House of Commons
CANADA

Standing Committee on Environment and Sustainable Development

ENVI • NUMBER 037 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Thursday, May 5, 2005

Chair

Mr. Alan Tonks

Standing Committee on Environment and Sustainable Development

Thursday, May 5, 2005

● (1110)

[*English*]

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

[*Translation*]

Good morning.

[*English*]

Members of the committee and witnesses, if everyone will take their places now, we'll begin.

Pursuant to Standing Order 108(2), we have witnesses with respect to reducing demand and as part of Canada's implementation of Kyoto. This is the 37th meeting. We have with us today, from the Canadian Chemical Producers' Association, Mr. Richard Paton, president and chief executive officer; from the Cement Association of Canada, Mr. François R. Lacroix, president, and Angela Burton, director of governmental affairs; from the Canadian Construction Association, Michael Atkinson, president; from the Canada Green Building Council, Mr. Alex Zimmerman, president; and from Net-Zero Energy Home Coalition, Gordon Shields, coordinator, and Rob McMonagle, executive director of the Canadian Solar Industries Association.

We also have a notice of motion that Mr. Richardson has put forth.

Without any further ado, welcome to the witnesses. The procedure is that we have ten minutes per group, then a ten-minute question and answer period from each of the members of the committee, representing each of the parties, and then a five-minute interchange at the end of that.

So let's go. I understand we're comfortable with going in the order from right to left.

Mr. Paton, or is it Mr. Patton? I should know that.

Mr. Richard Paton (President and Chief Executive Officer, Canadian Chemical Producers' Association): It's Mr. Paton, because if you have an extra *t*, you need more stars than I have.

The Chair: They used to call him “Blood and Guts Patton”.

Thank you very much, Richard. Would you like to begin?

Mr. Richard Paton: Yes. Thank you very much, Mr. Chairman and members of the committee. I think the clerk has this chart. Are we able to distribute this chart? Very good.

The theme of my presentation is climate change policy: action now. The reason for this theme is that CCPA believes that today there is a possible win-win situation for government, industry, and the environment to move forward on climate change. However, as you'll see in my presentation, I'm disappointed that governments have clung to ill-founded views of what industry is doing with respect to greenhouse gas reductions and seem inflexible in creating innovative approaches to working with industry on solutions.

I will propose an approach that CCPA believes will work for our industry and will move forward this issue in a way that balances economic development, competitiveness, and the need to reduce greenhouse gases. So rather than focus today on all the general issues on climate change, which I'm sure you've heard infinitely, I'm really going to focus on a very specific issue, and that is the instruments that one would use to work with industry on climate change.

[*Translation*]

I would like to propose a climate change strategy. We think that government and industry can work together as champions for the environment while at the same time ensuring our economic development and competitiveness.

[*English*]

CCPA wants to negotiate an MOU with governments on climate change and get on with the job. This would be a commitment by our large-emitting members that could be backed up with legislation or regulation. However, there are a lot of obstacles to this common-sense action approach.

I want to characterize the status of the debate on climate change. I know members around the table have probably been pretty frustrated by the level of analysis and clarity on this issue. First, Canadians are largely unaware of the magnitude of the challenge of climate change and its potential impacts. Second, the debate is plagued by myths about the way our industries, particularly the manufacturing and chemical sectors, are approaching energy efficiency and environmental improvement.

As a result, the policy debate has often focused on approaches that are highly interventionist and to a large extent unnecessary and unworkable. Though we operate under responsible care and have been committed to climate change improvement since 1995, we've just spent the last eight years talking to government, particularly since ratification, about approaches that would seriously undermine our economic development and competitiveness, with little real reduction in greenhouse gases. I'm going to explain to you why we've ended up going down that road. I fear, though, that we're still headed down that same path with the recently announced climate change plan by Minister Dion.

Although the plan has some positive elements, one of the areas of concern to CCPA is the lack of flexibility in regulatory approaches. The most difficult myth about climate change is that without government intervention industry will continue to increase greenhouse gases and do nothing.

The electricity industry is very demand-driven and includes the oil and gas industry. Since 1990, the manufacturing sector has been decreasing its greenhouse gases, and this does not include a line that would say "in relation to the amount of product produced". The manufacturing industry, which includes cement, steel, aluminum, mining, chemistry, and many other industries has been making a lot of progress on reducing greenhouse gases.

The chemical industry has dramatically improved because of investments DuPont made in their Maitland plant in the reduction of nitrous oxide. But even if you take out that plant, our energy intensity is dropping dramatically. So if the manufacturing sector, particularly the chemical industry, is already doing a lot on greenhouses gases and is committed to doing more, why is the government continuously talking about the need to regulate us to get anything done?

Jayson Myers, chief economist for Canadian Manufacturers and Exporters, wrote an article recently in *The Globe and Mail*, demonstrating that the manufacturing industry, though it accounts for 18% of Canada's output, generates only 14% of its greenhouse gases. Between 1990 to 2002, the manufacturing sector achieved a 7% reduction in emission levels and is on track to reduce emissions by more than 10% by 2010.

So the number one myth is that the manufacturing sector, especially the chemical industry, is not doing anything. In fact, it's doing a lot. Why is that happening? It's happening because energy is expensive.

● (1115)

This is very simple. We're a big industry, we're capital intensive, and we're energy intensive. Energy costs a lost of money, so it's in our interest to reduce energy costs. This is not quite the same when you get to consumers, who may be saving a few hundred dollars a year, or a small business, which may be saving a few thousand a year. But for us, it's in the tens of millions. So energy is a very important priority to us, and every new plant we build is more environmentally friendly than the last.

Now CCPA has had a climate change policy since 1995. As soon as the summit in Rio happened in 1992, we realized that we had to do something on climate change, and we made those improvements as a result of our responsible care initiative and our commitment. So that's the first myth, that industry is doing nothing—and unfortunately, that leads to a number of policy lines of direction that, to a large extent, are not very helpful or are unworkable.

The second myth is what I call the "voluntary versus regulatory binary choice" myth. This myth is basically that you either have voluntary agreements or you have regulations. There's nothing else. There are no other choices. In fact, I remember one of your committee members, David McGuinty, at the meeting where Samy Watson testified, said there's a long distance between voluntary and regulatory—in other words, there are a lot of options in between.

The recent smart regulation report and the report that Mr. Alcock published on smart regulations specifically recommended and noted that government has a tendency to move to command and control regulation without exploring adequately the other options, which have generally been just as effective or more effective than regulation. These reports recommended that the government explore those options.

Unfortunately, on page 17 of the climate change plan that Mr. Dion published, those options are specifically eliminated. The report argues here that the only approach that is workable is a regulatory approach to large final emitters, even though it also argues that this should be done through equivalency agreements with the provinces.

So it's unclear to me why the federal government has rejected other options. Once again, there's a mistaken assumption that the highly interventionist approach is the only means to achieve results. And make no mistake, having the federal government regulating our industry—we have thousands of technologies, hundreds of plants, and energy is fundamental to the production process, which means, therefore, that greenhouse gases are fundamental to how we produce our products—and deciding what the target should be for a plant is highly interventionist, and it's going to be extremely difficult to do without creating havoc with those industries in terms of competitiveness with other plants in Canada, or with the U.S. or with China and the Middle East, who are our main competitors these days.

There are a lot of problems, then, with the regulatory approach. The corollary of this is the idea that voluntary won't work. Why? Because industry's not doing enough. As I just explained, industry is actually doing a lot, so that argument doesn't work.

The second part of the argument is, well, regulation is the only way to go, and it'll be workable. That approach assumes that regulation is easy to do and can be done in a reasonable timeframe. We know from experience that it takes about 22 months to get a regulation through government, and this is for areas that are rather simple. Climate change is not very simple.

Regulation is highly interventionist, very difficult to do, not necessarily workable, and takes a heck of a long time. One wonders then why the government is adopting this approach. In our case, I'm not even sure it's doable.

There is a better way. We have an MOU right now with the federal government and with two provincial governments in Canada, both Ontario and Alberta. We have identified substances to reduce benzene and BOCs. We've had an MOU for about eight years now. We meet with the government departments, with environmental groups that are part of a working group. We set targets eight years ago in both of these areas.

We've made huge progress in reducing those emissions, and it works. Governments are involved. NGOs are involved. Industry is involved. We look at the targets. If they're not good enough, we ask why they aren't and how we can improve.

● (1120)

There are ways to do this that are not necessarily regulatory.

Finally, one of the arguments on voluntary versus regulatory is if you have environmental agreements—I'm not proposing voluntary agreements, I'm proposing environmental agreements—are you against regulation? Well, not necessarily. You could have environmental agreements and have backstop regulation. You could have a general regulation for the chemical sector and a specific environmental agreement with companies that want to make progress right now.

So rather than use that binary choice between voluntary or regulatory, there is a range of options. They could be regulatory agreements, environmental agreements with the federal government, or agreements with provinces. They could be combined agreements with the federal government, provinces, and industry, which is what our MOU is right now. If they didn't work out you would have a backstop. In other words, a regulation would fall into place, and that would be the sort of baseline you'd have to achieve.

My final point on this is goes back to the issue of 22 months. CCPA is ready to negotiate an MOU right now. We proposed an MOU to NRCan a year ago and it was rejected. It was not rejected because we didn't have the numbers; it was rejected because it did not fit their regulatory approach.

Our sector could negotiate an MOU in three to five months. In three to five months our companies would know what their numbers were. They would know how they could achieve improvements, and they would start getting on with investments.

The other option, the one that is now in this plan, is probably about a 22-month process, with a lot of negotiations. I'm not sure if they will end up being very friendly negotiations. In the final analysis, we will be unable to act during that process because we won't know our numbers or what our framework is.

So there are clear choices here. We can go with the environmental agreement approach now—that's why I entitled my presentation "Taking Action Now"—or we can go into this long-winded "development of regulation" approach. I believe that is going to take a long time, and it may not end up being very fruitful, in the final analysis, particularly when you consider that you've got to include provinces in how you do this.

To conclude, there are other options, and I would encourage this committee to recommend in its approach that the instrument you use on climate change is as important as all the other issues of targets, plans, incentives, and all that. The way in which you regulate is as important as anything else for industry in this whole approach.

Thank you.

The Chair: Thank you, Mr. Paton.

We'll now go to the Cement Association of Canada.

Mr. Lacroix, you may take it over.

● (1125)

Mr. François Lacroix (President, Cement Association of Canada): Mr. Chairman, members of the committee, thank you for the chance you've given us to appear before you today on behalf of the Cement Association. My name is François Lacroix, and I'm the president of the Cement Association.

The Cement Association represents 100% of the Canadian cement industry. Our members include 9 companies, with 16 manufacturing facilities and over 45 distribution centres from coast to coast. The cement and concrete industry contributed over $6.6 billion to the economy in 2003 and accounted for over 26,000 Canadian jobs.

In 2004, we manufactured 14.4 million metric tonnes of product, of which 65% was consumed in Canada and 35% was exported to the United States, Canada's only export market.

[*Translation*]

The CAC's core mandate is to increase and expand the proper use of cement and concrete in Canada. We adhere to the values of the triple bottom line of sustainability and promotion of knowledge, manufacturing processes and products that contribute to vibrant communities, environmental improvement and a strong economy.

[*English*]

I would like to thank the committee for the opportunity to address its study on Canada's implementation plan of the Kyoto Protocol. How the protocol is implemented is fundamental to our industry and will determine our future competitiveness in Canada. This presentation will address how the cement industry is reducing demand for energy from two unique perspectives: our manufacturing process and how our product is used.

On reducing demand through manufacturing, the Canadian cement industry is modern and efficient, yet faces a significant challenge with respect to reducing total greenhouse gases. Of all large industrial emitters, we are the most carbon-intensive in terms of both kilograms of CO_2 per $1,000 output or CO_2 per tonne of product. This high ratio is due to the process by which all cement is made, that is the decarbonization of limestone, which produces approximately 0.6 tonnes of CO_2 per tonne of cement. Emissions from this natural chemical process are fundamental to the manufacture of cement and are unavoidable. The industry therefore commends the federal government for addressing this key issue in the recently announced climate change plan.

The balance of emissions—a further 0.4 tonnes of CO_2 per tonne of material—results from thermal energy use. The industry is energy-intensive, as the kilns used to manufacture cement must sustain temperatures of approximately 1,400° Celsius in order to achieve the chemical reaction required to produce the unique characteristics of cement.

While process emissions remain a long-term challenge, the industry has in place a four-point strategy to reduce emissions and still remain competitive in the near future. In fact, as my colleague mentioned, the industry has already made significant improvements on a voluntary basis. Since 1990, the industry has reduced direct greenhouse gases per unit of product by 7%.

[*Translation*]

The industry has in place a four point strategy for reducing emissions. The first element of the strategy is an industry commitment to continuous improvement in the energy efficiency of plants, equipment and operations. Since 1990, the industry has reduced overall energy intensity by 12 per cent at a time when product demand increased by 24 per cent. As my colleague already stated, energy efficiency has been , and will continue to be, the focus of management attention because energy is a significant element of production cost.

Second, the industry is increasingly replacing a portion of cement and concrete with industrial by-products known as supplementary cementing materials, such as slag, fly ash and silica fume. These by-products, when blended with cement, have cement properties. Our use of these materials results in lower greenhouse gas emissions per unit and recovers wastes from other industries that would otherwise end up in landfills.

[*English*]

Third, globally the industry has moved toward increased use of alternative fuels to increase efficiency. Significant economic and environmental opportunities exist to recover energy from waste, while displacing virgin fossil fuel consumption with biomass or common waste streams, such as used tires, used oils, waste plastics, and bonemeal. Currently, these wastes must be incinerated or landfilled. The conditions inside the kilns—high temperature, long retention time, and turbulence—ensure complete destruction with no residue.

Integrating cement kilns within an overall national waste management strategy is a well-established practice in Europe, Japan, and the U.S., but not in Canada. In fact, from 1990 to 2002, the use of alternative fuels by the industry only rose from 3% to slightly over 5%. By contrast, some plants in Europe meet all of their energy requirements with alternative fuels.

● (1130)

In his February 15 address to Carleton University, the Hon. Stéphane Dion stated:

> Our sustained efforts to reduce greenhouse gases will also earn us indirect benefits from an environmental standpoint: like a decline in smog and mercury emissions, better waste management, improved biodiversity and healthier ecosystems.

The industry welcomes the minister's statement. Unfortunately, there is no indication that the federal government recognizes the indirect benefits of energy recovery. Canada's current approach is inconsistent with global trends, creating a disadvantage for the Canadian cement industry. The CAC strongly feels the federal government must play a national leadership role in this.

Finally, on the issue of reducing demand by using concrete products, the final element of our strategy has been to invest in the research and development of innovative concrete products. As an essential ingredient in concrete, cement is an enabling product for reducing GHG emission in many sectors and is an essential commodity for continued and sustainable growth in the construction industry.

[*Translation*]

The cement and concrete industries work in partnership to promote concrete as an essential material for sustainable building design and construction. Concrete is durable, flexible, has low-embodied energy and low environmental impact. Twice as much concrete is used in construction as the total of all other building materials combined, including wood, steel, plastic and aluminum.

Our most rewarding work to date has involved identifying concrete solutions for the transportation, residential, building and agriculture sectors. Among the most promising are energy efficient, durable buildings and durable concrete highways for strengthening cross-Canada and Canada-U.S. networks of trade corridors.

[*English*]

As the federal government reinforces its public policy role to renew and reinvest in public infrastructure, it is confronted with many infrastructure challenges requiring significant investment. The industry has long advocated these investments must be leveraged to provide maximum return on investment both on economic and environmental grounds. As such, governments must adopt a life-cycle assessment approach to decision-making.

Life-cycle analysis is a tool used for compiling and evaluating inputs and outputs, potential environmental impacts of a product across its entire life, from extraction of resources to production of material, the products itself, its use, and its management after it is discarded, either by reuse, recycling, or final disposal.

There is an increasing interest by industry and engineers to use LCA as a strategic planning tool. The CAC partners, with federal departments, academic institutions, and research groups, including the University of Toronto, l'École Polytechnique de Montréal, the Athena Sustainable Materials Institute, and CIRAIG, which is the Centre Interuniversitaire de Référence sur l`Analyse, l`interprétation et la Gestion du cycle de vie des produits, procédés et services, want to help develop an LCA policy-making framework.

When considering LCA and usage impact, concrete offers significant social, economic, and environmental advantages in many applications. For example, the soon to be released third phase of an NRCan and CAC-sponsored study verified fuel efficiency of heavy trucks on various paving surfaces and found there are always fuel savings on concrete roads, making it a sustainable and cost-effective strategy for energy efficiency.

In our recent pre-budget brief, we advocated for a federal LCA policy for all infrastructure projects and called on the federal government to allocate $5 million to Infrastructure Canada to support the development of this policy. While this item was not addressed in the 2005 budget, the CAC notes funding will be tied to sustainability criteria, and we are already working with Infrastructure Canada in this regard.

In conclusion, the Canadian cement and concrete industries have and will continue to play an active and important role in reducing emissions in Canada. It is imperative to note that Kyoto implementation is a challenge that extends well beyond the Departments of Environment and Natural Resources. To succeed, the federal government must provide leadership on issues ranging from infrastructure to waste management to energy. The opportunities exist, but the task of implementation is significant.

● (1135)

[*Translation*]

The CAC looks forward to working closely with you to develop sound sustainable policies.

I thank you for the opportunity to appear before this committee today. I am happy to answer any questions you may have.

Thank you.

[*English*]

The Chair: Thank you, Mr. Lacroix.

We'll now move to the Canadian Construction Association.

Mr. Atkinson, I think you were going to combine your time with Mr. Zimmerman. That's great. Thank you for that. Mr. Zimmerman, of course, is from the Canada Green Building Council.

Mr. Atkinson.

Mr. Michael Atkinson (President, Canadian Construction Association): Thank you, Mr. Chair.

The Canadian Construction Association is the national voice of the non-residential construction industry. We represent some 20,000 firms operating across Canada, 95% of which are small business. They build pretty well everything, other than single-family dwellings.

In order to meet Canada's Kyoto commitments, there are two separate ideas we need to explore as an industry. One is how the act of construction itself can be changed to reduce greenhouse gases, and secondly, and perhaps much more importantly, how we can change the way in which the structures are built so as to minimize their greenhouse gas emissions over the useful life of that structure. To discuss the latter of those two issues, I'm pleased to be joined, as the chair has said, by Alex Zimmerman, the president of the Canada Green Building Council.

But first, Mr. Chair, I want to point out that the construction sector is not a large emitter, and while what little we do has in fact dropped since 1990, in 2003 the construction industry's total emissions of GHGs were 3.6 megatonnes. This compares with other industries, such as manufacturing, whose emissions are around 78 megatonnes, or the electricity supply market, which is around 141 megatonnes. Furthermore, even though the gross domestic product of the construction industry rose 17% between 1990 and 2003, the construction industry's level of emissions fell by 18% in absolute terms. In other words, even in the face of growth over that time period, our emission levels still dropped.

So despite having a very minute impact on overall emission levels, when our association appeared before this committee last year, we presented you with a list of initiatives that our organization was taking with our membership to promote reduced GHG emissions in the construction sector. We have provided the clerk with an updated list, and I just want to highlight some of the new initiatives.

The primary source of GHG emissions in our industry is through the burning of diesel fuel used by off-road vehicles and heavy equipment. Sixty-five per cent in fact of all construction-related emissions comes from combustion of diesel fuel. As a result, the most logical way by which the construction sector can lower its GHG emissions in a meaningful way is to improve the fuel efficiency of those off-road vehicles and equipment, and then to implement measures that will encourage construction firms to replace older, more polluting vehicles with these more fuel-efficient models.

In fact, Environment Canada has already introduced regulations that will address improved fuel efficiency. On February 23, 2005, new regulations were gazetted, which are modelled after the U.S. EPA rules for off-road diesel engines, beginning with the 2006 model years. In addition, off-road engines would be subject to even more stringent regulations, as prescribed by EPA rules starting in 2008.

To give one example of the impact that these new regulations will have for most standard excavators and graders, the new regulations will result in a 69% reduction in carbon monoxide and a 62% reduction in nitrous oxide. We support these regulations. They will not only cut GHG emissions, but will cut down the fuel costs as well. However, the more difficult part of the question is how to motivate contractors to acquire these new fuel-efficient models.

Mr. Chairman, as you know, construction is predominantly, as I mentioned, a small business industry with very low profit margins. For an average contractor, the purchase of a new vehicle or piece of equipment represents a significant investment. If the federal government truly wants to encourage contractors to replace older, more emitting equipment with equipment that meets the higher standards, contractors will need help.

The 2005 federal budget went to great lengths to discuss the framework for an evaluation of environmental tax proposals. We've looked over that framework and have concluded that an incentive rebate program for the purchase of off-road equipment or vehicles that meets the 2006 EPA standard or higher meets the criteria laid out in that framework. We have provided the clerk with a separate analysis to explain how this proposal meets the test that's set out in the budget's framework. Therefore, we're calling for this committee to recommend that a rebate program or other incentive program be established for purchasers of off-road equipment that will meet the new Canadian regulatory standards.

● (1140)

That is perhaps the most immediate way that government can help our industry to lower its GHG emissions. However, I want to mention three other brief points that are relevant to this discussion.

First, I want to recognize and thank the Canadian industry program for energy conservation in helping our industry to focus its efforts on effective energy management. This group, as you know, is located within Natural Resources Canada. It brings together some 30 industry sectors on a purely voluntary basis to discuss a range of issues associated with energy reduction. As one example, we've just completed a CCA-CIPEC energy reduction guide for the Canadian road-building sector, which obviously is one of the major users of off-road equipment and vehicles.

Second, construction, or any large industry for that matter, cannot change its ways without a commitment to pursuing innovation, research, and development. We've been instrumental in creating the Canadian Construction Innovation Council, which is a forum bringing together key stakeholders in all areas of construction innovation. Climate change is among the top issues, challenges, and priorities for this new organization.

Third, I want to address a subject that many people naturally assume, for whatever reason, is anti-Kyoto, or that it increases GHG emissions. We're certainly seeing this to some extent with the emphasis being put on the proposed municipal infrastructure program in the last budget, and that is that investment in highways or road infrastructure is somehow anti-Kyoto. Nothing could be further from the truth.

CCA will be making a strong case to governments this year that Canada can no longer let its national highway system continue to deteriorate and that we need to invest to expand and rehabilitate that network. The common argument that investments in highway or road capacity will lead to more cars and trucks to use those roads and therefore emit more GHGs just doesn't make sense in the real world. We believe that adding more highway capacity and improving existing roadways, improving the manner in which we invest in those roadways, will increase fuel efficiency and cut down on idling and congestion. That's certainly true, as we've seen, with the investments that are being put into border infrastructure.

We will be working with the National Research Council to in fact do an empirical study on the benefits of additional highway capacity and highway investment in meeting overall GHG emission reduction targets. We are not only committed, as a construction industry, to building a better environment for all Canadians, but we are also committed to doing so in a manner that is as environmentally friendly as possible.

I would now like to turn the floor over to my colleague, Alex Zimmerman, to discuss the role and the work of the Canada Green Building Council and how they are helping the building sector make a lasting contribution to climate change.

Thank you.

Mr. Alex Zimmerman (President, Canada Green Building Council): Thank you, Michael. Thank you, Mr. Chair and members.

I'm pleased to appear before the committee today in conjunction with the Canadian Construction Association to tell you about a key industry-led initiative that reduces the environmental impact of buildings, including their emissions of greenhouse gases, and to give you our views of the additional ways that government can maximize the effectiveness of its efforts through support of this and other initiatives.

The members of my organization, the Canada Green Building Council, recognize the urgent need to act on environmental issues, especially climate change, and recognize their responsibility in taking that action.

The Canada Green Building Council was formed a little over two years ago expressly to accelerate the mainstream adoption of environmentally friendly buildings by promoting green building awareness, principles, education, policies, practices, standards, and tools. We are a non-profit, non-partisan, national organization owned and governed by our member organizations, which are drawn from all segments of the building industry in both public and private sectors.

Buildings fundamentally impact people's lives and the health of the planet. In Canada, construction plus operation and refurbishment of commercial and residential buildings accounts for 38% of our total energy use, produces 30% of our greenhouse gas emissions, accounts for about 40% of raw materials used, and transforms land that provides valuable ecological services.

Buildings are clearly a significant part of the climate change problem, but buildings also present a significant opportunity, because the good news is the technology exists to design and construct buildings with radically better environmental performance at no increase in cost.

High-performance green buildings routinely reduce by 30% to 60% energy consumption that leads to greenhouse gas emissions. This point is worth emphasizing. If all new buildings in Canada were built green starting now, and these principles and practices were aggressively applied to the stock of existing buildings, Canada's greenhouse gas emissions could be cut by between 50 and 100 megatonnes per year. This estimate is significantly higher than most estimates contained in forecasts to date because most current predictions are based on either linear extensions of existing practices or on very unimaginative forecasts of what is possible. The rapid increase in momentum in green building that has happened in the past three years shows us that much more is possible.

A significant tool for delivering the benefits of green buildings is the LEED rating system. LEED is an acronym that stands for leadership in energy and environmental design. It is a voluntary, consensus-based rating system that is used to characterize major aspects of a building's design and construction, and it rates its impact on the environment in the five ways that are articulated: improved site practices, increased water efficiency, reduced energy use and emissions, more informed and efficient materials and resource use, and enhanced indoor environmental quality.

LEED has considerable market momentum in Canada, with over 160 projects across the country registered to be rated, which is a tenfold increase in two years. These projects represent a construction value approaching $1 billion, equivalent to about 1.2% of the market in 2004. Many public institutions have adopted LEED as a requirement for greening their own buildings, including several cities and provinces, and other organizations like the Vancouver 2010 Olympic committee and the Toronto Waterfront Revitalization Corporation.

There are, however, a number of barriers to the more widespread implementation of green buildings. They include a lack of awareness and understanding of green building practices and technologies, a lack of capacity within the industry to deliver, a lack of tools, a lack of resources to kickstart identified solutions, and a need to engage much broader segments of the industry.

Government can play an important role in improving this market by making one-time investments to put in place infrastructure, build capacity, and kick-start innovation. In addition, government should be pragmatic about expanding and supporting current programs it has in place that have demonstrated effectiveness and broad support in the market.

The written paper you have lists many actions under three headings, but because of limited time, I'm just going to touch on a few of the most important. There are three actions that we recommend that are within direct control of the federal government.

One is to update the model national energy code for buildings or replace it with a whole new system. It is currently used as the reference benchmark for new buildings by the industry, but it is more than 10 years out of date.

Two is to provide radically increased monetary support to expand and improve Natural Resources Canada's commercial building incentive program, which has proven to be very cost-effective.

Three is to set up an online database to track actual performance of buildings after they are built so that more targeted actions can be developed once we have the data.

There are other actions the federal government can influence that will complement efforts currently under way in the market.

One is to become the catalyst in bringing together those with an interest in addressing the 15 regulatory barriers identified in the 2002 study done by West Coast Environmental Law called “Cutting Green Tape: An Action Plan for Removing Regulatory Barriers to Green Innovations”.

Second is to set up a mechanism that would allow increased, upfront investment in green building features to be paid for by borrowing against reduced operating costs for commercial buildings and multi-unit residential buildings.

Third is to significantly increase support for the Canada Green Building Council—this is the commercial—particularly through one-time investments in the transformation and capacity-building programs that we have planned, which, once launched, will become self-sufficient in terms of revenue.

● (1145)

Investment in the Canada Green Building Council is very likely the single, most cost-effective way for government to reduce greenhouse gases.

Thank you for your time and attention.

● (1150)

The Chair: Thank you, Mr. Zimmerman.

We'll go to Mr. Shields from the Net-Zero Energy Home Coalition.

Mr. Gordon Shields (Coordinator, Net-Zero Energy Home Coalition): Thanks very much for having us here today.

My colleague joining me today is Rob McMonagle. Rob is a member of the coalition. I've asked him to come along in case there are some other issues or questions you have. Solar energy is a large part of the concept of Net-Zero Energy Home Coalition, and Rob is the executive director of the Canadian Solar Industries Association. He has met with the committee in the past. They are an active member in this coalition and an important component of it.

I would just like to say at the outset what the purpose is of the coalition. We've been working with the federal government for the past year and a half. The reason behind the development of the coalition really is that we saw a policy gap in the way the government approaches the development and deployment of renewable energy sources and the need to help control our energy demand for the future. We think there's an important link, which hasn't been emphasized enough, and that through an initiative such as the Net-Zero Energy Home Coalition—that direct linkage between energy conservation and energy efficiency with renewable energy technologies—important issues such as cost effectiveness and the culture of conservation can quickly be addressed in a positive way toward the development and deployment of cleaner energy sources in Canada, as well as increased environmental stewardship at the community level.

I'm just going to go through some slides here. I won't be giving a formal speech.

The coalition is comprised of several members. I provide this context because these are industry leaders in the country. There are many people who think Canada's renewable energy sector is small or is at an emerging level. I would suggest to you that there are many people in the industry in Canada who are global leaders, from Xantrex Technology Inc. in British Columbia, to Spheral Solar Power in Cambridge, Ontario, which is Canada's first fully integrated solar energy factory. There are many people willing and able to put forward technologies and combine that with energy and conservation strategies that we think can provide meaningful and long-term support to Canada's communities and housing industry.

What are the objectives of the Net-Zero Energy Home Coalition? As I said earlier, it's linking energy efficiency and conservation with renewable energy development. It's also trying to expand the market for renewable energy. Quite frankly, cost effectiveness will always be a challenge, especially for technologies such as solar. When you improve the building envelope in a home, when you find tools for consumers to reduce their overall energy consumption, when you then integrate technologies such as solar, combined, the cost-prohibitive nature is limited and consumers are brought closer to the ability to actually achieve net-zero-energy homes in their communities. It's also, of course, just trying to resolve this whole issue of how these technologies fit into the marketplace.

Our vision is simple. It's grand. It may not be grounded in reality, but by 2030 we would hope to see all new net-zero-energy homes in Canada. That's new residential construction.

We are aiming at new residential construction. We are not precluding the retrofit marketplace for existing stock, but we are suggesting that if the country is going to try to lower the cost challenges for renewable energy technologies—on-site generation technologies such as earth energy, solar thermal hot water heaters, solar photovoltaics, and electricity production from the sun—are best addressed in new residential construction, because the economics are dramatically changed. In fact, in photovoltaics, you could probably reduce the cost of installation to the home by half, if you looked at new residential construction.

What is a net-zero-energy home? The quick definition is simply that a net-zero-energy home, at a minimum, supplies to the grid an annual output of electricity that is equal to the amount of power purchased from the grid. We are suggesting that, yes, it could start with electricity, but at the same time we don't preclude, and in fact we are looking at, the whole house envelope strategy, where heating and cooling are very much part of this process.

At the same time, we think it's important to recognize that we're not approaching this from ground zero. There are markets around the world that are already doing this. The United States is one to which I'll allude in a few minutes.

The fact is that the ability for consumers to look at their meter go backwards, when you talk about technologies such as net metering, is an enormous incentive to purchase solar energy photovoltaics applied to the rooftop, and ultimately to pursue a zero-energy home.

● (1155)

In the United States they have a zero-energy home program already. On a competitive level, we think Canada would be well positioned to begin working together with its neighbour to the south, quite frankly, on zero-energy home strategies for the future, to help benefit a 21st century energy strategy.

I would like to give you a sense of housing and the environment. We're not suggesting that home builders are producing emitter problems. In fact, home builders are great, and they're moving in all different fashions, in positive ways, to help improve the efficiency of energy use in housing. The fact is, mind you, that each house produces between 5 tonnes and 7 tonnes a year in greenhouse gases; that's between 15 million and 17 million tonnes a year in greenhouse gases. Every year, on average right now, there are 200,000 homes a year in new residential construction. That's an additional 1 megatonne to 1.4 megatonnes of greenhouse gases that are going into the atmosphere.

We think it's a deficit approach if we're taking that kind of strategy. So why don't we try to reverse that course? If we can begin moving houses toward a strategy of net zero energy or reduced energy consumption, combined with cleaner forms of energy on-site, we will achieve a positive path forward.

On the next slide, the lower bar of this image illustrates for you the residential electrical demand for this particular utility in Ontario. It's in Milton, Ontario. What the utility provided as advice to us is...if you notice on the right- and left-hand sides, the electricity demand, you'll see peaks. It's the peak challenges for utilities right now. They are trying to address their demand-side management challenges. The housing sector is responsible for those large peaks.

The middle bar, if you will, is the commercial and industrial sector. Indeed, the commercial and industrial sector is not the challenge for the utility, but rather it's the residential sector. Residential consumers of energy are one of the biggest challenges in our strategy to try to address greenhouse gas reductions, as well as to help pave the way forward for renewable energy or cleaner forms of energy production in the country.

As I said earlier, the United States Department of Energy has already instituted a zero-energy home-building strategy. We're not inclined to suggest we have to copy everything, but we think we can learn from the experiences in the United States. We also think, on a level of competitiveness, that Canada has enormous leadership in the world right now with R-2000 and other building efficiency programs. The fact is that we have to catch up with other global partners on this issue of housing construction, building construction. We think we can learn a few things from the United States.

The next slide just gives you an indication that these homes are not homes that would appear out of the ordinary in our average community. These homeowners are buying homes with an incremental cost of around $18,000, but there are early adopters as well as average consumers who are willing to invest in this kind of technology. One of the drivers in the United States, of course, is energy supply. In this example—this is in California—these programs exist. Community-scale housing developments are going up that are really reshaping California's energy market for the future.

These homeowners are contributing to the energy mix, and indeed are becoming part of the energy mix, therefore offering new opportunities for environmental stewardship at that micro level, just as much as it's also an important element at the macro level with industrial producers.

The technology exists today. It's a simple fact. There should be no illusions that you can't go out in the marketplace in Canada right now and find solar energy technologies, earth energy technologies, and other technologies to produce energy for your home. What we're also suggesting is that this builds upon our experiences of today. Programs such as NovoClimat, R-2000, Energy Star, EnerGuide for new homes or houses, and Built Green Alberta are all presenting excellent vehicles that we can build upon, and the experiences of builders who are out there already and who are willing to go down that path but who now take it a step further.... There are builders in Alberta, particularly. There are builders in Quebec right now who have approached the coalition. There are builders as well throughout Ontario who are prepared to work with the coalition to try to begin building these kinds of homes.

Our endeavour today has been to work with the federal government, of course, to get an initial pilot phase up and running. I'll quickly allude to that in a few minutes.

The next page lets you know that we have builders in our coalition who are currently willing to essentially present a menu of options to consumers. This is just to give you a sense of what kinds of technologies could go into the home in the context of a net-zero-energy-designed home.

● (1200)

What's important is that this is a federal-provincial endeavour. There are no illusions; this cannot work simply from the federal level, but it takes cooperation at the provincial level. Metering issues are critical, as well as building code issues. So if we are indeed to see success, it has to be done at a federal-provincial level—and, hopefully, municipalities will be engaged as well.

In advance I distributed a copy of the proposal we made to the government a while back. In essence, what we're suggesting right now is a demonstration phase of 1,500 homes across the country. We're endeavouring to pursue this scale of homes, because we think we have enough little-home pilot projects across the country, with no real impact on the broader communities for us to really understand what it means to have large-scale, grid-tied systems with solar energy, for example, or earth energy systems.

In Alberta, for example, there's a place called Okotoks, where they have a solar thermal or hot water program in effect at a community scale. It's quite successful, and we're hoping to build upon that kind of success. It's that community's scale that's important, which builds awareness. I think that can be the leverage point for broader community uptake from this kind of initiative.

At the end of the day, if demonstrations prove viable in the country, which we think they will, our initial proposal is quite simple. New homes in the country right now are GST exempt, and we think we can extend that to these kinds of homes especially. On a PST or provincial sales tax level, some provinces are different from others, but if you can come up with an equivalent range of a PST, roughly 8%, as you'd find in Ontario, we think that will provide enough incentive for the consumer to get engaged, if it's combined with a GST exemption. This is not a free ride for the consumer, by any stretch of the imagination, but it is where a consumer is required to at least provide a minimum investment of their own income into this project.

The other option to lower the cost is green mortgaging. At the federal level, green mortgaging is a possibility, and I would suggest that the committee take that into consideration. CMHC has tools to do that right now, and if they choose to do so, they probably could look at green mortgaging in the future as an excellent vehicle for incenting consumers.

I'll skip a few pages here. I am just going to touch on the economics and impress upon committee members that cost challenges can be addressed. In other markets in the world, such as Germany, on which I've provided you with some examples and slides, the cost of these technologies is declining by roughly 5% per year. I think it's irresponsible to suggest that we can't begin looking at incorporating this concept into policies for the future simply because of cost effectiveness. If it's a cost per tonne or cost-effectiveness challenge, our argument is, what's the cost to society? So we look to that and ask, can we start now and look towards the future?

I'll slip by a few slides, because I'm limited in time here. The last two slides dealing with the economic and environmental benefits are straightforward; we do think that net-zero-energy homes can make a significant dent in our climate change challenges and reduce greenhouse gases. They can make a significant dent in provincial strategies around energy conservation and renewable energy supply, or energy supply overall, as well as on the broader level of trying to empower communities and engage citizens at the micro level to truly find community approaches to our environmental challenges. On the economic side, there is enormous growth potential for renewable energy factories and for deployment in the country.

To conclude, CMHC has been the lead partner at this point in time in our consultation with the federal government. They have agreed to help lead a demonstration phase of 1,500 homes in the country. Mind you, I don't believe at this point in time that we have a confirmation of that, as we've been advised. We are looking for other departments to get engaged, and I would encourage the committee to help impress upon the government to work at a cooperative level at NRCan, Environment Canada, Industry Canada, and CMHC to make this project a reality and get the demonstrations off and running, ideally this year and over the coming three to four years.

Participation from all regions is critical, and investor certainty is another important element. I truly suggest that if you were to support a demonstration phase, you'll have solar factories, like the ones in Cambridge, Ontario, that I mentioned, as well as earth energy companies and distributors.

● (1205)

They will in future look to Canada as an important market, much as they did in Germany and Japan. They created investor certainty and these people have now built world-leading manufacturing bases.

Thanks very much.

The Chair: Thank you, Mr. Shields.

Mr. Shields has presented an executive summary that goes with his presentation. Thank you for that.

Mr. Mills.

Mr. Bob Mills (Red Deer, CPC): Thank you all for being here. I think I've met most of you on a one-to-one basis, and I understand how difficult it is to deal with such a huge range of issues.

In respect of the government approach, it seems that the newest plan comes down to four things for the large final heavy emitters. First, by modernizing your technology you would reduce your potential targets. This seems difficult when all of you are already using 21st century technology.

The second is to pay into a fund to develop technology that would be out of your control, that would go to developing somebody else's technology, who may not even be in your sector.

Your third option is to buy credits. This creates a whole issue of where you buy the credits and how much they're going to cost.

Your fourth option comes down to enforcement under CEPA. You'd be fined $200 a tonne for everything above the targets, which have not yet been set.

First of all, am I correct that these are the options? Are there any others? Secondly, with regard to carbon credits, which may prove to be the only possible option, how do you see the purchase of these credits? We've told farmers and foresters that you're going to be able to buy domestic credits from them. We don't know how, but you're going to be able to do it.

Then we are told you can't buy from the Europeans, because they're too expensive. So you'll be buying from some third world country. Maybe we can go to Zimbabwe and keep them poor by buying $2-a-tonne credits.

Is this how you see the purchase of credits? As we approach the deadlines, it seems to me you're going to have to go buy those credits.

Mr. Richard Paton: In our sector we've done a clear analysis of what we think we can do economically and technologically. We pretty well know what kind of reduction we could make in greenhouse gases without impairing our ability to export to the U.S. or to compete with China or India.

Anything above that really is a carbon tax. The carbon tax could come in various forms. It could come in the form of paying into a research fund, which is an innovative idea. At least it's better than sending the money to Russia. But because we have thousands of technologies, it's hard to see how that money would ever flow back into our companies. Here we get into questions having to do with proprietary technologies.

The idea of buying credits is another form of carbon tax that we have absolutely no appetite for. Some of our members might be in a position to sell or buy credits, but we don't view this as an environmentally responsible solution. We'd much rather invest in technologies in our own country and produce value in the Canadian economy.

So I have a lot of difficulty with the whole credit-buying approach. I'm not convinced that it's workable or even responsible. Investment in a research fund, however, we could see as responsible. But I'm not sure it's useful to us. So in the final analysis, we see this as a carbon tax.

● (1210)

The Chair: Thank you.

Mr. Lacroix.

Mr. François Lacroix: I think the position of the industry at large has been pretty well explained, but I'd like to add that as far as we're concerned, the use of our product is one of great solution. We've heard this morning about construction, road construction, and I've mentioned that building concrete roads saves fuel. So if you look at it in a life-cycle way, that's one solution.

Mr. Zimmerman talked about LEEDs and green buildings. Building homes, industrial buildings, or commercial buildings in concrete saves a lot of energy. As a matter of fact, we get a lot of LEED points using concrete.

Mr. Shields mentioned renewable energy. I mentioned that you can't have a windmill without a base that's on concrete. So the use of the product is essential.

As also mentioned this morning, the peaks in homes are of great concern to the electricity industry. If you build a home in concrete, the mass of the concrete absorbs energy and reduces these peaks. So it can be extremely helpful if you're using all these technologies.

So our product can be used across...to save energy and to save emissions, and I think this is where we have to look.

Mr. Bob Mills: I want to come to the aspects of the house and what we can do as Canadians, But the one question that was raised, and it has been raised at the COP meetings regularly by the developing world, particularly led by China, is, how are you guys going to transfer the technology to us?

I'll use the fertilizer industry as an example. The new plants being built in China to produce nitrogen are in 1950s technology, some of them. But the ones here in Canada.... I have one in my riding that is using 21st century technology. They basically cannot use any better technology. Obviously the concern is now that if we could just get that technology transferred to India, to Mexico, to wherever....

How do you see that happening in the global sense, where we can in fact maintain our...? That's really where we make a difference to the environment, by helping developing countries modernize their technology. Do you see that as being realistic, feasible? That's certainly the question they ask: how are you guys going to do that? That will be the question in Montreal in November.

Mr. Rob McMonagle (Executive Director, Canadian Solar Industries Association, Net-Zero Energy Home Coalition): I think for solar we have to address the issue that we are an underdeveloped nation. We are in fact behind a lot of the underdeveloped nations in the deployment of solar. China, for example, has 1,000 manufacturers of solar hot water technologies. They're a world leader. It's the same with India. They all have programs for renewable energy deployment. We're one of the few countries in the world that do not have programs to deploy solar technologies.

Mr. Alex Zimmerman: That's a very interesting question.

I was speaking at a conference in Beijing last November, and six officials from the Chinese national government stood up and said they believed they were underdeveloped and they were looking to the west as a model. They are copying our practices, for better or for worse. The best thing we can do, in the building industry, is to get our act together so that they're copying our best practices and not our worst practices.

That was the message that came home loud and clear. They're going to copy us, and we want them to copy the net-zero homes, not the sprawling starter mansions that we see on the outskirts of some of our bigger cities.

The Chair: Mr. Lacroix.

Mr. François Lacroix: As far as our industry is concerned, it is a global industry. The large players in the cement industry are active all over the world, China included. The technology is transferred extremely quickly. So there's no question that as soon as something is innovative anywhere in the world, it takes a very short time to be propagated to all the industry across the world.

Mr. Bob Mills: I guess that's the good news.

Let's go to homes now. I'm looking at putting solar panels on my house. I already have triple-paned windows, which I put in when we built it, and I put in extra insulation and did those sorts of things. At that time I either didn't think of solar or didn't know about it or it wasn't feasible.

My biggest problem is that in Alberta I have to go through 31 regulatory steps in order to get into the grid so that I can buy and sell electricity. So I have to go through 31 bureaucratic steps, provincial steps. Now, is that the way it is in every province? You would probably know this. Obviously that has to be streamlined, because if I have to go through 31 steps as a homeowner, I'm likely not going to do it. And that seems to be partly energy company generated.

When I first inquired about it, my meter was going to cost $20,000. Now it is $800. And they're free if you live in rural Ontario, I understand. Hydro One is giving them away. We've gone from $20,000 to $800 to zero. What does that meter cost? Who is stopping me from going that way?

● (1215)

Mr. Rob McMonagle: It relates to a lack of coordination between the federal government and the provinces when it comes to what's called net metering, which is the ability to send your energy backward into the grid. Other countries have addressed that by setting national standards or with direction from the national government. We have a problem here in that we're all going in different directions. It's making it very difficult for the industry, because the requirements in one province are much different than they are in another province. With a small industry, all of a sudden you're dealing with different regulations and different procedures everywhere.

Mr. Gordon Shields: The interesting thing about the concept of the net-zero-energy home is that its success in the United States is because there really is an integrated approach, both on a technology and application level and on a government-to-government level. It aligns the policies at a federal-state level. The builders are provided with the certainty that they can sell their homes with this kind of meter and they'll be attached to the grid, and they can tell that to the consumer. It provides a clear line of sight for the builders, the consumers, and all the stakeholders involved.

As Rob indicated, there are a variety of programs out there, and to a certain degree there might be some confusion even for builders today. You have R-2000, NovoClimat, Built Green Alberta. There are a variety of programs. It's becoming a bit convoluted. These programs are out there for good reasons, but it's convoluted.

Where I think the housing industry should go and begin to lead is towards a collection of all these approaches, with cooperation at the federal-provincial level and the municipal level, to ensure some clear line of sight for the consumer and the builder, who are the front-line people, at the end of the day, on this issue.

Mr. Bob Mills: You also mentioned Okotoks. I'm speaking there two weeks from now, presenting our environment platform to them, so obviously they're a major part of the kinds of things we're talking about.

I think as well that the development of technology within Canada, which Mr. Paton mentioned, is certainly something of extreme importance. We need to do everything we can as a government to promote the development of that technology in Canada, and then be able to transfer that technology as opposed to.... Again, I think you all know our position on that whole carbon trading business.

You mentioned earlier that the instruments are most important, not having these regulations. The consumer out there, or some people out there, would say this doesn't work. Could you just clarify a little more industry's willingness to cooperate? Why is industry willing to cooperate with these environmental approaches to do something about the environment? What's the motivation for industry?

Mr. Richard Paton: It's stability and certainty. Right now, and since 1997, we've been living with a lot of uncertainty. Are we going to be regulated? What are the numbers going to be? And in fact the track record so far is if you did anything since 1997, you were at a disadvantage, because your numbers would have been put into the base numbers and assumed to be business as usual. I have companies right now that would like to have a plan for the next five years because it takes them about three to five years to actually program changes in their plants. They would like to be able to say, okay, I know what our framework is and I'm now going to see how I can make those investments.

If it takes 22 months to negotiate a regulation, which is likely to be something that doesn't fit our industry very well—it comes out of some general target that somehow is derived from no one really knows where—it's pretty likely that our companies will be sitting there for the next 22 months not making those investments and not having the plan, and literally making less progress than we would like to make as an association and as a set of companies.

So there's a win-win here, but it needs a stable set of expectations based on both economic and environmental performance.

● (1220)

Mr. Bob Mills: Thank you.

The Chair: Perhaps our other witnesses might want to respond to that also, as there are other questions that are raised.

I'm going to have to go now to Mr. Simard, but if you can work an answer in with respect to that question, feel free to try to do that.

Mr. Simard.

[*Translation*]

Mr. Christian Simard (Beauport—Limoilou, BQ): Thank you.

Thank you very much for your presentations. They address a rather broad range of issues. I think there is some way of bringing this together under the Kyoto umbrella. The chairman gave more time to the Conservatives and forgot that he has an agreement with the NDP, not the Conservatives. It is not serious.

I will begin by putting a question to those who just finished. Then I will come back to the topic of zero net energy homes, which I am also quite interested in.

My question is therefore for the Canadian Chemical Producers Association. When I was working with the Union québécoise pour la conservation de la nature, we also participated in your responsible care program. Our president at the time was Harvey Mead. I do not know if he is still working with you on this. You told us that you have significantly reduced your greenhouse gas emissions in absolute terms. I think that that is so. However, you are asking us to not simply impose regulations that will require extensive discussions and will not be possible to implement. That is what I understand from your presentation. You want smart regulations.

Did you actually say that under the current plan, you would be penalized for having acted quickly on reducing your greenhouse gas emissions, given that 1990 is not being used as the reference year for the purposes of calculation?

I would also like to clearly understand what you are asking. Are you simply asking for a voluntary approach, such as the one being used with the automobile sector, that is no regulations, no legislation, or do you want us to engage in voluntary negotiations that would then lead to a commitment, legislation, or regulations that would be acceptable to you? I would like you to answer that question because I do not clearly understand your request.

Mr. Richard Paton: Thank you for your question.

[*English*]

I'll try to be very clear. It's not really clear. What we're really looking for is exploring another option. Our ideal scenario would look a little bit like the MOU we already have, an environmental agreement that has performance numbers in it—expected numbers to be achieved—for the companies that are belonging to responsible care, *la gestion responsable*.

We're not against a general regulation for the chemical sector, because you have to remember that there are companies that don't belong to our association that are chemical companies. You wouldn't want to create a situation where the best way to avoid regulation is to not belong to CCPA. You have to have a general regulation that applied to the chemical sector. The primary instrument for achieving the result would be the agreement. The backup instrument would be the regulation. The approach the federal government is now taking is that the primary instrument is the regulation, and environmental agreements and MOUs are nowhere to be seen.

The last piece of that is we would like to see that done with the provinces. In fact, we're already discussing exactly this approach with Alberta right now. You could have an agreement between the chemical industry—companies in Quebec, for example—the federal government, and the Quebec government. You would have a framework agreement that would say, here's what we want to achieve in terms of greenhouse gas reductions and here's how we're going to achieve it. There might be a general regulation that applies nationally to some sort of number. That would give us a framework to work with our companies in Quebec or Alberta or Ontario or B.C. We only have four provinces where we mainly operate.

● (1225)

[*Translation*]

Mr. François Lacroix: I should also point out that a few years ago our industry asked for negotiations for an agreement like the one my colleague just described. Therefore, yes, we also are in favour of negotiating agreements whose purpose is to set goals that we can reach, that are realistic. We have not yet been told what goals our industry should be reaching. It is therefore difficult for me to tell you whether an agreement would have been better or worse.

The other part of your question was about our past performance and how it is being accounted for. All we have been told to date is that targets will be based on the year 2002. As I already told you, our industry in particular reduced its greenhouse gas by 7 per cent since 1990. If 2002 is used as the starting point, then our past action will not be taken into account. That is how it stands currently.

Mr. Christian Simard: The reference year is 2002.

Mr. François Lacroix: That is what is stated in the plan that was presented.

Mr. Christian Simard: Yes, in Project Green. The choice of that reference year means that those who did nothing are being favoured. They have more opportunities and that is fundamentally unfair. In Quebec we also think that this plan will provide subsidies and reward those who waited to act. That is one of our main criticisms of this plan, which does not send the right message.

I now have a question for the Cement Association of Canada. I thought that your brief was very well written and quite clear.

Mr. François Lacroix: Thank you.

Mr. Christian Simard: You say that the government recognizes that it cannot completely restrict your industry and you thank them for that. In the cement-making process there is a stage that is called... I am trying to say it correctly...

Mr. François Lacroix: Decarbonation.

Mr. Christian Simard: That was on the tip of my tongue.

No matter what you do to the process, that stage produces 0.6 tonne of CO_2 per tonne of cement produced. You can work on the other emission-producing stages, that produce 0.2 to 0.4 tonne of CO_2 per tonne of cement produced.

Mr. François Lacroix: That is correct.

Mr. Christian Simard: When you add everything up, you are producing approximately one tonne of CO_2 per tonne of cement. That is quite a lot.

Mr. François Lacroix: It is a huge amount.

Mr. Christian Simard: If I understood correctly, you can only play with 0.4 tonne at the most.

Mr. François Lacroix: That is correct.

Mr. Christian Simard: Overall, you emit approximately 15 million tonnes of CO_2, is that correct?

Mr. François Lacroix: A little less. The actual amount is approximately 0.92 tonne of CO_2 per tonne of cement. I would say we emit approximately 12 million tonnes of CO_2 when we produce 14 million tonnes of cement. It is a very intense process no matter how you look at it, whether per thousand dollars or per tonnes produced. However, cement is used to produce concrete. Concrete, not cement, is used in buildings, roads, sidewalks, etc. Concrete is 11 per cent cement. When you look at the environmental footprint, you need to take into account the fact that concrete is only 11 per cent cement. That is why concrete is a green material under the LEED system, a building assessment system.

Mr. Christian Simard: That depends on the life cycle analysis. Those analyses are complex and have not yet been completed. If you include cement in the roads but you build more roads, then you're using more cars. It's very complex.

Mr. François Lacroix: When you make roads with concrete, then you use less truck fuel—that has been proven—and you also spend much less energy on maintenance because it is a more durable material. There isn't that yearly maintenance that I'm sure you're familiar with, those eternal construction sites.

● (1230)

Mr. Christian Simard: I have a last question for you. There was a lot of resistance to this in Canada and in Quebec. I particularly remember the debates in Joliette, in Beauport, my riding. Unfortunately or fortunately—it depends on the neighbours—the Beauport cement plant was closed. There is a huge debate in Joliette on the use of hazardous wastes and tires in the cement plants. Where does that stand? I know that you can burn just about anything; wastes, tires, used oils. Anything burns at 1,400 degrees.

Mr. François Lacroix: That is correct, with a very long retention time.

Mr. Christian Simard: I visited a cement plant. It's very impressive. Does burning hazardous wastes contribute anything? I'm not talking about the toxic residues in the air, but rather in terms of CO_2 production. Is it similar to regular gas or diesel?

Mr. François Lacroix: First, I don't really like to use the term "hazardous wastes". I'll talk about wastes. They're not necessarily hazardous. Tires are not a hazardous waste.

Mr. Christian Simard: But there was...

Mr. François Lacroix: I agree that this issue was the subject of debate. The answer is that, in many cases, for example when tires are burned, there are less emissions produced that are toxic for the environment than when coal is burned, coal being the basic fuel for the cement industry. Less NOx and SOx, less of these types of products, are emitted when tires are burned. So it's actually the opposite.

Mr. Christian Simard: And used oils?

Mr. François Lacroix: I don't know what the impact of used oils is, but I am certain that when those products are burned, we are meeting or even exceeding all environmental standards.

Mr. Christian Simard: However, there is also a psychological reaction.

Mr. François Lacroix: Yes, especially for hazardous projects. Europe and Japan got rid of their BCPs by burning them in cement plants. When Canada tried to do the same, there was too much public resistance. Since then, they've been travelling here and there and they have been stored. We have probably lost 20 times more in the environment than what would have been emitted had they been burned.

Mr. Christian Simard: If I understand you correctly, taking all that into account, you have still been somewhat spared with respect to Kyoto. Your obligations in terms of Kyoto are quite low currently.

Mr. François Lacroix: No. We have very significant commitments under Kyoto. As far as energy is concerned, we already have a figure of 0.4 ton of CO_2 that we can work on. We have already made tremendous progress. We have had a decrease of 7 per cent, and of 12 per cent in total energy. There is not much we can do to further reduce that.

Mr. Christian Simard: My observation was that Project Green does not push you to go further.

Mr. François Lacroix: We announced that we would reach 15 per cent on that part, whereas the other industries are at 12 per cent.

Mr. Christian Simard: All right. I misunderstood.

I only have one minute left. How awful! Could you give me two or three more, Mr. Chairman? You gave at least five or six more to Mr. Mills.

As far as houses are concerned, personally, I would have liked to have done the same thing as Mr. Mills and have environmentally friendly equipment. However, it is often the price of such equipment that stops me. People may think that over a 15 or 20-year period, if everything works properly, it costs nothing. That is all well and good, but it has to be paid for now. When one has family obligations, it is not so easy. It is often said that people who have the least money pay the most because they do not have the means to save. It is the case for many people, for whom family expenses are often the priority. Sometimes, they do not have the means to invest intelligently.

Do you have any financing plans? I know there are some examples in Vermont. Interest payments could be subsidized by the government or by the state in order to encourage this. Have you anticipated programs that could promote a reduction in energy use in the home, whether it would be through the use of heat pumps or solar energy, that would not cost a fortune?

[*English*]

Mr. Rob McMonagle: I guess that's the difference between looking at power that comes from a central power plant and looking at power in a distributed generation. When you put in a large power plant, the supplier amortizes the costs over the life of the system, which is typically 20 or 30 years. You look at a return on investment over that period of time.

However, when individuals purchase a system, they'd look at payback. They're particularly expecting a payback in perhaps three years or five years. In effect, the return on your investment in that case is in the neighbourhood of 20%. There is quite a disparity in how you account for the costs.

It's not so much a subsidy internationally. It's a loan program to somehow account for the costs to the homeowner over an extended period of time. If you can offer a low-interest loan for solar domestic hot water for a period of 10 or 15 years, your payments are actually less than your savings each month. Therefore, the investment makes good economic sense right at the beginning. However, if an individual has to pay for all of it upfront, they're not going to be able to justify the $3,000 or $5,000.

For example, Manitoba Hydro is now offering a low-interest long-term loan for heat pumps, which makes it very economical for homeowners to put in heat pumps. Even though it's very expensive initially, the savings pay off over a long period of time.

● (1235)

The Chair: Mr. Zimmerman would also like to respond.

Mr. Alex Zimmerman: Yes, I think this is the essence of one of my proposals.

There are two ways you could potentially address it. One is to give tax incentives to level the taxation field, for example, so that green investments don't undergo a tax penalty. We currently give something like $50,000 in tax breaks to drill an oil well, whether you discover oil or not, but we don't do the same thing for solar power.

Alternatively, you could do a green kind of mortgage, but attach it to the unit, not to the person. That would effectively lengthen the payback period, because people often don't stay in their houses for more than 10 years. We're a very mobile society.

If the notion is that the reduction in operating costs pays for the first cost, if you had the mortgage attached to the unit, then the benefit would be borne by whoever subsequently owns the unit. That's one of our proposals.

The Chair: Thank you, Mr. Zimmerman.

We'll now go to Mr. Scarpaleggia.

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

I found all the presentations to be excellent. I was particularly intrigued by Mr. Shields' presentation.

It's very complicated. You have two levels of government, and you have a whole menu of programs at each level of government. Is there some kind of document that would tell people, based on which province they're living in, what programs are currently available if they want to move towards creating zero-emission homes?

You'd have federal programs that are available at present and then you'd have what's available provincially. If I wanted to move to a zero-emission home right now, I wouldn't know where to turn, quite frankly. That's one question.

Secondly, for example, take the average homeowner who has an existing home. It's not a new home. The family is producing 5 tonnes to 7 tonnes of greenhouse gases per year, as you said. What could the homeowner realistically achieve in terms of reductions over the next two to five years? How much would the costs be out of pocket?

You may not have the specific answer, and that's fine, but maybe you could provide it to us. How much would it cost out of pocket, generally speaking, based on the incentive programs that exist?

Why would anybody right now move towards a zero-emission home or towards reducing greenhouse gas emissions? Is it so prohibitively expensive that it's not attractive for people right now?

Mr. Rob McMonagle: I guess the problem goes back to the cost. It's a high upfront cost. It's very hard for the individual to account for that.

As for programs or a document where you can find all the programs, the simple answer is there are no programs anywhere in Canada. The only two provinces that support on-site generation are B.C., where there's no provincial sales tax, and Ontario, where you get a rebate. That's it for programs.

Mr. Francis Scarpaleggia: There's nothing anywhere.

The Chair: There's a demonstration program.

Mr. Gordon Shields: At this stage we would be trying to pursue a demonstration phase, but I think you've hit an important point. There is very little out there that brings it together for the average consumer to truly try to find the most efficient way to run energy use in the home. On a day-to-day basis, we're all in a rush, we're all occupied fulfilling our day-to-day agenda, but if there were a way or a means to bring together all that information, that would be one important step.

The concept we are suggesting, mind you, is for the future—not for the long term; you can start in the medium term. But the fact is that if we can get these demonstrations off the ground shortly with the support of CMHC and other levels of government, fundamentally it'll begin to demonstrate to all stakeholders how this can be achieved. Again, following the model in the United States has provided them a path and a direction to giving consumers and builders the knowledge of how to put these homes on the ground in the quickest, most effective way possible to meet today's demands in the housing sector.

● (1240)

Mr. Francis Scarpaleggia: You mentioned in your presentation that the Americans are far ahead of us in this?

Mr. Gordon Shields: I would say “far”, yes, because they have almost a thousand of these kinds of homes up and running already. They started a program back in 2001 and have community-scale developments already going.

Mr. Rob McMonagle: And other nations are also doing it.

Mr. Francis Scarpaleggia: This is ironic, you know, because they're not signatories to the protocol. We're always using the United States as an argument for not doing anything, and then witnesses like yourselves tell us they're well ahead of us on this and well ahead of us on that. I think that's an important point to emphasize.

Thank you.

The Chair: Mr. Wilfert, you may have the balance of the time.

Thanks, Mr. Scarpaleggia.

Hon. Bryon Wilfert (Richmond Hill, Lib.): Mr. Chairman, with regard to the chemical producers—and I won't get into a debate—you presented, to me, a straitjacket approach that the government is giving you. In fact, the government is giving you more options for compliance than not, in fact in multiple avenues.

I would suggest that whether it's investment in in-house reductions or purchase of emission reductions from other LFE companies; investment in domestic offset credits generated outside the LFE system; purchase of green industrial credits to represent verified emission reductions; the LFE options to invest in a greenhouse gas technology investment fund, which can count for the purpose of compliance; LFE-secured emission reductions for reasonable, safe, market-based approaches.... In my view, there are all sorts of options.

As you know, over the next eight to ten months there will be further consultations, obviously. There have been discussions on CEPA as an option, and obviously the LFE system requires a regulatory backstop, given that there are 700 large final emitters in Canada.

Hopefully you're not suggesting special treatment for your industry over other industries among the large final emitters, although it sounds like it.

I would suggest to you, on the issue of early compliance, that I have favoured early compliance, and in fact I think those discussions will still be going on.

Mr. Chairman, I would make those comments to you. Then, while I'm going around the table, a net-zero-energy CMHC demonstration plan of 1,500....

Maybe I didn't hear it. What's the timeline? What objectives are you looking for? What are the outcomes you're hoping to have, and how would you then evaluate it from there?

Mr. Atkinson, when I was parliamentary secretary to the Minister of Finance, I always asked this question. Rebate programs are wonderful. You were asking about rebate programs for off-road engines to meet the new Canadian regulatory.... Have you estimated what this would cost? I always like to know what you think it would cost. Is there a phase-in that you are looking for? When I was in the ministry of finance, believe me, every time you gave a dollar away, they were looking for another dollar to make it up.

Those are my comments, Mr. Chairman. If anyone wants to reply, go right ahead.

The Chair: All right. I think, Mr. Atkinson, you wanted to respond, and Mr. Paton.

Mr. Michael Atkinson: We don't have an exact number as to what it would cost, but we are certain it will meet the parameters that were set out in the last budget as far as incentives for this kind of program are concerned. There is certainly some precedent in other areas, with respect to tax rebate systems for energy-efficient appliances, for example, at the provincial level, etc. So there is some precedent to start on.

I think the most important step, which has already been taken by the government, is to move with respect to manufacturing design, putting best technologies into the off-road equipment to ensure it meets certain diesel emission standards.

Having done so, the next part of that puzzle is to create an incentive, a desire, a need to do so, and that could be through a rebate system, but there are other ways to look at it. There could be some acceleration of capital cost allowance, for example. We just think there's a need for some kind of incentive. Whether it has to be a tax rebate system...? We're not completely married to that.

● (1245)

Hon. Bryon Wilfert: Is there any modelling, through you, Mr. Chairman, that you could provide us in the next little while to assist us?

Mr. Michael Atkinson: We certainly will look into it.

Hon. Bryon Wilfert: Thank you very much.

The Chair: Mr. Paton.

Mr. Richard Paton: Just to be clear, we're not looking for any unique or special favour here. The approach that not only the chemical producers but I think almost all the industry sectors have taken is that each sector is very different. Cement has given an example of the life-cycle approach; aluminum is very hydroelectric dependent, so it has a certain dynamic; chemicals have certain dynamics. I think one has to be realistic, look at the sector and how it produces greenhouse gases, and find the best way to approach it.

However, if I could simplify my answer to your comment, yes, you've given us more options, but basically it comes down to two things: meet the target or pay a tax. All the other options are paying the tax.

If you take a look at this chart here, you'll notice, as the Bloc member mentioned earlier, that all the reductions we've made up to 2001 don't count. Notwithstanding all the statements by the government about early action being recognized, the fact is, folks, it is not being recognized, it is nowhere in sight, and there is nothing on the horizon that recognizes it. The fact that we did a very good job in the 1990s puts us at a disadvantage, not only because it's harder to do things, but also because the number we're expected to meet is higher than it would have been otherwise.

Hon. Bryon Wilfert: It is my understanding that the door is not closed on early action.

Mr. Richard Paton: Nobody has ever opened that door, as far as I know.

Hon. Bryon Wilfert: Well, maybe it'll come through the window.

Mr. Richard Paton: Ministers keep talking about how the principle is going to be met—MPs do—and the fact of the matter is when you get to the officials, it's gone.

The Chair: I think we're going to go from windows to solar panels.

Mr. Shields.

Mr. Gordon Shields: I'll be brief.

CMHC has agreed that they'll lead the demonstration phase. I'm under the assumption that CMHC alone may or may not be able to do that and is working with their departmental colleagues from NRCan, Environment Canada, and Industry Canada to try to build support or cooperation across the various programs, if they can be brought together. A team is an example of what might be approached as a consideration for that.

The intention was that we would start off with bringing the builders, integrators, engineers, etc., together in different provinces or different regions across the country, getting essentially what you'd call “proof of concept” homes together. Put the proof of concepts on the ground, ideally in the next year at the latest, and then move over a cycle of around four to five years and you'll have a total of around 1,500 homes providing that kind of large-scale, grid-tied system, as well as thermal energy systems where possible.

And it depends on the interest of the builder. It's supposed to be technology neutral, but we are letting the builder play a large part in deciding how their market will be defined and who will purchase the products they supply in their particular markets.

The Chair: I'm sure Mr. Wilfert is going to follow up, because of the part of the country he comes from and the kind of construction that's going on. He'd be very interested in having that kind of concept going into his area.

We'll leave that at this point and we'll go to Mr. Cullen.

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

Thank you to the guests for coming today.

I have a quick question for Mr. Zimmerman.

There's been some discussion, as we've had various panellists in front of us, as to whether there's a level playing field within the energy sector. You made some comments, but they were brief. I was wondering if you could comment further.

Mr. Alex Zimmerman: Yes, there are probably others that are better set to comment about that, but I point back to that one study I referred to from the West Coast Environmental Law Society a couple of years ago on addressing the green tape barriers. They went through this pretty extensively, but they point out that the taxation field, either provincially or federally—and in cities, for that matter—does not treat all energy sectors or all investments equally.

From the perspective of Kyoto, whether you reduce the demand or change the supply, it really doesn't matter. Megawatts are megawatts, and the impact it makes on the climate is the same. But whether it comes from the supply sector or the demand sector, these are treated very differently from a taxation point of view.

That was mainly where I was trying to come from.

● (1250)

Mr. Nathan Cullen: Thank you.

I have a question for Mr. Atkinson with respect to your comments about your industry's contribution to our total greenhouse gas contribution to the planet.

Clearly, it's not so much in the potential constructing of the homes but in the life cycle of the homes where the industry has a larger impact. Would you agree with that?

Mr. Michael Atkinson: I cannot speak to homes, because my members build everything—

Mr. Nathan Cullen: Excuse me, buildings.

Mr. Michael Atkinson: —but you're absolutely correct. In fact, one of the barriers to seeing more sustainable development going on, even in the public sector, has been the emphasis put on the initial capital costs rather than the life-cycle costs of a building, rather than looking at issues as to how upfront additional costs in improved materials, in more maintenance-free materials, and in more energy-efficient materials...getting the return on an investment over the life-cycle cost of a building.

Some are procurement methodologies, particularly in the public sector, where it's driven by low bid price, not best value or best value over the life cycle of that particular structure. So there are certainly barriers, and also, quite frankly, a risk-averse attitude, particularly from the public sector that you don't see in the private sector. It's a situation of "give me off-the-shelf, tried and tested, none of that experimental stuff". It's almost a disincentive to innovation that the public sector is less reluctant to be a willing partner in experimenting with new technologies that have a tremendous potential for benefit over the life cycle.

Mr. Nathan Cullen: Just to be clear with this, if you could characterize the government's role in the field of promoting better building technologies, more environmentally sound technologies, how would you characterize that role to this point?

Mr. Michael Atkinson: It has to be as an equal partner, and that partnership means looking at both benefit and risk, not being risk-averse. Indeed, looking at the government as an owner, as a user of these facilities, it has to take much more of the positive partnership role in the whole adoption of those technologies.

Mr. Nathan Cullen: I think you may have missed some of the point of my question. When we had the Minister of Public Works in front of us a couple of months ago asking these same questions...I'm trying to understand, up to this point, what has your industry's experience been with government's role in promoting more sustainable building technology?

Mr. Michael Atkinson: They've been very positive and very forthcoming in saying that they're going to want to achieve certain standards with respect to their building infrastructure, as, for example, the push to have all government buildings to be LEED gold, all government buildings that are in as a tenant to be LEED silver, etc., but they don't talk about how they're going to do that from the point of view of a partnership through the procurement system. Are they going to continue to look at it as being a risk-averse partner, or are they going to take a proactive role in becoming a participant?

To answer your question more directly, they've been very good at talking about what they want to achieve in terms of objectives, but we really haven't gotten into a discussion as to how we're going to get there and how we have to change certain approaches in our procurement and in the whole risk-averse situation that currently exists with the public sector.

The Chair: Mr. Zimmerman.

Mr. Alex Zimmerman: If I could speak to that, perhaps an example might serve. The City of Victoria had a piece of land they owned, a contaminated site that they wanted developed, private sector development. They changed their procurement, went out with a request for proposal, and the criteria were triple bottom line, that is, economic, social, and environmental.

The winning proposal was incredible. It's called the Dockside Green development. The developer came back with a building proposal, this whole community of housing, work, hotel, retail, and so on. All the buildings will be LEED platinum. The entire development will be carbon neutral. They will treat all of their own waste water on site. They will facilitate the development of a biodiesel plant to run the carbon-neutral plant. It's an incredible development, and it was more money than the next proposal.

So by taking a triple bottom-line approach, they actually got the best environmental approach as well. It's incredibly innovative and encouraging to see. I don't think it's a trade-off. I think this is a brilliant example of what can be done.

Mr. Nathan Cullen: I'm sure my colleague, Mr. Wilfert, would agree that this is an example of the municipal level of government leading the way when sometimes the federal government hasn't been at the table.

My question with respect to the life-cycle analysis, briefly, Mr. Lacroix, is this. Is the equation too complex to be used at the federal government level, again specifically to procurement, or is it something available to us, it's a well-known standard and we should be using it more?

● (1255)

Mr. François Lacroix: There are, throughout the world, all sorts of standards that exist on life-cycle analysis, so that's not really the problem.

If I may speak about transportation infrastructure, the federal government will support, through its infrastructure program, the construction of roads, bridges, and everything across Canada. It is mentioned that they should be sustainable or something like this, but what we're suggesting is that this should be an ongoing life-cycle analysis. No money is spent without looking at the full life cycle, whether it's a highway, a building, or whatever. This is what these gentlemen are talking about. We're talking about the very same thing.

Mr. Nathan Cullen: Thank you.

To Mr. Paton, we too have lamented a lack of certainty that's been available to industry, particularly LFEs, with the absence of a plan for a number of years, and we have also advocated for some sort of formula for grandfathering in improvements that have been made—we have yet to hear of any details.

I'm curious, what is the percentage of chemical producers that are outside of your organization?

Mr. Richard Paton: That would be hard to answer because it depends on whether you include the large.... Of 65 members, we have 10 that are large greenhouse gas emitters. Outside of that membership, there may be only one or two that are not in our membership. Beyond the 65 companies, there may be a lot of smaller companies that are not in our membership, but they are not presently included in the large final emitters program.

Mr. Nathan Cullen: Out of curiosity, is there not a concern that under the auspices of an MOU with your particular association, it would create an unlevel playing field for those who continue to operate in less environmentally sound ways?

Mr. Richard Paton: It could. One of the disadvantages of our industry and one of the advantages is that we have about a thousand different technologies and thousands of different products. It just so happens the couple of members that are not part of our association produce products that nobody else produces. It's not going to be a competitive situation between a company that's in the membership and a company that's outside the membership, because they are actually producing very different products.

Mr. Nathan Cullen: Just to understand, you're not concerned that it would put your member companies at a disadvantage to have an MOU that other companies outside the association wouldn't have to abide by.

Mr. Richard Paton: I'm not sure it would be a competitive disadvantage, but it certainly wouldn't be a way to encourage members to participate in CCPA and in that program. That's why I don't have a problem with a general regulation that may affect the general sector. But I want to have a program that recognizes what we're doing under responsible care and recognizes the companies for the performance and the commitment they're undertaking.

Mr. Nathan Cullen: Just to be clear, you commented earlier that a regulatory backstop is not a problem under that type of an agreement.

Mr. Richard Paton: Yes, if it's well designed and workable.

Mr. Nathan Cullen: Aren't they all?

Mr. Richard Paton: It all comes down to the design and the numbers, right?

Mr. Nathan Cullen: Sure.

Mr. Richard Paton: As my colleague, Mr. Lacroix, mentioned, we still don't have our numbers.

Mr. Nathan Cullen: I have one final question for you. It's a two-parter, as always. Is there a general acceptance that the contributions to climate change that we're seeing have negative economic impacts on the economy of Canada? You agreed to the concept and you've been looking at climate change for a number of years. You released a policy in 1995. Do your association members make a connection between change in climate—man-made, or human, contributions—and a negative impact on our economy?

Mr. Richard Paton: No, not yet.

Mr. Nathan Cullen: As a prospect?

Mr. Richard Paton: Not for our industry.

Mr. Alex Zimmerman: Just very briefly, I would have to say, overwhelmingly, that members of the Canada Green Building Council view it as an opportunity both to have a competitive advantage within Canada and to sell their services abroad—I mentioned China earlier. We must get one delegation a week coming through British Columbia from China wanting to know about it. A lot of people are doing work there. So it's viewed as an opportunity.

● (1300)

Mr. Nathan Cullen: This is my last piece. We had the forestry industry in front of us two weeks ago making a very clear connection for their industry that, as they're seeing the climate change, it's affecting the profitability of their industry. Has there not just simply been an occurrence within some of our industrial sectors—I would suggest yours—of externalizing some of the costs of doing business through allowing something like greenhouses gases to be emitted into the air, and that what we're attempting to do is just internalize those costs into the development of your products?

Mr. Richard Paton: That's a good question. We approach it by aiming to be the best we can be with our technology. We aim to be as good globally as we can. The question is, can you do better than that? It's hard to be better than you can possibly be. I think it would be fair to say, for your party and the people you represent, that you don't want to push a plan to a point where it becomes uneconomical with respect to our workforce and way of life.

In a global market—and the chemical industry is probably the most global industry of all—you can always shift production somewhere else. Our companies in China are investing heavily in China. The cement industry, for example, uses basically the same technology that we do. But they are also using 80% coal for their electricity. The fact is that China is producing the product in a less environmentally friendly way than we are.

So by driving the competitiveness of our industry out of this country, we are actually adding to the global greenhouse gas problem. Our goal is to be the best we can be within the framework of environmental and economic performance. That's exactly what we've done. Our numbers aren't quite the same as the government's, but they're the best we can reasonably aspire to.

The Chair: Thank you, Mr. Paton and Mr. Cullen. We're going to have to bring this to a close. The witnesses have presented a wide spectrum of industry-specific challenges. We've seen insights into the cement industry and the chemical industry, and we've looked at some construction challenges.

We are tweaking the Parliamentary Secretary to the Minister of the Environment a little bit. His background is with the Federation of Canadian Municipalities. We were trying to lead him towards partnering in things like Dockside Green.

We've got some great challenges that have been pursued through the questioning and your input. We appreciate that very much.

Members of committee have a notice of motion from Mr. Richardson that the committee hold a meeting to study the Parks Canada user-fee proposal, specifically the “National Pricing Compendium 2005/06 to 2008/09”. Mr. Richardson indicated to me that he has some immediate concerns with respect to this, particularly in his locale. I would suggest that we approve this and refer it to our clerk to set the meeting up.

Any discussion? Mr. Cullen.

Mr. Nathan Cullen: Is this the concern that seniors have been bringing to various MPs about the fee increase?

The Chair: Yes.

Do I have agreement on this?

Some hon. members: Agreed.

The Chair: Okay. The clerk will set it up.

Two things have been discussed. One is the opportunity with COP 11 in September. I was wondering if you would direct the steering committee to meet with some appropriate reference groups. The ideas they might bring back could reveal some opportunities for our committee.

I know it seems a long way away, but I believe we should start thinking about it.

Mr. Bob Mills: This time, we should get a report on where they're going. The meetings have already been held. In fact, there was one in New York about a week ago.

The Chair: Yes, we want to get a handle on what they're doing and what we might be able to do.

● (1305)

Mr. Bob Mills: Good idea.

The Chair: Also, Tim is working on a report. We're hoping we'll be here to see it some time toward the end of May or early June. It will be a draft report on what we've heard so far.

Thank you. We're adjourned.

Published under the authority of the Speaker of the House of Commons

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

Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
http://www.parl.gc.ca
