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Chair

Mr. Laurie Hawn

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● (0905)

[English]

The Chair (Mr. Laurie Hawn (Edmonton Centre, CPC)): Ladies and gentlemen, we have quorum.

[Translation]

Good morning everyone. Welcome to the sixth meeting of the Legislative Committee on Bill C-30.

[English]

I want to welcome the Honourable John Baird, Minister of the Environment; Mr. John Moffet, acting director general of legislation and regulatory affairs; and, Madame Cécile Clérout, assistant deputy minister of the Environment Stewardship Branch.

If everyone could assume their places and if the media could clear the room, we'd appreciate it.

Welcome, Minister. Welcome, everyone.

As is the custom, we will give our witness about ten minutes, plus or minus, to make an opening statement with any aids he may need. We'll then open it up to questions in the usual fashion.

Mr. Baird, the floor is yours.

Hon. John Baird (Minister of the Environment): Thank you very much, Mr. Chairman.

[Translation]

Hon. members, I thank you for the opportunity to appear before you this morning in consideration of Bill C-30, Canada's Clean Air Act.

This government has made it clear, we are committed to delivering real solutions to protect the health of Canadians and their environment.

I was in Paris last Friday to hear from the Intergovernmental Panel on Climate Change, as they released their Fourth Assessment Report.

Mr. Chairman, the science of climate change leaves little room for doubt—it is real, it is linked to human activity, and it compels us to take action. I get it, and so does Canada's government.

We accept the IPCC as an internationally-recognized scientific authority on climate change.

And we will consider the findings of this Fourth Assessment Report very seriously.

[English]

Even by Canadian standards, recent weather here in this country has been alarming. I saw first-hand the pounding the west coast has taken over the past two months. Thousands of trees that stood for centuries could not withstand the record winds, snow, and rainfall that battered our coast.

The most active Atlantic hurricane season in recorded history was less than two years ago, and the two warmest years on record for the world were 2005 and 1998. No one can say that climate change has caused every blizzard, every hurricane, every flood, and every drought the world has seen in recent years, but trying to disprove the basic science is pointless and diverts us from the real work of finding solutions. Instead, we need to accept what the experts are telling us and move on. It's time to take real action on our environment.

As President of the Treasury Board, I oversaw the development of the Federal Accountability Act and worked with colleagues from all parties of the House of Commons to assure its passage. Such a healthy debate is required once again, and I intend to bring the same spirit of cooperation and determination to Canada's Clean Air Act.

Just as Canadians demanded accountability in government, they are now demanding action on one of the most pressing issues of our time: the state of our environment. We believe we have taken a strong approach to begin fighting climate change, and we are willing to work with all parties to build an even stronger piece of legislation.

Canada's Clean Air Act will set in motion Canada's first comprehensive and integrated approach to tackle both air pollution and greenhouse gas emissions and, in doing so, will deliver better air quality for Canadians and also tackle climate change.

Canada's Clean Air Act would amend three federal acts: the Canadian Environmental Protection Act, the Energy Efficiency Act, and the Motor Vehicle Fuel Consumption Standards Act.

It creates a new clean air component in CEPA that will provide a tailor-made approach to enable integrated regulatory actions for air pollutants and greenhouse gases. For the first time ever, Canada's Clean Air Act will provide new, explicit authority to collect information and regulate products that affect indoor air quality.

The proposed amendments to CEPA will require the Ministers of the Environment and Health to establish national air quality objectives and to report annually on actions taken by all governments in Canada to improve air quality.

Canada's Clean Air Act will also strengthen CEPA by enhancing the government's ability to establish effective regulations to meet our commitment for the blending of fuels, enabling Canada to achieve 5% renewable fuels content in the next three years. That's the equivalent of taking 1.3 million cars off Canadian roads.

The Clean Air Act will strengthen our ability to enter into equivalency agreements with the provinces and territories and avoid regulatory duplication, as long as they meet the same environmental objectives.

Canada's Clean Air Act will modernize the Motor Vehicle Fuel Consumption Standards Act, which will improve the government's ability to regulate vehicle fuel efficiency.

Lastly, Canada's Clean Air Act will allow the government to set energy efficiency standards and labelling requirements for a wider range of consumer and commercial products by amending the Energy Efficiency Act.

I believe Bill C-30 is a platform from which the government and Parliament will provide concrete and realistic action to reduce air pollutants and greenhouse gases, all of which increasingly threaten our health, our quality of life, and indeed our economy.

While this bill is essential to protecting the environment and the health of Canadians, it is important to note that the government is already getting to work to improve our environment. Within months of taking office, our government invested tax credits and new funding to increase public transit ridership, removing the equivalent of greenhouse gases produced by 56,000 cars from Canadian roads every year.

Canada's new government has also invested \$2 billion into the ecoENERGY initiative through a series of announcements, including \$230 million for clean technology with the ecoENERGY technology initiative; \$1.48 billion for renewable energy with the ecoENERGY renewable initiative; and \$300 million for smarter energy use by Canadians with the ecoENERGY efficiency initiative.

We have also contributed \$2 million to assist in the cleanup and restoration of Vancouver's Stanley Park, and thanks to the efforts of the government, future generations will know the same joy, beauty, and inspiration that this magnificent park has provided Canadians for so many years.

As well, our government has contributed \$30 million to help protect the Great Bear Rainforest, the largest temperate rainforest left on earth. This 1.8 million hectare land mass on the northern coast of British Columbia is home to thousands of species, plants, birds, and animals.

● (0910)

In the coming months we will announce ambitious short-term targets for air pollutants and greenhouse gases from industrial sources, with sector-by-sector regulations coming into force starting in 2010. For the first time ever the federal government will regulate air pollution for major industry sectors. And, as the Prime Minister said clearly on Tuesday, for the first time ever we will regulate the fuel efficiency of motor vehicles beginning with the 2011 model year. We will regulate energy efficiency standards and labelling requirements for a broad range of consumer and commercial

products. Together, these will address about 80% of the energy used in homes and almost 90% of the energy used in commercial settings.

The Prime Minister recently announced the creation of a new cabinet committee on the environment and energy security. The committee will pursue practical, results-oriented solutions that will result in real mandatory cuts in Canada's greenhouse gas emissions, reduce pollution, and improve the health and well-being of Canadians. Make no mistake, the era of voluntary compliance is over, and this government intends to take action.

Let me be clear that there are some fundamental principles that guide this government. We will not spend taxpayers' dollars to buy international hot air credits just to meet our Kyoto targets. We know it would be easy to buy these credits. But as Professor David Boyd from the University of British Columbia said to this committee just Tuesday, those hot air credits would be a bad investment for Canada, spending billions of dollars abroad for zero environmental benefit. We want to spend this money here at home in Canada. The Conservative government's plan is to get Canada on the right track so that we can make real progress in addressing our greenhouse gas and air emissions for the long term.

The second principle is also clear. The plan must be achievable, affordable, and practical. It must deal with the reality this country faces. Because of previous inaction, Canada is some 35% above its Kyoto target, and there are only two years remaining to start meeting it. Some critics have said we should simply push harder and make it our mission to meet the 2008 to 2012 reduction target. Let me explain what that would mean.

We would have to reduce emissions by some 270 megatons. And what would that mean? Again, as Professor Boyd told this committee, to achieve that kind of target through domestic reductions would require a rate-of-emissions decline unmatched by any modern nation in the history of the world—except those who have suffered economic collapse, such as Russia.

Canadians do not want empty promises on a plan that we cannot achieve, and they do not want our country to face economic collapse. Instead, they want this government and this Parliament to take real action and achieve real reductions in both greenhouse gas emissions and air pollution. They want a sensible plan, just as in the progress the world has made on CFCs. It was because of the Conservative government of Prime Minister Brian Mulroney that Canada was one of the first countries to sign and ratify the Montreal Protocol. Sometime in 2010, CFCs will be completely eliminated from developing countries, as has been the case in Canada for some time now.

This protocol was one of the most successful multilateral international agreements that the environment has ever achieved. It should serve as a reminder to all of us that great things can be accomplished when we have a concrete and realistic plan and put it in place. I look forward to discussing what actions we can work on together to address environmental challenges like clean air and climate change that we need to tackle today.

Let me say in conclusion that Canada's new government has charted a fundamentally new course on the environment, and the Clean Air Act is a big piece of that journey. As hard as it is to believe, the discussion is not about partisan politics or barbs tossed across the floor in the House of Commons during question period. Ultimately, all of us will answer to the people who sent us here, and they are watching. Canadians want this committee to succeed, and I believe they want action. In that spirit, I pledge to work closely with all opposition members to craft the best piece of legislation that's possible. I hope you will join me in this effort.

Thank you. *Merci beaucoup.*

The Chair: Thank you, Minister Baird.

We'll start the round of questions. The first round, of course, is seven minutes, leading off with Mr. McGuinty.

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

Good morning, Minister. Thank you for joining us this morning. It's good to see you. The time is short in these meetings, Minister, as you know very well, so I'd like to ask you if you might indulge me and provide a brief answer to my questions wherever possible.

Minister, first of all, when industries produce and dispose of solid waste in this country, they pay a tipping fee. Yet in Canada, when industries dump emissions into the atmosphere, they pay nothing. Do you agree that the time has come for Canada to ensure that large industry pays to dump emissions into the air we breathe?

And if you could, just say yes or no, please.

● (0915)

Hon. John Baird: I would rather see them reduce the emissions instead of putting them into the atmosphere.

Mr. David McGuinty: Do you agree that it's time for us to charge for the right to pollute into the atmosphere?

Hon. John Baird: I disagree with the notion of a carbon tax. Our approach will be to provide regulation for industry to ensure that we reduce both greenhouse gas emissions and air pollutants.

We're not looking at a carbon-based tax. I know this has been a proposal that has been talked about by some leaders in your party, but it's not one the government has looked at.

Mr. David McGuinty: I'm not sure if that's a yes or a no, but I'll take it as a no.

Minister, here's another question for you, if you could help me out. You've cited Professor Boyd three times now in your presentation this morning—and selectively, I might add.

Can you tell us, what is your feeling about the less costly and more efficient option when it comes to reducing greenhouse gases?

Do you think a carbon trading market or a carbon tax would be more efficient for Canadians?

Hon. John Baird: I think there's a fundamental difference between our government's approach and the previous government's.

In my riding of Ottawa West—Nepean last night I was speaking to a Kiwanis club. I certainly believe that Canadian families don't believe it's in the best interests of Canadian taxpayers to buy hot air credits in a place like Russia, where we're only compensating for previous government actions. It's almost like saying that around the world we've signed a protocol to all go on a diet and lose some weight. Instead of losing weight, we gain 35 pounds, but we can somehow get an out by paying someone in Russia to lose weight for us. And by the way, they don't even lose any weight; this is just going to compensate them for weight they lost 20 years ago.

Mr. David McGuinty: Thank you, Minister.

Can you help Canadians understand and tell us what the difference is between a carbon trading system and a carbon tax?

Hon. John Baird: A carbon trading system is certainly up and running in the European Union, whereas a carbon tax.... I suppose it would depend on what kind of proposal you were making. It would be in the eye of the beholder.

You know, some people—

Mr. David McGuinty: Which countries, for example, have a carbon tax today, Minister?

Hon. John Baird: A carbon tax is not a solution that I have explored, because I don't think the tax system is the regime to do that.

We don't sit around the cabinet table dreaming up ways to increase taxes. That's certainly more common in the McGuinty family than it is in the Harper cabinet.

Mr. David McGuinty: Minister, do you know what the price of a tonne of carbon is today in the international marketplace?

Hon. John Baird: Is there an international...? In the European Union, I think the prices have ranged from \$20 to \$55.

Mr. David McGuinty: What's the price in Chicago today?

Hon. John Baird: This morning?

Mr. David McGuinty: What's the price? Give us an indication. Do you know what the price is?

Hon. John Baird: Well, in the United States they don't have a genuine regulated market. They trade only NOx and SOx, as far as air pollutants are concerned, in a mandatory way for the electricity sector.

Mr. David McGuinty: Let me try it this way, Minister. Can you tell us what the projected value of the international carbon market would be by 2020, or even 2050, and what part Canada should actually seek to be participating in, how much of it?

Hon. John Baird: We're not looking at participating in an international carbon market.

Mr. David McGuinty: Can you repeat that for the record?

Hon. John Baird: We're not interested in participating in carbon markets overseas.

The previous government's efforts were very different.

Let me give you an example of why I think it's so important to make investments here in Canada—a concrete, clear example that underlines the point.

When I was Minister of Energy in Ontario, we announced a plan to phase out our coal-fired electricity generating stations by 2015. The first one we slated for closure was the Lakeview Generating Station in Mississauga.

At the Lakeview Generating Station, when three of the four units went down, the only good news was that only one unit could go down. So it was at the end of its lifespan, being held together with duct tape. When it was closed by the successor government in Ontario, we were able to reduce greenhouse gas emissions and also, at the same time, improve air quality by reducing the pollutants that were emitted by that generating station.

That's the kind of action, integrated action, that deals with both climate change and human health, and that's the kind of action we support: an integrated approach here in Canada, an integrated approach in our airshed and making investments in Canada.

I appreciate that that's an honest difference of opinion, and it's one that I'm happy to defend to Canadians.

• (0920)

Mr. David McGuinty: Minister, now that you've opened the door about your record in Ontario, is it true that between 1995 and 2003, while you were in the Ontario government and Minister of Energy part of that time, Ontario's energy dependence on coal-fired plants increased by 127%?

Hon. John Baird: What we did have—

Mr. David McGuinty: And—let me just finish the question—is it also true that, as a result of that, it caused emissions of carbon dioxide from coal to rise 124%, emissions of sulphur dioxide to rise by 114%, and nitric oxide emissions to rise by 22%? Is that true?

Hon. John Baird: The reality was that the problems with the nuclear generating station at Pickering and the problems we had previously at Bruce—I know the Liberal government of the day had to close down four reactors at Bruce, and the Conservative government had to close down reactors at Pickering because of nuclear safety concerns—resulted in an increased reliance on other sources. I was pleased, in my last month as Minister of Energy, that we were able to bring power online, through Bruce and through Pickering, and that that was able to lead to an immediate 4% reduction in the reliance on coal. If you look at—

Mr. David McGuinty: If I might ask, Minister, I have just one last question, because my time is up here.

Can you tell us now, yes or no, whether the government is going to introduce a cap and trade system to achieve our greenhouse gas reductions? If you are going to introduce a cap and trade system, Minister, can you please explain to this committee and Canadians how you expect that cap and trade system to be fundable with the emerging international trading system under Kyoto and the emerging

American system south of the border? Can you explain that to us, please?

Hon. John Baird: I'd like to answer the previous question. I was pleased to see the reduction of 4% based on the new nuclear generation that we were able to bring on in Ontario in my last month. We certainly left the government that succeeded us in a good position because we were able to bring so much nuclear on line in my last month in office. That will certainly set the next government up to look pretty.

The Chair: Thank you, Minister.

Monsieur Bigras.

A point of order, Mr. Warawa.

Mr. Mark Warawa (Langley, CPC): Mr. Chair, the purpose of this committee on Bill C-30 and the agreement of all members here was to work together to create a strengthened piece of legislation. I didn't want to interrupt Mr. McGuinty's questioning, but I would encourage that the questions be relevant, that they be non-partisan, and that we try to work together for that ultimate goal of creating stronger legislation, instead of making questions into an aptitude test, Mr. Chair. We have a minister who's committed, and I encourage that we all work together for that common goal.

The Chair: Go ahead, please, very briefly.

Mr. David McGuinty: If the parliamentary secretary can point out a single question that was asked of the minister that's not relevant to Bill C-30, please let me know.

The Chair: Let's cut that off there.

I'll remind everybody that this is not question period. This is a collaborative committee. We are here to get to a destination that will benefit all Canadians on all sides of the House and in all parts of the country. If everybody could just remember that, I think we'll all get along better.

Monsieur Bigras.

[Translation]

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

Welcome, minister. You've been strong on rhetoric since you became Environment Minister when it comes to the previous government's record combating climate change.

I have reviewed Bill C-30, the notice of intention and the announcements you made. You seem to want to set intensity-based targets. You are recycling old Liberal programs which didn't work, and which didn't provide for reduction in greenhouse gas emissions. You are continuing to favour a sectoral approach in the fight against climate change. That is basically a Liberal policy which turned out to be ineffective, inefficient and inequitable.

Mr. Claude Villeneuve, an eminent climate sciences academic told the committee on Monday that one of the reasons for Canada's failure is this push to treat everybody the same way, on the pretext that it is fairer to have a one-size-fits-all approach even though the players aren't all the same size.

Minister, can you admit that the problem today is that you are copying the Liberals who favoured a sectoral approach which was unsuccessful? Would you be willing to bring forward amendments to Bill C-30 so that provinces, like Quebec, can adopt a provincial strategy in their own provinces, enabling Quebec for example to cut its greenhouse gas emissions by 6%?

• (0925)

Hon. John Baird: Of course our planet's future really is a top priority. Canada and Quebec's energy security and economic growth are also priorities, I think, for Canadians and Quebecers.

It is not easy to change things overnight. If you look at the chart we have before us, you'll notice that greenhouse gas emissions have risen every year for many years. And so it will take a number of years to turn things around, but this will happen, and it is our goal to make it happen.

Mr. Bernard Bigras: But minister, will the approach be changed?

Hon. John Baird: I'm open to hearing your ideas. I want to hear them. The Bloc Québécois has already made a number of suggestions to me over four committee meetings. I appreciate the fact that you carried out research and that you are taking a stand. And we are prepared to listen to any specific amendments you may have.

Let's talk about the sectoral approach. The bulk of electricity produced in Quebec comes from hydroelectricity. Now, if you favour a coal-generated electricity approach, obviously that will not affect the majority of—

[English]

If we took a sectoral approach, for example, to electricity, which is a significant part of greenhouse gas emissions, obviously those provinces like Quebec or Manitoba wouldn't be particularly hard hit. Newfoundland would not be particularly hard hit because of the generation mix they enjoy.

[Translation]

Mr. Bernard Bigras: When the Conservative government came into power you said that you wanted a more effective and efficient policy for combatting climate change, and you reassessed a number of programs.

In order to maximize greenhouse gas emission reductions, wouldn't it be better to adopt an approach whereby Quebec, for example, would get a \$328 million transfer payment to combat climate change? That would give us the opportunity to, for each dollar spent, maximize greenhouse gas reductions.

Isn't this a principle of efficiency and effectiveness you should understand, given that you wanted to apply this rule across Canada? Would you support a transfer of \$328 million to Quebec enabling it to maximize its greenhouse gas emission reductions for each dollar spent?

Hon. John Baird: When I was appointed Minister of the Environment and I spoke with my counterpart the Quebec Minister of the Environment, I told him that I was prepared to listen to new ideas and new requests from the provinces. And I am open to that.

A few days ago I had a very good meeting with the Quebec minister. I'm now discussing this with my colleagues and hearing

from other provinces. I think it's important for a new minister to be open to new ideas. And so we are going to work together with all of the provinces.

Mr. Bernard Bigras: I understand, Minister, but we've been working on things for years. In the recent past three environment ministers have been appointed in Ottawa, and Quebec's requests still haven't changed. Mr. Dion said no, Ms. Ambrose said no and you intend to continue consulting and discussing the issue.

What are you waiting for?

Hon. John Baird: I was only appointed minister a month ago.

Mr. Bernard Bigras: Yes, I understand, but you did have a predecessor.

Hon. John Baird: I know that the relationship between the governments in Quebec and Ottawa is better now than it was between the former Liberal and PQ governments.

I know that Mr. Boisclair as environment minister didn't achieve anything meaningful. And I know that Mr. Dion didn't work very effectively with Quebec.

I'm sure the current government will be more successful because of the federal and provincial governments' desire to cooperate.

Mr. Bernard Bigras: I have one last question.

Would you and the government be prepared to support an amendment to include the Kyoto Protocol objectives in Bill C-30, yes or no?

Hon. John Baird: I'm open to considering your proposal regarding the Kyoto Protocol objectives. The objectives are very clear: there needs to be action here in Canada and throughout the world to reduce greenhouse gas emissions. I am—

• (0930)

Mr. Bernard Bigras: Would you be willing to support an amendment to include the Kyoto Protocol objectives?

Hon. John Baird: I'd be prepared to consider all your amendments, Mr. Bigras, and if you give me an opportunity I'll always be open to hearing your opinion.

The Chair: Thank you very much.

Mr. Cullen.

[English]

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair. Thank you, Minister, for being here today.

With the recent announcement by the UN on the current state of the climate change crisis, coupled with items in the Stern report costing out the effects of inaction on economies, it seems that urgency and action, particularly for countries like Canada, are most needed. So to this point, we've established that—and I see your graph as an indictment of previous governments' lack of effectiveness....

We've also established, from previous colleagues of mine, that there's suspicion about your government's true commitment to the environment. These are both facts that we'll allow on the table for Canadians to judge—they both seem to be accurate—yet they lead us not towards the type of action that both the UN and Sir Nicholas Stern's report call for: that Canada has to change course dramatically. The graph you show us clearly points that way.

Are you prepared to put a hard cap on heavy polluters in this country, a hard emissions cap? Are you prepared to bring in absolute, world-class, mandatory fuel efficiency standards for cars and trucks that are made in this country? Is your government prepared to have and establish an ambitious home energy retrofit program, particularly for low-income families? And are you prepared to end the perverse subsidies to the tar sands?

Hon. John Baird: You have four questions there, so I'll take them one at a time.

With respect to world-class motor vehicle efficiency standards, I think our notice of intent spoke to our desire to adopt the dominant and high standards used in North America. I think that's important. I think the voluntary agreement has been tougher on pollution than on greenhouse gases. I think you also have to look at the different vehicles, the range of vehicles, that make up the fleet that is the Canadian fleet. Ours is very different from Europe. Ours is very different from Japan. Even the United States is very different from us. So I think we are committed to do better.

Our standards here, with respect to pollution, are certainly better than they are in California today. We took note of the American administration's desire to raise the CAFE standards, and if we could have the California standard, the raised CAFE standard, and the Canadian standard, that would certainly be something that I would be enthusiastic to learn more about. And it would also be better to help pollution in our airshed, given the huge influence of the Ohio Valley airshed that comes up—

Mr. Nathan Cullen: In the interest of precious minutes—

Hon. John Baird: Sure. I'll go on to the next one. With respect to hard emissions caps and with respect to pollution, we've indicated in the notice of intent our desire to have hard emissions caps to deal with pollution.

With respect to an ambitious home retrofit program, I know this is something that Mr. Layton has spoken to and that Mr. Flaherty will be presenting in his budget, and I'll allow him to do that. But we did come forward—my colleague Gary Lunn did come forward—with an initiative that has a significantly lower percentage being spent on administration. I hear the concern about low-income people, though, and I guess that will be something Mr. Flaherty considers in his budget.

With respect to the taxation of the oil industry, that'll be another issue for Mr. Flaherty to speak to.

Mr. Nathan Cullen: Has your government accounted for and added up the total cuts that your government has made to climate change initiatives in this country since taking office?

Hon. John Baird: I think we're taking a new approach, so I don't see reductions. I think we'll be spending more than the previous

government, by any measure, with respect to climate reduction programs.

Mr. Nathan Cullen: But the numbers are the numbers, and when a program is cancelled, a program is cancelled, and money is taken out of the system to—

● (0935)

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): A point of order, Mr. Chair.

I would remind the minister that we're not here to speak about child care. We're here to speak about climate change.

Hon. John Baird: I was just making a parallel with phantom programs. That was after thirteen years, so I'm not sure that something announced a year ago was ever going to actually happen.

The Chair: Let's all try to focus on the topic.

Mr. Nathan Cullen: As important as child care is to our party, we'd rather focus on the environment at this moment.

I assume your department and Minister Lunn's department did some analysis to come to the conclusion that programs were phantom or ineffective. Is that true?

Hon. John Baird: On phantom programs, there wasn't much analysis if there wasn't a dollar or a dime spent on them. That required little analysis. They looked at other initiatives. I think Mr. Lunn can speak to that.

Mr. Nathan Cullen: Can you provide a list to this committee of which programs you perceived as phantom, or never having been rolled out, and the analysis of programs that you found to be ineffective?

Hon. John Baird: We'll certainly take that back and provide whatever we can. When I say "phantom", they were talked about but never rolled out.

Mr. Nathan Cullen: Let me move to a different topic.

Canada has a deadline of February 23 to produce to the United Nations an update on our efforts on the Kyoto Protocol. It's a promise we made to analyze future cuts in emissions that this country is planning and the effectiveness of current action—a very specific and detailed analysis. Europe has already presented its report. Canada to this point has prepared nothing other than a list of announcements made—no analysis of effectiveness.

How is it that with a particular issue like this, which requires sincere global effort, Canada is presenting this disingenuous face to the world body and hoping to be seen as an honest broker in future negotiations?

Hon. John Baird: I don't say we've been disingenuous; those are your words not mine. What I do believe is that Canada has fallen behind on all reporting requirements. That's not acceptable to me as Minister of the Environment. There were reports due in January 2006 that were not submitted, and there are ones due this winter. You certainly have my commitment that we will file all requirements as soon as humanly possible.

Frankly, I'd like to see the actions of Bill C-30 and the follow-through on the intent to regulate be part of that. That's important, because they represent the most significant actions Canada will have ever taken.

Mr. Nathan Cullen: Your government has committed to staying within the Kyoto Protocol, and it has also made claims as to how far Canada would overshoot its target. Has your government costed in the effects of the penalties Canada is required to pay under the Kyoto Protocol for missing that target?

Hon. John Baird: I know it's in the order of a 30% penalty. That's certainly something I've asked for.

We're behind the eight ball, there's no doubt about it. Kyoto was a 15-year marathon to reduce greenhouse emissions, and when the starting pistol went off on that marathon the previous government began running in the opposite direction. That's why we're 35% above our target. We're going to work as hard as humanly possible to—

The Chair: Sorry, your time is up, Mr. Cullen.

Mr. Warawa.

Mr. Mark Warawa: Thank you, Mr. Chair, and I thank the minister for being here today.

I mused that when you were appointed minister the warm temperatures in Ottawa here suddenly returned to normal cold ones. I don't know if that's indicative of the influence and the action you've already taken, but thank you for your hard work already. You're a minister of action.

Hon. John Baird: Winterlude's back on; the canal is frozen.

Mr. Mark Warawa: I really appreciated your announcement coast to coast of \$30 million for the Great Bear Rainforest in British Columbia. Coming from British Columbia, I was very excited to hear that announcement, and the announcement of \$2 million to help with repairs to Stanley Park.

But from coast to coast, I really appreciated the action you took in dealing with the Sydney tar ponds. It's an issue that's been in need for years, and finally action has been taken. So thank you so much—coast to coast action.

We're here today to talk about Bill C-30 and to see how we can strengthen the issue of healing our environment and dealing with climate change.

How does Bill C-30 strengthen the government's ability to regulate greenhouse gases and pollutants?

Hon. John Baird: I think the framework is a much stronger one. It has greater capacity for equivalency agreements. We have greater tools to reduce greenhouse gas emissions, such as the energy efficiency standard regulation provisions and the biofuels provisions. It allows us to regulate indoor pollutants.

I think Canadians are telling us to move on the challenge of both climate change and pollution and smog. I think the framework contained in Bill C-30 is a far superior way to go. If the old CEPA was the way to go it would have been used, but it wasn't.

• (0940)

Mr. Mark Warawa: Minister, we've been told by Liberal members on this committee that CEPA is the framework, but the

very question that is left in my mind is if it was the framework, then why wasn't it used? The chart you have on the wall for us indicates the trend we're on.

How is government going to get tough with the big polluters? How is our plan different from the previous Liberal government's?

Hon. John Baird: The previous Liberal government presented four plans. They had lots of plans. It was almost as if they spent everyday getting ready to go on a big trip; they got the car all packed up, but they never left the driveway.

We have some significant, specific initiatives to regulate industry for the first time in Canadian history on both greenhouse gas emissions and on smog and pollution, particularly NO_x, SO_x, VOCs, and particulate matter. I think that integrated approach is the one Canadians are looking for. In the past there was a voluntary approach in certain sectors, and we think a regulated mandate is more appropriate.

Mr. Mark Warawa: How are we going to get tough on the big polluters, Mr. Minister?

Hon. John Baird: Head on through regulations.

Mr. Mark Warawa: So the voluntary approach did not work?

Hon. John Baird: Carolyn Bennett, a physician, our colleague from St. Paul's, spoke very passionately in the House about how in 1993 there was only one smog day in Toronto, but by 2005 there were some 43 smog days. That's certainly an indictment of successive governments of all parties and their failure to act on pollution and smog, and that's why we want to take real action. The effect on human health is significant. Canadians see that as a priority and so does our government.

Mr. Mark Warawa: Minister, the Clean Air Act will mandate regular reporting to Parliament on the environment. If this had been the law of the land under the Liberals when they were in power, do you think we would have been ranked near the bottom, as we are now?

Hon. John Baird: I think that public disclosure of status reports are helpful tools to keep the government's feet to the fire.

Mr. Mark Warawa: The reporting wasn't done. I believe the Kyoto report that was required was not submitted—

Hon. John Baird: Yes, in January of 2006, Mr. Dion failed to comply with Kyoto. He had a chance to file on Kyoto and he didn't do it, and he was the minister then.

I'll take responsibility for the actions under our government. We are a bit tardy on reporting, and that's not acceptable to me as the Minister of the Environment. Unfortunately, it's a pattern that persisted in the previous government that we will correct.

Mr. Mark Warawa: So January of 2006—and January 23, 2006, was the election, so that would have been a bad news report.

Hon. John Baird: Very bad. I can understand why it would have been distinctly unhelpful if it were produced before the committee. Then people would have had the opportunity to render their verdict on the government.

Mr. Mark Warawa: Thank you, Minister, for being here today, and thank you for the action you are taking.

The Chair: Thank you, Mr. Warawa.

The next round is for five minutes.

Mr. Holland.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Mr. Chair, and thank you for coming today, Minister.

Minister, we've got a lot of work to do. The reality is that the bill that was put in front of us, Bill C-30, is a dud. In fact, Mr. Boyd, whom you referenced quite extensively at the beginning of your presentation, said that what this bill in fact represented was a series of minor amendments to CEPA, not an action plan for climate change, and that the reality is it did little to nothing to actually advance the cause of reducing greenhouse gas emissions and taking action on climate change. So what we have is a CEPA-tweaker, not a climate change plan. Now we've got to really build this thing from the ground up.

I want to start with cuts, and specifically cuts that have been made by your government over the last year: \$395 million to EnerGuide for house retrofit programs, \$500 million for EnerGuide low-income household programs, \$250 million to the partnership fund for climate change projects with provinces and municipalities, \$593 million for wind power production initiatives and renewable power initiatives, \$584 million for environmental programs at Natural Resources Canada, \$120 million for the One Tonne Challenge, \$1 billion for the climate fund to reduce greenhouse gases, \$2 billion of general climate change program funding generally—for a total of \$5.6 billion in cuts.

I know you've repackaged a couple of Liberal initiatives and given them a new name and given them reduced targets and not quite as much money, but I'm really asking two questions. One, do you regret now the actions you took in Budget 2006, and, more specifically, given the fact that you said this \$5.6 billion has not in fact been cut—it has gone to some phantom place—can you give us a detailing of where that's gone and exactly how you've reinvested that \$5.6 billion?

• (0945)

Hon. John Baird: The entire funds in the fiscal framework continue to be there to combat environmental problems and for climate change initiatives. We're happy to provide the information we can to the committee.

This chart says a lot. We look at this chart and say here's how—

Mr. Mark Holland: But it doesn't say anything about my questions, Minister. Do you mind answering my questions, as opposed to pointing to an irrelevant chart?

Hon. John Baird: We looked at the plans and talk and promises of the previous government, and whatever it was doing, it wasn't working. If you look at this, it wasn't working; it was going in the wrong direction. Everything that was supposed to go down was going up.

Mr. Mark Holland: Minister, can you answer the question? That's all I'm asking. It's a very nice PowerPoint presentation, and I'm impressed by the laser; the laser is very impressive—

Hon. John Baird: It's not PowerPoint. I call this the “Dion gap”. This is what he talked about. This is what he delivered.

Mr. Mark Holland: I'm going to take it, Mr. Chair, that he doesn't want to answer the question. If I have more time—

Hon. John Baird: We're not going to continue to follow this plan. We want to go down.

Mr. Mark Holland: It's a very pretty laser.

If you don't want to answer that question, I'll have to wait for, hopefully, something you send us on that.

I want to talk a little bit about oil sands, because I have a concern with some statements that have been made. First, the Prime Minister started off with a less ambitious target of three to four times expansion of the oil sands by 2015. Then we had the Minister of Natural Resources say 4 million to 5 million barrels from 1 million barrels within the same timeframe. Then Minister Flaherty, in China, in late January not so long ago, said 4.6 times.

Given the fact that sequestration infrastructure is not going to be online in that kind of timeframe, any expert at all has said that will mean our greenhouse gas emission targets are absolutely blown out of the water. On the one hand, you're coming and telling us you care about greenhouse gas emissions; on the other hand, you have ministers who are talking about multiplying times five—at most, five—the expansion of the oil sands, which would mean not only would we not meet our international commitments, but by 2020 greenhouse gas emissions would not be reduced at all; in fact, they would be higher than what they are today.

In light of that, can you tell me what your targets are if they're not Kyoto for 2012? What are your targets for 2015? What are your targets for 2020? Specifically with regard to oil sands and this massive expansion you're contemplating and very excited about, how does that match with what those targets are?

So start, if you would, with your targets, and then tell us about how this massive expansion can fit in with those targets.

The Chair: You have less than a minute, Minister.

Hon. John Baird: With very great respect, Mr. Holland, I think you're the last person who should be speaking about concern about some statements that have been made with respect to the oil sands. I saw the leader of the Liberal Party of Alberta—

Mr. Mark Holland: We were on together, totally agreeing, yesterday. You may have missed it.

Hon. John Baird: I think that's not exactly...that would not fairly describe—

Mr. Mark Holland: Ed Stelmach mischaracterized my comments. But I'm asking you a question.

Hon. John Baird: I think your comments said one thing, and now Mr. Dion...when he speaks to these issues, all you can hear is a beeping sound like a truck backing up. We want to see economic growth in this country.

Ralph Goodale, when he was Minister of Natural Resources—

Mr. Mark Holland: Can you answer one of my questions, though—just one?

Hon. John Baird: You had your chance to speak and now I get my chance.

Mr. Goodale spoke with great joy about the capacity of the Canadian economy to sell oil into the United States. I have all the quotes here. Mr. McGuinty is nodding his head. Last time he said my quotes were wrong. I got up and gave all the references and they were all correct.

Mr. Goodale spoke very passionately about the desire—

Mr. Mark Holland: Targets 2012, targets 2050, targets 2020—what are they?

Hon. John Baird: We will be coming out in short order with our industrial targets and they will be significant.

The Chair: Okay, we'll cut it off there.

Mr. Jean.

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

Thank you, Minister, for coming today.

I want to confirm with you, Minister, that indeed Mr. Boyd did give some testimony, and one of his items of testimony was the grading of the Liberal performance over the last 13 years: he gave them a big, fat F. I also want to confirm that he was not aware of how Bill C-30 expands the government's powers, more particularly, that it includes indoor air and other things.

I've asked the clerk to send on to him the deck that gives him that information so he'll be better informed in the future.

Minister, I know we've talked several times, and you know I'm from the oil sands region. I've lived there for 38 years. I know it might be a bit of a surprise to you, but my children live there, they breathe the air, they drink the water, and all my friends and family are there. Even the oil sands workers themselves, their families are there, and we're very concerned about water and air quality across Canada.

In talking to them, which I've been doing for two or three years now, ever since I had this job, the biggest concern they have had is the mixed signals coming from the Liberal government. They've spent billions on scrubbers, they've spent billions on water monitoring and air monitoring, but they have had no clear signal. What they have wanted and what they have told me is they want to know where the government wants them to go in the future. So I applaud you, for the people of Fort McMurray and for the industries there, on your initiatives.

My first question is in relation to cleaning up the legacy of polluted sites that we have across the country. I know that initially one of the first announcements this government came out with was on the Sydney tar ponds cleanup, which is a great initiative, but we have tens of thousands of other sites across Canada like that. I'm wondering, since it does apply to so many Canadians and so many Canadians are worried about it, can you give us some idea if your

initiatives are going to be including some segment of cleaning up sites across Canada, like you did more recently this month?

● (0950)

Hon. John Baird: That is certainly something that has my attention.

I will be meeting later today with the mayor of Hamilton. I'm told the second hottest spot is the Hamilton Harbour, near the two steel mills. That certainly causes me great concern. It's something that has my active attention.

My big focus has been on Bill C-30, climate change and clean air, because I think Canadians are telling us they want action on that. They don't want to hear talk; they want to see action.

I think we need to demonstrate that this Parliament can get the job done. Given that it's a minority Parliament, everyone is going to get their first choice of public policies. If we work together, we can come up with a realistic, concrete plan that will deliver for Canadians.

Mr. Brian Jean: Excellent.

I was surprised, quite frankly, when I had the first read of Bill C-30 and looked at the multi-functional approach we have. I mean, we have possible legislation for a domestic trading system; tools to accomplish practical reductions, even with indoor air; and air monitoring for the first time, across Canada, which is a fantastic initiative.

What tool in our bag of Bill C-30 tools do you believe to be the most effective for reaching our goal of cleaner air and less greenhouse gas emissions?

Hon. John Baird: This certainly has my active attention. I hope we'll be able to come forward in short order—in the next month or two—with specific proposals, not just on the industrial targets, but the consequences if you don't meet them. There's another bill in the House, from Mr. Rodriguez, which doesn't have a lot of consequences.

I believe that compliance mechanisms are important. We're looking at various proposals, and we'll come aboard in short order. We want them, though, to have some teeth and to deal with the challenge we have on the graph in front of us.

Mr. Brian Jean: Excellent.

I know one of your proudest achievements is that you passed the Federal Accountability Act—the toughest anti-corruption legislation in the history of Canada. Now you're cleaning up Canada's environment.

What do you find to be the biggest challenge in your new role as Minister of Environment, especially regarding your mandate from the Prime Minister on Bill C-30?

Hon. John Baird: I think the big challenge is going to be working with people in different political parties. I learned with the Federal Accountability Act that you could separate the politics from the public policy. For example, I think we had a good working relationship with Stephen Owen, who came forward with clear proposals and ideas. In working with Mr. Martin, the NDP, and with Mr. Sauvageau, I think there was a commitment to get a job done. I think we were able to deliver for Canadians.

If this was a great accomplishment for this Parliament, to see a substantive act passed last year on the Federal Accountability Act, and we could repeat that this year with the Clean Air Act, it would be an accomplishment. For all of us, regardless of what region or political background we come from, it would be a clear demonstration that we could make a minority Parliament work.

• (0955)

The Chair: We'll cut it off there.

Thank you, Mr. Minister.

I would just remind folks to go through the chair when it's appropriate.

[Translation]

Mr. Lussier, you have five minutes.

Mr. Marcel Lussier (Brossard—La Prairie, BQ): Thank you, Mr. Chairman.

Thank you minister, and welcome.

You initially ruled out the possibility of having a carbon tax, and by extension the possibility of having a polluter-pay policy. You then ruled out the possibility of having an international carbon exchange, and as a result, there will be no global emissions credit trading.

But what about the fact that interprovincial trading would be possible if a carbon exchange was set up in Montreal? Do you have a timeframe for this? Is that still included in your plans? Are there any regulations currently being drafted concerning the much-talked-about domestic carbon exchange?

[English]

Hon. John Baird: We're not looking at a carbon tax. I know one of the leaders in the Liberal Party has proposed that. That doesn't mean we don't embrace the idea of "polluter pays". We think we can achieve that through compliance mechanisms. I think that is important. That's certainly something I hear.

One of the concerns I had with the previous Liberal government's plan is that the public purse would pick up the difference of anything more than \$15 for a tonne of carbon. There was nothing in the fiscal framework, so it would be a huge contingent liability for Canadian taxpayers. I don't agree with that. That would violate the notion of "polluter pays".

We are not looking at an international carbon market. I am very open to a domestic carbon market, and I know there is a considerable interest in Montreal on that.

[Translation]

The real answer to your question is yes, we are open to hearing your ideas.

Mr. Marcel Lussier: Do you have a timeframe for the implementation of a Montreal-based market? Would it be in 1 year, in 10 years?

Hon. John Baird: The notice given to industry on regulations states that it will be implemented in a couple of years. So we'll have to set up a regulatory monitoring system for industry. We don't have much time.

[English]

We will come forward in short order, certainly in the next month or two, with our specific short-term targets for industry. We think it's important. With that, we'll have to obviously come forward with some proposals with respect to compliance mechanisms, and one of them could include a domestic trading system. I know Montreal has spoken with great interest, as has Toronto, as have other areas. Certainly, we'll be coming forward with something like that in short order.

[Translation]

Mr. Marcel Lussier: Would you agree that many companies in Quebec have made an ongoing effort to reduce greenhouse gases, and are eligible for carbon credits? Since those companies are ready to trade carbon credits, financial opportunities will be missed over the next few weeks and months. If we wait two more years before establishing a carbon exchange in Montreal, those companies will continue to operate in a climate of uncertainty.

[English]

Hon. John Baird: Certainly the notion of credit for early action is something that is before us. Mr. Cullen, from the NDP, has raised this issue. Some sectors have led on this issue more than others. So credit for early action is certainly something that's in front of us.

[Translation]

Mr. Marcel Lussier: Mr. Baird, here I have a report published by the Fraser Institute, which states that the priority is dealing with greenhouse gases, not air quality. Are you aware that the target of reducing pollutants... Here, I have the results for four major cities: Toronto, Montreal, Calgary and Vancouver. Ambient air in those cities is acceptable; it meets the standards. So, why is it so urgent that we undermine the greenhouse gas issue by introducing air quality as a factor? Are we on the wrong track in targeting air quality? The global priority is to deal with greenhouse gases, to deal with climate change. I am linking climate change to the use of fossil fuels, therefore—

Hon. John Baird: I also consider reducing greenhouse gases in Canada a priority. That is very important. But I'm also listening to the needs of Canadians in my riding and in all parts of the country, to whom air quality is also an important issue. We understand that global warming is the predominant global environmental issue, and we accept responsibility to take tangible action here in Canada.

• (1000)

Mr. Marcel Lussier: [Editor's Note: Inaudible] wants to reduce its dependence on gasoline?

[English]

The Chair: We'll move to Mr. Manning for five, please.

Mr. Fabian Manning (Avalon, CPC): Thank you, Mr. Chair, and welcome here with us this morning, Minister.

Minister, the lack of inaction in reaching the Kyoto targets is a concern. There were targets for 2008 and 2012. We have the leader of the opposition stating recently that we could not meet those targets. Still, we had a motion before the House the other night to meet the targets. I'm just trying to find out how we're planning to spend billions of dollars in Russia to buy our way out of meeting our Kyoto targets right here in Canada.

What's the government's plan when it comes to dealing with these hot air credits?

Hon. John Baird: I don't support spending money on hot air credits in Russia, where no greenhouse gas emissions will actually be reduced. It would just be credit for past actions. I think Canadians want us to take real actions here at home to reduce greenhouse gas emissions.

When we take an integrated approach, we can hit two birds with one stone. That would mean that we could both reduce greenhouse gas emissions and deliver cleaner air. That's a huge priority for a parent with an asthmatic child or for the elderly.

I represent a lot of senior citizens, and on some days they can't go out of their homes because of the air quality in this city. I'm the youngest member of the cabinet, but when I was first elected we didn't have smog days in Ottawa. Ten or twelve years ago we had pretty clean air, but increasingly we're having problems. I think Canadians want to take action on both.

I used the example of the coal-fired generating station at Lakeview. By closing it down, we were able to make a substantive reduction in greenhouse gases, and at the same time and for the same amount of money we were able to reduce pollution—NOx and SOx, smog. That gives a greater benefit to human health.

So why not take the integrated approach here in Canada, where we can deal with the number one global problem with the environment and the number one domestic health problem with respect to the environment? It just makes sense.

Now, some people will continue to support spending billions of dollars of taxpayers' money abroad. They can have that field to themselves. I don't think it's one that Canadians support. They'd like to see an integrated approach.

I think you are very right, Mr. Manning, when you talk about how cynical the public is. They've heard a lot of talk for a lot of years on reducing greenhouse gas emissions, and they've seen nothing delivered—nothing. If you look at the chart up there, nothing. If you look at the actions in place in the last 10 years, nothing.

This is not a new issue. This is an issue that was first defined in Rio de Janeiro at the Earth Summit when Jean Charest was the Minister of the Environment and Brian Mulroney was the Prime Minister. But nothing happened—nothing.

I agree totally with the deputy leader of the Liberal Party when he said to the former environment minister that we didn't get it done;

Canada didn't get it done. But what Canadians want to see are results. They want to see specific action that's realistic and attainable.

I think in the course of the next two months the government will do its part, and this committee has to accept its responsibility as well. We look forward to delivering for Canadians.

Mr. Fabian Manning: Thank you. I can see you're excited about your new role.

Hon. John Baird: You bet your boots I am.

Mr. Fabian Manning: In recent polling, Canadians have shown that the environment is their number one concern. But in the follow-up questions in relation to their place of employment and concerns they have, they are, I guess, trying to find the middle ground instead of having what you'd call a sledgehammer approach to dealing with the environmental concerns—climate change, air pollution, and so on. Maybe you could elaborate on that and what the government is planning to do.

We have the oil sands in Alberta employing thousands of people, the auto industry in Ontario, and the fishing industry in Newfoundland. I'm sure the people involved in all these industries are concerned about the same things we are. But we have to try to deal with this in such a way that people can still have a place to go to work each day and be able to contribute to society in other ways. So could you elaborate a bit on the approach the government is planning to take with regard to that?

● (1005)

Hon. John Baird: Canadians want real, decisive action. They want it concrete, they want it achievable, and at the same time they want it realistic.

I don't think it's always a choice between jobs and the environment, but we have to be cognizant of the reality that there can be effects on the economy. It could be in the short term, it could be in the medium term, or it could be in the long term. There are a lot of benefits that come with significant action on the environment, benefits to human health, which can contribute significantly to the costs on business in this country.

So I think we want to see a realistic approach that recognizes that, really, greenhouse gases are all about human activity. They're about transportation for Canadians and goods and services for Canadian families. They're about the energy we all use in our homes, in our businesses, and in our hospitals. That's why we have to present a realistic plan.

The Chair: Minister, we'll cut it off there, please.

Mr. Godfrey for five minutes.

Hon. John Godfrey (Don Valley West, Lib.): Welcome, Minister.

I'd like to ask a series of technical questions about the regulatory regime that might accompany Bill C-30. What I want to know is this. If Bill C-30 does not pass, under the notice of intent to regulate, could most of the major elements outlined in the notice of intent to regulate be achieved by the current CEPA legislation?

Hon. John Baird: We could move forward, but not in nearly as effective a fashion on the greenhouse gas emissions side. It would be incredibly problematic on the clean air side. Without Bill C-30, we would not be able to on the energy efficiency side and we would not be able to on the biofuel side. We would not be able to pursue the plan that we envisage.

I am not going to come here today and make a pitch for Bill C-30 and talk about failure. I believe this Parliament and this committee can accept the challenge and accept their responsibility to move this forward. I really believe that.

Hon. John Godfrey: Could we regulate indoor air quality under CEPA if we didn't have Bill C-30?

Hon. John Baird: Not effectively, no. I'm not talking about an effective regulation.

Hon. John Godfrey: No? That's not the same answer we got previously from the officials.

Could we regulate motor vehicle and engine emissions under CEPA?

Hon. John Baird: Not to the extent that we'd like.

Hon. John Godfrey: Could we regulate large final emitters under CEPA?

Hon. John Baird: Emitters for pollution or for—

Hon. John Godfrey: Industrial emitters, both for greenhouse gases and air pollution. Could we regulate them under CEPA?

Hon. John Baird: I think there are significant challenges without Bill C-30. We want the best, most realistic approach. Let me give you an example.

On the provincial equivalency we're talking about NO_x and SO_x and we're talking about air pollutants. The capacity for us to deliver on provincial equivalency has a huge effect on it. For example, in Ontario—

Hon. John Godfrey: Okay, but the basic question is whether or not they could regulate under CEPA.

Hon. John Baird: I want to explain this for you. I want to explain this for Canadians. I want to explain this for this committee.

For example, the capacity to engage in provincial equivalency agreements is hampered—

Hon. John Godfrey: I wasn't asking about provincial equivalency agreements; I was asking about large final emitters.

Hon. John Baird: I'm saying that if we want to stop the duplication of regulation, we could not. Many provinces don't use regulation on NO_x and SO_x.

Hon. John Godfrey: I wasn't asking about that; I was asking about final emitters.

Hon. John Baird: I'm telling you that they use them. If one province has higher standards than the ones we've been proposing or

has equal or equivalency standards, we would not be able to come to an effective provincial equivalency regime without Bill C-30.

Hon. John Godfrey: Does CEPA contain equivalency?

Hon. John Baird: It does contain equivalency for regulation, but many provinces don't use regulation. They use licences or they use permits. They will use certificates of approval that cannot be effectively managed without Bill C-30.

Hon. John Godfrey: Could we achieve emissions targets and timelines under CEPA?

Hon. John Baird: Not as effectively.

Hon. John Godfrey: Could we have an emissions trading market under CEPA?

Hon. John Baird: Not as effectively.

If CEPA was the great answer, we wouldn't see this chart going the wrong way because the government could have acted. But the government didn't act. We have a different approach, and the approach is that instead of that number going up, it's to go down.

Hon. John Godfrey: Thank you.

So should Bill C-30 fail, God forbid, the government would not use CEPA to regulate, to put forward what many have suggested?

Hon. John Baird: I am not coming here to press for passage of this important piece of legislation and to talk about failure in my opening statement. I don't think failure is an option. I think Canadians want us to act.

Hon. John Godfrey: My final question is this. By the nature of your answers on international mechanisms, I'm not sure you fully understand what I understand to be the United Nations clean development mechanism, which is entirely different from what you've been describing. The clean development mechanism deals with additionality. If you don't make the investment that produces the reduction, you don't get credit for it.

If I have misunderstood this, would you give us a critique of the government's understanding of the clean development mechanism or the verification mechanism of the clean development mechanism? Perhaps there's something I have failed to understand in your continual references to something that isn't in there.

● (1010)

Hon. John Baird: Our bottom line is very simple. We're not going to take \$5 billion or \$10 billion of Canadian taxpayers' money and spend it on credits abroad. We want to make investments here.

Hon. John Godfrey: Even if they're verifiable credits and they would save Canadian industry the money that would otherwise be spent?

Hon. John Baird: If we're going to spend \$5 billion, I'd rather see us get the benefits of clean air as well. You can hit two birds with one stone.

Hon. John Godfrey: So you reject that part of the Kyoto Protocol that allows for this to occur on a verifiable additionality basis.

Hon. John Baird: It's a voluntary option, not a mandatory requirement. We don't believe in spending billions of dollars of Canadians' hard-earned tax dollars. The people I work for in Ottawa West—Nepean work hard for their money, and I'm not going to take it and spend it on hot air credits in Russia. Those credits are for past actions that—

Hon. John Godfrey: What do hot air credits in Russia have to do with the clean development mechanism?

Hon. John Baird: That's one form of compliance. Clean development mechanisms are one and the credits are another. We'd like to make the investments—

Hon. John Godfrey: Let's talk about the clean development mechanism. What is the problem with it?

The Chair: I'm sorry, but Mr. Godfrey's time is up.

Hon. John Baird: I'd like to answer it.

My problem with the clean development mechanism is that, for taxpayers' dollars, I would rather take the money, spend it in Canada, and also make our air cleaner. I use the example of the coal-fired generating station. We could take money and spend it abroad and then we'd get no benefit for clean air. But if we make the investment here in Canada, we get the twin benefit of clean air. Clearly, we see clean air as a priority and the official opposition doesn't.

The Chair: Mr. Paradis, please.

An hon. member: [*Inaudible—Editor*]

Hon. John Baird: The last time you said I made it up, and I gave you specific quotes for all my statements.

The Chair: Mr. Baird, we've moved on.

Mr. McGuinty, Mr. Paradis has the floor, please.

Hon. John Baird: I also understand, Mr. McGuinty, that Mr. Dion was elected right there, and you became the adviser to the Liberal government on climate change.

The Chair: Mr. Paradis.

[*Translation*]

Hon. Christian Paradis (Mégantic—L'Érable, CPC): Thank you for being here, Minister.

First of all, I would like to draw your attention to the fact that this week we saw Quebec expert Claude Villeneuve, who said that, as things are, it would be impossible to attain the first stage of Kyoto targets, given that the previous government had done nothing. So, one way of phasing out would be to buy carbon credits outside the country. I have noted your position on this issue and I'm glad to see you're opposed to it.

Now, I would like to congratulate you on your ecoENERGY initiative, launched with your colleague Minister Lunn recently. I think we should talk about it a little bit.

If I understand correctly, the ecoENERGY program comprises three components. The first component is research and I see that you have targeted a series of projects. So, instead of trying to do two things at the same time, we are targeting projects to complete them

properly. The second component of the ecoENERGY program, renewable energy, makes way for new forms of energy like biomass and solar energy. Both are very important to Quebec, particularly solar energy, on which a great deal of research is underway. The third component is retrofit, focusing on homes and small businesses. In addition, we should point out that more money would be returned to consumers—90 cents instead of 50 cents. I would like to congratulate you wholeheartedly on this initiative.

First of all, I would like to hear any additional comments you may have on the initiative.

Secondly, I would like to know how you see Canada's future role at the international level, with regard to Kyoto, now that we are so close to the post-2012 era?

Hon. John Baird: First of all, I would say that my efforts as minister and the efforts of this government consist in taking more action in a short period. It is very important for Canadians to see that tangible action is being taken to reduce greenhouse gas emissions, so that we have real results in improving air quality.

It's also very important to look at what the world will look like post-Kyoto. That is our second goal. Canadians do not want new studies about what we have to do in the future. We want to prepare for tangible action, today and this year, and Bill C-30 will give us that opportunity for tangible action. We are working on this very hard and making every effort.

In my view, it is very important for Canada to take on a more important role in the international effort. I know that G-8 countries and the five other major countries have worked a great deal on the issue. In my view, this is a good opportunity for Canada to speak up and demonstrate leadership. This week, I heard former US Vice-President Al Gore say that he could see what was going on in Canada and he was very happy about it. That is good news, but it will only be good news if we take tangible action. And that is what the rest of the world wants us to do.

Our commitment for the future is all very well, it is indeed very important, but we want tangible action here in Canada. In the future, we will make every effort in order to arouse interest in countries like China, India, the US and some parts of Europe in making efforts to reduce greenhouse gas emissions. In my view, as soon as we implement our action plan in Canada, we will achieve a better leadership position worldwide in the short term, because over the past ten years our voice has not been heard. All we have to do is look at the figures.

● (1015)

Hon. Christian Paradis: If I understand your meaning, Minister, today it would be important to encourage Canadians to use the programs I mentioned earlier. And for the first time in Canada's history, mandatory measures will be imposed on both industry and individuals if Bill C-30 is passed. Is this correct?

[*English*]

Hon. John Baird: The provisions in Bill C-30 that follow through with concrete short-term targets in the industrial sector are tremendously important.

About 30 Canadian scientists worked on the international report that was released last weekend. By the way, half of them are federal public servants working in the Canadian government in departments such as mine, Fisheries and Oceans, or Natural Resources.

I had the opportunity to meet with two of them, who are the lead authors, and I asked, what would you do? Their first report was advice to policymakers. I read it and asked them, what would you do? What do you think is called for? They said, two things: one is science and the other is cultural change. As Canadians, we all have to accept different attitudes.

We had very different attitudes when it came to smoking in public or on airplanes 30 or 40 years ago. We also had very different attitudes with respect to drinking and driving. It was socially acceptable. As Canadians, we have to take different attitudes in terms of how we use energy and conduct ourselves.

The Chair: Thank you, Minister.

I'm sorry, we'll have to cut it off there.

Mr. Scarpaleggia, you have five minutes.

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

Welcome, Minister.

I think it's a bit of a stretch to imply that you have Al Gore's support.

Hon. John Baird: I don't suggest that.

Mr. Francis Scarpaleggia: In question period today in the House you suggested it.

Hon. John Baird: I gave a quote that he made, saying he was pleased to see what was going on in Canada.

Mr. Francis Scarpaleggia: I also suggest that maybe you could create a second little blue graph showing the Conservative government's interest in the environment on one axis and the public opinion polls showing Canadians' interest in the environment on the other. You'd find that your interest lags behind Canadians' interest.

You'd also see a change with the election of Stéphane Dion as the Liberal leader.

Hon. John Baird: I can see Stéphane Dion's election to the House of Commons right there.

Some hon. members: Oh, oh!

Hon. John Baird: That's what I see. Oh, and he joined the cabinet at the same time, by the way.

Mr. Francis Scarpaleggia: You quoted David Boyd at length in your presentation, so I assume you've read his testimony. I'd like your comments on three quotes from that testimony.

Number one is:

I want to mention the current government's proposal to use intensity-based targets. Intensity-based targets are inherently a fraudulent approach to climate change. They simply endorse and entrench the status quo, as business is consistently improving the efficiency with which they produce goods and services.

The second quote is:

When I read through Bill C-30, I see precious little in terms of new tools for addressing climate change. I'm left scratching my head about what it actually adds to the Canadian Environmental Protection Act

The third quote is:

The proposed clean air provisions, creating a new part 5.1 of CEPA dealing with air pollutants and greenhouse gases, by and large, simply duplicate the existing provisions of part 5. This not only wastes reams of paper, but in my opinion could pose a threat to the constitutional underpinnings of the Canadian Environmental Protection Act.

Would you like to comment on those?

• (1020)

Hon. John Baird: Sure. I think there's a fair debate on intensity-based targets for the short term.

Economic growth is something that's very important to this government and I think to Canadians. It pertains to families and their capacity to provide for themselves.

You can quote things; I can quote things too. I mean, I can quote one person saying, well—

Mr. Francis Scarpaleggia: We're quoting the same person here.

Hon. John Baird: No, I'll quote another person: "Well, 'intensity-based' isn't bad, in and of itself—it's better to be doing more with less energy". That was Mr. Godfrey, sitting there one over from you.

Mr. Francis Scarpaleggia: But I assume you quoted Mr. Boyd extensively in your presentation because you give credibility to his views. Or were you quoting selectively?

Hon. John Baird: I think he has a lot of interesting things to say.

Because I agree with him, I can quote Mr. Godfrey again, if you like, talking about how intensity-based targets are good.

Mr. Francis Scarpaleggia: My next question has to do with your view, which you've expressed consistently, that we have to work in a non-partisan manner to solve this problem. Will you accept Bill C-30 in whatever form it takes when it comes out of this committee after amendment?

Hon. John Baird: I always like to see something before I agree with it or not.

Will you? If we can get this bill out of committee, will you commit the Senate to passing it quickly?

Mr. Francis Scarpaleggia: I'm not in the Senate.

Hon. John Baird: Oh, well, I'm not on this committee.

Mr. Francis Scarpaleggia: You're the environment minister.

Hon. John Baird: Could we make a deal? If we get a bill out of committee, will you get the House and the Senate to pass it very quickly?

Mr. Francis Scarpaleggia: I can't. I have no say in the Senate. But you have a minister in the Senate.

Hon. John Baird: They don't come to your caucus? The majority of members in the Senate sit in caucus with you.

Mr. Francis Scarpaleggia: Let's just get to the content.

Hon. John Baird: Your content.

Mr. Francis Scarpaleggia: Yes, because I'm asking the question.

Hon. John Baird: Go ahead.

Mr. Francis Scarpaleggia: You say we have to work in a non-partisan manner, but you keep coming out with this idea that the Liberal government was going to pay Russia for hot air credits. The former Commissioner of the Environment denied that was the case, so why do you keep spreading falsehoods about this issue? Do you disagree with the previous Commissioner of the Environment?

The Chair: A very short answer.

Hon. John Baird: I could give many quotes from the previous Commissioner of the Environment and all seven of her reports. I would ask you whether you agreed with her condemnations of Mr. Dion and the previous Liberal government.

The Chair: Mr. Watson for five minutes, please.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair, and welcome to the minister.

I want to talk first about targets. Speaking of the former environment commissioner, she said before the environment committee that the Liberals' Kyoto target of 6% below 1990 levels was made without analysis and was based more on political considerations, in other words, the desire to one-up the United States in the establishment of a target.

With respect to this government setting short- to medium-term targets, I first want to be assured whether there is any danger of one-upmanship in the setting of those targets, especially as this issue takes centre stage in public opinion.

My second question is about the interim time we're in right now, since the notice of intent to regulate and the discussions around Bill C-30. Has it been or is it being used for analysis of and negotiation on what the short- and medium-term targets should be?

Hon. John Baird: The former Liberal environment critic said Kyoto was written on the back of a napkin.

Certainly in the time that I've been minister, we have been working incredibly hard on the industrial targets. On weekends, late into the evening, the staff at the Department of the Environment and others have done yeoman service—a gigantic, Herculean effort. We hope to be able to come forward in the coming weeks, in the coming month or two, with those targets. We think it's important that Canadians see some short-term action.

Canadians are very skeptical of this government, of the previous government, of all politicians when it comes to the environment. They have seen a lot of talk from everyone, from all of us, but not enough action, and we have to bridge that gap. I take that very seriously. Canadians want to see some action in the short term on both greenhouse gas emissions and on efforts to reduce pollution, and we're committed to doing that.

Mr. Jeff Watson: Thank you.

Having been an auto worker before I was elected to Parliament, it's probably no surprise that I'd like to talk about fuel efficiency.

• (1025)

Hon. John Baird: I'm meeting with Buzz today.

Mr. Jeff Watson: He testified before our committee this week as well.

The North American auto industry is highly integrated. Depending upon the auto part and what component it's assembled to, it could travel between five and seven times between southwestern Ontario and Michigan, for example, before it's in a finally finished vehicle. There's a problem, in other words, if we have several unique environmental standards across North America. That could increase costs for tooling or retooling, or even affect a decision on whether automakers will tool or retool their plants.

The U.S. federal government has reformed its fuel efficiency standards. They've done it within vehicle class, so that all manufacturers are on a level playing field for fuel efficiency improvements. The California standard, which is for one state, proposes an average improvement of the entire fleet, which would favour manufacturers that have smaller vehicle fleets.

Do you accept that we need a fuel efficiency standard to have a dominant North American standard, or do you accept that we should have unique standards by jurisdiction, that we should exceed this standard or that standard?

Hon. John Baird: Lester Pearson is often remembered for social policy. Probably one of his biggest efforts was the Auto Pact. I think Canadians accept the integration of the North American auto sector, so that's not lost on me. I don't want to do anything that would put investment in jeopardy, put jobs in jeopardy, in this sector. What we do want to see is real action.

You've got to be very careful that in an effort to reduce pollution you don't increase greenhouse gas emissions...or fuel efficiency, which has often been the case. So we want to look at all proposals. I think if we could work with all of the auto manufacturers and if we could raise the incentive.... Right now the Canadian standard is better than the California standard. It's better than the CAFE standard in the United States.

I mean, California is obviously pushing to go demonstrably lower. I think we've said we want to go with the best and dominant standard. If Canada and California and the U.S. Congress can get our action together, so that we'll reduce both greenhouse gases and pollution, that would be great for everyone, because we share an airshed. It would be a significant effort to get greenhouse gas emissions reduced in the United States, as well as in Canada.

Mr. Jeff Watson: Okay. Fuel efficiency improvements can be—

Hon. John Baird: And of course when I refer to technology, I'm not an expert on this. I am meeting with Mr. Hargrove later today and some of the auto companies next week.

Mr. Jeff Watson: Well, he testified that we need reachable targets, at a stretch but reachable, so you'll find that out.

The Chair: Mr. Watson, sorry, your time is up.

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

The Chair: Everybody has been so good and concise in their questions and answers that we do have time for one more round, so we'll have one more questioner from each party.

We'll have a five-minute round, beginning with Mr. McGuinty.

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

Minister, if you could take note of a couple of questions in a row, I would appreciate snappy answers to them. That would really help Canadians to understand.

I think you agreed here earlier that it is true that your government—and you've confirmed—cut \$5.6 billion in environmental spending of your budget of 2006. This week we learned that on top of this you have just cut two other programs, one of which was the commercial building incentive program, perhaps the most successful energy efficiency program in the country for commercial buildings, particularly new ones, through which the buildings that are being built with this assistance are 35% more energy efficient than they previously were or otherwise would have been. And then we learned that you cut the program funding the Northern Climate ExChange, a key organization that's studying—studying—the science of climate change. I thought I heard you in Paris talking about the science of climate change and how you had learned that human activity was in fact causing climate change, but you've eliminated this program.

Can you tell us, then, in precise terms, how much money you have spent on climate change this fiscal year?

Hon. John Baird: Well, I reject the—

Mr. David McGuinty: Just give me a second, because I want to put some of the facts on the table, and then I'd like you to answer.

Your Minister of Finance stated that there would be \$2 billion provided for programs to be designed to reduce the emission of greenhouse gases. So you've got the tax credit for transit passes, which he counted, but it can only be redeemed after taxes are filed this upcoming April. You've got no money towards the nuts and bolts of ethanol and biofuels expansion and production. The wind and renewable power programs were frozen for a year, then scaled back two weeks ago, along with R and D funding. EnerGuide was eviscerated with a \$777 million cut and the watered-down revamp doesn't begin until April. There's nothing on your website to tell Canadians what to do about their homes and how to go energy efficient.

So how much money, how much funding, for climate change actions has actually been delivered, say, in the past 12 months?

• (1030)

Hon. John Baird: I think a heck of a lot more than was delivered in the previous 12.

I don't accept the premise of your question. The Northern Climate ExChange was something that was funded out of the One-Tonne Challenge, so you're double-counting everything. I think what we said is that there is a pot of money, some room in the fiscal framework, that delivered that result. We wanted to come forward with a different plan that would deliver a different result from that.

I think the time has come to stop studying things and talking about it—

Mr. David McGuinty: Well, let's talk money, Minister. Let's talk money now.

Hon. John Baird: People want to see more action.

Mr. David McGuinty: Let's stop studying for a second. How much money have you spent in this fiscal year on environment and climate-change-related initiatives?

Hon. John Baird: I think when the public accounts are released we will have spent more money than the previous government.

Mr. David McGuinty: How much? You're the Minister of the Environment. Tell Canadians how much you have spent.

Hon. John Baird: We will have spent more money than the previous government.

Mr. David McGuinty: How much? Is it \$5.8 billion?

Hon. John Baird: We're not going to spend money on things that don't work.

Mr. David McGuinty: You can't answer the question, can you, Minister?

Hon. John Baird: You are double-counting and counting money over five years.

Mr. David McGuinty: You can't answer this question. You're the Minister of the Environment and you can't tell Canadians how much money you've spent in the last year?

Hon. John Baird: We will spend more money—

Mr. David McGuinty: Should we call the Minister of Finance to tell us?

Hon. John Baird: I'm not going to take advice from you on the government. You were the chief adviser to the Prime Minister on the environment, and that's the record. I'm not going to take advice from you, with great respect, Mr. McGuinty.

Mr. David McGuinty: I'm just asking a simple question, Minister. Can you tell us how much money you have spent in the last fiscal year? Since you have been in government, how much money have you spent?

Hon. John Baird: At the end of this fiscal year we will have spent more than the previous fiscal year on climate exchange.

Mr. David McGuinty: How much? Give me a number. Give the people of Canada a number.

Hon. John Baird: We have been rolling out not insignificant initiatives with respect to energy efficiency, with respect to the transit pass, with respect to public transit, with respect to energy efficiency, with respect to clean power, with respect to research and development. We are coming forward with additional measures, not just in the Department of the Environment but also in transportation and in health.

Mr. David McGuinty: Minister, you cut \$5.6 billion. How much money have you spent?

Hon. John Baird: Very little of that \$5.6 billion was ever spent.

Mr. David McGuinty: Is that what you call phantom programs?

Hon. John Baird: When you have a program in name and no money spent, yes, I call that a phantom program.

Mr. David McGuinty: Is the commercial building incentive program a phantom program, Minister?

Hon. John Baird: You talk to my colleague, Mr. Lund, and he can give you specifics on that.

Mr. David McGuinty: You can't answer the question, can you, Minister?

Hon. John Baird: I can't give a detailed answer about a Natural Resources Canada program.

Mr. David McGuinty: You can't even answer how much money your government spent on climate change, can you?

Hon. John Baird: You can't answer that chart.

Mr. David McGuinty: Can you answer the question? Just tell us yes or no.

Hon. John Baird: In your world it is probably not yes or no; it is probably up or down, and greenhouse gas emissions went up, not down.

Mr. David McGuinty: You are on camera, Minister. Canadians are watching. They want an answer. This is serious business. This is not buffoonery. How much money have you spent?

Hon. John Baird: We have spent money across five departments, and it will be significantly more than was spent by the previous government. We're going to get better results. That's not a good result. It's not how much you spend. If you could spend your way out of this problem, I suspect the Liberals would have done that.

Mr. David McGuinty: Is that like your transit tax credit, Minister, that you were told by finance officials and environment officials not to announce because it was not efficient on a per dollar basis for greenhouse gas reductions?

Hon. John Baird: I think getting people out of their cars and onto public transit is important. I was so excited as a member of the Ontario legislature to see every member of Dalton McGuinty's cabinet get up in the provincial legislature and support a transit pass credit. Every single member of the Ontario legislature supported it, and people took that great idea from Ontario that Dalton McGuinty supported. I'm taking it to Ottawa.

Mr. David McGuinty: You can't answer the question.

The Chair: Time is up.

[Translation]

Mr. Bigras, you have five minutes.

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

Minister, as the Climate Change Conference was being held in Montreal, the Montreal Stock Exchange signed an agreement with the Chicago Climate Exchange, which has a subsidiary in Europe, in order to establish the Montreal Climate Exchange as quickly as possible.

On January 25, 2007, the Premier of Quebec expressly asked that a carbon exchange be established. At the time, he was at the World Economic Forum in Davos, Switzerland. Furthermore, Luc Bertrand at the Montreal Climate Exchange has indicated he would like to see regulatory authorization for establishing the exchange put in place as quickly as possible.

Here is my question. When do you plan to implement the regulations needed to establish a carbon exchange and climate exchange in Canada?

[English]

Hon. John Baird: We're currently looking at various compliance options for the industrial sector. The domestic carbon market is certainly one of the suggestions that some in Canada have made.

I do find it a bit odd in one respect, Mr. Bigras, that you want to have a territorial approach and in another respect you want the rest of Canada to come to Montreal and trade carbon. You can't have it both ways. If you want Quebec to be an island by itself, Canadians from the other nine provinces and three territories aren't going to bring all their money to Montreal for an exchange. You can't have it both ways.

●(1035)

[Translation]

Mr. Bernard Bigras: Mr. Chairman, this shows a lack of knowledge of how the European Union functions today. In 1997, the EU agreed on an 8% reduction of greenhouse gas emissions. Greenhouse gas reduction targets were divided up by territory, basically a process similar to that used by the EU but different on the basis of territory, and established the carbon exchange.

Minister, can you please explain why there's a contradiction between territorial distribution and a carbon exchange? Perhaps I failed to understand the problem. However, I would remind you that Mr. Villeneuve told us it was clear that regional measures are much more useful, since energy policy is decided by the provinces and provinces can establish exchanges and assist one another.

Is that not what you are contradicting?

[English]

Hon. John Baird: My point was that you wanted a territorial approach, which would be completely against what they're doing in the European Union. You wanted the entire national plan to be territorial so that Quebec could be on an island of its own. Now you want all the money from Ontario and the other provinces to come to Montreal.

I will tell you that when it comes to compliance mechanisms, domestic carbon trading for the private sector is something we're open to and looking at. A number of colleagues have pushed me on the idea of the Montreal exchange, as have Toronto and other areas. It's something we'll be coming forward on in short order when we release our industrial targets.

[Translation]

Mr. Bernard Bigras: In light of the circumstances, do you think that the Toronto proposal is more valid than the Montreal proposal? Is that what you are telling us? Are you saying that since Quebec is suggesting a territorial approach, and since Quebec is asking for \$328 million, it would be preferable to set up the exchange in Toronto?

[English]

Hon. John Baird: I didn't say it would be better to have it in Toronto. In fact, I haven't been briefed on Toronto. I have been lobbied on Quebec's suggestion of Montreal. You've been one of many who have done that.

The minister of the environment in Quebec called me after my nomination and asked if I would have an open mind to considering ideas that had been ruled out in the past, and my answer was yes. I then met with him and heard about some of the exciting initiatives that Quebec is undertaking. I also met with my colleague from Ontario and heard about some of the exciting initiatives that Ontario is looking at. I've kept an open mind on that, and I'll take your concerns back to the table to discuss with my colleagues.

I think there are certainly a lot of arguments that can be made for the domestic carbon market, and when we come forward with those industrial targets in the weeks ahead, in a month or two ahead, we will talk about compliance mechanisms. But right now we don't have regulations, so on the compliance mechanism, we'd be a bit ahead of ourselves.

[Translation]

Mr. Bernard Bigras: Since you became the Minister of the Environment in early January, what concrete steps have you taken to set up this carbon exchange in Canada? What concrete steps have you taken? Have you met with the Montreal Climate Exchange? Have you met with international stakeholders to assess the merit of a carbon exchange in Canada? What concrete steps have you taken as

minister since the beginning of January to establish this carbon exchange?

[English]

The Chair: Give a short answer, please, Minister.

Hon. John Baird: We've been working every day, every night, every weekend on our industrial plan and the compliance mechanisms, one of which is the domestic carbon market. We're going to do our homework, we're going to consider the competing options, and we'll come forward in very short order with a particular proposal. I take my responsibility seriously. I think Canadians would expect that any new minister take a short but reasonable period of time to be briefed on the issues.

I think there are many advantages to it. But when you look at one compliance mechanism, you have to look at it compared to others. Would you use a science and technology approach? Would you use a research and development fund? We're not interested in a carbon tax, but what other compliance mechanisms would you use? We'd consider this in that context.

Certainly there are some benefits to it. I think when we come forward with the targets, part of industry's capacity to meet those targets will be related to what the compliance mechanisms are, and obviously the domestic carbon market is a significant proposal towards that end.

• (1040)

The Chair: Thank you, Minister.

The chair will recognize Mr. Bevington as a substitute member for the NDP.

Mr. Bevington, you have five minutes.

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair.

Thank you, Minister Baird, for joining us here today.

I have an interest in arguing a little bit about energy. We've all identified that the use of energy here is the key element in moving forward in meeting our Kyoto commitments. Many of the graphs that are represented there speak to the expansion of our energy markets in North America.

You've indicated that you're the co-chair of the Environment and Energy Security Committee within cabinet. Can you explain to us how that committee will deal with this act and what the relationship between this act and that committee will be?

Hon. John Baird: Obviously, the notice of intent to regulate and the compliance mechanisms under it would be a chief priority of mine as Minister of the Environment. Obviously, that committee is there to provide greater focus and heightened priority of the issue.

Mr. Dennis Bevington: In the spirit of cooperation that we require on this committee to make this work, is your government prepared to put forward some details on the direction you think Canada's energy market should take in the future in relation to the important issues surrounding climate change?

Hon. John Baird: We've begun to do so. We made an important announcement in Victoria with respect to renewable energy. That's an important step. My colleague Gary Lunn has talked about nuclear power.

Electricity, at least, is a provincial jurisdiction, and we're pleased to work with the provinces on ideas and suggestions. We've brought forth some of them, and we'll be bringing forward others in the future.

Mr. Dennis Bevington: The previous government and your government have carried on discussions and negotiations in North America, especially through the North American Energy Working Group. Are you prepared to put some of those discussions on the table for this committee to consider in terms of the directions you've been talking about with our major export customer on energy?

Hon. John Baird: There's been a lot of media attention paid to two meetings that took place in March 2005 and January 2006 between Mr. Martin and George Bush. I wasn't at those meetings, so I can't really enlighten you on what happened. I can say that if there are discussions that our government... Mr. Dion, as Minister of the Environment, apparently wasn't involved in any of those.

If we're going to look at a potential increase in gas emissions, it should be considered in an integrated approach with the environment. That's what the Prime Minister has underlined by establishing that cabinet committee on environment and energy security, saying that they should be considered in tandem, which is I think responsible.

Mr. Dennis Bevington: At the natural resources committee we've seen that there are huge costs involved in cleaning our energy exports of fossil fuels. How does your government intend to pass those costs on to the ultimate customer and not foist those costs on Canadian taxpayers for the cleaning up of that industry?

Hon. John Baird: Specifically, there are two things, industrial regulation and compliance mechanisms.

Mr. Dennis Bevington: We're in a phase in which we've considered expanding energy exports quickly. Are you prepared to put those conditions on the industry in a timely fashion so that the expansions that take place can truly represent the opportunity for clean energy?

Hon. John Baird: Yes.

Mr. Dennis Bevington: Just changing the topic slightly, under the last government, one of the most successful programs they created for dealing with climate change was a program in which they transferred the money to the Federation of Canadian Municipalities to set up a green fund. This identified literally hundreds of replicable projects across the country, with municipalities, to reduce greenhouse gas emissions.

This fund of \$500 million is a fund that is recycled. The money returns to the fund. It's an excellent program, but it is a small program for a large problem. Would you consider these types of fiscal instruments to increase the ability of Canadian municipalities to turn to renewable energy, turn to energy efficiency by using the quite successful program development that took place with the Federation of Canadian Municipalities?

•(1045)

The Chair: Make it a short answer, please, Mr. Minister.

Hon. John Baird: Mr. Layton was very intelligent to get a cheque rather than a promise for the establishment of that fund. Certainly, that will be an issue that the Minister of Finance considers as he prepares his upcoming budget.

I do think clean energy has to be an important part of the mix. I know Ontario best when it comes to electricity, and what we're seeing—and this goes back to what one of the scientists said—is a cultural change. The energy mix in Ontario, for example, is growing considerably. We opened the first commercial wind farm when I was Minister of Energy.

The successive government has followed through and gone much farther, which I think is good for the environment. We have hundreds and hundreds of megawatts either up and running or under construction, and I think that just has to go into the mix.

Canadians want to see a strong renewable component in their energy mix. The extent to which we can work with the industry or work with provinces on that is something that's important.

It doesn't just have to be wind and it doesn't just have to be solar. It can be biomass or it can be geothermal. It can be expanding hydro or it can be micro-hydro. There are many options.

The Chair: Thank you, Minister.

You're the final questioner, Mr. Jean. Do you plan to split your time with Mr. Paradis?

Mr. Brian Jean: Yes, I do actually plan to split my time with Mr. Paradis.

Very quickly, this is my first question. Obviously, the fastest-growing polluting economies in the world, and also the countries that produce 70% of the greenhouse gases in the world, are not signatories to Kyoto. Canada has always been a leader on the world stage, and I would just like to have a very brief answer on whether you see that happening again in this particular file as a result of Bill C-30 and our initiative toward a cleaner environment. Do you see us being a world leader on the international stage?

Hon. John Baird: I don't think we can be a world leader unless we take any action abroad. Around the world, it's known that we talk a good game but don't deliver. That's been the record since Kyoto was signed in 1997. If we're going to have any credibility, we have to take meaningful, realistic action to reduce greenhouse gas emissions.

When the discussion happens for the post-Kyoto regime, as has already begun, I think the G-8 plus five is probably a good place to start, because you do have countries like China, India, Brazil, and the United States at the table. I accept the notion that the industrialized world—the rich nations—has to provide leadership. That's important. But at the same time, when we're seeking to close down a number of coal-fired plants here in Canada and they're building such a huge number of them in China, it's certainly counter-productive. But we really don't have the right to complain about other countries until we get our own act together. I think Bill C-30 affords us that opportunity, along with the industrial regulation that will flow from the bill. And I think we can hit two birds with one stone and deal with air quality by making investments here.

Mr. Brian Jean: Actually, I think they're building about one coal-fired plant a week in China right now.

My second question is this. Maybe part of the problem in the past, in terms of why we haven't had any real work done on the environment in Canada and abroad from Canadians, was the voluntary regime the Liberals were trying to put forward instead. I see the enforcement and penalty provisions that we're putting forward in Bill C-30. In fact, isn't it true that the environmental damages fund, which will be where any funds go from anybody who disobeys the law, is actually going to be used to remediate environmental damage that's been done throughout the country?

Hon. John Baird: We'll be coming forward with specific compliance mechanisms as part of the regulatory regime. There will be a clear signal to industry on the consequences of not obeying the law.

Mr. Brian Jean: And will that money that is penalized and levied toward those companies be going toward cleaning up our environment as well?

Hon. John Baird: We'll talk about the compliance mechanisms at the same time as the industrial regulations.

Mr. Brian Jean: Thank you very much.

[Translation]

Hon. Christian Paradis: Thank you, Mr. Chairman.

It is said, minister, that at the time targets had been set in a haphazard way and that nothing had been done. Let me give you an analogy. Let us assume that it is 10:45 a.m. and that we are here in Ottawa and that I make a commitment to get you to Montreal by 1:30 this afternoon, and yet we continue talking here until 1:15. Because there is so little time, the only way out of the situation is to

pay money. When people say that they can reach the Kyoto targets when we are so close to 2008, they would do that by paying money, but that does absolutely nothing for the environment.

So, minister, how will your approach regarding Bill C-30 help make Canadians confident that we will achieve some results, that we will have some realistic targets and that we will stop merely talking without doing anything, as happened in the past?

Second, what is your work plan regarding efforts to offset climate change with our international partners?

• (1050)

Hon. John Baird: We will be regulating industry here in Canada in the short term, which is very important if we are to reduce greenhouse gases. We must also adopt some genuine compliance methods within these regulations. We are in the process of making decisions about this. I attach a very high priority to this issue, and I'm working very hard on it.

[English]

In the future, where Canada can, what we have to do is provide some leadership by playing catch-up and taking real action at home.

Also, we need measures to include China and to include India. Since 1997, China's economy has now become bigger than Canada's. That was not something that was the case in 1997. That growth has been fueled by coal in terms of its energy source.

And bringing in the countries that are party to Kyoto but don't have requirements under that schedule is something that's important.

Those will probably be the two chief things we try to bring to the table for that discussion. They are being discussed at the G-8 plus five, since Gleneagle, and that's important. Prime Minister Blair in the U.K. has certainly given them a priority, as has President Chirac. Certainly Chancellor Merkel has also indicated she will continue to do so.

The Chair: Our time is up.

I want to thank you, Minister, for coming.

I want to thank everybody for playing hard but not tearing your sweaters.

I'd like to see the subcommittee members up here for a couple of moments.

This meeting is adjourned.

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