally they've done work to undertake research and studies about the impacts of climate change in their communities.

Although, as you mentioned, $30 million is a great deal of money to address these concerns, I would hasten to say it is probably a drop in the bucket compared to what is going to be required in order to facilitate these communities in responding to the changes they're experiencing.

The first nations in the north right now are examining opportunities to lower their own greenhouse gas emissions and are also considering ways they can pursue renewable energy and energy efficiency programs, which is where the majority of that work has been dedicated at this time. But impacts of climate change and support to those communities to respond to those impacts are equally necessary, and as yet we are still uncertain about what those impacts might be and what sorts of responses are going to be required from the communities in order to address those impacts. It may not be possible to respond to some of those impacts. The impact on the wildlife and on the biodiversity in the area that the national chief spoke to that is impacting their communities will probably be something that can never be recovered.

● (1230)

Mr. Lee Richardson: Thank you.

I don't know if we have time for another quick one.... I do want to say thank you very much, and I am sorry that you weren't here sooner. I wish we had had an opportunity to hear you sooner, so that your submission would have had an opportunity to have more of an impact on the government's implementation program.

I think, Mr. Chair, we'll close for now.

Thank you for coming.

The Chair: Yes, we're really out of time, but we'll come back to Mr. Watson.

Mr. Bigras, would you like to ask your question?

[*Translation*]

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

I'd like to start by welcoming you to the committee.

I think Mr. Richardson and Ms. Wilson are on the right track when they speak of the need to adopt an adjustment policy. In recent years, what the government has done, basically, is to develop a climate change action plan the aim of which was to reduce greenhouse gas emissions. Unfortunately, it's no secret that this plan has failed.

However, very little has been said—and that is unfortunate—about the need to bring in a policy to adjust to the effects of climate change. The Canadian government has said little about the importance of adapting to climate change. Northern residents, it should be mentioned, would be the ones most affected by this kind of policy.

The report tabled last November 24 to the Arctic Council by Robert Corell shows that climate change is having a truly catastrophic impact on Northern populations. I've read this report with which you may be familiar. It was produced by Ouranos, a Quebec-based consortium. It details certain phenomena occurring in the Arctic. Firstly, populations are on the move because infrastructures have sustained damages. Secondly, nutritional problems are widespread and these are tied to the effects of climate change on ecosystems. Thirdly, global warming could lead to the forced displacement of animal and plant species. Inevitably, all living species in the North are at risk from the fallout of climate change.

What specifically would you like to see included in a Canadian climate change adjustment policy? As far as I know, no such policy currently exists. Let me give you some suggestions. Isn't it time for the government to commission additional studies on permafrost conditions? Isn't it time as well to improve follow -up initiatives in the area of climate change in order to better assess the impact of climate change on the North?

I understand that four separate sites are being monitored, including one in Kuujjuaq. Shouldn't the government be reviewing construction standards in light of permafrost conditions?

● (1235)

[*English*]

Chief Phil Fontaine: We will respond to this question in two parts. I will speak to the general considerations with respect to climate change and adaptation and innovation, and I will ask Peigi to speak to the technical aspects of that question.

First of all, our people have aboriginal and treaty rights. Those rights represent an obligation on the part of government—indeed, all levels of government: federal, provincial, territorial governments. I made the point that we weren't consulted prior to Kyoto other than the one aboriginal environmental organization that was present in Kyoto. So we would suggest that it is critical, as measures and approaches and roles are being developed regarding Kyoto implementation, that first nations are meaningfully involved in the development of these measures and approaches.

Ultimately it's our governments that will bear the responsibility of ensuring that these measures to achieve Kyoto are in fact implemented. It's really important that we be part of the process in an integral way, and we can't be accountable if we're excluded from the discussions and the negotiations and ultimately what becomes the plan.

For example, our citizens will make decisions about their responsibility in achieving greenhouse gas reductions, and we have to ask ourselves, “Will we be using alternative energies? Will we build better landfills that utilize methane rather than discharge it directly into the environment?”

For example, you talk about construction standards and should they be different. Should they be different? Of course they should be, because the environment is fragile in the north and we can't apply standards that are applicable in the south in the north, because they don't work. They go against our better interests. Hence, one of the considerations here would be with respect to industrial development and the kind of industrial development that we will support. We won't support something that will bring about environmental degradation, as has been the case too often.

[*Translation*]

Mr. Bernard Bigras: I have another short question for you. Do you feel that you were sufficiently consulted about the plan that is scheduled to be announced tomorrow? Tomorrow is in fact the scheduled date for the announcement of the climate change plan.

My question is of course directed to Mr. Fontaine. Were you sufficiently consulted by the Canadian government and are you in a position to endorse the soon-to-be-announced action plan?

[*English*]

Chief Phil Fontaine: If I didn't make my position clearly enough in my written presentation, I will do so now. No, we were not adequately consulted. We were absent from the table. There was no real opportunity to engage our communities in the preparation of any plan before the Canadian public.

More importantly, we're talking here about capacity—non-existent capacity in most of our communities—to protect and enhance our environment, and we're starting behind everyone else. While we desperately want to be involved in all of the discussions and negotiations, there must be due consideration to ensuring that there is sufficient capacity in our communities to indeed engage effectively in this important process.

● (1240)

The Chair: Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras: I don't know if Ms. Wilson would like to tackle the more technical questions.

[*English*]

Ms. Peigi Wilson: I'll just make a couple of brief points.

It's important to bear in mind that the climate change issues we are going to experience will not just be issues for the northern people. They are going to affect us throughout Canada. As we're developing adaptation mechanisms, it's important that we consider the impact across the country. We may be looking at drought in the prairies, we may be looking at colder winters in the east—definitely worse storms—so it's important that we not focus just on the northern first nations people, but consider it throughout the country.

It's also important to bear in mind that we're not so much interested in adapting. We would rather just respond to the climate changes that are coming. In order to do so, we really need the capacity to respond. We have very little flexibility within our budgets, within our communities, to respond in times of stress. In order to give us that flexibility, there needs to be, as the national chief said, greater capacity.

Thank you.

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

[*Translation*]

Mr. Bernard Bigras: I'd like you to discuss your communities' potential to address the impact of climate change and to embrace a renewable energy development strategy. Are you hoping to forge partnerships? I'm thinking about the wind energy potential of some of your communities. As part of an overall strategy and effort to combat the effects of climate change, do you feel your communities' efforts should be recognized? Given your renewable energy potential, are you demanding that your efforts be acknowledged and that you be a part of future efforts to address climate change? This could come in the form of an equal partnership between your communities and the federal government.

[*English*]

Chief Phil Fontaine: We've tried to make this point very clear. We are interested in partnerships. We want to engage with other governments—the federal government, the provincial governments, and the territorial governments. We want to be provided or afforded every opportunity to make a real contribution to this important undertaking. I pointed out that 80% of our people—80%—live in the boreal forest. When you talk about climate change, you talk about the boreal forest, obviously, and when you're talking about the boreal forest, you're talking about first nations people. At the moment—and I want to emphasize this—we just don't have the capacity to do what needs to be done, which is to preserve and protect our environment. In fact, much of the environmental degradation in our country has occurred in first nations territories. We haven't been able to effectively turn this situation around, and we won't be able to do so until we have capacity.

In making that point, I would be irresponsible if I didn't express the fact that in a good number of situations we in fact have capacity. For example, we have the ability now to convert biomass into energy. We have that technology. I'm well aware of one of those companies that can do so, a first-nations-owned company. We are involved in wind power. One of the largest wind-power projects is in the Peigan first nation community in Alberta. I mentioned the Centre for Indigenous Environmental Resources, which now has the ability to undertake environmental auditing, assessments, and monitoring, and does research. So where we've been provided with an opportunity to develop capacity, we've more than held our own. For example, in Winnipeg, rooftop gardens are an important source of environmental protection; this organization I referred to conducted the study on rooftop gardens in Winnipeg, and that speaks—in a small way, I know—to some of the capacity in our first nation communities.

● (1245)

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

Thank you for those illustrations, Chief.

We'll go to Mr. Powers for some questions.

Mr. Russ Powers (Ancaster—Dundas—Flamborough—Westdale, Lib.): Thank you, Chief Fontaine and Ms. Wilson. Thank you for joining us.

I'm going to take you on a little detour that not only covers the environmental scope—obviously—but also regards participatory capacity. I need you to help us in order to help. Not only do you deserve a place at the tables, you've earned it.

In the past there have been some challenges for you, and for your representatives as well, to be as fully engaged as you wanted to be in the consultative process. For example, with regard to the discussions at the national round table, for whatever reasons—because of the demands on your people—the representatives changed, so there wasn't consistency in representation at the tables. There were things such as that. As I indicated, you've not only deserved the opportunity to be at those tables right from day one, you've earned it. What assistance is required in order to optimize that participation? Clearly, there are examples of challenges—the consistency of a singular, or singular group, of people—in order to be fully engaged, to be involved in the process from day one. Can you start to help me in that process so we can help you?

Chief Phil Fontaine: I'll give you two examples of where the need obviously exists to engage our community.

There has been considerable discussion, as we all know, around the proposed pipeline through the Northwest Territories. That pipeline will go through some pretty fragile ecosystems, and some major work has to be done in terms of undertaking the appropriate environmental assessment. There is absolutely no reason, given the fact we're talking about first nations lands and territories, that first nations governments and our institutions are not provided with the kind of support we need to put together the capacity to undertake that kind of work ourselves—the environmental assessment work that needs to be done.

If we're not provided with that opportunity, much of that work will be done by someone from the south. That has been the age-old way of doing business in the north. That's unacceptable; we need to sit down with the federal government, the territorial government, and, for those who are affected in the south, with provincial governments—for example, Alberta—and figure out a more appropriate, more effective way of doing this kind of work.

I'll refer to one other point that I wish to read into the record. I've already made this one point: 80% of our communities are located in the boreal forest. Therefore, we should have ownership of the forest carbon credits that may exist regarding the boreal forest. We want to engage with governments to proactively negotiate our ownership of these forest carbon rights. We need to be involved in the decisions being made regarding the rules that will be used to implement Kyoto, and in particular the rules regarding treatment of the forests of Canada, forest carbon-creating rules, forest management rules—for example, whether the marginal boreal forest will be counted as a managed forest or not—and approaches that are used to increase the storage of carbon in forests.

The main human-generated sources of greenhouse gases are industry-related. These producers are called large industrial emitters, LIEs, and we need to be negotiating with LIEs so they can buy our carbon credits when Kyoto is implemented in 2008. That's an economic opportunity if it is managed properly and appropriately, meaning you engage the first nation communities through their governments.

● (1250)

Ms. Peigi Wilson: If I may, I would just add a couple of other things that I'm sure the national chief would agree with.

In order for us to respond on a sustainable basis, it's certainly very helpful to have resources that are made available to the first nations to engage. But one of the things we are looking for in order to engage on a permanent basis with respect to the environment is our own source of income, so that we have, for example, access to resources that we can assist in managing on a sustainable basis so that they provide an income to the first nations communities. Then from that income we have the capacity to engage more effectively on these things. We have money that we can dedicate to education, to training, to research, to gathering information, to participating in the various events that do occur.

Certainly the national chief has pointed to one with respect to the forest and carbon credits trading. That is an area that has great potential as an economic opportunity for the first nations communities. It's something we certainly would encourage the government to explore thoroughly.

Other things that are required for us to engage are time—time for us to review materials, to gather the information that we need—and we need access to information. We need access to dedicated first nations research so that we understand what's happening in our communities, not just as an aggregate, as the larger part of Canada.

So those are a couple of other ideas.

Mr. Russ Powers: I believe that you want to actively participate. The question I'm going to go into now, and I'll certainly lead into this environment, is are the invitations extended to you to participate, or are you passed by in opportunities to participate?

Ms. Peigi Wilson: We're frequently an afterthought, quite frankly. We had, for example, an opportunity to see the Kyoto implementation plan on Friday. This is the first and only engagement we've had with the federal government on that plan.

Mr. Russ Powers: Let me go specifically to one of the items before us here, the aboriginal and northern climate change program, which was the original, and now the spinoff is the aboriginal and northern community action program. What was your engagement in these processes? Was it adequate, or what was lacking that would be helpful as things evolve?

Ms. Peigi Wilson: It was helpful as far as it went. There was an opportunity for the first nations to start to do some work. The northern communities can now serve as an example to the southern communities, as they start to address the issues. There are a number of renewable energy and energy-efficient projects that first nations communities in the north have engaged in, including biomass energy projects and some mini-hydro projects.

They're starting to engage. They can serve, as I said, as an example of how the southern communities can start to engage. Much more needs to be done, and it needs to be on a coordinated basis across the federal government. As the chief mentioned, there are a number of different departments with different responsibilities. Often it's very challenging for the first nations to know which department they go to, whether they fit under this project or that fund. The processes for writing proposals and getting attention to the issues are often very challenging for the first nations communities. We don't necessarily have the capacity to write a proposal, let alone do the rest of the work that needs to be done under that.

So those are a number of other challenges we're facing.

Thanks.

● (1255)

Mr. Russ Powers: Thank you, Ms. Wilson.

The Chair: We'll go to Mr. Cullen now.

Thank you, Mr. Powers.

Mr. Nathan Cullen: Thank you, Chair.

Thank you, Chief, for coming, and Ms. Wilson.

I have to say that I'm quite struck by particularly the last number of comments that you made. They give me cause for great concern around the validity of this plan that was to be released, the one that you saw Friday and we've yet to see, that will be out publicly tomorrow.

I'm hearkening back to this prime minister's entrance into the House of Commons as a prime minister. It was a smudge ceremony, if I recall. There were great ambitions and hopes for the treatment of first nations, well matched and overmatched by the amount of rhetoric in terms of involving in a meaningful way the consultation and accommodation that we've talked about so much. Yet to hear your testimony today, Chief, with respect to the lack of consultation and the afterthought, as you called it, Ms. Wilson, it seems to me that the plan, whatever this plan would be, has lost a certain amount of credibility with those two diametrically opposed ideas—on one side we will involve first nations in our planning, and then when an enormous source of potential funding and seriousness of a plan like Kyoto comes out, there hasn't been sufficient consultation to your point.

I'm wondering if you could reflect for a moment on the recent Haida decision that called once again upon the government to uphold the honour of the Crown with respect to particularly resource management in this country. The courts have said this over and over in many different forms again and again. Does that have any connection to what we're seeing when it comes to things like a climate change plan? Are they connected, or are they two separate issues?

Chief Phil Fontaine: We believe, Mr. Chairman, that everything is connected and linked. There isn't anything that we do, for example, in education that isn't linked to economic opportunities, or economic opportunities that are linked to housing, and housing that's linked to health. The linkages and connections are very clear.

Our concern has been particularly around the environment, environmental protection, and here specifically our concern about the Kyoto accord is our absence from any of the meaningful discussions. This is so in spite of Supreme Court decisions that talk about Haida. The Delgamuukw decision calls on governments to ensure meaningful consultations, the duty to consult. The courts have spoken very clearly in this matter. It is up to governments now to ensure that we give effect to those decisions. I would be understating this if I said we are disappointed. We are in fact very concerned.

Mr. Nathan Cullen: The riding I represent is where Delgamuukw came down. The Haida, the Nisga'a, the Haisla, Wet'suwet'en, and many other nations make up a large contingent of the place I represent.

On the comment you made about the boreal forest, you've made it a number of times in terms of first nations being present in the forests that will be used as credit sources for Canada. I'm wondering if you could clarify it. I have been advocating on behalf of industry to have certainty when there has been no plan and no forward-going. It makes a very uncertain place for industry to operate. They don't know what their costs are going to be. They don't know how many reductions they're meant to have. In the absence of a plan, it causes them concern.

This comment you made about the carbon credits with respect to the boreal forest, could you elaborate on that? That's an interesting thing that we've yet to hear, I think, here in committee.

● (1300)

Chief Phil Fontaine: I'll speak to one part of that issue, and Peigi will add the rest, to present a more complete response to your question.

I'm going to speak in terms of economic opportunities for first nations in the implementation of the Kyoto plan. To realize these opportunities, there has to be real planning, and there have to be clear assurances from government to the implementation of these plans.

We would suggest what is needed is a business development strategy focused on first nations, climate change, and what was referred to earlier by Mr. Richardson—partnerships. For example, on forest-based opportunities, the federal government has not decided whether the 100 million hectares of boreal forest that are essentially unaccessed by anyone other than first nations will be allocated as what I described earlier as managed forests. If they allocate them as managed forests, then management decisions to keep the forests standing, rather than harvest them, could result in substantial economic gains for our people. First nations could receive carbon credits for the trees, rather than cutting them down, and then we could sell these credits to large industrial emitters, LIEs.

Advice to the Assembly of First Nations, for example—we're referring here to Saskatchewan—is if carbon is valued at $5 per tonne, the standard predicted value, then a first nation with rights to the forest carbon credits from about 200,000 hectares of marginal forest could receive $25 million in revenue over 45 years if they choose to sell these credits rather than cut down the trees. That's a substantial economic opportunity.

Then first nations, as holders—preservers, creators—of carbon-sink forests for carbon credit could be in partnership with business, and could especially be focused upon restoring to forest the land that has been degraded through mining, clear-cut forestry, or poor agriculture, just to name three.

Mr. Nathan Cullen: Ms. Wilson, before you answer, this is causing greater uncertainty in my mind with respect to how this plan is meant to be made manifest.

I very much appreciate this as a potential revenue source, particularly for isolated nations and nations that are desperately poor. A number of them are in my region. I can see the path to this, but I'm having difficulty in reconciling the lack of consultation from the federal government in the making of this plan, and the hopes or assumptions or truth you speak in terms of first nations having access to those credits.

Has there been any conversation, and if there hasn't, what is the path from this point forward? Is this litigation? It seems to me the government has created another level of uncertainty in assuming who these carbon credits actually belong to, because what you have given us today in testimony is that they are in fact the property of first nations who reside in those areas, to do with as they wish. Has the federal government indicated that, and if not, where does this go from here? It sounds almost litigious if it were to go ahead.

Chief Phil Fontaine: First of all, we're not interested in going to the courts for resolution of such matters. We believe these are intergovernmental issues that must be resolved through an intergovernmental political process. We're governments in our own right, and that's where we believe these decisions must be taken. If we are committed to that, it would suggest to us these matters could be resolved fairly.

We look to the courts as a last resort. We've been forced to go to courts on a number of occasions, because both levels of governments are not prepared to engage first nation governments in the discussions and decisions around these major issues. It's really problematic for us.

Do you want to add to that?

● (1305)

Ms. Peigi Wilson: Thank you.

I would also note that some other advantages are worth bearing in mind as we get into the discussion about carbon credit trading and whether or not the boreal is going to be seen as an opportunity for addressing climate change—it also has an opportunity to address issues around loss of biodiversity, loss of wild spaces.

These are very important elements to the first nations communities, because we make our traditional economies from these territories. If you're concerned about loss of business, it's important to bear in mind the loss of business to the first nations communities if these opportunities to pursue their traditional economies are lost as well. We also have opportunities to explore the non-timber forest elements of the forest, if it remains intact.

There is a lot of room yet for discussion about how this is going to operate. We haven't had an indication from the federal government as to the plans around carbon credit trading at this point in time. We would certainly be interested in carrying on that discussion.

But in the interest of business certainty, it's imperative that we collectively start to realize the certainty of business is indeed threatened by climate change, and if we don't turn the issue around, we are going to be looking at very serious costs to business in the long term. In all likelihood, short-term responses to this are going to be highly inadequate.

I think it's important we talk to the insurance industry about their feeling around climate change these days. They're very uncomfortable about what they see coming down the pipe with this.

I think we need to look at it from a holistic perspective, as the national chief has said. Where are the opportunities for us Canadians—first nations and the non-aboriginal community—to find win-wins in these situations?

Protection of the boreal forest, as I've indicated, certainly will provide revenue to first nations communities, but it ensures opportunities for us to continue to pursue our traditions, to continue to develop and pass on our traditional knowledge—another business area that interests people—, to access the non-timber forest elements of the project, and also to reach and achieve some of the other things the government has indicated they're interested in: protection of biodiversity, protection of wild spaces. Some real opportunities here need to be explored.

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

On that issue with respect to emissions credits, we have had witnesses from industry who have also indicated that it's unclear to them whether there is going to be a retroactive evaluation with respect to those industries that did use technologies. How does that juxtapose to the emissions credit system? Is it going to be a national system? A number of issues need to be explored.

On Mr. Cullen's point with respect to what we have now heard from the grand chief, the back of the process of our Kyoto deliberations will be to take up some of these issues, Mr. Cullen.

For example, using this as a case in point, the grand chief has said they haven't had the consultation they would like. I would suggest that the committee, when we have viewed the climate action plan, give consideration to how we're going to deal with those kinds of issues, compared to the plan.

I think the grand chief can take some satisfaction from the fact that he's here now. He has also had an opportunity, with the very good leading questions, to go back to the parts of the speech that he didn't have, which indicates these are issues he himself wanted to address. So we haven't exhausted the opportunity to have the chief, on behalf of our first nations, continue to deal with this Kyoto issue; the back of the process, we hope, will give further opportunity for that.

The chair is going to need some direction. We've now reached a point where we've had the ten minutes. Do we have consent to now just conclude? Perhaps the chief would like to make a final statement, and then we can go on to the next part of the agenda. Do I have consent from everyone to do that? Okay, I think we do.

Grand Chief, perhaps you would just like to take a minute or two to sum up.

● (1310)

Chief Phil Fontaine: Thank you, Mr. Chairman.

Once again, on behalf of the Assembly of First Nations, Peigi and I would like to thank this committee for giving us an opportunity to be here this morning to present our perspective on this very important issue of vital interest to all Canadians, including first nations.

We do take some comfort in the fact that you've asked some very important, thoughtful questions that will cause us to go back and consider some of these issues and, where appropriate, incorporate them in our position. That position, I might point out, is evolving, as all of your interests are, and at some point soon we hope to be able to present a position with suggestions and recommendations that we are certain will be helpful to all concerned.

Thank you very much.

The Chair: Thank you, Chief.

I just might say, Chief, that having witnessed your ability on the ice rink in Penetanguishene, I think the Liberals would have done well to have had you playing against the opposition party, but then there might have been a matter of choices that we wouldn't want to inflict on you.

Thank you for being here. We appreciate it very much.

Chief Phil Fontaine: Thank you.

● (1315)

The Chair: Do you want to take five minutes, members?

Okay, we will take five minutes.

● (1312)

(Pause)

● (1318)

The Chair: Members of the committee, pursuant to the agenda, we did have Mr. Mills' motion, which was approved at the last meeting, and this report was also on the agenda. We now have the report before us, and perhaps we'll just go to Mr. Mills, who indicated that he wanted to speak on it. We'll proceed in the usual fashion.

Mr. Mills.

Mr. Bob Mills (Red Deer, CPC): Mr. Chair, thank you for the opportunity.

Basically, I don't find a lot of fault with what's said here. It's pretty much factual as to what happened. The only problem I have is on the last page, where it says:

> While the committee would prefer to see legislative options for LFE regulations, it remains open to the use of CEPA or stand-alone legislation for such regulation.

I propose we remove "the use of CEPA or". You could leave "it remains open to stand-alone legislation".

The Chair: So on the last page we would just delete "the use of CEPA or".

Mr. Bob Mills: That's correct.

● (1320)

The Chair: It would then be "remains open to stand-alone legislation".

Mr. Bob Mills: I don't mind that staying there. You could take it all out if you want, or leave it in, but remove the CEPA.

The Chair: Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras: Mr. Chairman, I didn't say much last week and I hoped that we would take our time adopting this report. However, after reading the document over the weekend, I must admit that I agree with its findings, in particular with the recommendation appearing on the last page. I even agree with the spirit of the report. Like my colleague Mr. Mills, I would delete the reference to the Canadian Environmental Protection Act where the regulations are concerned. On February 14 last, the Bloc stated clearly that regulations needed to be enacted to deal with industrial large emitters. These regulations would have to go through the public and parliamentary review process. Clearly, we prefer separate regulations, but we do insist, nevertheless, that regulations be adopted.

[*English*]

The Chair: Thank you, Mr. Bigras.

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

The Chair: Members of the committee, thank you for your indulgence. I think that was a very good deliberation. I take it the report then is adopted as amended.

Some hon. members: Agreed.

The Chair: Shall I report that to the House?

Some hon. members: Agreed.

The Chair: Thank you.

We're now adjourned.

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