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Chair

Mr. Laurie Hawn

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• (0910)

[English]

The Chair (Mr. Laurie Hawn (Edmonton Centre, CPC)): *Mesdames et monsieurs*, we have quorum. Welcome to meeting 21 of the Legislative Committee on Bill C-30.

Would the members please take their places? We'll get started. We have a lot of work ahead, as we have been saying, so we probably need to pick up the pace just a little bit.

We'll start with a new clause, 8.1. I'll point out that there are three amendments that address it: amendment NDP-13, amendment L-19, and a new government one, which has just been distributed. All are very similar.

We'll start off with Mr. Cullen addressing amendment NDP-13, and we'll take it from there.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Chair, I know there have been some conversations between the parties to bring about, through this act, a concept that we think is long overdue. There's a need, particularly when you're talking about climate change, to look at significant areas within the country, to be able to designate those areas that are more greatly affected by what's happening to the planet's climate.

From my riding's perspective in northwestern British Columbia, we've seen the first onset of one of the fundamental changes with the mountain pine beetle epidemic that's going through our forests now, into Alberta, and coming across the boreal. It's a clear example of a place that has been identified by all sides of the debate as something significant, or a so-called "hot zone", as used colloquially, as is the far north. The evidence that has been given to us at this committee and every committee I've sat on that's dealt with climate change has realized that when we talk about overall average temperature changes that happen on the planet, there's a disproportionate effect that happens in the far north in particular. An average two-degree rise across the planet actually can translate to a 10- to 14-degree rise in our northern sectors.

Now, imagining those types of climatic changes in our far north, they affect just about every facet of life in that region—cultural, economic, hunting, transportation, everything—and it creates an increased level of unpredictability. Therefore, from the community's perspective, and the government that is meant to represent that community, we need to act in a more urgent fashion.

We've moved an initial motion. We believe the Liberals have one as well. And there is one forthcoming that committee members have

in front of them from the government that might allow us to seek a compromise position on this, which we would encourage.

I'm not sure which process is best in terms of looking at these. If it's the will of the chair and the committee to move straight to this new motion put forward, which I think is cleaner in language.... That's not to say that the language wasn't clean in our motion, but the notion of significant areas brought forward by the NDP is now being presented by the government.

I can't actually read the number this is listed as. I'm not sure that it's been given a number yet per se.

The Chair: It's amendment G-1.

Mr. Warawa, are you prepared to speak to that?

Mr. Mark Warawa (Langley, CPC): Yes. Thank you, Mr. Chair.

Yes, we've distributed to you, Mr. Chair, amendment G-1, to clear up the language of both the Liberal and NDP amendments. The amendments from the NDP and the Liberals are similar. We want to broaden the minister's ability to take certain actions in the designated areas, in significant areas.

This has been tabled. Hopefully, we will find acceptance of this. It brings us to the area we want. Both amendments, I think, are heading in the right direction, but there are some problems with the language. This cleans it up. So this is our amendment, amendment G-1.

The Chair: Thank you.

The NDP amendment was first, the Liberal amendment was second, and the government amendment was last. So we should probably get comment from Mr. Godfrey or Mr. McGuinty.

Hon. John Godfrey (Don Valley West, Lib.): Mr. Chair, we're not opposed to this at all.

I guess what we really need to understand—Mr. Warawa has given us a bit of the idea—are the ways, from a technical point of view, in which this might work better. I'm wondering if the witnesses have any comments on the preferability of one over another from a technical drafting point of view. I'm just wondering if they can help us understand how this works better.

We're not opposed. We're just—

The Chair: I'll turn to Mr. Moffet in a second.

I'll just point out that we will deal, one way or the other, with NDP-13 and L-19 before we get to G-1, if it comes to that, with respect to withdrawing or—

Hon. John Godfrey: And all three on the table in a common sense way, we discovered—

The Chair: Yes, and then we'll deal with the other two as appropriate.

Mr. Moffet, do you have a comment on that? And then we have Monsieur Bigras.

Mr. John Moffet (Acting Director General, Legislation and Regulatory Affairs, Environmental Stewardship Branch, Department of the Environment): My apologies. I was talking to my colleague.

What was the question?

The Chair: To give the committee an understanding of the rationale behind G-1.

Mr. John Moffet: Essentially the concern is with the wording of NDP-13. We didn't express any concern to the government about the intent; we simply expressed a concern about the wording.

The major concern focused on—and I'm looking at NDP-13—proposed new subsection 53.1(2), which says:

Following the designation of a region as a “significant area” under subsection (1), the Minister may

Our concern was that you would then only be able to do those things after the minister had designated the region as a significant area. Our suggestion is that we not establish that legal threshold.

So the government's amendment says:

For any significant area designated...or any other area that the Minister considers appropriate

That gives the minister a little more latitude.

The Chair: Monsieur Bigras, you had a comment.

[Translation]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): I understand that members from three political parties support in principle the notion of significant area, but I still have questions about this.

I'd like to ask one of the movers of these amendments or Mr. Moffet whether they think that the designation of a significant area by the federal government is limited to land under federal jurisdiction or whether it can extend to land under provincial jurisdiction. Is it felt here that, because of this amendment, a significant area could very well be on provincial land and not simply be limited to land under federal jurisdiction?

● (0915)

[English]

Mr. John Moffet: The way Bill C-30 works now is it would give the federal government authority to regulate emissions of air pollutants and greenhouse gases across Canada. That would possibly be restricted in the event that the Bloc's motion, which was stood yesterday, is approved. In that case, federal regulations for greenhouse gases and air pollutants would not apply in a designated province.

Is your question about how this amendment would interact with your amendment? If your amendment is not passed, then there's no

provincial–federal jurisdiction in the way you described it. The federal government would have the ability to regulate GHG and air pollutant emissions across Canada.

I think we would have to do a little more analysis to look at the precise implications of the Bloc amendment in terms of whether it would preclude the minister from designating as a significant area an area in a province that had been identified as not being subject to federal GHG regulations.

I apologize. I think I understand the question, but we'll have to do a little analysis. Can we undertake to do that and get back to you as quickly as we can?

[Translation]

Mr. Bernard Bigras: I reread the Liberal and NDP amendments, but I see nothing here about a provincial consultation process before proceeding with the designation of a significant area. I see no consultation process put in place from the time the minister deems that a region could be designated as a significant area.

Am I mistaken here or could the federal government almost unilaterally designate a significant area without having consulted a province? This is very far-reaching then. We're not talking about cooperation, even in the amendments that have been tabled up until now. Am I wrong, Mr. Moffet?

Mr. John Moffet: No, I don't think so.

[English]

You're right. There are no obligations here to consult. But if I may, let's just remind the committee of what the implications of designating a significant area are.

There's no massive new power to intervene with new regulations here. It's to “identify priorities for research” and to “establish information-gathering requirements”. The significance of designating an area under this provision doesn't lead to massive new federal authorities to intrude into a province. This is really a means to say a particular area is an area of concern and that we want to do more research and gather more information about it. It doesn't change the regulatory authority of the federal government.

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Just to concur with that, when we initially put this to design, it wasn't any intrusion on any area or lake or park or designated spot within a province or any other territory or jurisdiction. It was to allow the government to identify what was actually going on and to help better identify what's happening in particularly sensitive areas.

The areas most commonly referred to are the far north and the Great Lakes–St. Lawrence region. By population and pollution impact, they have been the places where we have been most lacking in terms of information and research. I think there's something significant when a population realizes this and such areas have been identified as areas of concern. If the science tells us that, which it is doing particularly in the far north right now—that's the one I'm focused on—then there clearly needs to be a greater call to research and understand the problem, particularly to get at the source point of the problem or where it's coming from.

We have to remind committee members that a lot of this pollution not only doesn't know provincial jurisdictions, it doesn't know national boundaries either. The effect is happening in these places in particular.

When we talk about climate change...I would invite all committee members to come and visit what a forest looks like when a beetle has gone through it. It's something to see, and it's important to the people of that region. I can tell you for certain that to have some acknowledgement of that, and to then have assistance with the research component at the very least in order to overcome the problem they're facing...

An imbalance is what typically happens with this type of cause and effect. We've seen this in Africa. That's where the greatest effect will be happening in terms of economic punishment and climate change. We've also seen it in the far north. Ironically, both regions have the least political clout, if you will.

Neither the government's amendment nor the original one the NDP put forward says the government can come in and start to tell the provinces what they must and must not do. This provides a focus and says there must be greater research put into a particular area because it is an area of greater sensitivity. That's acknowledged by the science, not by the politics. At the end of the day, that's what is most important about this particular issue. As often as we can, we should not allow just the politicians to make decisions as to what areas are going to get funding or which ones get attention. We must allow the scientists to say that these are the areas of greatest concern and we should direct attention and research and funding in those directions.

• (0920)

The Chair: Thanks. I'm sensing some emerging consensus here with Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): I would follow up in relation to Mr. Bigras, and I would agree with him. More specifically, I think first nations people have to be and should be consulted in relation to this. We don't know the effect of designating a significant area. I would suggest that the effect or the results will change over time.

I think first nations should be consulted because they have a different value system as far as the land is concerned when compared to this government or anyone at this table. The reality is that not only should provinces and territories be consulted, but first nations should be as well. To miss that opportunity, I would suggest, would be to ignore the facts of their significant contribution to our culture.

The Chair: Thank you for that. We did have a bit of a suggestion I think that if there was some consensus amongst the majority of the committee that one of the three would suit the whole, we would move forward on it.

Mr. Jean.

Mr. Brian Jean: I do have a suggested friendly amendment to the government's bill. It takes into consideration Mr. Bigras' concern and my own in relation to first nations, if indeed the government amendment is considered.

The Chair: We can't do that at this point, because right now the NDP amendment is before the committee.

Mr. Cullen, what would you like to do with your amendment?

Mr. Nathan Cullen: We'd like to move right to the government amendment as it is, G-1.

The Chair: You would like to withdraw your amendment?

Mr. Nathan Cullen: Yes. Let's talk about G-1. That seems to be the place where we're having most of the conversation.

The Chair: You are withdrawing your amendment?

Mr. Nathan Cullen: I'll withdraw my amendment, if that's where we're headed.

The Chair: Okay. NDP-13 is withdrawn.

We're now at L-19.

Mr. David McGuinty (Ottawa South, Lib.): Can we proceed to G-1?

The Chair: We need to go through L-19.

Mr. David McGuinty: I see. In that case, if we're proceeding on G-1, we will withdraw L-19.

The Chair: Thank you. That's very helpful. L-19 is withdrawn as well.

Mr. Jean, are you prepared to move your amendment?

Mr. Brian Jean: Yes, I am, Mr. Chair.

Starting with proposed subsection 53.1(1), and I will read it in its entirety, and this would be inserted:

The Minister may, after consulting with affected provinces, territories, and first nations, designate a region as a significant area, if in the opinion of the Minister

• (0925)

The Chair: Can you read that slowly so we can get it?

Mr. Brian Jean: It would add "after consulting with affected provinces, territories, and first nations".

It could be finessed somewhat, Mr. Chair, but certainly the input is necessary in a consulting—If I can say this, the Constitution requires consultation with first nations nevertheless, but I think it should be put in there.

The Chair: Okay, and the rest of the amendment—

Mr. Brian Jean: Would stay as is.

The Chair: Okay.

Mr. Godfrey.

Hon. John Godfrey: If I could check with Mr. Moffet and company, does this inadvertently create any other problems for us, or is that language—? Is it dealt with somewhere else in the act, or does this language cause me problems, the proposed addition?

Mr. John Moffet: I don't think there are interpretation problems with the language. It's a bureaucratic and political hurdle that the minister has to cross before designating the area. Again, I would remind members that what we're getting at here is not massive new power; all we're getting at is the ability to do research and gather information. With respect, I think you're establishing a fairly high threshold to do fairly mundane activities.

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Mr. Chairman, on the point of consultation with first nations, it would be news to a lot of the first nations I represent that they were meant to be consulted on a lot of the government's actions, because they don't get consulted on most things.

I understand the intention of Mr. Jean's amendment, and the original G-1 is actually better without it. As Mr. Moffet said, we're not talking about some sort of sweeping industrial changes that are going to be imparted. We're only talking about the ability of the government to say there's something significant going on here and we should do a bunch of research into it and provide the communities and the government with more tools to be able to address it.

I guarantee you, to go through a consultation process over something like this is really a recipe for delay. One thing we don't have the luxury of is delay when we're talking about areas that are increasingly affected by climate change. It's to say we know there's a problem going on in the far north, but before we understand it better and apply more funding to it, we're going to consult with the territory, the first nations, and make sure that everybody's on side with the type of research we want to do. That happens across the bureaucratic lines already. The scientists between the federal and the provincial and territorial levels talk about what kinds of projects they most need to do.

I very much appreciate the intention of Mr. Jean's amendment, but I would strongly encourage committee members not to put things into this bill that cause further delay on an issue that we've had far too many years delaying on already. It's just calling for urgency, to say there's a problem in a particular area. Most of those areas have already been identified. It allows the minister to say we're going to put some more research and funding into that, and that will be a benefit to the first nations and to the province and territories as well. Let's not build something in that will cause us to slow this process down.

The Chair: All the points are taken. I don't know if Mr. Jean has rethought that at all.

The amendment as amended is currently before the committee. A way to deal with that is to propose a potential subamendment that would change or remove the wording.

Mr. Brian Jean: I'd like to hear from the Liberal member, Mr. McGuinty.

The Chair: Mr. McGuinty, do you wish to be heard?

Mr. David McGuinty: At first blush I understand Mr. Jean's concern, but I also share the concern of Mr. Moffet and Mr. Cullen, which is that this might inadvertently slow down the designation of a significant area if it requires too onerous a consultation. I don't know what that would mean, Mr. Moffet, particularly if there are cases that are trying to be caught here, in this wording, when the minister may have to designate a region as significant on an urgent basis—if there's a spill; if there's a particular collapse, in fisheries, for example.

I'm trying to weigh this need to consult with the speed with which the minister may have to do something. On the balance of it, I think

it might be better not to insert these words because I think it might slow it down, Mr. Chair.

● (0930)

The Chair: The options are to vote on the amendment or to propose a subamendment that removes the wording.

Mr. Jean.

Mr. Brian Jean: Notwithstanding what I've heard here today, I do have some concerns, but the Constitution makes it clear that first nations have to be consulted before anything is done with their land. That's written in law, and I don't think there's any question there.

I would move that my friendly amendment be withdrawn. I'm withdrawing it, so if you want to make the same one, feel free.

The Chair: Okay.

Mr. Bigras.

[Translation]

Mr. Bernard Bigras: I'm not moving the same amendment, but I was going to support Mr. Jean's friendly amendment, even if the notion of significant area remains. Therefore, if Mr. Jean is prepared to maintain his friendly amendment, I will be pleased to support it. I don't want him to withdraw it. I won't move it, but I would like him to do so, and he can count on our support.

[English]

The Chair: Mr. Jean has moved the amendment as read. The committee can approve the withdrawal of those words as a friendly amendment.

Mr. Brian Jean: To be fair, Mr. Chair, I don't think I can make a friendly amendment to my own amendment.

The Chair: No, I'm saying it's up to the committee to agree, or not, to withdraw those words that were added.

On a point of order, Mr. Warawa.

Mr. Mark Warawa: Mr. Chair, Mr. Jean has withdrawn, so we're back on the regular motion, are we not?

The Chair: Regrettably the motion was proposed with those words. That's the amendment that was proposed.

Mr. Mark Warawa: Are you suggesting that cannot be removed and withdrawn?

The Chair: Yes, by agreement of the committee.

Mr. Cullen.

Mr. Nathan Cullen: I'll move to have those words withdrawn, and I'll remind committee members that there's a national advisory committee already built into CEPA that has on its table the provinces and first nations. I'll move to have those words removed from amendment G-1, and then we can proceed.

The Chair: On a point of order, Mr. Bigras.

[Translation]

Mr. Bernard Bigras: A point of order, Mr. Chairman.

I'd like some clarification from the legislative clerks. Should we defeat the subamendment tabled by Mr. Jean? Can we really withdraw it? Wouldn't the only way to get rid of it be to defeat the friendly amendment that was just moved?

Ms. Joann Garbig (Procedural Clerk): As the chairman mentioned, Mr. Jean proposed an amendment which seeks to add a few words. That amendment is currently before the committee and it is up to the members to decide, by unanimous consent, to withdraw those words.

However, Mr. Cullen moved a subamendment, precisely in order to delete the words “after consulting with affected provinces, territories and first nations”. That subamendment will therefore have the same effect if it is adopted.

[English]

The Chair: We have a subamendment on the floor from Mr. Cullen. The subamendment would remove the words, “after consulting with affected provinces, territories and first nations”.

Is there any debate?

(Subamendment agreed to)

● (0935)

The Chair: We are back to amendment G-1 as originally distributed.

Mr. Cullen.

Mr. Nathan Cullen: This will hopefully be a less controversial amendment to move. This came up in the testimony of a number of witnesses. We would like to amend proposed subsection 53.1(3) to read:

Information provided to the Minister under paragraph (2)(a) shall be published in the national inventory of releases of pollutants under sections 48, 49, 50, 51, 52 and 53.

For those of you who don't have CEPA at your fingertips or ready to go at all times in your minds, this closes a loophole that witnesses identified. When the national pollution inventory is done, there are occasions when companies will claim confidentiality over some pieces of it that are completely unrelated; therefore, the government is unable to understand how much pollution is actually being released into the air.

We think these changes tighten up the reporting. If you can't measure it, you can't manage it. This has been an ongoing problem with CEPA and our ability to manage certain industries.

This amendment is a friendly one, so I'll open it to debate for other committee members.

The Chair: Mr. Jean, on the government side, what's your response to the friendly amendment?

Mr. Brian Jean: I have no response. The parliamentary secretary is just conferring. He'll provide a response in due course.

The Chair: Is there other debate on that friendly amendment?

Mr. Warawa, are you prepared to address the friendly amendment?

Mr. Mark Warawa: We have no problem with the friendly amendment.

[Translation]

The Chair: Mr. Bigras, does that amendment present a problem?

Mr. Bernard Bigras: No. We'll go on to the vote.

[English]

The Chair: Mr. Godfrey.

Hon. John Godfrey: I will lean on Mr. Moffet here.

Are there any unintended consequences, Mr. Moffet?

Mr. John Moffet: It's nice to know somebody relies on my— Maybe you could have a word with my wife!

I don't think the addition of these references to these provisions substantially changes the thrust of the overall amendment.

Hon. John Godfrey: Thank you.

The Chair: Thank you.

With any luck, Mr. Moffet, your wife is not watching TV today.

The friendly amendment was accepted, so the vote is on G-1 as amended, by adding to the end of proposed subsection 53.1(3) “under sections 48, 49, 50, 51, 52 and 53”.

(Amendment agreed to)

(Clause 9 agreed to)

(On clause 10)

The Chair: We will start with NDP-14 on page 28. It is the first amendment for consideration.

Mr. Cullen.

Mr. Nathan Cullen: We're in the process of making these. We're going to allow amendments NDP-14 and NDP-15 to not be addressed and take our concerns in NDP-15.1, which is a more comprehensive version of the two.

We wanted to have several options available to us as we moved through the process, so we'll allow those to go. We can deal with the Bloc motion first and then go to NDP-15.1.

The Chair: So you're just not moving them at this point.

● (0940)

Mr. Nathan Cullen: That is correct.

The Chair: We will move to BQ-9 on page 29.

[Translation]

Mr. Bernard Bigras: Mr. Chairman, with amendment BQ-9, we wish that Bill C-30 in clause 10, be amended by adding after line 18 on page 6 the following:

(1.1) The minister may not publish the notice referred to in subsection (1) if the notice is directed at a person or class of persons in a province in respect of which a notice referred in subsection 10.1(1) is issued dealing with the same substances as the notice referred to in subsection (1).

The purpose of this amendment is to ensure that when a notice of equivalency has been issued to a province, the Minister of the Environment not be constrained to publish this notice because a notice of equivalency has already been accepted and I emphasize that term. This is simply a matter of consistency and concordance with the territorial approach.

[English]

The Chair: We'll point out that proposed subsection 10.1(1) is actually referred to in BQ-6, so there are some consequences there between BQ-6 and BQ-9.

Mr. Moffet, do you have any advice on the wording of this one?

Mr. John Moffet: No, except that as you say, this turns on BQ-6. I will explain it to members.

BQ-6 would provide a mechanism for identifying a province that has legislation in place designed to attain the 2008-2012 Kyoto targets, and it would then enable the Governor in Council to make an order declaring that the provisions of an act or regulations don't apply in that province. Where such an order has been made, BQ-9 would say that the minister may not use the authority given in part IV of CEPA to issue a pollution prevention planning order against a facility or a person in such a province. The two are directly linked. Essentially where you have excluded the application of federal law, generally under BQ-6 this makes it clear that that includes an exclusion of the right to issue a pollution prevention planning requirement.

The only other point I'd bring to your attention is that to my recollection the committee hasn't voted on BQ-6 yet.

The Chair: Monsieur Bigras, you're next.

[Translation]

Mr. Bernard Bigras: That being the case, we can delay amendment BQ-9 until we see what happens to BQ-6.

[English]

The Chair: That will have the effect of standing clause 10.

Mr. Cullen.

• (0945)

Mr. Nathan Cullen: There are two things I want to understand. First of all, we've already stood BQ-6. Are we standing BQ-9 until we return back to BQ-6? Is that the idea? Okay.

In terms of standing clause 10, are we standing all of clause 10? There are other amendments that come forward here that we're eager to talk to.

The Chair: We would be standing clause 10, but that doesn't preclude us from dealing with clause 10.1.

Mr. Nathan Cullen: Thank you.

The Chair: Are we agreed to stand clause 10? Hearing no disagreement, let's stand clause 10.

(Clause 10 allowed to stand)

The Chair: We'll move on to new clause 10.1.

Now we're back to NDP-15.1 on page 30.1.

Mr. Cullen, you may take it away.

Mr. Nathan Cullen: Take it away, indeed, Chair. This is where we're getting to the heart of the matter in terms of the ability.

One of the first things that came forward out of Bill C-30 and what we noticed most immediately was this lack of firm targets, greenhouse gas targets, for the country that set us forward in the coming years. The challenges that Canada as a nation has faced when meeting our international obligations are the accountability, to be blunt, and the ability to set out a target, hold that target firm, and do the necessary things to meet the target that we believe is achievable.

There's been constant debate around the targets that were set in the Kyoto process and there's been constant debate as to whether the targets were appropriate or not or whether Canada should be in or out. What that has actually led to is a certain amount of seizure of actually getting the thing done. As a result, we don't know what this year's reporting will be, but so far we rank absolutely at the bottom of the pile when it comes to industrialized nations and dealing with greenhouse gas emissions.

I can recall, not so fondly for committee, being at the Nairobi meetings at the last UN gathering and Canada consistently winning what was called the fossil award. This was the award given out every day to only one country at the United Nations meetings that was performing the worst in the negotiations, and the worst by record. I don't raise this issue in a partisan nature to say it was one government or another. It was the collective of the two, in fact, and what the world body was seeing in terms of the results of Canada's intentions, put in Canada's words, "our promises and commitments", in comparison to what was actually getting done.

NDP-15.1 is based upon what the witnesses have told us is necessary, not just here at the Bill C-30 committee, but also at previous committees, including the environment committee that wrote an extensive report in the previous Parliament. One of the things that the business community, the science community, and the non-profit sector told us was that we needed a level of certainty in order for business to make the investments and to do the planning. They needed to know what the actual goal was. I'm sure all committee members have met with, particularly on the industrial side, various lobbyists and representatives from business who have said, "The uncertainty question precludes us from actually making the investments required." It creates an unlevel playing field, where some businesses are going ahead and making investments that they believe they're committed to by their national government and others don't. That's not a climate in which business can thrive.

NDP-15.1 has a number of important sections to it. It clearly points out science-based targets, targets that we know we need to achieve in order to both fall in line with our international agreements and prevent dangerous climate change from happening. There's no more an appropriate expression than an ounce of prevention is worth a pound of cure when it comes to climate change. We've seen various communities across the country starting to appreciate what the actual costs are of mitigation. I will be clear again with committee members. Mitigation is when you pay for the thing that's already happened, as opposed to prevention.

This is an amendment to Bill C-30 that we think will give the bill a lot more credibility, frankly, in terms of a broader appeal. Canadians will understand this and will appreciate that there are firm and committed targets built into the legislation.

The current government is very enthused about the notions of accountability and transparency. This has been one of their alleged hallmarks. Proposed subsection 64.1(3) in this does exactly that. It demands this government, or whatever government in future political manifestations, to report back to Canadians and to consistently report back on the planning and also report back on the performance.

I can remember some of my Conservative colleagues struggling with an ability to actually grasp what the government had or had not done when the Liberals were in power. It was extremely frustrating, because you simply couldn't have the debate if you didn't know what the government had achieved or not achieved. It created, if I can share this with you, an element of a fear of failure within the government because they didn't want to report on anything, and they certainly didn't want to report on anything that hadn't worked.

• (0950)

When trying to address things like climate change, there must be an element of risk taking with government programs. There must be an ability to try certain initiatives without 100% certainty that all of them are going to work 100%. Some will work very well; some will exceed expectations and others will not.

We think this amendment is absolutely critical to give Canadians the assurance that the government is willing to act as a willing partner in the types of initiatives that we see Canadians going out and doing on a daily basis, making the changes in their lifestyles in the way they consume energy or don't consume energy, in the types of choices they make in consumer products, in the types of demands they make of their own companies. We've seen this as a powerful pull upon government.

Canadians are far ahead of the politicians on this issue, Mr. Chair. We think this amendment pushes us in the right direction to establish national targets that are verifiable, that are accountable, that allow Canadians to judge whatever government of the day on our actions, on our ability to perform, and be that willing partner and an effective partner, and then rejoin the world community in this effort. As we've seen over the last number of years, Canada has slowly slid into this very narrow box represented by only a very few countries, and those are countries that are not doing their fair share.

If there's any country that has a vested interest in dealing with climate change, certainly it must be Canada. With the extensive north that we have, the extensive forest cover, and our deep reliance on natural resource extraction, it's incumbent upon us to make these types of changes and to have the courage of our convictions, Mr. Chair. Oftentimes we dance in the margins on this issue, without bringing forward the real changes we want to see. I think this is one of those changes that is absolutely imperative for us to address, and we need to be able to present with a certain amount of pride back to Canadians a piece of legislation that we know is the right thing. At the end of the day, we have to do the right thing. That's why we were all sent here.

So I move amendment NDP-15.1. I open it up to debate or questions. I think we should vote for it because it makes sense and it's what we've been told to do by the very best in the country.

The Chair: Thank you, Mr. Cullen.

Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

Before I get involved in debate on NDP-15.1, I want to question whether or not it's in order. The wording of NDP-15.1 is almost identical to a private member's bill, Bill C-377. Procedurally, my understanding is that you cannot have this bill and Bill C-377 saying

the same thing. So I question, through you to the clerk, whether or not this is procedurally out of order or not. Thank you.

The Chair: We did discuss this prior to the meeting and the consensus was that this is not procedural grounds for not allowing an amendment, that measures can proceed in parallel fashion to the process.

Mr. Mark Warawa: Could you provide a reference for that decision, please?

The Chair: I will try.

The debate can go on because I suspect there will be some debate in any event.

Who would like to debate this while we do some more background on this?

Mr. Mark Warawa: Chair, I would appreciate having the reference. If this is not procedurally correct, then debate should not continue, and the appropriate handling would be to stand this down until we can actually hear the reference.

• (0955)

The Chair: We'll suspend for five minutes.

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• (1005)

The Chair: Can we take our places again, please?

We are back in session. I apologize for taking so long, but we had to go back 18 years with respect to the admissibility of a similar item. It's on page 898 in Marleau and Montpetit, under "Similar Items":

In a 1989 ruling, Speaker Fraser clarified that for two or more items to be substantially the same, they must have the same purpose and they have to achieve their same purpose by the same means. Thus, there could be several bills addressing the same subject, but if their approaches to the issue are different, the Chair could deem them to be sufficiently distinct.

The question has arisen whether a private Member's bill which is similar to a government bill may be placed on the *Order Paper* and debated.

In this case, it's the other way around.

The authorities and past rulings show that there is nothing to prevent such similar items from being placed on the *Order Paper* simultaneously.

The private member's bill in question is a stand-alone piece of legislation. The amendment here is in a different bucket, if you will. It's in the context of a larger piece of legislation. In the chair's view, that makes it distinct and it can be debated.

Resuming debate, we'll go to Mr. Cullen.

Mr. Nathan Cullen: Perhaps a point of departure for the committee to debate this motion might be that if there are objections to the targets the NDP has put forward—specifically, 25% of 1990 levels by the year 2020, which is important, and a long-term target of 80% of 1990 levels by 2050—then I would be curious to know what other targets they're proposing. Do they want to seek an amendment to this or to perhaps make some other change? If there's another target, as a percentage of 1990 levels, that people seek to have, upon what evidence do the other members of the committee wish to base that target?

We very specifically looked to particularly the long-term target and said that this is what the science has been telling us about an overall two-degree warming, with us being perhaps beyond the tipping point once we go beyond two or three degrees. Particularly, the European Union has done extensive work, as has the UN. There is a doubling effect that happens, almost a multiplier effect. As the changes increase, it becomes more and more difficult to try to rein in overall temperature increases on the planet. This two-degree increase has been picked by Prime Minister Blair and others who are seriously fighting climate change, and this 80% target is directly linked to that two-degree rise.

I know the parliamentary secretary has some opinions. If committee members choose to deny this particular amendment's veracity, then what evidence are they using to suggest some other solution for Canada's particular problem that we're in right now?

• (1010)

The Chair: Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

We do agree with the science that says greenhouse gas emissions have increased dramatically, and that short-term, medium-term, and long-term targets are necessary. The short-term targets will be released by the government within weeks.

At this committee and in testimony received at other committees as part of the Bill C-30 legislative review, we did hear that there were approximately 13 years of inaction from the previous Liberal government, which left us approximately 35% above the target. We did hear from the testimony, based on science, that these targets would have been good in 1998. It would have been good and possible to reduce our greenhouse gas emissions down to those targets if action had been taken. We did hear testimony, based on science, that it would be extremely difficult to meet those targets without destroying the economy.

Chair, I believe what is being suggested here in amendment NDP-15.1 is not based on science but on politics. I do agree that targets need to be set, in the short, medium, and long term. We need to work with our international partners to achieve substantial reductions in greenhouse gas emissions. We need to set targets and achieve those targets. The targets have to be set on a realistic balance between a healthy environment and a healthy economy. But as I said earlier, I believe the targets that are before us are set politically and are not based on science. That's the testimony we heard. Unfortunately, there is rhetoric in this motion, NDP-15.1, and it's not based on science.

We want to have a clear action, an action that is based on achievable targets and that does reduce greenhouse gas emissions. It's easy for the opposition to set political targets. They're not in government. We don't have an analysis of what the costs and the impacts of these targets would be.

Within the amendments from the Liberals, they acknowledge that they would be putting people out of work and shutting down industry, and they've built in a transition fund. We want a healthy environment, we want a healthy economy, we want that balance, and we want targets set based on science, not politics.

Thank you.

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Thank you, Chair.

I was just talking with some of the observers of this committee during our break. Some were encouraged by the committee's ability to work together to get something done.

I appreciate the parliamentary secretary's opinion that there may be other targets required, but to just blatantly suggest that these are not based on science, when that's contrary to the evidence that came forward—In terms of what is required, what is scientifically required to avoid dangerous climate change on this planet was put forward by a number of scientists.

I'll take up the one point he made. If they want to have a debate about a different target, then bring the numbers. We put down some numbers, as the NDP has done for a number of years now, to encourage the debate and allow other parties to come forward with their best suggestions. That was the very reason for forming this committee, to allow the best ideas forward.

I think the parliamentary secretary should resist the temptation to run back to this old argument that these are politically motivated targets. If he has science-based evidence to suggest that dangerous climate change can be avoided by setting another target of greenhouse gas reductions and he has someone he can refer to and say, "This is what the science is telling us is actually a more appropriate target", then bring it forward. That's the debate we're trying to encourage here. But going into suggestions of political motivations to set a target that was told to us by scientists is wrong.

In terms of economic analysis, I think this is important, because one of the main criticisms by the Conservatives of the target initially set by Canada, of 6% below 1990 by the 2012 session, was the lack of economic analysis. To then watch this very same government, this week, as the minister came forward...

I remember in the previous week, when I asked what was the economic analysis done of their "feebate" program, their program to give incentives to some vehicles and not others, and which ones were on the list, the government hadn't even compiled a list of which cars were meant to be penalized or what the economic impacts for those cars that were manufactured in Canada might be. So there were absolutely no politics involved in making sure that two of the autos, made in the riding right adjacent to the finance minister's, both gas guzzlers, both now meant to go on some sort of fuel that exists only at one gas station in the entire country...to say that it was based on science or sound economic analysis is absolutely ridiculous.

So if the parliamentary secretary or the other members of the Conservative Party at this table wish to have sound economic analysis, then they certainly must bring in policies along the way that also pass that test, because so far, in the effort given by the feebate program, with not even a list that Canadians can refer to, to know which cars are going to be penalized and which cars are going to be encouraged, and then not to have any analysis of the penalties on those cars made in Canada or the minivans that people are looking to buy, which will be penalized by this program, as they take their kids to soccer practice....

It seems ridiculous to me to suggest that when looking at amendment NDP-15.1 there's rhetoric in this motion, that there's some sort of political motivation to the targets chosen. If the parliamentary secretary would like to debate targets, or if any members of this committee would like to suggest an alternative target, then bring that forward. But to simply rely on some sort of jingoistic phrase that these are motivated by political aspirations is wrong. It takes us down a very dangerous path. If this committee is actually looking to achieve something positive and constructive for the country, then let's have a substantive debate. Let's not move the debate into some realm of political motivation versus others.

• (1015)

The Chair: Mr. Jean.

Mr. Brian Jean: Thank you, Mr. Chair. I have a question for the member from Skeena—Bulkley Valley.

I've heard the science, and I have a science degree. Science is a very important aspect of all climate change, and I think of the environment generally, but is that the only premise he relies upon in making his argument? Canada is responsible for around 2%—and most people say a little less than 2%—of total GHG emissions. But most of the information we've received, including from the experts we received testimony from, suggested that to meet our Kyoto targets in the 2008-2012 commitment period, we would, in essence, have to shut down most of our industries.

Is he suggesting that we only rely on science to find the basis for these targets, or is he suggesting that we have a balanced approach, a balance with the environment, a balance with the economy, a balance with Canadian standards of living?

China, for instance, is responsible for somewhere in the neighbourhood of 15% of greenhouse gas emissions, and India is somewhere in the same area, but their increase in greenhouse gas emissions on a yearly basis is more than we will ever be able to cut out of our emissions. I'm not suggesting we have to make our decision on what China, India, or other developing countries do, but are we to use a balanced approach here?

I think we should have a general discussion in relation to this and on the targets themselves. Are we to use a balanced approach from what we heard in the testimony of many people?

We heard it could cost up to \$80 billion to meet our Kyoto targets by 2012, which means in essence somewhere in the neighbourhood of \$8,000 to \$10,000 per household in Canada. Is that the intention of the member, that we meet the targets based on that and science only?

I just think we have to have a general discussion. This is a very important part of the legislation. I think it's important that we have short-term targets. This government has a mandate and will be coming forward with short-term targets in the near future. I understand the member's consideration and desire to get this out of the way, but in the past we had a Liberal government that didn't do anything for a long period of time, and now we're stuck, in essence, with a horrendous situation.

What I really want to know is, do we rely solely on science to find what we should reach? In my consideration of what you've said, we would then have to shut down everything. The lights should turn off in this place, the air conditioning should turn off, and we should not drive another motor vehicle or take another plane, train, or automobile anywhere in this country, if we are to meet our targets based on science.

So I would like to hear if there is a balanced mechanism in what he's suggesting.

• (1020)

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Thank you, Chair.

I can appreciate Mr. Jean's question and comments. The argument that's being presented is one we've seen formulated by the current government for some time, that the economic sky is falling when Canada seeks to honour its Kyoto obligations.

To be very clear, there are three significant pieces to his question that are flawed in their argumentation.

One, in terms of the 2% contribution, that we should simply rely on what that contribution means to the overall impact of the world's contribution to climate change, the same argument is never used by the government when talking about the Afghan mission or Canada's contribution to world security, that while we're making a small contribution to the so-called war on terror in overall numbers, we still feel that contribution is important, that the government of the day sees that contribution of 2,500 soldiers to a force of some 200,000, when you combine most of the security missions, as significant.

Let's dismiss the notion, first and foremost, that because Canada contributes 2%, the motivation to do the serious things and make the hard decisions is not as strong as it should be. It is equally strong, regardless of whether you're in the United States or in Canada or in western Europe and encouraging the developing countries to come on.

Second, if you looked at proposed subsection 64.1(4), this is what we call the large polluters' target. This we deem to be fairness, because we heard from a lot of the industrial sector that when they assumed Canada was actually going to do something about its obligations under this climate change protocol, many of them started making the changes. Some of them chose not to. We deem it only to be fair that 6% below whatever the sector was producing in 1990 for those 2012 targets seems to be their fair share. It seems ridiculous that there is some notion floating out that the upstream oil and gas sector, for example, which is doing well profit-wise, would not also contribute to the solutions of some of the problems they're creating in the generation of that profit. That just seems to make sense to me, and to many others.

The fundamental question that Mr. Jean brings forward is the unhooking of the "economy versus the environment" debate that we must see ourselves past. We must. We simply can no longer, with any veracity, come forward to Canadians and say there's going to be a choice here and that it's one or the other. That argument has been broken down. We heard representation at this committee and others from other nations that have seized this issue, aggressively and with intelligence, and set hard targets for their big polluters and set meaningful changes in place through government policy to help bring their countries back into line on reducing greenhouse gas emissions while creating jobs.

We have to step beyond the rhetoric of this economic collapse when looking at the issue of climate change, because as he well knows—and hopefully he'll visit this summer up in Skeena—Bulkley Valley—the fishing industry, for example, is right now witnessing changes that they have never seen before. The economic impact of that environmental change is difficult to calculate. When the forestry sector estimates there just won't be a pine tree in British Columbia by 2050, how, exactly, do you give proper analysis and accounting for what that economic devastation will look like for logging communities all across Canada, never mind just British Columbia? When the mining sector has to shut down 30% of its travel days because the ice roads no longer form up, or their mines flood in areas where they've never received any significant rainfall, how do you...?

When you start to add up the economic cost of what's happening.... And this is why Sir Nicholas Stern came forward with his report—and he's not exactly a left-leaning economist. He said the effects of this incidence on our world economy—and this has an impact on Canada, I would suggest, more so than on other countries—is equivalent to the Great Depression and the First World War combined in terms of economic devastation.

We must decouple. We must remove the issues—as if there is one or the other presented to Canadians. I frankly don't think Canadians buy it, first of all, and second, I don't think it bears up under scrutiny. We have seen too many examples.

I will not dispute Mr. Jean's comment about our being late and about inaction from previous governments causing us to be in a pickle when it comes to our targets. The only one advantage that we have in the inaction and the delay and the dithering and all those things that we well know of from the previous government is that we've seen examples of what works in other nations. We've seen

them try things, fail on some things, and have other things succeed, in terms of programs and policies that work.

• (1025)

The evidence is there in front of us. For this government, or any government, to choose not to base our new policies upon that evidence would just be foolhardy and arrogant, frankly. If you have evidence that's gone out before you on a national scale in other jurisdictions, in economies that are energy-based as well, and met with success in making sure they reduced their greenhouse gas emissions while encouraging economic growth....

I have one last point, Mr. Chair, on the national retrofit program that the NDP has been suggesting for a long time now. The total job creation of such a program in changing the national building codes in Canada and encouraging Canadians—and I mean through both taxes and financial incentives—to get on board and actually reduce the amount of energy they consume in their houses and their places of work—The actual economic multiplier of that is absolutely extraordinary, therefore completely debunking the myth that it's got to be one or the other. It's a false dichotomy. I just don't think that Canadians will hold the environment to ransom for some precluded Chicken Little scenario that we just believe is fundamentally false.

The Chair: Mr. Bigras.

[Translation]

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

I get the impression that we're launching into long political speeches. It's important during clause-by-clause consideration, but you'd think we were in the House of Commons.

The amendment tabled today by the NDP is important. First I'd like to divide this amendment in two as it deals with the discussions we had about reduction targets and compliance with the Kyoto Protocol, but also with medium and long term objectives.

I want to indicate to the committee that at first blush, we are in favour of the first part of amendment NDP-15.1, insofar as a bit further, namely in amendment BQ-10, we proposed similar targets. The actual debates on greenhouse emission objectives will inevitably have to be done in the framework of BQ-10. Of course we can broach the subject as we discuss NDP-15.1, given that it includes targets.

I would like to say to the government members that it is possible to achieve the Kyoto objectives. Europe has proven that it was possible to minimize the impact of the application of the Kyoto Protocol on our economies. It's a matter of implementing strong mechanisms as provided for in the protocol. I am thinking among other things of the credit exchange system and the carbon market.

Mr. Chairman, Europe has demonstrated that the Kyoto objectives could be achieved when the right instruments and the right approaches were put in place. Europe will attain its Kyoto objectives and the impact will be less than 0.1% of its GDP. That's proof that the objectives of Kyoto set for 2008-2012 can still be achieved and that we must go even further. Indeed, if one thing was clearly stated by our witnesses during the consideration of Bill C-30, it was that we cannot be satisfied with the long-term measures as proposed by the current government. That objective will be on the order of 60 to 80% by 2050.

Almost all the witnesses who appeared before this committee told us that we needed short, medium and long term objectives. We must therefore set that kind of objective. The NDP proposals, with regard to the first part of the amendment, are interesting ones and in any case they can be found a little later in amendment BQ-10.

I want to emphasize the fact that achieving Kyoto objectives and rigorous medium and long term objectives depends on the approach that Canada chooses. And that's why amendment NDP-15.1 is of some concern to me. What's been proposed here is more or less a sectorial approach, that is an approach based on industrial sectors. Yet, that has not produced significant results when it comes to attaining Kyoto objectives, simply because it does not take into account a number of parameters, among other things the energy positioning of one region compared to another. We can all agree that Quebec's energy position is not the same as that of Alberta and our industries don't necessarily use the same sources of energy. In Quebec, 90% of our electricity is produced hydraulically.

Moreover, the economic structure is not the same from coast to coast. One must acknowledge that in western Canada, the economy is based on fossil fuels. The auto industry is mainly concentrated in Ontario. The basis of the Quebec economy is the manufacturing industry. Given that the economic structure is not the same throughout Canada, we need an approach that takes that reality into account.

Moreover, demographics, gains in efficiency and the renewable energy potential are not the same everywhere.

• (1030)

Consequently, we cannot support an amendment which does not guarantee that the provinces which want to apply a territorial approach would not be able to do so. If these provinces give guarantees to Ottawa that they intend to respect the greenhouse gas reduction objectives of the Kyoto Protocol, this amendment, if adopted as worded, would not give them the possibility to apply their own, equivalent, plan.

Let me go back in time a bit and remind you of the debate surrounding Bill C-288. What did we say about the bill? We proposed an approach based on the objectives of the Kyoto Protocol. But let's think back to the NDP's position on Bill C-288's proposed territorial approach. Mr. Chairman, it took a lot of convincing before receiving the support of the Liberal Party of Canada, because the amendment which was proposed by the Bloc Québécois only proposed a single option, that is, the territorial approach.

Today, we are studying amendment NDP-15, and history might repeat itself. If we pass this amendment, we risk adopting a sectoral

approach without receiving a guarantee from the NDP that provinces which respect, and which commit to upholding the Kyoto Protocol, will be able to take a territorial approach.

Even though my colleague, Mr. Cullen, showed more openness today than he did with regard to the proposed amendment contained in Bill C-288, and despite the fact that amendment NDP-15.1 integrates the objectives of the Kyoto Protocol and sets rigorous objectives which we will adhere to, we do not believe that the preferred approach will necessarily lead to reaching those objectives.

Thank you very much.

• (1035)

[English]

The Chair: Mr. Cullen.

Mr. Nathan Cullen: One important piece—and this is going straight to Mr. Jean's concerns—was around addressing the short-term targets. The false debate that we can't allow to continue is that all action taken under Kyoto was meant to be taken domestically only. There was never any such negotiation under the protocol. Canada, the United States, Australia, and Europe all insisted that there be several tools in the toolbox for countries to achieve their targets, understanding that some of these changes are difficult to make.

There are two other significant options for the domestic targets in terms of doing them all in-house. One was the international credit option, which I know the Conservatives have an ideological opposition to but which other countries are successfully using. It fits in well with the clean development mechanism, and I believe it fits in well with Canada's long-term overseas development and strategic goals. It also combines well with the export of Canadian technology, which is how we use much of our overseas aid right now.

The government should be much more open than it has been to this point, and we've seen some movement from the minister. He was here only last week, and in scrumming with the press afterwards, he was claiming that he is open to the concept of CDM, open to the concept of this clean development mechanism.

The second thing is the application of missed targets to the second phase. This government and the minister have claimed that they will engage in the second phase vigorously, the second round of targets. Kyoto is partly designed and built so that you can encroach upon that second phase with more restrictive targets. If the government is truly serious about making these structural changes on the domestic front, this is one of the ways open to them.

The government simply can't, by its own decision, limit the options it chooses to use and then go back to Canadians and say it didn't have any options, that it only had this one and this option was too severe. It's a patently false argument to see several tools available and to just choose not to pick them up.

In terms of Mr. Bigras' point, it's well taken and understood on what was built into Bill C-288 to give the government some options. The reason we have some conflict with the territoriality—and I've explained this in private, but I'll put it on the record—is that with certain things, particularly the carbon market that has been proposed in Montreal and in some suggestions from Toronto, when you don't take a sectoral approach, when you don't have a hard cap on particular industries, it becomes increasingly difficult to understand and figure out how the carbon market works. It's not as clear or clean.

We have also done some analysis showing that Quebec will do very well under the sectoral approach. As he pointed out, much of the energy produced and consumed in Quebec comes with very few greenhouse gas emissions. Much of the industry in Quebec, in manufacturing or some of the other sectors, will not be taking a significantly larger hit when you look at things sectorally.

I understand that there might be some ideological reasons and bases for the argument, but we've looked at both. If there's some language that you would like to suggest that would open up some options for government, we're seeking that type of consensus around the table. We're trying to find places where we can all agree. The fundamental point is that this option really does give clear accounting for Canadians. It does allow the government to put forward a plan and then be judged by that plan in a most public way.

As Mr. Warawa pointed out earlier, that was the thing most lacking under the previous government. It was very difficult to account for actions. Canadians were left wandering in the dark in terms of what was actually getting done, and the results were actually quite tragic and have become increasingly expensive.

Committee members must appreciate this. The longer we delay and put off the setting of those firm targets, allowing business and communities to respond, the more expensive this process gets, because we must do this thing. We absolutely must.

The Chair: Thank you.

We had two hands waving at the same time, but Mr. McGuinty has not spoken on it yet. I'll go to Mr. McGuinty first and then to Mr. Jean.

Mr. David McGuinty: Thanks, Mr. Chair.

I'd like to be mercifully brief and suggest that in general we support the discussion on targets. We'd like to see the bill speak to targets, which is why we have woven targets into our amendment L-21.1.

I would suggest to the committee and all members that we should probably move forward so that we can get to this issue. We've heard different positions on targets. We're in favour of targets. Let's move on. That's my suggestion, Mr. Chair.

• (1040)

The Chair: Thank you.

Mr. Jean.

Mr. Brian Jean: I needed to respond, Mr. Chair, to some things the NDP member said. I was quite surprised by some of it, because he sat on the same environment committee I did over the last three

years and knows some of the things that have happened and taken place.

I know about the pine beetle, and there's no question that if the pine beetle had been taken care of 10 years ago, when the size of the infestation was only as large as Parliament Hill, it would have taken maybe \$100,000—though I'm not sure how much. It took this Conservative government to invest \$1 billion in that.

I know about Kyoto and that it reflects the countries responsible for approximately 30% of greenhouse gases in the world, whereas the G-8 plus 5 represents countries emitting 70% of greenhouse gas emissions. In fact, he mentioned the U.S. and Australia and why they signed on to the Kyoto Protocol. Well, they're not part of that protocol any more, for practical reasons. Europe is in a different position from Canada and a different position from the United States. They have an economy that collapsed in eastern Germany and as a result they were easily able to meet their commitments—and in fact have excess to sell to other countries such as Canada, which costs taxpayers in Canada tremendous amounts of money. That's why, I would suggest, Australia and the United States pulled out and joined the G-8 plus 5. It's because Europe was definitely a winner under Kyoto, and will be a winner under any of these targets he is suggesting today.

One consideration that's not been brought forward by the member.... I know he said that we shouldn't consider the economy at all, as greenhouse gases have gone too far—which I agree have gone too far—but I think we have to take into consideration the economy. We drive further in Canada than anyone else in the world; we have a colder climate than almost anywhere else in the world, and we are a primary producer. So we are distinctly different from Europe and other countries, which are easily going to meet the Kyoto Protocol. As well, they negotiated much better than we did at that point. I would suggest that most people who are aware of this know that. Indeed, Canada had much more stringent targets, but based upon our cold environment, our longer distances, and our being a primary producer, it was almost impossible to meet those targets—and we are being penalized.

We have heard from both sides on this issue, and I agree that we should lead, but we should also have considerations of what else is happening. We heard from experts on how much it's going to cost Canadians. We heard from experts on what we would have to do; in essence, what I heard is that we'd have to shut down our economy to meet those targets. That is a consideration I think government has to look at, because it is an issue of balance.

From what I heard from the member, in essence, the NDP is not worried at all about the economy and the economy should not be considered at all in this; it should just be based on science and the ramifications should, in essence, be dealt with by the Canadian taxpayer, as usual, based on bad decisions.

What I heard from the Bloc was in essence that it should be a territorial approach, because Quebec has hydro power, and that we shouldn't look at it as a country. Quebec certainly has advantages under that, because they're not the primary producer that other parts of the country are—and on which our economy, quite frankly, relies.

I understand why the Liberals want to move on, because they're ashamed of their record. Quite frankly, nothing was done for 10 years under the targets they imposed, so I understand why they want to move on and not talk about it, because it continuously brings up the fact that they did nothing even though they set their own targets.

I think we need to have this conversation and that we have to have a balance. As well, we have to have the discussion on what tools we're going to use and what balance we're going to have with these tools to affect the changes we want ultimately.

I agree with the member, but I have one final question, as I noticed he wants to raise his hand. Why is the NDP opposing a budget that brings forward such good things as fuel efficiency?

He talked about learning from examples. Europe has brought in fuel efficiency standards, and we brought those forward as a government, yet he's opposed to them. He's opposed to retrofits. He's opposed to this government's environmental plan. I don't understand why he says today that we should learn the lessons from around the world—which this government has done—and impose great new policies, and yet his party opposes the budget that brings in those great things.

The Chair: Thank you, Mr. Jean.

While I won't disagree with Mr. McGuinty, we'll keep going, Mr. Cullen. But I will remind folks that it's a quarter to eleven.

Mr. Nathan Cullen: I appreciate the chair's sense of urgency. We have moved more than five motions to get the thing done. The only Liberal comment was to move on. I was hoping for a bit more substance from them on this, but that's okay.

On the question Mr. Jean raised in terms of the stringency of Canada's target and that we have to drive, well, we were driving a lot more than anybody else before 1990. We were producing a lot of oil and gas. We were doing many of the things we're doing now. If you start to look at where the places have changed—and he knows very well where the places have changed—we are actually consuming less heat than we were.

So let's get off what I think is a fundamentally useless debate of trying to backcast in time, saying that this happened and this happened. We know Canada's record on this to this point.

I'm sure the chair would avoid our getting into any kind of budget debate. I also know that what the government has brought forward in terms of means and measures is simply not enough. I know the government is hoping to bring forward its own timelines and targets, which will be intensity-based and will lead to further emissions increases in this country—guaranteed.

We think it goes back to the importance and the need for something like this. It gives people a certainty. People need certainty. The other types of targets are not. To suggest this economic collapse—I mean, that's ridiculous. It doesn't bear repeating or comment.

The propositions the NDP made in its climate change budget that was released more than two and a half years ago talked about the economic impacts and the positive reconstruction of the Canadian economy around the environment.

Ultimately, Mr. Chairman—and this is my last comment—we are trying to find the line on the budget sheet of businesses in Canada for where pollution goes. Right now it doesn't go anywhere. At some point it has to be accounted for. If it's not, then that's just irresponsible government.

• (1045)

The Chair: If there is no further debate, we will call the question.

Mr. Nathan Cullen: Could we have a recorded vote, please?

The Chair: Certainly. We will call a recorded vote on NDP-15.1

A point of order, Mr. Jean.

Mr. Brian Jean: Is it possible to table documents at this stage, in reference to the vote that's about to take place?

The Chair: Which documents did you have in mind?

Mr. Brian Jean: Something that was done by the Library of Parliament on the cost of implementing Kyoto targets.

The Chair: I don't know the practicality of that. For what purpose, Mr. Jean?

Mr. Brian Jean: It was heard from a number of witnesses—and Mr. Cullen is aware of this—about the cost of implementing Kyoto.

The Library of Parliament did a synopsis that indicated the cost of Kyoto could reach up to \$90 billion over a five-year period.

The Chair: I suggest that all members of the committee were here. They were part of those hearings and they would have that information.

Mr. Brian Jean: Actually, they don't have that information. It was done subsequent to the evidence.

I'm looking for the procedural necessity of tabling a document in relation to this particular vote.

The Chair: The question has been put. We're going to have to call the question.

Mr. Brian Jean: Can I have a ruling on my point of order, please, Mr. Chairman?

The Chair: My ruling is that members of the committee were present for all that testimony.

Mr. Brian Jean: That's not the document I'm proposing. I'm proposing a document that was prepared subsequent to that meeting.

The Chair: I don't think it's going to make any difference in the way any committee member is going to vote, and the vote has been called.

Mr. Brian Jean: I understand.

Are you ruling that I can't do that, Mr. Chairman?

The Chair: Yes.

Mr. Brian Jean: Thank you.

The Chair: We're calling the vote on NDP-15.1. It's a recorded vote.

(Amendment negated) [See *Minutes of Proceedings*]

The Chair: It is now 10:50. We do have the option of carrying on if we so wish. We do have priority over the environment committee. The environment committee is supposed to be sitting somewhere at 11 o'clock, although I don't think they're in this room.

I'll put that to the committee. Do we want to use our—?

• (1050)

Mr. Mark Warawa: Mr. Chair, your point is good. A number of us are on the environment committee. That meeting starts at 11 o'clock, in East Block. To allow us enough time to get there, I think now would be an opportune time to end this meeting.

The Chair: That's not what I actually meant. What I meant was that we have the authority to supercede the environment committee if we so wish, but that's up to the will of this committee.

An hon. member: Can we take five minutes to consult and come back?

The Chair: We can suspend for five minutes, and then whatever decision we make will take effect immediately.

•

_____ (Pause) _____

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• (1055)

The Chair: Could we take our seats, please?

We need to resolve this quickly. I'm going to need to see the members of the subcommittee very briefly when we're done, because we do need to probably consider extending our sitting tonight. That is relevant to whether we adjourn or not right now.

We do have a lot of time tonight. We're going to sit from 3:30 until 5:30, but there is no end time on how long we can sit tonight. We can accommodate what's going on at the environment committee and we can obviously have a lot of sitting time here tonight. I just throw that out for consideration.

Mr. David McGuinty: Is there a decision, Mr. Chair?

The Chair: That's what we're getting to.

Mr. Bigras.

[Translation]

Mr. Bernard Bigras: I understand what you are saying, but in fact, someone has to propose a motion to adjourn before we can sit as the Standing Committee on Environment and Sustainable Development. But for now, there is no motion to adjourn.

[English]

The Chair: Mr. Warawa.

Mr. Mark Warawa: Chair, the schedule, the commitment made yesterday, on the recommendation of the steering committee, was that this meeting end at 11 o'clock and that we then start back up at 3:30 and go to 5:30. That would allow the environment committee to continue its dealings with the recommendations stemming from the CEPA review.

Both are very important, but I think shutting down the opportunity for the environment committee to continue with the CEPA review is a big mistake. We do have some momentum here. By stopping or adjourning now and reconvening at 3:30, we will continue with that momentum. But, please, members of the committee—through you, Chair—the CEPA review is very important. We are so close to finishing it that I think it would be a huge mistake for us not to allow that committee to continue its good work.

I don't want to make a motion to adjourn yet. I would be willing to hear from other members, but I'm in favour of having us adjourn. That would permit the environment committee to meet and continue working on CEPA.

• (1100)

The Chair: Mr. Cullen, very quickly.

Mr. Nathan Cullen: No comment is needed then.

The Chair: I will entertain a motion to adjourn.

Mr. Mark Warawa: I so move.

The Chair: It is moved by Mr. Warawa.

(Motion negated)

The Chair: We will carry on.

Mr. Jean.

Mr. Brian Jean: Why do we need a motion to adjourn? I thought the meeting was for a scheduled time. Wouldn't we need a motion to continue? We have other committees and other commitments. Why make these scheduled meetings if we can't keep to them?

The Clerk of the Committee: The end times for scheduled meetings are for administrative purposes. The meetings are convened at the call of the chair and are ended with the consent of the committee.

The Chair: Mr. Jean.

Mr. Brian Jean: I need a five-minute recess to cancel all my appointments that I had set up for the rest of the day. I think all of us have to cancel appointments; I don't know about others, but I certainly have some. Maybe nobody else has any.

Hon. John Godfrey: Is there an end time for this?

The Chair: The end time that I have in mind would be presumably one o'clock, as we continue.

We'll suspend for five minutes to allow members to make whatever administrative arrangements they need to make.

- _____ (Pause) _____
-
- (1110)

The Chair: Let's reconvene. We will carry on in this room. International Trade is moving to room 362 in the East Block, for anybody who may be on the wrong bus.

We are back in session, please. We're still dealing with—

Mr. Jean.

Mr. Brian Jean: I just want to set the record straight on something, Mr. Chair.

I had the opportunity to review the report that I referenced, and actually Mr. Godfrey and other members of the committee and other people asked for a copy of the report. I was correct on the amount per household—approximately \$10,000—that it would cost to implement Kyoto. The report does specify that it would cost up to \$38 billion to implement Kyoto, but that was actually based on prior evidence. I know from speaking to some of the members of the committee that they heard the \$90 billion figure too, so we're doing research on that.

I would be prepared, obviously, to provide that. The report is on IntraParl, but to any member of the committee who would like that report, as well as those who have already asked for it, I will provide it to you, and I will provide the additional evidence I found as well.

The Chair: Thank you for straightening out the record.

The next amendment is NDP-15.2. Before I call that, Mr. Cullen, I do have some concerns about the admissibility of that one, for the same reasons we have had concerns with past ones with regard to financial obligations. I'll just point that out.

I call upon you to move the motion. Then we can have some debate on it, and then I'll make a ruling on it.

- (1115)

Mr. Nathan Cullen: This is a principle that we have long advocated for within the NDP, that when there are policy changes that happen within an industry that come from the federal government, there be some consideration of a transition fund or something that would be put in place to allow workers affected by those policy changes to transition into another form of work. This, obviously, draws upon the employment insurance fund, which has garnered more than \$50 billion in excess over the last decade or so. It's certainly not a challenge of allocation of funds, because the funds are available and the funds are meant to do things like this.

While I appreciate your comments in terms of admissibility, we also know that we've seen the government start to talk about some similar measures, that there would be some transitioning. There has been a huge impact already in the auto sector, unrelated to government policy, in Canada right now. We've pushed for policies that would encourage investment in the Canadian auto sector, knowing that when we talk about the auto industry or when we talk about the large electrical power production or upstream oil and gas, there are transitions away from some of the more polluting industries into some of the cleaner industries, and some of those things will require investment in transition for families.

Two things that are interesting to know—and this has been raised in testimony that came forward from the Canadian Labour Congress—are, one, that the more efficient economy is a more work-intensive economy, a more labour-intensive economy where people are put to work; and two, the union that represents what has been a lightning rod for much of this debate, perhaps fairly or unfairly, the oil sands projects in northern Alberta, is one of the first unions that signed on to the endorsement of the Kyoto Protocol and the process of our meeting those targets.

When the workers directly impacted and affected by those very industries are looking for a more balanced approach to the environment and the economy, we think it's just responsible of government to put in place things like transition funds. So if you eventually do deem this out of order and we move on, then that's fine, but certainly we implore all the parties in the debate, and particularly, in this instance, the government, to see that these types of considerations need to be made—not the one-offs and half-offs, but an actual industrial strategy that allows people to transition out of those more polluting industries.

The Chair: Is there any debate on that?

Mr. Warawa.

Mr. Mark Warawa: Mr. Chair, because this would require spending, it would require a royal recommendation. Therefore, I believe it would be inadmissible and I would seek your ruling.

The Chair: Mr. Godfrey.

Hon. John Godfrey: I have two points, Mr. Chair.

The language of NDP-15.2 says, "The Governor in Council may establish a greenhouse gas reduction Transition Fund to provide transition assistance". I note that when we were debating Bill C-288, on page 4, it was ruled by the Speaker that references to the idea that there might be measures that include ones "to provide for a just transition for workers affected by greenhouse gas emission reductions" did not imply a royal recommendation.

I realize the wording in Bill C-288 is not the same as it is in amendment NDP-15.2. I'm just wondering how we square the non-royal recommendation acceptance by the Speaker of the phrase "just transition fund" and the fact that this is simply a possibility for the government—it's not a "shall" recommendation—with possibly ruling it out of order.

- (1120)

The Chair: Mr. Bigras.

[Translation]

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

I would not want the committee to believe that I will necessarily support the NDP motion, but it seems that the wording of the motion is in order. In fact, the possibility of establishing a fund does not directly create the fund. It seems to me that the NDP considered the issue from several angles and made sure that the amendment was appropriate and in order. I do not want to go into detail, but I think that the NDP worked on the proposal to make sure it was in order. We are not saying that the governor in council will have to create this fund; that would only be an option.

[English]

The Chair: Mr. Jean.

Mr. Brian Jean: The one point is that my friend referred to people in northern Alberta as needing transitional funding. I don't know who wrote this for the NDP, but it states "affected by fuel consumption standard requirements". I just want to make the point that I don't see how many of the sectors of the country that would be affected by climate change and greenhouse gases would be affected by the fuel consumption standard. Notwithstanding that I wouldn't support this, I would suggest that any legislator would deal with the direct ramifications of it and would exclude 99% of other people who would be affected by that. That would be my opinion.

The Chair: Thank you for that.

Part 1 of Bill C-30 does deal with amendments to the Canadian Environmental Protection Act. The amendment proposes a new section that gives the Governor in Council the authority to establish a greenhouse gas reduction transition fund to provide assistance in the form of grants to affected workers and communities.

The bill was referred to committee before second reading, which means there is more latitude in the amending process. The requirement that amendments must fall within the scope of the bill does not apply to bills referred before second reading. However, other rules of admissibility do apply. The rule against infringing on the financial initiative of the Crown is one of those.

You've heard this before. It's expressed on page 655 of Marleau and Montpetit:

An amendment must not offend the financial initiative of the Crown. An amendment is therefore inadmissible if it imposes a charge on the Public Treasury, or if it extends the objects or purposes or relaxes the conditions and qualifications as expressed in the Royal Recommendation.

The one referred to, referred to elements of a plan. In my view, this one refers to direct spending by the government. To me it's clear that by proposing to establish a new fund for the provision of grants, the amendment is increasing the charge on the Public Treasury and it would require a royal recommendation. Therefore, I find that the amendment infringes on the financial initiative of the Crown. On that basis I will rule it inadmissible.

Shall we move on?

We'll move on to amendment NDP-15.3.

Mr. Cullen, are you prepared to move NDP-15.3?

Mr. Nathan Cullen: Yes, Chair.

This amendment came directly from some witness testimony we had in terms of the principle of substitution that exists in other acts and bills within Parliament.

I'm very curious to hear what committee members think about bringing in that same principle of substitution.

This is something we often, very conversantly, use with toxics and the need for industry to look for substitutions, where those may be deemed suitable. There's a balance that says there should not be an inordinate economic burden placed upon the company in seeking that substitution. It's connected to some of the other things, and as I said, it's more familiar there.

We think there's some application to bringing that same principle in line with the concepts around climate change in this government's bill, and probably more specifically to the air quality aspects of Bill C-30.

If there's a contaminant being released in Canada's atmosphere and it is affecting Canadians in a harmful way—which I know the government has claimed great concern over—then if there's a substitution available to that company, the company seeks to substitute it. It's one of those things where you catch the pollution before it even starts. It's much more cost-effective, rather than trying to catch it once it has been released out of the stack.

• (1125)

The Chair: I have to say, Mr. Cullen, I hear what you're saying and I don't disagree with the intent, but I have some concerns about the relevance of the substitution aspect to what's actually in Bill C-30.

Mr. Nathan Cullen: We've been predominantly spending our time on the issues of climate change and target setting, but there are other issues within Bill C-30—air quality, air contaminants, air pollution of different varieties—that have real health effects.

What we've seen is one of the most effective ways for government—and it's not often applied. That's part of the problem. Rather than waiting for Canadians to get sick because of a certain chemical that's being released, they seek substitutions. So a company has the onus when something is listed as toxic to seek out a substitution without even permitting it in its industrial process, thereby not having the negative health affects.

While a lot of our conversation has been on the effects of climate change and the targets, this talks about air pollution in the more traditional sense—that which is causing respiratory illnesses or any other illnesses that can be felt within the Canadian population, usually as a result of industrial processes.

The relevance is that the government has suggested some things to clean up the air. Well, this would go to the heart of it and prevent the pollution from even being released in the first place, because it's not used in the industrial process. The companies are given the onus. Rather than trying to catch up years later with various toxicology studies on Canadians and their health, this just seems like a more intelligent way to go.

The Chair: I'd like to hear a couple more points of debate on that.

Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

I appreciate the intent of what Mr. Cullen has presented here. It seems quite extreme, though, and I don't think it's realistic.

In proposed subsection 68.1(1), they're asking for this to be amended to read:

68.1(1) Within five years after the coming into force of Canada's Clean Air Act, the Minister shall require an assessment of the following substances and an action plan for achieving their substitution:

(a) the substances listed in Schedule 1;

He's asking that we get rid of every substance in Schedule 1. I don't think that is even realistic.

My question for Mr. Moffet is, what would be the consequence of this being part of the Clean Air Act?

The Chair: Mr. Moffet.

Mr. John Moffet: This amendment would have very broad implications for the management of substances under CEPA. We have a number of concerns about the wording of the provision. First of all, the provision starts with "the Minister shall require", so it's not clear who would be required to do the assessment.

It's also not clear to me whether there would be a requirement for an action plan for substitution for every one of these substances. If that's the intention, then you need to start going down the list. Every substance on schedule 1 has already been subjected to a detailed scientific assessment, so another assessment would be — If the assessment is intended to be of a scientific nature or of the risk posed by the substance, then I would suggest that it would be redundant.

Another concern I would like to raise to the committee is that, yes, each substance on schedule 1 has been assessed and has been determined to pose a risk to Canadians' health or to their environment. But that is not to suggest that it would necessarily be appropriate to eliminate every substance on schedule 1. Some substances on schedule 1 are naturally occurring and cannot be eliminated. Some substances on schedule 1 are used in commercial processes in a manner in which no release is possible. For example, they may be either used or created as transitional products and then taken out of the process.

The risk management analysis the government undertakes typically has to focus on where the risk actually manifests itself, and in some cases the risk is so broad that elimination and substitution is the appropriate solution. In other cases, there may be appropriate uses, or the environment or the human body may be able to tolerate certain loads, and therefore eliminating the substance would be overkill from a risk management perspective.

Another issue is that proposed paragraph 68.1(1)(c) refers to the government challenge, and it lists a new schedule 1.1, which I understand would be created through NDP-38. That amendment would list all the substances that have been identified by the government as substances that were identified as a result of the categorization exercise.

We need to be clear. That categorization exercise identified substances based on their intrinsic characteristics. We have put these substances in a challenge process because we're relatively confident that these substances pose concerns to human health and the environment and therefore require some type of risk management. The challenge exercise has been designed to give industry, users, and producers an opportunity to return to government and the public and explain how they're managing those substances. If they can convince government that the substance is being used or managed in a way that poses no risk, then the premise of the challenge program is that formal risk management would not be necessary. As I read this provision, that would preclude us from making that judgment and would simply require us to address each of these substances.

A final concern I would note is that it's not entirely clear what the phrase " slated for safe substitution" means. Does this refer back to the action plan, or does this refer to a conclusion that would be drawn from the assessment of the substances in proposed paragraphs (a) through (c)? A little bit more clarity may be required in order for us to provide further analysis. Let me stop there.

• (1130)

The Chair: Okay.

Mr. Jean, you were next on the list.

Mr. Brian Jean: I had the same or a similar question to the department, but I should probably wait until they are ready to take the question.

The Chair: While we're waiting for that, we do have food at the back of the room—sorry, it's coming. When it comes, I'll ask folks in the back to indulge members first so that they can go back and grab a bun and come back.

Go ahead, Mr. Jean.

• (1135)

Mr. Brian Jean: Mr. Chair, I'm just wondering if we could get the department's attention.

The Chair: Okay.

Mr. Moffet.

A voice: [*Inaudible—Editor*]

Mr. Brian Jean: It's an ongoing exercise. I just wanted to make sure.

How many substances are—? Let's say we ignored proposed paragraph 68.1(1)(a) for a second and went with just proposed paragraph 68.1(1)(b). Aren't there 170 substances, or somewhere around there? How many substances are there in schedule 1?

Mr. John Moffet: There are approximately 80 substances on schedule 1 so far, and growing.

Mr. Brian Jean: This, Mr. Chair, seems to smack of irrelevance in relation to Bill C-30, and I'm wondering—

The Chair: Mr. Cullen, go ahead.

Mr. Nathan Cullen: I think we might be wasting time talking about the wrong thing.

I have two things.

In terms of the specifics and getting to the pollution talked about in Bill C-30, we're willing to make that very clear and articulate that specifically in this amendment.

Second, we're not talking about eliminating these substances. The assessment that Mr. Moffet has made is correct. They have gone through a toxicology assessment, but they've never gone through a substitution assessment. It is important for committee members to realize that when we're looking at the ability to substitute something, there are a bunch of measures taken in. The predetermined conclusion is not that we're going to eliminate it; we're seeking to substitute it. We're chasing the wrong rabbit on this one.

If proposed paragraph 68.1(1)(c) is too broad and too extensive in terms of the Government of Canada's challenge to industry, then we're willing to remove it, but the concept of substitution to be built into this act when we're talking about air contaminants is actually quite important. It allows the government to do an assessment to ask if another substitution is available for this chemical. If there is, then the encouragement is to send industry down that path. If there is no substitution in existence—if it just doesn't exist—or if the substitution is deemed to be far too outside of the economic reach of the company, then it's also deemed not to be an option. But for heaven's sake, why, if we're talking about improving air quality for Canadians, wouldn't we seek a substitution analysis of the very chemicals we're talking about, rather than just saying there's a limit on the chemical you're producing? We know it's dangerous; we know it's harmful; that's the cap on what you can do. Why not ask the more fundamental question of whether there is anything else you can be using? Then you don't have to worry about a cap one way or the other.

Because I think there's some conversation going on, I'm going to suggest to the committee that we hold on this particular amendment and see if committee members want proposed paragraph 68.1(1)(c) out, and we're willing to do that. If they want a clear delineation of the scope of the chemicals we're talking about that relate directly to the Bill C-30 listing, that's fine, but don't toss the baby out with the bathwater on this one.

The concept of substitution is being used in REACH in Europe. It's being applied in many U.S. states. It puts us in line with many of our industrial competitors, and it's something we should consider.

Please do not confuse the concepts of substitution and elimination. This is not a game in which we go about trying to eliminate a whole series of chemicals willy-nilly; we're seeking out better alternatives to be used in the Canadian industrial process. That just seems intelligent to me.

The Chair: Mr. Warawa, did you have a final word on that?

Mr. Mark Warawa: Mr. Chair, I appreciate the intent of the amendment, but I'm wondering how relevant it is to the Clean Air Act, Bill C-30.

We have the CEPA review. I would think it would be more appropriate to deal with this through the CEPA review. Unfortunately, we were supposed to be at the environment committee, which was supposed to be meeting right now doing the CEPA, but by decision of Mr. Cullen we are continuing here.

The question is whether it is appropriate to have this. We dealt previously with the Liberal motion trying to deal with the commissioner; now we're dealing with a CEPA review issue. To move forward, we need to make sure each topic is relevant, and I question whether this amendment is relevant to our discussions.

Could I have a ruling from you, Mr. Chair, on that?

The Chair: Go ahead, Mr. Cullen.

Mr. Nathan Cullen: Mr. Warawa, you may have been conferring and not heard my point. We're willing to stand this and delineate specifically that it deals with the chemicals talked about in Bill C-30 to ensure relevance. We're completely comfortable with that. So I put the suggestion back to committee members. Let's stand this one down, have those conversations, make sure it's relevant, and then proceed, because there is an element in here that the principle, we think, is still correct. If we want to make it more specific, then fine, let's talk about it, but let's move on.

• (1140)

The Chair: I would give Mr. Cullen the benefit of the doubt or the leeway to do that. So we're going to stand this amendment, Mr. Cullen, with your concurrence and with the committee's concurrence, obviously, to get the clarification and so on that was discussed.

(Amendment allowed to stand)

The Chair: We'll move on to L-19.1.

I'll turn to Mr. McGuinty.

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

I'm going to move this amendment briefly and then ask my colleague, Mr. Godfrey, to speak to it in more detail, Mr. Chair.

It is an amendment that we believe speaks to an incredibly creative approach to our climate change and greenhouse gas challenges.

Having so moved it, I would like, if I could, Mr. Chair, to turn it over to Mr. Godfrey.

The Chair: Mr. Godfrey.

Hon. John Godfrey: Thank you very much, Chair.

I would like to begin, in the spirit of discussions that have preceded this moment, to make a friendly amendment to this. In proposed subsection 63.1(1), where it says, "the Minister shall enter into negotiations with representatives of provincial and territorial governments", I would propose to add the phrase, "member of aboriginal, Métis, and Inuit communities", and then carry on with "representatives of relevant private sector companies and non-governmental organizations".

The Chair: Could we have that in writing if you have it?

Hon. John Godfrey: Yes.

The Chair: The proposed friendly amendment would start:

63.1(1) Within ninety days after this section comes into force, the Minister shall enter into negotiations with representatives of provincial and territorial governments, members of aboriginal, Métis, and Inuit communities, and representatives of relevant private sector

Mr. John Moffet: Mr. Chairman.

The Chair: Mr. Moffet.

Mr. John Moffet: Could I make a friendly suggestion? If the objective is to include “provincial, territorial, and aboriginal governments”, then you could just limit it to the term “governments”, which is a defined term in CEPA to include provincial, territorial, and aboriginal governments. So you could just use one word instead of the—

Hon. John Godfrey: We have “communities”. I guess my only concern is that in our desire to be inclusive, the one group that—Can one speak of Métis “governments”? That’s my only concern.

Mr. John Moffet: Yes, that’s a fair point, and we don’t have a clear policy as to the inclusion of Métis, so maybe I’ll retract my friendly suggestion.

Hon. John Godfrey: All right. This is key to a number of things that follow in our discussions: the creation of this entity, this independent agency, the green investment bank of Canada. Members will recall that Bloc motion BQ-6, which refers to an “independent body”, has referred to this particular entity. They have put in the green investment bank of Canada as being the independent entity because it went to some degree in recognizing the desire of the Bloc for a territorial approach. The point of this organization is to receive money from entities that emit excessive amounts of greenhouse gases. The purpose of that money is to be reinvested by those very companies in technologies that will reduce greenhouse gases. So every company that is in excess of its 1990 minus 6% target invests a portion of its funds into this account, with the idea that the money then gets reinvested in greenhouse gas emission reduction technologies.

We think that this, to some degree, follows the initiative of Premier Stelmach, who has introduced a similar linked concept of a target for large emitting entities. The money gathered for those entities that is in excess gets put into a technology fund. We’re being very precise that the money is reserved for the first two years, for those companies to reinvest. As they reinvest they get the money out.

Furthermore, we have introduced the concept that if the companies do not spend that money, the money remains, by and large, in the territory where it was collected. So, again, there is a recognition of territoriality.

It is through this mechanism that we will be able to address in greater detail how we can start to move towards our targets that are outlined in subclause 21.(1).

We’re quite careful about leaving the possibility that we could designate an existing body or that somehow a new body can be created. That is the object of the consultations with everybody we’ve set out. We do not mandate a particular form of this, but we think it handles the objections of industry that somehow by charging companies for exceeding their carbon budget, which we will get into in greater detail, they’re being taxed. The idea is, it’s really a directed reinvestment plan, and it’s designed to expedite the reduction of greenhouse gases by major greenhouse gas emitters. We think this will set in place a dynamic, starting in 2008, that will change the course of emissions. We have tried to later on put in a price structure that will encourage companies to make those reinvestments, but not at a horrendous economic price.

So this is a very crucial part of what is to come in terms of the carbon budget strategy that follows. This is the entity that Monsieur Bigras referred to, and I will leave it there.

● (1145)

The Chair: Mr. Jean.

Mr. Brian Jean: Well, we’ve already gone through this, Mr. Chairman, but I’m going to do it anyway, because if I did any less, you would consider me less.

I oppose this on the basis that it requires a royal recommendation. Indeed, if you look specifically at proposed subparagraph 63.1(2)(f) (i) and at subsection (3), that is a carbon tax and somebody has to administer the carbon tax. I would suggest it would be the government. You can call it anything you want, but it’s a carbon tax of a carbon tax. So I would object on that basis.

The Chair: I hear your objection, but my ruling will be similar to what it was, and I forget which specific one we were talking about—entering into negotiations, not presupposing the outcome of the negotiations—so I will rule your intervention out of order.

Mr. Brian Jean: Mr. Chairman, with respect to proposed subsection 63.1(3), the tabling of a report is not a negotiation; it is a tabling of a report.

The Chair: Ministers table reports all the time.

Mr. Brian Jean: I understand, but it costs money and somebody has to pay for it, as well as proposed subparagraph 63.1(2)(g)(i), the promotion of early action.

The Chair: Well, it costs money for us to be here too. It will be the same.

That’s proposed subparagraph 63.1(2)(g)(i)?

Mr. Brian Jean: It’s proposed subparagraph 63.1(2)(g)(i) and proposed subsection 63.1(3), the promotion of early action, which obviously takes some money and also the transfer of funds.

The Chair: But it doesn’t necessarily take government money to do that. All of that is subject to negotiation, in any event, and my ruling will stand on that.

As always, Mr. Jean, we never take these things personally.

Is there any further debate on amendment L-19.1?

Mr. Warawa.

● (1150)

Mr. Mark Warawa: Chair, we know that the Liberal plan was to send billions of dollars out of Canada to try to buy our way out of this environmental mess that they’ve left us, and we’ve heard even as recently as a few weeks ago that they were praising a \$100 billion tax scheme to apply to Canadians.

Now what’s being proposed here is the introduction of one of the largest corporate tax increases in recent history with no expectation of achieving any reductions in greenhouse gases. The Liberals’ proposal of an uncapped investment account is nothing more than a carbon tax. They would like to disguise that carbon tax within the hidden language, but in fact it is a tax. With no cap, companies can buy their way out of achieving real reductions in greenhouse gas emissions. That’s unacceptable. It renders their hard cap meaningless.

While the Liberal scheme for greenhouse gases is weak, their plan on air pollution is completely missing. Canadians witnessing increasing smog in their cities and struggling with respiratory illnesses such as asthma want a real plan. This is not in what's being proposed here. It's a tax. The leader, Mr. Dion, can talk all he wants about schemes, flip-flopping on the issues, but this is a tax that will not be good for Canada—billions of dollars of tax, a tax saying you can buy your way out and continue to pollute. That's not the solution. We need to have a reduction in greenhouse gas emissions, a reduction in pollution, and this will not take us there.

The Chair: Thank you.

Mr. Scarpaleggia.

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

The honourable parliamentary secretary exasperates me. The Conservative Party has so stretched the definition of tax over the years that it has become meaningless. About a year ago, the then opposition critic for the environment, who is now the chair of the environment committee, said we could not include greenhouse gases under CEPA and regulate them, because that would amount to a carbon tax, and now the government is proposing to use CEPA to regulate greenhouse gases in some obtuse manner.

This proposal is not for a carbon tax. I think we have to be clear about that. It is more akin to an eco-RRSP for large final emitters in this country. It is a fund that they can invest in and they can get the money back to invest in high-rate-of-return, energy-efficient projects. So I'd like to simply make that statement for the record.

The Chair: Thank you, sir.

Monsieur Bigras.

[Translation]

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

I think that we would support the first choice of the Liberal Party as far as this amendment is concerned, and may I remind you that this happened several amendments ago, namely yesterday. The point is to create an organization which is independent from the government, and which we have called the Green Investment Bank of Canada. In my opinion, this is the way to go.

Under this amendment, an independent organization would be created, and it would be responsible for negotiating and creating a fund which the major polluters, namely large industrial greenhouse gas producers, could pay into, and which they would then be able to access at a later date.

I don't see how the Conservative Party could oppose this type of amendment, since up to 80% of the money in the fund would be spent in the province the money was paid into. In my opinion, it is completely wrong to say that this is a tax. In fact, large industrial polluters, many of which are located in Alberta and in the rest of Canada, will be able to access this fund. In my opinion, it represents a contribution which large polluters will make to a fund from which money would be taken in the future to finance projects aimed at reducing greenhouse gas emissions. Of course, these projects would have to be approved by the independent organization.

I think this is the proper option. It is essential given the discussions we have had on the principles and the content of the Bloc Québécois amendment. Mr. Chairman, we will therefore support the Liberal amendment.

• (1155)

[English]

The Chair: Thank you.

Mr. Cullen.

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

We've been looking at this for a while, and it's of interest if it leads to a polluter-pays principle. One of the fundamentals for us, particularly with the large final emitters, the large polluters in this country, is that a line item will appear in their accounting. They can account for wages, health benefits, and new investment in technologies, but at this point in our economic structure there's no accounting for pollution. There's a cost, and that cost is meant to be dispersed and the burden borne by society as a whole. That's not necessarily fair.

There's one question that was raised by some of the Conservative members, and I'd appreciate an answer from the Liberal movers. It's on the notion of whether this amendment would encourage and allow the creation of a cap and trade system. It's interesting that it came from the Conservatives because I haven't heard them endorse a cap and trade system yet. In order to have a cap and trade you need to have a cap. That means you need to have an absolute limit to what a company can produce, not an intensity-based limit, because that fluctuates. There's no real way to account for that under a cap and trade system; you need an absolute cap.

If the Conservatives have come on to that stream, I encourage it. So that question needs to be clarified for us.

There are two last things. The purpose of this committee was to bring forward new and substantive ideas to the challenge we face as a country around climate change—new ways to generate investment. It's important to us that companies going over their caps are able to draw down on these funds and make the investments right there domestically. The Conservatives, New Democrats, Liberals, and Bloc have all supported domestic investment. In order to spur that investment and encourage those changes we need to have both a carrot and a stick approach. That has worked for us in the past when making changes to our industrial group.

Finally, I'd like to move a friendly amendment that I think would have a greater and far-reaching impact on this. I'll read it into the record now if that's all right. We would add a portion to proposed paragraph 63.1(2)(h). I'll read it in its entirety and we can make copies available to you. It reads:

where funds are transferred out of the green investment account of a large industrial emitter into a green industrial fund, the mandatory expenditure by the agency of those funds for the purpose of furthering the progress of projects to reduce the greenhouse gas emissions in Canada,

This is the new portion:

a target of 50% of which will go into a building retrofit revolving fund program, the remaining 50% to be invested in the greenhouse gas reduction projects

Then it goes on:

with a minimum of 80% of the funds to be spent on projects in the province or territory in which the large industrial emitter is principally situated.

Then proposed subparagraph 63.1(2)(h)(i) would read:

Funds shall be allocated in a manner that maximizes verifiable GHG emission reductions.

First and foremost, this money goes to the companies that contributed to the fund. There's the two-year window in which they're allowed to draw down. Once that large polluter has decided to not access the funds—which would be a curious choice because it would be their money—a portion of them would go into this revolving fund.

This is a model that has been used successfully in conjunction with municipal and federal governments. The municipal green investment fund was one such version. The nature of the revolving fund is really important because it allows seed money to be created and the money to be generated over and over again and to have huge effects. The green municipal funds have been used time and time again to encourage projects that have helped communities right across this country. I suggest that communities in all of our ridings, even of members sitting around the table, have accessed such a revolving fund.

So the amendment we're moving would unleash a little more of the potential of what Canadians deem possible.

• (1200)

We have all heard petitions from various municipal councillors and just from Canadians working on this, that the access to funding for some of their progressive projects to reduce the burden on taxpayers—for example, on energy costs—is there and has been waiting in a holding pattern for too long. This would allow those projects to go ahead.

So I'd be curious as to how that would be deemed by the mover. If this would be deemed as a friendly amendment, perhaps we could go ahead and make that change.

The Chair: Mr. Jean is next up.

Mr. Brian Jean: I do have some concerns, and quite frankly, Mr. Cullen, that was not a bad start. But my first concern is in relation to the two-year window. Just having been in this place for three years now, I see how slowly government moves, and I'm wondering about approved projects and other scenarios. Most large final emitters have 25-year forecasts, and that's their business model. They don't allocate funds for some three or four years, depending on the project. They do cost analysis and stuff. So I think the two-year window is certainly too short.

As well, I'm wondering where the Liberals came up with the amount of 80% of the funds to be spent in projects within an area. First of all, why would it be 80%? Why would it not be 100%? Secondly, why would there be a “territorial-provincial” approach instead of a “sector” approach? If they put the money in from the auto sector, why wouldn't it be spent back on the auto sector and give them an opportunity to forecast that over a period of five or six years? So those are my questions in relation to both.

The Chair: Mr. Godfrey.

Hon. John Godfrey: Let me take those in sequence.

Let me begin with the fact that we accept the NDP's friendly amendment.

Secondly, the question raised by Mr. Cullen about how this would fit in with a cap and trade system is answered to a degree in our amendment L-20, which anticipates the creation of a greenhouse gas emissions trading system. Obviously, by setting a price for the carbon budget, you are in effect putting in place a cap. It is anticipated in L-20 that a company may choose to participate in a carbon emissions scheme so that it reduces the amount of money it would have to invest in the green investment bank. In other words, the first thing it might wish to do is some domestic carbon trading or some domestic offsets. It's only after it has done that that it will move into the position where it might be liable to make some of these investments in the green investment bank.

Regarding the question about the two-year period, it is simply that during that two-year period the company would have to designate how it was proposing to spend the money on its investment. It would not have to have completed the investment or to necessarily have made the investment. It just has to say what it intends to allocate—I think the word is “allocate”—to an approved project.

Mr. Jean asked about the 80%. Quite simply, the criticism has often been raised in various parts of the country that there would be a wholesale transfer of money from one part of the country, by whatever mechanism, to another part. We recognize that that was a valid criticism, and in order to allay that criticism, we would want money reinvested in the province of origin, in anticipation of the argument that one part of the country was financing the rest of the country. That would seem unfair to that part of the country. So we anticipated that.

The final argument was made by the parliamentary secretary, who described this as a “carbon tax” and a “tax grab” and “buying your way out”. I don't understand how the principle of what we're doing here varies in any way from what Premier Stelmach himself has proposed in the province of Alberta.

So every criticism you make of this plan, that Mr. Warawa makes of the plan, could equally be applied to Premier Stelmach. What we're talking about here is not the principle, but the degree. So I would caution him, in his criticism, to take that into consideration.

Thank you, Mr. Chair.

• (1205)

The Chair: We've had a friendly amendment proposed. We haven't heard whether you have accepted that.

Hon. John Godfrey: That was my first point. I accept the friendly amendment. That was my opening.

The Chair: I'm sorry. Okay.

Is there further debate?

Mr. Jean.

Mr. Brian Jean: I'm wondering whether or not—Firstly, he didn't actually answer the question as to why “provincial and territorial” instead of “per sector”; that's the first thing. We all share the same shed, the same air. If it's going to be invested, if it's going to be taken from one particular sector that needs to improve its greenhouse gas efficiency, why is it not being reinvested in that instead of reinvested somewhere else? That's the first question. This does not make any logical sense to me, because we all share the same air.

I wonder whether he would consider a friendly amendment for 100% of the funds to stay in the province, if he's not prepared to look at a per sector basis, and whether or not he would look at a four-year period for an allocation instead of a two-year period, because I just do not believe, based upon my experience—and I would assume his, since he's been here longer than I—that government would allocate or do anything within a two-year period. The application process itself will take that long, in my opinion.

So I'd like to hear why per province or territory instead of per sector, and whether he would consider those two amendments.

The Chair: While Mr. Godfrey's thinking about that, Mr. Cullen has an intervention.

Mr. Nathan Cullen: There are two things. One is about a company's ability to draw down from that account. For some of these projects, in terms of reducing the amount of greenhouse gas emissions coming out of their site, there are two things. One is, we have long imagined that once the signals are sent, there will be broad sectoral approaches to these things. It's not going to be one company marching out alone while the other ones don't, because they'll all be working under the same rules, particularly if they're applied fairly.

To that point, there have been some, and we've heard from some of these companies already at this committee, who have done much of the legwork already in terms of research as to what's feasible, what types of measures cost what. And they've done much of the engineering. The reason we're comfortable with the two-year window is that in terms of launching those projects, there are feasibility studies, and the engineering beyond a two-year scope is not really required.

To do a feasibility study or an engineering scope on a project—Companies move at rates much quicker than this, and we've heard that. To simply design the project over a two-year concept window—If they're going much beyond that, their shareholders are going to have some questions for them. But that's for them to manage. There are companies that have been doing that without any signals put so far. They have been doing the engineering and designing and talking about things such as sequestration. There have been feasibility projects, and this government has made lots of laudable claims about just that project alone—how applicable sequestration is and what the costs per tonne are. A lot of that work's been done.

In terms of the bank being drawn on by other communities and there being a lag period, we very much imagine that the communities would be coming forward with concepts and projects that are already on their books. There probably isn't a municipality of any size in this country that does not have right now, at least in concept, if not already fleshed out in the development stage, projects they deem to be worthwhile for the environment in terms of greenhouse gas

mitigation. We think there'd be an oversubscription to that particular portion.

In terms of companies' responses, the companies will always say the things take longer; they always will. This is not necessarily their responsibility. They're not in the business of reducing greenhouse gas emissions; it's not their job. Making this part of their job is what we think is incumbent upon government.

• (1210)

The Chair: Monsieur Bigras.

[Translation]

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

I am having a hard time understanding Mr. Jean's arguments. On the one hand, the western provinces, including Alberta, have guaranteed that there will be no transfer of money from one part of the country to the other. This very strong part of the Liberal motion should convince the representatives of some of the westernmost provinces. There is, therefore, a guarantee that these funds will be directly reinvested. Moreover, representatives of some of the large industrial sectors told us, during our hearings on Bill C-30, that the technology does exist, particularly for capturing and sequestration, but it will have to be funded.

This amendment would free up enough capital to provide for a rapid implementation of existing technologies. I trust the industry and large emitters to use their account to bring forward projects that will improve their efficiency in terms of greenhouse gas reduction.

If the large emitters don't come forward with a proposal, it is clear that these amounts will go directly to a fund that could be used to reduce greenhouse gas emissions. First, this proposal guarantees the large emitters the funding that will be available as long as they are proactive. Second, large industrial emitters, particularly in Alberta, will have a guarantee that they can keep the capital, which is required for investment. Third, we have to trust the large industrial sectors when it comes to the projects.

[English]

The Chair: Mr. Godfrey, there was a proposal of a friendly amendment. Could we have your comment?

Hon. John Godfrey: Here's my reaction to the three suggestions made by Mr. Jean.

• (1215)

Mr. Brian Jean: One was a question.

Hon. John Godfrey: A question. All right.

The first point was the provincial versus sectoral approach. Don't forget that what we're talking about is the residual, the amounts that would not have been invested or allocated or applied for within the first two years. Our frank anticipation is that any commercial entity worth its salt would have got its application in to get its money back, so it's not willingly going to surrender the money. So there will not be a large balance in the account.

Secondly, our view was—and again, I think Monsieur Bigras made the point very well in arguing for a territorial approach to the balance of the funds—it makes a lot of sense to avoid the perception that one part of the country is being drained for another.

I think in practical terms if, for whatever set of reasons, a company fails to take up its money, it may well be that another company in the same province in the same line of work will find better use for that money than the original company—which strikes me as something the board of directors of the surrendering company might want to address.

So I don't know that it's a real problem, but we were trying to deal with the perception that we were draining one part for the other.

The second point was, why not 100%? You reversed the argument and said why not 100%? You should remember that, in effect, we have moved somewhat in your direction with the NDP friendly amendment, which says that a target of 50% might be used for retrofitting projects and that retrofitting is not limited to the particular province where the source of the money comes from. So in some ways we have recognized Mr. Jean's point—perhaps not in a way you anticipated or wanted—that there is a way in which the money, should there be any in the account, after a two-year period could go across the country for retrofitting purposes, while still leaving the balance of that money, to the degree of 80%, to be reinvested in the territory.

And then on the final point, which has to do with four years versus two years, I have a couple of points. First of all, the number of large final emitters in this country is not limitless: there are 700 of them. It's not like Europe, where there were 11,000 and we didn't have good data. So we're actually in a fairly controlled universe of 700 entities that produce 50% of greenhouse gas emissions in the country.

Secondly, we think that any company worth its salt does have plans on the books to expedite or hurry along the investments that will reduce greenhouse gases.

I think what we're trying to do here through all of these amendments, particularly this one, is to create a sense of urgency. I would remind Mr. Jean that industrial companies, when they are put up against a real challenge, as in World War II, for example, when there was a shortage of artificial rubber because Malaysia had been captured.... At that time, we mandated a company called Polysar Corporation in Sarnia, Ontario, to develop artificial rubber from zero to 100, and they did it in 18 months.

So when Canadian companies are given that sense of mission and urgency, and the right kinds of financial incentives, as would be understood in the creation of a green investment bank of Canada, we think they are capable of moving beyond a leisurely pace to an urgent pace. We think the situation of climate change and the threat of global warming are such that this is a very good reason to be urgent—and two years will do fine.

The Chair: Mr. Jean.

Mr. Brian Jean: Mr. Chair, I just have a point.

Would you consider the word “application” instead of “allocation”, because an allocation requires a positive step by bureaucrats to get the job done for an approved project? In this particular case, you're suggesting that the money goes into a fund and that within two years they have to be approved for that project.

Hon. John Godfrey: Can I hold off on that for a—

Mr. Brian Jean: Certainly, but if the industry made an application for it, at least they would be showing good faith and best efforts towards that, instead of, for instance, an “allocation”.

Hon. John Godfrey: There is a sort of sequence of events, which is spelled out in the proposal. Under proposed paragraph 63.1(2)(d) they make a proposal for how they are planning to do their reduction. That proposal is then evaluated by this agency.

This agency is not an arm of government. It is an independent agency, which may be in fact an existing agency. It could be a private sector agency. We do not stipulate the exact nature of the agency, because that's the purpose of the consultations.

What we think is that we can complete the cycle of submission and evaluation within a two-year period. I think—and this is basically the proposition here—that there will be a sense of urgency because money is involved, and that the whole cycle of submission, approval, and allocation can take place within two years.

The Chair: Is there further debate?

Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

It has been an interesting debate today on the Liberals' amendment, but the fact remains that the green investment bank would be a core element of the Liberals' proposed carbon budget, and a tax is a tax.

I just want to read into the record the history of the Liberals' position on a carbon tax. In June 2006, deputy leader—then Liberal leadership candidate—Michael Ignatieff said, “But we also have got to have popular, practical, believable policies that may involve some form of carbon tax.” That was on June 10, 2006.

Then a few months later, in September 2006, Stéphane Dion said—this is quoted from his release of September 5, 2006—on carbon markets versus carbon tax:

A carbon tax is less effective than a carbon market at reducing emissions. Some of my opponents for the Liberal leadership have suggested that a carbon tax would be the most effective measure to curb climate pollution. This is simply bad policy.

Then in February 2007 Mr. Dion “said he opposed the idea of a carbon tax”. That was on February 26, 2007.

On March 1, 2007, Mr. McGuinty is quoted in the *Globe and Mail* as saying—He took part in the news conference by Friends of the Earth, and he was quoted as praising the proposal. In the *Globe and Mail* of March 1, 2007, he says that “Every senior economist and expert who's appeared before the committee [that is studying climate change legislation] has spoken very much in favour of a carbon tax approach.” That was in the *Globe and Mail* of March 1, 2007.

The next day the Liberal leader, Stéphane Dion, was quoted in the *Globe and Mail*:

“We have a set of possibilities and it's a possibility,” he told reporters when asked whether he is considering supporting such a tax.

Then four days later, regarding a carbon tax the *Globe and Mail* of March 6, 2007, said:

Liberal leader Stephane Dion will not call for a carbon tax when he releases his party's new environmental platform in the coming days. Mr. Dion's [spokesman]... insists the leader has been clear on this issue.

Yet what we have before us today is the mother of all carbon taxes. A tax is a tax. Our government is committed by mandatory regulation across all sectors of industry to reduce greenhouse gas emissions. What's being proposed here is a carbon tax—billions of dollars of tax, collected and yet achieving nothing.

The Liberal record on the environment, Mr. Chairman, after 13 years is 35% above the target. Canadians want action. They want reduced greenhouse gas emissions, and establishing a carbon tax across the industry does not require reductions in greenhouse gas emissions.

It's not the way to go, and we don't support it, Mr. Chair.

• (1220)

The Chair: Thank you.

Mr. Cullen.

Mr. Nathan Cullen: Thank you, Chair.

I have just two small comments. I won't argue on behalf of the Liberals too hard on this one. It's just not in my nature, generally speaking; try as I might, it's difficult.

First of all, the notion of the carbon tax is something you have no choice but to pay, and the notion of collecting funds from those who choose to pollute beyond their caps is a choice being made.

Secondly, what we're encouraged by is that this is holding in trust the money that will then go back to the polluters themselves if they're able to design projects that would then mitigate the emission of greenhouse gas reduction. Those are two fundamental principles. If only we could have income taxes in this country that worked this way, where you simply had some relevance in choice as to whether you paid it or not. Then, if you did end up paying, you would have a two-year window from which to draw it back down to improve your own life or something else. It doesn't work that way in the nature of a conditional tax.

I see the chair is taking feverish notes.

Some hon. members: Oh, oh!

Mr. Nathan Cullen: The one important thing I want to say, though, is that as we approach the conversations of the substantive tools and measures we need to wrestle greenhouse gases under control in this country, almost to an amendment the government has tried to get them ruled out of order, has chosen to seek delay or to bring in notions of political rhetoric and these types of things. I'm getting disturbed by the trend. If what we want to do is to debate substantive choices—this cap over that cap, this target over that target, or this measure over that measure—then let's do that, but there's a disturbing trend that I would encourage the government members to avoid, which is to seek to rule out of order everything that would actually lead Canada to doing something about greenhouse gas emissions, or to seek to bring in notions of a political conspiracy or debate.

Let's talk about the substantive. That's why we suggested the creation of this committee in the first place; it was to debate policy,

to debate options, and not to seek to throw wrenches into the works. So let's proceed in a more constructive way and have the courage to debate targets, hard caps, and measures that we think will get us to where Canada needs to be.

• (1225)

The Chair: Is there further debate?

Mr. McGuinty.

Mr. David McGuinty: Very quickly, Mr. Chair, I'm wondering if the government has any semblance or even a small, thin iota of positive commentary to make about a creative solution for the country. Do they have anything positive to say, or do they want to make an amendment to this amendment? Are they proposing something constructive? It would be helpful, as opposed to a pre-election speech. Is there anything positive on the table from the government members now, Mr. Chair, through you?

The Chair: Mr. Jean.

Mr. Brian Jean: I think it's clear. I proposed three or four different amendments and I asked six or seven different questions to the member in relation to this, and I asked some of the NDP members. So how can he suggest that this is diatribe and political pondering? They're the experts at it. They would know better than I. Certainly, I think my questions were asked in good faith and I expected answers to them, and I received some assurances, although not very many, to be blunt. I do still have serious concerns with this carbon tax.

The Chair: No further debate? Are we ready for the question? I just need to be clear that you're voting on L-19.1 with a friendly amendment at 63.1(2)(h), where it's replaced with:

where funds are transferred out of the green investment account of a large industrial emitter into a green industrial fund, the mandatory expenditure by the agency of those funds for the purpose of furthering the progress to reduce greenhouse gas emissions in Canada, a target of 50% of which will go into a building retrofit revolving fund program, the remaining 50% to be invested in greenhouse gas reduction projects with a minimum of 80% of the funds to be spent on projects in the province or territory in which the large industrial emitter is principally situated.

Also, (h)(i):

Funds shall be allocated in a manner that maximizes verifiable GHG emission reductions.

(Amendment agreed to)

Mr. Brian Jean: Are we done with L-19.1?

The Chair: We are done with L-19.1, so new clause 10.1 is carried.

Mr. Brian Jean: My comment is not in relation to that, but I did promise the committee I would provide a copy of the report and also where my conclusions came from. I have a copy of the report that I would like to table, because members have asked for it. It confirms that the Kyoto commitment in relation to the credits themselves would cost somewhere in the range of \$38 billion. As well, I have... the number I remembered was \$80 billion over the next 35 years, and that's from the C. D. Howe Institute. It says if this policy approach continues—referring to this particular committee—we will spend at least \$80 billion over the next 35 years, but without reducing GHG emissions.

I would like to table this because it was asked for. Thank you.

The Chair: Thank you, Mr. Jean.

We are moving on.

(Clauses 11 to 13 inclusive agreed to)

• (1230)

The Chair: Now we have new clause 13.1, which is covered by NDP-16 on page 31, which adds two new sections.

Mr. Cullen, over to you.

Mr. Nathan Cullen: In the spirit of the sudden pace and proficiency, I won't be moving this clause, Chair.

The Chair: Terrific. So we'll just move on to clause 14.

(On clause 14)

The Chair: There's one amendment to clause 14, NDP-16.1 on page 31.1.

Back to you, Mr. Cullen.

Mr. Nathan Cullen: Thank you, Chair. I would seek the permission of the committee to stand this clause until we deal with L-21 which is, I believe, two away. They're connected. Beginning on this one without having had the discussion on L-21 wouldn't make a lot of sense, so we'll seek to stand this until L-21 is finished.

The Chair: Okay. The committee concurs?

Some hon. members: Agreed.

(Clause 14 allowed to stand)

The Chair: We are moving on to new clause 14.1, which is covered by one amendment, L-20. I'll point out that L-20 is consequential to L-21 and L-21.1, and there are a number of consequences if L-20 is negative. But I'll turn it over to Mr. McGuinty.

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

It's a pleasure to speak to this amendment and to move it formally and take a few minutes to explain how this would connect to the previous amendment, which we've just passed, that spoke to the negotiations for the creation of a green investment bank, green investment accounts, and a green investment fund, as amended by the NDP.

This amendment does several things. It amends Bill C-30 by providing that the Governor in Council can create, for example, a greenhouse gas emissions trading system that will require issuing and trading transferable carbon permits here in Canada by large industrial emitters, the same group referred to earlier by my colleague, Mr. Godfrey—roughly 700 large industrial emitters that are responsible for approximately 54% of all of Canada's greenhouse gases.

It also provides, Mr. Chair, for the creation of a domestic offset system, which of course talks about making sure that any transferable carbon credits that are traded are incremental and verifiable annual GHG reductions. They're linked, of course, to the notion of an individual carbon deficit of any single large industrial emitter.

We're also calling for a clear description of what person or classes of persons can actually own a carbon permit or a carbon credit—in other words, who can trade. We would be calling for the Governor in Council to set up the rules and the procedures for trading carbon permits or carbon credits.

Here, in proposed paragraph 94.1(2)(c), we would be doing something very important. We would be making sure that the greenhouse gas emissions trading system and the domestic offset system that we would like to see created in this country would be linked with international greenhouse gas emissions trading systems that establish incremental and verifiable greenhouse gas emissions reductions. These, of course, would have to be compliant with the Kyoto Protocol, as that, of course, would be amended from time to time. It speaks more directly to the two mechanisms inherent in the Kyoto Protocol, the first being joint implementation and the second being the clean development mechanism.

Here I think it's important to pause and remind ourselves of the overtures and the testimony given by the president of the Montreal Exchange and the president of the Toronto Stock Exchange, and in particular the 10-page memo that was sent to the government last December by the president of the Toronto Stock Exchange pleading with the government to not penalize Canadian companies by shutting them out of international carbon markets, thereby driving up the price of carbon for our Canadian large industrial final emitters and of course rendering the Canadian market an illiquid and small market with very high greenhouse gas carbon costs.

This amendment also goes further by prescribing the price for carbon in 2013 at an amount equal to or greater than \$30 and of course giving flexibility to the government to take into consideration foreign and international greenhouse gas emissions trading systems. This will be important for us, Mr. Chair, as the European Union carbon markets take hold more formally on January 1, 2008, as the emerging carbon markets out of the United States hook up eventually to international markets, and so on.

This amendment also goes further to address some of the concerns raised on numerous occasions, particularly by government members, the Minister of the Environment, and the Prime Minister in his speech in Montreal just this week, because this amendment, under proposed paragraph 94.1(3)(a) prohibits the use of prescribed hot air credits to reduce the individual carbon deficit of large industrial emitters. So it ought to I think fully address the concern of the government. I cannot see how they could not support this, given that their opposition to international carbon markets has been chiefly, if not solely, predicated on the notion of what they describe as hot air purchases.

• (1235)

It also goes further by ensuring that at least until 2010, not more than 25% of the individual carbon deficit of a large industrial emitter is offset by using credits from foreign and international greenhouse gas emissions trading systems. This is again something we heard from some witnesses, but chiefly to ensure that the lion's share, by far, of investment made to reduce greenhouse gases stays right here at home. In fact, it really does provide the basis for a real made-in-Canada plan to deal with greenhouse gases.

And finally, and very importantly, in proposed subsection 94.1(4), it empowers the Governor in Council to make regulations to limit the quantity of carbon credits it issues, to ensure that the price of carbon is not less than \$30 a tonne. This will be important as Canada does eventually continue to trade in the emerging and booming international carbon markets. It will be important for us to give the government flexibility to achieve an appropriate price by using allocation of the number of credits or the total number of credits in circulation in Canada, for example, to ensure that carbon price is never less than \$30 a tonne on a CO₂ equivalent basis.

So we can see that this is obviously very much connected to the previous amendment that we have just passed, or discussed and debated, and spoken to chiefly by my colleague, Mr. Godfrey. We believe it is the second piece of a new approach to immediately start on January 1, 2008, to achieve our greenhouse gas reduction targets, and we rule out the chief concerns of the government as manifested at this committee now over the last several months.

Those are my remarks.

● (1240)

The Chair: Thank you, Mr. McGuinty.

Monsieur Bigras.

[Translation]

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

I will try not to take as much time as the member who introduced the amendment.

This type of amendment has been a long time coming. Canadians have been waiting for an international greenhouse gas emissions trading system. Business people, environmentalists and investors have been anxious to have this type of system in place. The Montreal Stock Exchange has already signed a derivative products agreement with the Chicago Stock Exchange.

We have everything we need, and all of the stakeholders are ready to commit to a greenhouse gas emissions trading system. It is interesting to note that the motion ties the greenhouse gas emissions trading system to international systems as provided for in paragraph 94.1(2)(c). This would give our companies access to foreign markets. Already, Europe has estimated the potential of a future hot air credit market at \$70 billion. This motion would allow our companies to have access to foreign markets while, at the same time, allowing us to meet our Kyoto objectives and as I said earlier, it would minimize the implementation costs.

The European estimate of the impact of applying Kyoto is 0.1%, precisely because the carbon market represents a powerful tool to meet the Kyoto objectives while minimizing the financial impact on the economy.

The government will probably also be happy with paragraph 94.1(3)(a), which would prohibit the use of hot air credits designated by the regulation to reduce individual carbon deficits of large industrial emitters. This week, when the minister appeared before the committee, he accused the opposition of wanting to buy foreign hot air credits. In my opinion, the amendment shows that it is not and has never been the intention of the opposition to use these hot air credits to reduce the carbon deficit.

Through this amendment, we will ensure that not more than 25% of the individual carbon deficit of a large industrial emitter is offset by using credits from foreign and international greenhouse gas emissions trading systems. So, through this amendment, large industrial emitters will have to put mechanisms in place to reduce their greenhouse gas emissions at source.

I think that this bank, where companies and large emitters can open an account, will ensure that companies will not have to go abroad to meet their carbon deficit requirements, but, from time to time, they will also have to ensure that they reduce greenhouse gas emissions at source, by, of course, using available technologies. The large industrial emitters told us that they didn't have the funding that they needed. So we are creating an account, or a fund, that they will be able to use to a limited extent, for the purposes of the carbon market, to deal with the carbon deficit, while ensuring that there will be reductions at the source.

● (1245)

[English]

The Chair: *Merci, Monsieur.*

Mr. Jean.

Mr. Brian Jean: Thank you, Mr. Chair.

Thank you very much for lunch. It was very tasty. And I would like to thank the environment committee as well, and Mr. Mills.

First of all, is this amendment in order, Mr. Chair?

The Chair: Yes, it is.

Mr. Brian Jean: I'm just wondering if the mover would take a friendly amendment in relation to this, and I'll go through the reasons why.

First of all, I did have an opportunity to meet with the Australian National Emissions Trading Taskforce, and they indicated at the time that they were considering the possibility of being very flexible in any legislation they put forward to allow other international agreements to link to their trading market.

I'm wondering about proposed paragraph 94.1(2)(c), speaking of politics, the Kyoto Protocol, etc. I'm certain that's why they put that in there. Instead of the specific reference to the Kyoto Protocol, which obviously limits our future ability to either change the legislation or to continue to include international agreements to which Canada is a signatory or that Canada has ratified...instead of the specific reference to that, which obviously limits our ability in the future to link with others.

Of course, we don't want to limit the application of this section, but I have a second question. Weren't the Liberals the \$15-a-tonne government, with \$15 a tonne being the amount industry was going to have to pay as a maximum and taxpayers footing the bill for anything more? Now we've moved to \$30 a tonne. I'm just wondering if, two years from now, it's going to be \$45 a tonne or \$60 a tonne. Where did this number come from? As we know, the European market has traded from one extreme to the other, so I don't understand why they flip-flopped on this one, from \$15 to \$30.

So there are the two questions, first of all on the amendment and secondly on the number.

The Chair: Before moving on to the next member with his hand up, I'll just ask if you will accept that friendly amendment, and then you can comment.

Hon. John Godfrey: If the point of the amendment is to say "compliant with Kyoto—as amended from time to time" and it adds "any successor agreement", which would imply that it was a successor within the United Nations process—in other words, as opposed to outside it—then some form of words along those lines might work. That's provided we're explicit about the United Nations process and are recognizing that there will be something post-2012 that won't be called Kyoto, of course.

Mr. Brian Jean: Of course, just to respond to that, you realize that the G-8 plus 5 is not under the United Nations framework, and they account for 70% of the GHGs and the UN only 30%. We're limiting ourselves to 30% of the countries in the world that emit 30% of the greenhouse gases. It just seems like we're limiting ourselves for some political point that seems to be, quite frankly, irrelevant to the point of reducing greenhouse gases. Wouldn't we want to be able to link up to any international agreement?

Hon. John Godfrey: With respect, the G-8 plus 5 is not an international negotiation like the Kyoto Protocol. It is the coming together of like-minded parties trying to advance the file, but it doesn't have the same function under international law. It's not part of an international institution. The only international institution within which this all occurs is the United Nations Framework Convention, of which the Kyoto Protocol is a subset.

The rest is nice. It's like the AP-6 or something else. These are all nice things, but they have no authority, they have no enforcement, they have no timelines, they have no deadlines, and they have no targets. Apart from that, they're perfect.

The Chair: Mr. Jean, I think what I'm hearing is a lack of agreement on the friendly amendment.

Hon. John Godfrey: I think you got that right, Mr. Chair.

The Chair: It's not accepted as a friendly amendment, so we'll have to move on.

Mr. Harvey, please.

Mr. Brian Jean: I never received an answer on the \$30-a-tonne question, where we went from the \$15 to \$30. I'd like some clarification on where they came up with the number.

The Chair: That's out of order. The amendment is proposed as proposed. We can get back to that debate if you wish, but it's not a point of order.

Mr. Cullen.

Mr. Nathan Cullen: The concept and the need for an emissions trading regime is critical for the NDP, and I think for a lot of the witnesses we heard. There has been a growing move, even with some of the more slow-moving parts of our industrial sector, toward this as one of the options they seek to have.

There were some moments of irony, I suppose, when members from the oil and gas sector were asking for access to this market and didn't want to be limited. So you wonder who the holdouts are at the end of the day, who is actually left resisting a cap and trade system in emissions trading.

I think there's something important in this. The NDP first put two similar amendments forward for the creation of this. The Liberal one has come up first. We seem to be happy with it, although I have one pressing question.

There is the notion of being able to have a free-flowing market that can interchange. There has been much speculation in the United States and some other jurisdictions that are not yet involved in a cap and trade system about the ability to trade across boundaries that has to be built into the flexibility of the Canadian system, which we need to go beyond.

While I don't yet have clarity from the environment minister as to his openness to this—he seems to one day be open and perhaps the next day be not so favourable to it—the general momentum and trend within this conversation in Canada has been very much toward this option of allowing people to trade credits through a system designed in Montreal or somewhere else.

The one question I have for the mover of the motion is around the section prescribing persons or classes of persons that may or may not own a carbon permit or a carbon credit. There has been interest from some in the non-profit sector in gaining access to the market and taking a certain number of permits off the market, thereby not allowing the pollution to be emitted at any point. This is sort of the old buying a hectare of rainforest kind of thing, where for some other motivation people just wish the pollution not to be created in the first place.

I wonder if I can get a short answer from Mr. Godfrey or someone else on the team as to the acceptability of that. It's just not clear in the motion whether that would be available to individuals to take those permits off the market.

• (1250)

The Chair: Mr. Godfrey.

Hon. John Godfrey: I think I have the answer to this.

The first thing to note is that the first category of persons is really the 700 large final emitters that are spelled out elsewhere.

However, if one goes back to proposed paragraph 94.1(1)(b), which prescribes the creation of the domestic offset system that includes the requirement for and the issuing and trading of transferrable carbon credits for incremental and verifiable annual greenhouse gas emissions reductions, those credits are beyond the 700 polluting entities and may come from a not-for-profit organization or municipality, but they are subject to a couple of constraints. First they have to be incremental and verifiable. Second—and this is in anticipation of one of the comments that was made earlier about the European system—the government may wish to make sure that in the total issuing of credits, it doesn't inadvertently flood the market, which is what happened in Europe.

So I think the answer to your question is yes, because of the offset provision, credits will not be issued to just any old entity or person. They will have to demonstrate that they are incremental and verifiable.

I hope that helps.

The Chair: Monsieur Bigras.

[Translation]

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

I know that the government seems to have reservations about the reference to the Kyoto Protocol, but I believe it is essential.

Mentioning a compliance with the UN Framework Convention on Climate Change—the UNFCCC—is essential, for two reasons. First, people at the Montreal Stock Exchange and other stakeholders in the emissions trading system have told us that the system Canada establishes will have to be compatible with other systems. The system compatibility issue is crucial in ensuring a viable carbon market in Canada.

As a result, insofar as the systems established so far have been founded on the joint application concept provided for in the Kyoto Protocol, that reference to the protocol is crucial to ensuring that Canada's future emission rights trading system is viable.

Second, the reference to the Kyoto Protocol is crucial in enabling us to trade credits internationally. You want those credits to be recognized. And for them to be recognized in the achievement of our environmental targets, the benchmark must be the Kyoto Protocol.

So, for both the above reasons—the need for systems compatibility to facilitate access by Canadian companies, and the issue of credits traded internationally being recognized in Canada's attainment of targets—the Kyoto Protocol and UNFCCC reference must be expressly set out. That is what amendment L-20 achieves.

• (1255)

[English]

The Chair: We are coming up to one o'clock, at which time we had suggested that we may stop. I can't cut off the debate. Is there more debate?

Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

I think the points made by Mr. Jean are quite relevant. The scope that is being proposed here with the Liberal amendment is quite narrow, focusing at the 30%, saying that you play by our 30% rules and disregard the 70% of the polluters. I think that narrow scope is not the way to go.

I was quite surprised by some comments made by Mr. Cullen, unaware apparently.... Hopefully, he has read the Clean Air Act. Under clauses 29 and 33, it very clearly talks about carbon trading. It's on pages 28 and 29. So carbon trading has always been part of the Clean Air Act. The market should decide where that trade will occur. So it is already part of the Clean Air Act, and I don't support the Liberals' attempt to a very narrow scope. There would be no prohibition on the release of greenhouse gases without a permit, nor would there be any authority to create such a prohibition through regulation. I think what's being proposed in the Clean Air Act is a much better and larger scope and it's a better way to handle it.

The Chair: Mr. Cullen.

Mr. Nathan Cullen: A small suggestion. Perhaps it would bring the government on side to this if the mover were willing to take an amendment, to subsequent international agreements. If that's the scope you're worried about, that under Kyoto it's too limited.... I

believe this government is right now encouraging subsequent international agreements around the reduction of carbon on a global scale. Is that the type of change they're looking for?

Mr. Brian Jean: We proposed that they make it less restrictive.

Mr. Nathan Cullen: On your suggestion that you're going to vote against this because the carbon market is too restrictive to delineate just to Kyoto, if the wording could be tacked on that if there are subsequent—

Excuse me. Mr. Godfrey can clarify. I might get on the wrong track.

The Chair: Mr. Godfrey.

Hon. John Godfrey: I understood Mr. Warawa's point to be that it was unnecessary to introduce this particular system because it was anticipated in the original wording, although I'm just having some—

Mr. Nathan Cullen: No, I'm not referring to Mr. Warawa's last point. There was a motion made that this is just over-restrictive to industry, that it can apply to further—

I realize we're coming up to the end of our time here, Chair. However, if the notion is that there's a future international agreement that Canada is a signatory to, which includes emissions trading, and that's what the government is seeking to have, maybe we could make it a possible amendment whereby we could have unanimity around the creation of the carbon market.

Hon. John Godfrey: To some degree, if I may answer that, that is anticipated by the words under (c), which start with Kyoto "as amended from time to time". Unless one is anticipating an entirely different system that does not relate to the United Nations Framework Convention, I think we've captured that evolution that covers the post-Kyoto period. That would be my only reaction. I might be persuaded, but I think we've covered it.

• (1300)

The Chair: We'll go to Mr. Jean for a quick point.

Mr. Brian Jean: It's a very quick point. I think, Mr. Cullen, the reality is that if any country in the world does not abide by Kyoto—and they have their own system that they may believe is better, or their own trading mechanism that they believe is better—then they're not playing in the Liberals' ball game.

We proposed an amendment that would include any international agreement that Canada is a signatory to or had ratified. We could even look at other wording, but we believe that since the countries that are part of Kyoto produce only 30% of the greenhouse gas emissions in the world and other countries produce the remaining 70%, certainly if those countries were going to join Kyoto, they would have done so by now. But they're moving in other directions. They're ratifying other things. The G-8 plus 5 is looking, I believe, at next June in relation to their targets and setting some short-term and medium-term targets. As well, there are other agreements going on around the world, and I think—and quite frankly, this government thinks—that we should look at all opportunities to reduce greenhouse gas emissions and all opportunities to trade if indeed they will mean a reduction in greenhouse gases. But let's call the vote and get to it.

The Chair: Are we ready for the question? The question is on Liberal amendment L-20, for new clause 14.1.

(Amendment agreed to)

The Chair: Now it is one o'clock, but perhaps we could whip through three because there are no amendments.

Mr. Brian Jean: Mr. Chair, I have another meeting I have to go to.

The Chair: We have other meetings. This meeting is adjourned.

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