



House of Commons
CANADA

Standing Committee on Environment and Sustainable Development

ENVI • NUMBER 035 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, October 29, 2009

—
Chair

Mr. James Bezan

Standing Committee on Environment and Sustainable Development

Thursday, October 29, 2009

• (1110)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call the meeting to order.

I'm just getting going, Ms. Duncan.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): On a point of order, Mr. Chair, I'm requesting that my motion be dealt with not in camera. I'm fine with it being dealt with at the end of the testimony.

The Chair: I'll take that under advisement. We'll deal with that when we come to it on the agenda.

Let's start with our presentations. This is meeting 35 as we continue our study of Bill C-311.

I want to welcome to the table today, from the Pembina Institute, Matthew Bramley, director of climate change. From the Greenhouse Emissions Management Consortium, we have Aldyen Donnelly, president. From the International Institute for Sustainable Development, we have John Drexhage, director of climate change and energy. From the Canadian Wind Energy Association, we have Robert Hornung, president.

Mr. Hornung was supposed to be here on Tuesday, but unfortunately he wasn't able to attend due to a family matter. I'm going to allow him to go first on behalf of the Canadian Wind Energy Association.

If your opening comments could be less than 10 minutes, we'd appreciate that.

Mr. Robert Hornung (President, Canadian Wind Energy Association): Thank you very much, Mr. Chair.

I apologize to all committee members for not being able to join you here at the meeting on Tuesday, but as the chair noted, a family matter intervened. I do very much appreciate the opportunity to speak with you here today.

The Canadian Wind Energy Association is the national association for companies with an interest in the wind energy industry in Canada. Our 450 members include Canadian, American, and European leaders in wind energy product development, wind turbine manufacture and component supply, as well as key service providers to the industry. The Canadian members of our association are a diverse group, active in wind energy, but many are also conventional energy companies whose primary interests are electricity generation, oil and gas production, or pipelining. We also have a number of

companies that are focused exclusively in the renewable energy sector.

We believe that climate change is a serious issue and that the federal government must adopt legally binding targets and put in place supportive actions to reduce greenhouse gas emissions. In fact, the establishment of such targets and supportive actions is critical to providing the policy certainty required to allow the wind energy industry to make well-informed and effective investment decisions that are consistent with the government's policy objectives. It's important that such targets and actions are transparent and that progress against them is measured on a regular basis. We note that many of these elements or themes are part of Bill C-311. Policy uncertainty reduces the incentive to invest.

We believe that wind energy will have an important role to play in meeting Canada's greenhouse gas emission reduction objectives, as well as the federal government's objective to have 90% of electricity produced from non-emitting sources by 2020. It's broadly accepted that significant progress on emissions reduction is required by 2020. In the electricity sector, the actions that have the most potential to reduce emissions in that timeframe are energy efficiency and conservation, increased deployment of renewable energy sources like wind, and fuel switching from coal to natural gas.

This is already being recognized in many parts of the world. In Europe wind energy has been the single biggest new source of electricity capacity for the last two years. It's been the second largest source of new generation in the United States over the last four years. In addition to providing these benefits, of course, wind energy also represents an important economic opportunity for rural communities across Canada and a manufacturing sector looking for ways to diversify production into products and technologies that are poised for significant growth in the 21st century.

For wind energy to fulfill its potential in meeting Canada's policy objectives and for any climate change strategy to be a success, it will be imperative to put a price on carbon. In this regard, CanWEA is supportive of the efforts currently under way at the federal level to put in place an emissions trading system that provides flexibility to emitters through the use of greenhouse gas offsets from non-emitting activities like wind energy production. It's critical for wind energy projects to have an opportunity to capture economic value for their environmental benefits.

It's also true, however, that it's likely to be some time yet until a carbon price is in place, and even longer until that price is not influenced by public policy safety valves that are designed to mitigate the economic impact of greenhouse gas emissions reduction but, at the same time, prevent the market from fully representing the real price of carbon. In this transitional period, it will be important for the federal government to continue to provide policy support and incentives that recognize and allow project developers to capture the full value of the environmental and carbon reduction benefits of clean renewable energy sources beyond that which will be initially provided by greenhouse gas offsets.

As the federal government's ecoENERGY for renewable power program will have fully allocated all of its funding this fall, such incentives will no longer be in place. A failure to expand or extend this mechanism or replace it with an alternative will result in delays and possible cancellations of several wind energy projects, and it will result in investors shifting funds for such projects from Canada to the United States. This is inconsistent with efforts to reduce greenhouse gas emissions in Canada. We remain committed to working with the government and all parliamentarians to obtain a renewed commitment to support the deployment of renewable energy projects during this transitional period.

While a carbon price is necessary, it will not on its own be sufficient to meet greenhouse gas emission reduction objectives. Numerous barriers exist that prevent actors from responding to price signals in the marketplace. For that reason, many jurisdictions are putting in place both carbon pricing and long-term renewable energy strategies and policies in an effort to meet their climate change objectives.

• (1115)

While the European Union has a functioning carbon market in place, it has also established aggressive and legally binding renewable energy targets for the year 2020. And the United States Congress is currently considering the implementation of a legally binding national renewable electricity standard as part of its climate change package. We believe Canada also should consider, within its climate change strategy, the implementation of complementary initiatives that will remove barriers and stimulate investment in renewable energy technologies in addition to the establishment of a price on carbon.

When examining what policy support should be provided to renewable energy or other greenhouse gas emission reduction options as part of a climate change strategy, it's also important to remember that Canada is competing for investment in new renewable energy projects and new renewable energy technology supply chains, and that competition is on a global basis. Our policy choices must consider what other countries are doing to encourage investment in these sectors and must strive to ensure that our investment opportunities are competitive.

An effective federal climate change strategy will also need to improve the efficiency, without diminishing the effectiveness, of federal permitting and approval processes for clean energy projects like wind energy and the transmission infrastructure required to support its development. And it will also have to focus on building

public support about the urgency and importance of the actions needed to reduce greenhouse gas emissions.

Finally, provincial governments also have an extremely important role to play in putting forward policies to support both renewable energy deployment and greenhouse gas emissions reduction, and federal policies should seek to complement and support major provincial initiatives like Ontario's new Green Energy and Green Economy Act and other leading initiatives across the country.

Thank you very much.

The Chair: Thank you, Mr. Hornung.

Mr. Drexhage, could you kick us off with your presentation?

Mr. John Drexhage (Director, Climate Change and Energy, International Institute for Sustainable Development): Thank you very much, Mr. Chairman. Allow me to thank you and the other members of this committee for the opportunity to speak with you regarding Bill C-311, An Act to ensure Canada assumes its responsibilities in preventing dangerous climate change.

First of all, I would like to provide some specific comments on the bill itself and its implications for domestic implementation. I will then conclude with a brief foray into the current status of the international negotiations and the potential role a bill such as this could play in addressing Canada's current profile in the negotiations while also helping to provide a much-needed boost to the overall tone of the international talks.

Regarding the specifics of the bill itself, I would say that the long-term target of an 80% reduction from 1990 levels by 2050 is an entirely reasonable one. It is in line with the long-term target espoused by President Obama, and it's consistent with virtually all projections as to what might be required to avoid anything more than a two-degree temperature change globally, which I need not remind you that the Prime Minister agreed to at this year's G8 summit.

I would also note that this is the current status of the scientific information on climate change. In the past few years we have seen the peer-reviewed science conclude that the temperature changes are actually occurring at a more rapid pace and that the related impacts of that temperature change are more pronounced, particularly for the Arctic, than previously assumed. Hence, we would also strongly support the review provisions in this bill starting in 2015 to ensure that Canada continues to do its fair share in addressing climate change.

On the shorter-term target of 25% below 1990 levels by 2020, I would make the following observations. First of all, it is commonly assumed that this is the target recommended by the Intergovernmental Panel on Climate Change to avoid a two-degree rise in temperatures. In fact, what the IPCC does is review the literature on the issue, and in that respect, there was a relatively limited amount written on this topic by the time of the IPCC report—only some five reports.

There is in fact a range of options available by which we would see the global community reach the overall target of 80% by 2050. You can't, for example, start at a more moderate target for 2020 and then ramp up reduction goals for 2030 and thereafter. This is what the U.S. appears to be calling for, and given that in North America we are only beginning to break the link between economic and greenhouse gas emissions growth, many here in Canada argue that it would be reasonable to start with a more moderate target. Fair enough, but—and we have to keep this in mind—that would only have credibility if we were also to lay out what reductions would be achieved for 2025 and thereafter. And keep this in mind also that the longer we take in reducing our emissions, the more disruptive and sudden the transition that will be required for all involved at a later date. So not only are we asking our children to face the impacts of climate change, we're also asking them to face increasing impacts in terms of the transition required to address climate change if we don't take on aggressive targets now.

With respect to the regulations, I would also support those elements promoting performance standards and greenhouse gas trading. With respect to the latter, the terms of reference need to be broadened to cover participation in the international carbon market as well. It is an absolutely critical mechanism for Canada to meet its targets and in positively engaging developing countries in mitigation activities. In a word, it is simply unrealistic to expect Canada to be able to achieve even the current government's own targets through domestic measures alone. The Canadian private sector must become an active player in the global carbon market, and the Government of Canada needs to provide much clearer signals and incentives for Canadian industry to do so.

I would also strongly support any efforts to link up with the U.S. cap and trade system as it's being developed, which would mean an absolute cap and trade with a broad sector of the economy covered by 2016 and an increasing percentage of auctioned permits playing in the marketplace.

I have one other note, this relating to the penalties for non-compliance provisions in the bill: we would favour a system by which those who exceed their reduction targets would face a prohibitive charge that would provide the government with the opportunity to use at least some of those funds to purchase credits to offset any surplus emissions and remaining revenues in order to provide support for the transition to a clean energy future.

To conclude, I believe Bill C-311, or some amended form that does not compromise the 2050 target, would be very timely.

• (1120)

I've had the privilege of following the climate change negotiations for the past few years, and I can bring in at least two clear observations on that process as we head to Copenhagen.

First, the negotiations are in deep trouble, and we may not find our way to an effective comprehensive agreement by December. I could get into the details, but it comes down to a serious lack of trust that exists between developed and developing countries.

Secondly, Canada's profile in the negotiations continues to be compromised by its status as a party to the Kyoto Protocol that has

made it clear it will not take actions to meet its target under that agreement.

Bill C-311, particularly if it managed to receive universal assent of this Parliament, would send out a strong signal to the international community that Canada is ready to be a positive player in these negotiations. In addition, Canada needs to be ready to come up with a healthy and significant contribution towards helping developing countries adjust to the current and future threat of climate change.

I'd lastly note that doing so is particularly critical given Canada's role as host and leader of the next G8 and G20 summits to be held next year. If we are to have any credibility in those discussions, Canada must develop a strong domestic plan for reducing our emissions that also addresses all aspects of society, including targeting our incredibly wasteful consumption practices in North America. It also needs to reflect the strong messages we have heard from our Prime Minister in the last few years that we must develop strong, sustainable, and clean national energy systems. As a first step, I would recommend that we implement a clean, integrated national electricity grid as part of the government's stimulus and infrastructure packages.

I cannot stress the extent to which we suffer a credibility gap in the multilateral world as a result of 15 years, and counting, of inaction—and that includes both party persuasions.

In closing, I do not regard this as a right-left issue, and I believe that, with good intent, unanimous consent on a bill such as Bill C-311 should be possible. Effectively addressing climate change is simply too critical and complex an issue to hold hostage to political posturing. Ultimately, successfully addressing this real and present threat means an evolution in understanding what national interest truly signifies, acting responsibly for the sake of the global environment and our children.

I believe Canadians are ready and impatient to face this challenge. It is time for politicians of all stripes to demonstrate the same resolve.

• (1125)

The Chair: Mr. Bramley, would you present your report?

[*Translation*]

Mr. Matthew Bramley (Director, Climate Change, Pembina Institute): Good afternoon. Thank you for your invitation.

[*English*]

I'd like to begin by referring members of the committee to my December 2007 testimony to this committee on the same bill, when it was known as Bill C-377. I've provided copies through the clerk.

As time is short, I won't repeat the reasoning I presented then in support of this bill. Suffice it to say that in light of the increasing urgency of curbing climate change and the continuing lack of action to cut Canada's greenhouse gas emissions, major Canadian environmental NGOs believe it is more important than ever that Parliament pass Bill C-311.

Bill C-311 makes no pretension to be a comprehensive plan to cut emissions. Instead, it would set a level of ambition for emission reductions and enforce accountability mechanisms to increase the likelihood that the government of the day would fulfill its responsibility to develop and implement a plan to achieve those reductions.

Having said that, I'd like to present the results of a study by the Pembina Institute and the David Suzuki Foundation in which we did design a plan, a package of government policies that meets the level of ambition set by Bill C-311 for the year 2020. We ran the plan through two leading economic models to determine its likely effects on Canada's economy.

I've distributed copies of the report entitled *Climate Leadership, Economic Prosperity* to members of the committee. The report was published this morning.

Our study found that Canada can meet the level of ambition set by Bill C-311 for 2020 and still have a strong growing economy, a quality of life higher than Canadians enjoy today, and continued steady job creation across the country. However, to achieve this the federal government would need to act immediately to put a significant price on most of Canada's greenhouse gas emissions either through a cap and trade system or a tax. The emissions price would need to be backed up with strong complementary regulations and, ideally, major public investments.

Our study also examined the federal government's own current emissions target for 2020 and found that in order to meet its target the government would have to implement far stronger policies than it has proposed to date—in particular, a price on emissions that would need to reach \$100 per tonne of carbon dioxide equivalent by 2020.

To our knowledge, this is the first study to comprehensively examine how Canada can meet a greenhouse gas reduction target for 2020 that goes beyond the federal government's current target and the first published study of the government's target to show regional impacts on employment and GDP. We commissioned the leading economic modelling firm, M.K. Jaccard and Associates, to do the calculations. Their models have been widely used by the governments of Canada, Alberta, and other provinces.

In our study we call the level of ambition set by Bill C-311 for 2020 “the 2°C emissions target” in reference to the objective of limiting average global warming to 2°C relative to pre-industrial levels. The Prime Minister formally recognized the scientific community's support for this objective when he signed this year's G8 leaders summit communiqué.

Our modelling analysis projects that Canada's GDP would grow between 2010 and 2020 at an average rate of 2.1% annually while meeting the 2°C emissions target, which compares to 2.2% while meeting the government's target, and 2.4% under business as usual conditions. These are modest differences.

The study does show that the need to address very high emissions in Alberta and Saskatchewan would significantly reduce the projected growth rates in those provinces. However, Alberta would still have the highest rate of GDP growth and the highest per capita GDP of any province in Canada, while Saskatchewan's per capita GDP would stay close to the Canadian average.

The analysis also projects Canada's total number of jobs to grow by essentially the same amount under the 2°C target, the government's target, and business as usual. In the three cases, Canada adds 1.8 million to 1.9 million net new jobs between 2010 and 2020.

An important aspect of the study is that it shows how revenue from emissions pricing—for example, revenue from auctioning allowances in a cap and trade system—can be used to address several concerns that are commonly expressed about ambitious action to tackle climate change. Our policy package uses this revenue to make payments to individuals to compensate for regional variations in household energy cost increases, to provide rebates to protect the international competitiveness of the most vulnerable manufacturing sectors, to invest in public transit and electricity grids, to reduce personal income tax, to stimulate job growth, and to purchase international emission reductions to reduce the cost of meeting the targets.

● (1130)

In our study, we close one-fifth of the gap between business as usual and the targets using international emission reductions. We would, therefore, be supportive of an amendment to Bill C-311 to allow Canada to purchase high-quality international reductions to meet the targets in the bill.

In my remaining time, I'd like to revisit the origin of the 2°C target for 2020, a 25% reduction in Canada's emissions below the 1990 level.

This is truly a science-based target, because it starts from scientific analysis of the reductions in global emissions that would be needed to have a chance of preventing global warming from crossing the danger threshold of 2°C. When the Intergovernmental Panel on Climate Change looked at reasonable ways to share out those global emission reductions, it arrived at 25% to 40% reduction below the 1990 level by 2020 for industrialized countries.

Although industrialized countries, as a whole, could in principle meet a target in this range, even if Canada met only a weaker target, there are several reasons why Canada's target should be at least at the weakest end of this range, that is to say, 25%. Notably, the 25% target is supported by published analyses of what Canada's fair share would be among industrialized countries. The 25% to 40% range for industrialized countries corresponds only to about a 50% chance of keeping warming below 2°C, and the international climate science community is now telling us that the problem is worse than they thought when the IPCC's most recent report was compiled, and that the emission reductions needed may therefore have been underestimated.

Environmentalists are not claiming that confronting climate change is easy. There's no doubt that it requires tough decisions. But the study we've published today shows that there are solutions to allow us to meet science-based climate targets and opportunities that would be created in doing so.

As we head into the difficult negotiations in Copenhagen, the world desperately needs leaders on climate change. Passage of this bill in time for Copenhagen would send an important signal of Canadian leadership to the world.

Thank you.

The Chair: Thank you, Mr. Bramley.

Ms. Donnelly, perhaps you can bring us your presentation.

Ms. Aldyen Donnelly (President, Greenhouse Emissions Management Consortium): First, thank you for having me here.

Like the rest of the panel members, I strongly believe that Canada has an important role to play and that we must move quickly to reduce our greenhouse gas emissions. I do not, however, recommend the passage of Bill C-311. Bill C-311 is yet another target-setting exercise with no plan. I think that the editorial in *The Globe and Mail* got it correct this morning.

I'd like to remind you about Canada's traditional process for ratifying international treaties, to which the Kyoto Protocol stands as an exception. Typically, we develop our own domestic sense of priorities to address an environmental or economic issue. When we've identified our objectives and decided to pursue them in an international partnership, for competitiveness reasons, we tend to present our case in treaty language. We find some other parties. We negotiate a treaty that we sign. Then we come home and implement domestic legislation and regulations. Typically, we find that living with our first pass at the regulations isn't so comfortable and we amend them. Maybe we do it a third time. After we've lived with our legislation and regulations long enough to think we have it right, and our treaty partners have been through the same experience, we go back to the table, amend the original treaty language, and ratify it. That's what we did for the Law of the Sea, and that's why the elapsed time between signing the treaty and ratifying it was 11 years. That's normal history; that's not unusual history.

We in Canada signed and ratified the Kyoto Protocol in a very short time without developing any implementation plan. Bill C-311 is enunciating yet another target. We're spending a lot of resources talking about targets, and we haven't even started to contemplate what an implementation plan would look like. If we were to stick with our historical successful experience, we would be asking a number of conventional questions: What regulations? Who is being affected? Who is changing behaviour and why? What are the implications of all this?

I'm going to tell you something quite different from what you will read in the Pembina report. I work largely for the private sector but also for NGO clients and three provincial governments. My job as a consultant is to develop policy and regulatory recommendations. I think I do my job well. I have been working on climate change for 15 years, and it's the biggest issue of the day for me. What's the reality? The reality is that 80% of the reported large industrial emitter emissions, 67% of all industry emissions including those that are not

reported at a facility level, and 30% of all national emissions originate in plants that are located in 30 communities.

I have a presentation for you, nicely locked up in a hotel, and I'm going to e-mail it to the clerk right after this report.

We're talking 30 communities. That's your ghost town list. How do you stop that from being your ghost town list? It's not a whole country. It's not nicely spread all over the place. You can't go to Sydney—Victoria, to Mr. Blake Richards's riding and say that it's okay, his constituents can keep their jobs if they spend \$40 a tonne building wind farms in China. In Blake's community, do you know what \$40 a tonne is to keep their jobs? It's over \$4,000 per man, woman, and child in the riding. There are 30 communities for which \$40 a tonne to restructure the plants or buy offsets from China comes to over \$400 a tonne per man, woman, and child in the community. I am not saying you shouldn't do this; I'm saying it's only in 30 communities.

• (1135)

The first recommendation is that this committee should have a subcommittee on which sit representatives of the 30 communities. Let's start talking about what their long-term sustainable core competencies are, sources of competitive advantage. What does that mean in terms of technology strategies? A lot of the technology strategies recommended in this report have no match whatsoever to the real sustainable sources of competitive advantage in those communities in a carbon-free future. There is no link. It doesn't work. And what do you get when it doesn't work? You get what Germany has.

From 1996 through 2007—so I'm not adding in the recessionary time—goods-producing jobs were down 18%; greenhouse gas emissions were down only 16%. You don't even have a one for one in terms of your job loss match. Jobs lost over that period were 6.4 million, so I don't really care about 250,000 jobs that might have been generated by the wind industry. Electricity prices for households in Germany—41¢ Canadian per kilowatt hour—that's not a special rate for wind, that's the rate that everyone in a household in Germany pays for electricity. Fifty per cent of the electricity in that country still comes from coal plants. Eight new coal plants have been constructed in the last eight months in Germany, and twenty more have been approved. The eight new coal plants themselves wipe out all of the zero emission reduction gains Germany achieved by being the largest developer of wind power nationally in the world.

If we don't sit down and look at the community list and the company list—it's only 30 communities—and build a strategic plan for each community, we will have 40¢ electricity, we will still be burning coal to make power, we will have significant industrial job loss, and we won't have greenhouse gas emissions even tracking with the job loss, because that's Germany, that's Denmark, that's Sweden, and that's not where we want to go.

I'll stop there.

• (1140)

The Chair: Thank you.

With that, we're going to go to our seven-minute rounds of questions and answers. I'll just ask that witnesses keep their answers succinct so we do have fairness for our committee members, so they can get the questions asked that they wish to ask.

With that, Mr. McGuinty will kick us off.

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Mr. Chair.

And thank you very much for joining us.

I'd like to begin by congratulating Mr. Bramley and the Pembina Institute and the David Suzuki Foundation for delivering this report. I'd like to remind Canadians that this is one of the reasons it was so important to have an extension on this bill, to have this kind of testimony presented so we can set it in context. And I really want to congratulate you, because as they say in contract law, he who writes the first draft often has the upper hand. And in this case you have at least reduced to writing some analysis that the government has heretofore failed to present.

On that note, I want to ask all four of you, very quickly—because you all made either direct or oblique references to the need for a coherent plan—do either of you have in your possession, after 46 months, a plan from this government on a domestic climate change response?

Mr. Hornung, can you start very quickly—yes, no, if you have one?

Mr. Robert Hornung: No.

Mr. David McGuinty: Mr. Drexhage.

Mr. John Drexhage: No.

Mr. David McGuinty: Ms. Donnelly.

Ms. Aldyen Donnelly: I'm a card-carrying Liberal. I don't think they'd give it to me.

Mr. David McGuinty: Okay.

Mr. Bramley.

Mr. Matthew Bramley: Well, actually I do. It's the plan that the government was required to file under the Kyoto Protocol Implementation Act, which contains very similar accountability mechanisms to those that Bill C-311 would extend. So I think it's an illustration of the usefulness of having those kinds of accountability mechanisms to ensure that the government is required to table something that says what the contribution would be of each of its measures.

I should say, though, that this plan only goes to 2012. It doesn't tell us how the government would meet its 2020 target.

Mr. David McGuinty: Is that the same plan that was defeated at the Federal Court when the government responded to plaintiffs who were alleging it wasn't enforced in the Kyoto Protocol Implementation Act? Is that right?

Mr. Matthew Bramley: I can't comment on the—

Mr. David McGuinty: I think it was.

Perhaps I could turn to Mr. Drexhage for a second. Mr. Drexhage, could you help us get a better sense of what you mentioned, which I thought was very helpful for us as we grapple with this.

First, with respect to the 25% target, you said it was commonly assumed this was an IPCC target. And you said, in fact, there was very little evidence that the IPCC reviewed.... I don't want to get into a scientific debate on that. I think Mr. Bramley said something different. He asserted that there was in fact definitive science behind it. That's something you can resolve offline.

But I want to talk about the range of option suggestion you put forward. How would that look for Canada? You said that President Obama is perhaps being more moderate before ramping up over time. How might that look in a Canadian context?

Mr. John Drexhage: I'm not sure precisely what it might mean, but in terms of our overall contribution to eventually meeting the target of 80% reductions from 2050, it would be in the area of probably minus 40 then, by 2030. It would mean in the area of minus 55 to minus 60 by 2040, and then from there on to minus 80. So what it calls for is that you can start at around stabilization to minus 5, which is what the U.S. is proposing to do, and then expect to see significant reductions build from that initial investment.

What this is not saying is that we can wait to 2020 or 2025 before we can take serious actions. For this to have any kind of impact at all, we have to invest now. It's just going to take that much time for the infrastructure to make the sorts of changes we're talking about.

Mr. David McGuinty: Mr. Drexhage, there is a lot of confusion in Canada about the target in the United States being contemplated now in the Senate. The government will say that it's equivalent or it's parallel or identical to their own. We don't believe that anymore. Canadians don't believe it. The World Resources Institute runs numbers with a basket of measures saying it will be cut by 20% from 1990 levels roughly—17% to 21%.

What is happening right now in Washington with respect to commitments to real reductions?

• (1145)

Mr. John Drexhage: That's a very interesting question, and I'm sorry to say that I cannot provide absolute clarity on this because I'm not sure they would be comfortable with registering as part of their legally binding reduction target or commitment the kinds of reductions that the U.S. Senate is looking for or that the Waxman-Markey bill has been talking about. That has to do with issues around their investments in avoiding deforestation internationally.

Mr. David McGuinty: Mr. Bramley, can we achieve the 25% real reduction in the next decade without international credits?

Mr. Matthew Bramley: I would never say it's impossible, but our analysis suggests that a feasible scenario does require using international reductions.

Mr. David McGuinty: Did you say that 20% of our credits would be purchased offshore?

Mr. Matthew Bramley: In our models, in our scenarios, 20% of the gap between business as usual, which is 47% above the 1990 level in 2020, and going down to minus 25% below would be closed with international reductions.

Mr. David McGuinty: So you are saying that we can achieve our reductions without international credits.

Mr. Matthew Bramley: I'm saying that in the scenarios that we regard as feasible, we close one-fifth of the gap with international reductions.

Mr. David McGuinty: So you're saying we can't achieve our target of 25% without international credits.

Mr. Matthew Bramley: No. I don't think I would ever call that impossible, but in a feasible scenario, one that we would put forward, we would use international reductions.

Mr. David McGuinty: In every legislative instrument that's being contemplated in Washington right now, Mr. Bramley, I understand that the contemplated cost of carbon is somewhere between \$15 to \$30 a tonne by 2020. It's one thing for the government to say it's harmonizing its design features with Washington. It's an entirely different matter to talk about price conformity.

How would we drive...for example, under the government's plan, which you just indicated cannot be met given the basket of measures they have put forward so far. There's no revelation in that; I think that has been obvious for a while. You're also saying that the price of carbon here would range anywhere from \$100 to \$200 a tonne. How would we be able to do that with that kind of pricing level in Canada when the Americans are contemplating a maximum price of \$30 a tonne in the same timeframe?

Mr. Matthew Bramley: A number of studies have been done on the potential impacts on competitiveness of different carbon prices in different countries. Generally what the studies show is that because of the kinds of economies we're talking about... Canada's economy is overwhelmingly a service economy, and much of the manufacturing sector is not particularly carbon intensive. The studies tend to find that the competitiveness effects are a lot smaller than are often made out, and this was borne out by our study. In the main numbers I've been presenting, we made the conservative assumption that Canada would have a carbon price considerably higher than the carbon price in the rest of the OECD, including the U.S.

The Chair: Thank you. The time has expired.

Monsieur Bigras, sept minutes.

[Translation]

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

First of all, I would like to welcome the witnesses, all of whom we recognize for their expertise.

Mr. Bramley, I thank you for your study which you presented this morning, because it enlightened parliamentarians on the economic impact of respecting the scientific evidence.

Until now, the government was expected to ensure a 25% reduction compared to 1990 between now and 2020. That would have spelled economic chaos in Canada: substantial job losses, a decline in the economy. It's as if we found the Canadian economy horribly weakened overnight.

Today we see—you'll tell me if I'm wrong—that between the government's scenario and the scientists', there's not as big an impact as we would have thought.

How is it that having ambitious goals doesn't considerably weaken our economy and the opposite happens? Why is it that substantial reductions don't lead to economic chaos as some people try to have us believe?

• (1150)

Mr. Matthew Bramley: There are several parts to the answer.

First, there are technologies available to significantly reduce emissions. We are familiar with renewable energy. For example, according to our scenarios, wind energy is projected to account 18% of the electricity produced in Canada in 2020. We have many possibilities in energy efficiency, and also in carbon capture. We therefore don't need to come up with new technologies; we already have solutions.

Second, yes, our scenarios call for carbon pricing. That would create a high price for emissions. It would also generate revenue that could be recycled into the economy to be reinvested in solutions and deal with problems that might arise, such as competitiveness problems in some specific sectors.

That is the answer I gave earlier; after all, the Canadian economy is primarily a service-based economy, and large parts of the manufacturing sector are not particularly big sources of greenhouse gases.

Mr. Bernard Bigras: When I read your report, I noted that by auctioning credits, the government could—unless I'm mistaken—bring in almost \$72 billion a year, which you say could be reinvested in the economy. That would probably mean, according to your analysis, that the Canadian economy would be more competitive. When we talk about innovation, development and competitiveness, in the end, we're talking about job creation. Is that what I am to understand?

I was looking at the figures from the Canadian Wind Energy Association. You're talking 18% by 2020; the industry says 20%. In terms of electricity sales, the word is \$78 billion dollars—of new money into the Canadian economy. That's probably an important factor.

I'd like to come back to the impact on each province. When I look at your table, I see that Alberta still has the highest year-over-year growth in GDP: 3.3%. Quebec, meanwhile, has the lowest annual growth in GDP in Canada; we're talking growth of 1.3%.

What guarantee does Alberta have that the commitments will be met, which is recommended by the Intergovernmental Panel on Climate Change? What assurance is there that the Alberta economy will still remain strong? According to your scenario, you take into account carbon sequestration and capture. How will Alberta be able to maintain its economic growth?

Mr. Matthew Bramley: Basically, when we talk about the impact on Alberta, the fate of the tar sands is key. When we impose the price on emissions—which ranges from \$100 to \$200 a tonne—according to the forecasts in the economic model, the industry says yes by limiting its growth. We would therefore always have strong growth in the tar sands industry, but slower than if the status quo were maintained. And the industry would also invest in carbon capture.

These two factors—growth, yes, but a bit more reasonable, and massive investment in carbon capture—mean that we actually have a slowdown in the Alberta economy. However, there is growth of 38% between 2010 and 2020 which, as you pointed out, would be the strongest growth of all the provinces.

Mr. Bernard Bigras: What strikes me also in your proposals are the comments made by the chief economist with TD Bank, Mr. Drummond. It basically seems to confirm to some extent what Nicholas Stern was saying, that is, that if we don't move quickly to counter climate change and reduce greenhouse gases, the cost will be considerable.

Am I to understand that if we don't comply with the two-degree rule, we'll lose? Applying the two-degree rule could actually cause us to lose some growth, but at the same time, if we don't apply the rule, we risk losing even more in that regard.

What strikes me is that between the government's scenario and the two-degree scenario, there's not a big difference considering the economic impact. Between two scenarios, the consequences of which are more or less the same, would we not be wise to go with the two-degree rule? Because that would enable us, from an environmental standpoint, not only to reduce our greenhouse gas emissions, but also to make sure that we have a forward-looking economy. Is the two-degree rule not a win-win option when all is said and done?

• (1155)

Mr. Matthew Bramley: It's very important to keep in mind, actually, that the status quo is very costly on a global level. We didn't put a figure on it in our study. However, it would be a huge mistake to limit the discussion to the cost of reducing emissions; we also have to talk about the cost of letting global warming go beyond two degrees.

As you surely know, in the report by economist Nicholas Stern — in 2006—it was suggested that if we don't act on climate change, we will have a permanent loss in GDP worldwide of between 5 and 20%. As far as we're concerned, the choice is fairly obvious.

The Chair: Thank you very much. Your time is up.

[English]

Ms. Duncan, the floor is yours.

Ms. Linda Duncan: Thank you, Mr. Chair.

Following Monsieur Bigras' comments, I notice that in the testimony of both...is it Dr. Drexhage?

Mr. John Drexhage: No, it's Mr. Drexhage.

Ms. Linda Duncan: Mr. Drexhage and Dr. Bramley, I notice you both pointed out that any delay means it will be more costly to move toward reduction because the price of carbon is going to rise. Monsieur Bigras also pointed out, if we're correct, Dr. Bramley, in the review you've done with the David Suzuki Foundation, that what you have not factored in is the cost of business as usual, what will happen with the climate change impacts.

I've also noticed in your report...and I had a briefing yesterday from the David Suzuki Foundation that was very helpful in my understanding of the background of your report and how you put it together. We were advised that the model does not appear to factor in the greenhouse gas reductions for job creation from energy retrofits and energy efficiency because there was difficulty in calculating them. Would it not perhaps be true that the scenario to tackle climate change in Bill C-311 could potentially provide even more jobs and greater greenhouse gas reduction than your report presents?

Mr. Matthew Bramley: We weren't able to model all the policies we wanted to. One of the areas where we didn't do all we wanted was in building retrofits. The models are better at modelling regulations and carbon pricing than they are at modelling subsidies and grants. I think we could have gone a bit further on the energy efficiency side than we show in the scenario.

Ms. Linda Duncan: So it is true that your model shows the potential for job creation, economic benefit, and greenhouse gas reductions from the two scenarios, but does not factor in the costs, which Dr. Stern identifies: the longer we delay in reducing greenhouse gases, the greater the costs.

Mr. Matthew Bramley: What we do show, if you compare the study with, for example, the preliminary version we published a year before, is that the costs are going up as Canada delays emission reductions to meet a given target. As we were just saying, this study does not factor in the cost of climate change itself, which is going to be devastating worldwide if we don't take very serious action.

Ms. Linda Duncan: I think Mr. Drexhage looks as if he's dying to answer that too. Go ahead.

Mr. John Drexhage: Thank you.

I think it's really important to take a step back in this debate around climate change. This isn't just about climate change; this is about our entire way of living, particularly within North America. It's completely unsustainable. *National Geographic* puts out an annual report called "Earth Report: State of the Planet", and I recommend you take a look at it. It shows in a very graphic way what the world would require if it had the consumption patterns of North America. It would require five and a half worlds, and that is what we're up against. We're dealing now with countries that are developing along the same paradigms and have every right to say they also want to develop along those lines.

Climate change is one manifestation of the unsustainability of this. It has to do with water; it has to do with air; it has to do with all sorts of social systems. It's just not the way we can go forward sustainably. If we tackle this successfully and use climate change as one of the mechanisms in addressing it, it speaks so much more for a future that holds a heck of a lot more promise than what we're facing now.

Ms. Linda Duncan: I'm hoping I can get to Dr. Hornung, but I have one more question for Dr. Bramley.

Back to Alberta. There was apparently some media coverage today saying your forecast is devastating for Alberta. As an Albertan, I find your projections very encouraging. I have the same response to the testimony by Ms. Donnelly. Contrary to what you're suggesting, perhaps the many maritimers in Ontario and the workers who have to live in work camps in Fort McMurray would like a job alternative, which is what this second scenario presents.

I'm noticing in your scenario, Dr. Bramley, that there only seems to be a 2% difference in job creation. Have you factored into the two scenarios quality of life, types of jobs, living conditions, and so forth?

• (1200)

Mr. Matthew Bramley: No, we haven't. This is a macroeconomic analysis that looks at the traditional measures like GDP and employment.

But I would add to what you were saying that there have been a number of Albertans calling for a more orderly, reasonable pace of development, particularly in the oil sands, and former premier Peter Lougheed is prominent amongst those. A scenario where Alberta's economy is still growing faster than any province in Canada and where the oil sands are still expanding is by no means a devastating scenario.

Ms. Linda Duncan: Thank you, Dr. Bramley. I think that the mayor of Fort McMurray would endorse that as well.

Dr. Hornung, thank you for your presentation. Can you elaborate a bit more on the specific monetary or fiscal measures and regulatory tools that would actually help the competitiveness of your sector if the federal government chose to use those? And where are we at right now in that scenario?

Mr. Robert Hornung: Thank you for the question. I'm not a doctor, just so you know.

To respond to that, as I indicated in the presentation, in the absence of any price on carbon and any realistic market price on carbon, in essence we are faced with a situation where we make choices in the electricity sector without full information with respect to pricing. In that regard, many governments around the world, including Canada, have taken steps to put in place programs that help provide a signal to the marketplace that helps to improve the relative competitiveness of clean energy technologies.

In Canada that program has been the ecoENERGY for renewable power program, established in January 2008 with an objective of supporting the deployment of 4,000 megawatts of renewable energy by March 2011. It's an extremely successful program that will meet its target this fall, a year and a half ahead of schedule. Again, in the absence of having any carbon price framework in place at the current time, we as an industry are looking to government to step forward

and indicate that, in essence, support for the deployment of clean energy technologies is not simply ending this fall but will indeed be renewed or continued going forward.

That's very important because, as I noted in my presentation, we are competing with other countries for this investment. The United States has made it very clear that it wants to be a leader in clean energy technologies like wind energy and has put in place programs to encourage and stimulate manufacturing and deployment of these technologies. A failure to do so in Canada will see, in fact, investment dollars leave Canada for the United States, creating jobs and opportunities there that we could have here.

The Chair: Thank you. Time has expired.

Mr. Woodworth, you're going to bat cleanup on the first round of this meeting.

Mr. Stephen Woodworth (Kitchener Centre, CPC): Thank you very much, Mr. Chair. Thank you to all of the witnesses who have appeared before us today.

Mr. Bramley, are you familiar with the fact that the EU targets have impacts that are well below 1% of GDP by 2020?

Mr. Matthew Bramley: In fact, I saw an EU analysis presented at the Poznan climate conference last year that showed a 2% impact, I think, in 2020, from the EU's proposals.

Mr. Stephen Woodworth: Are you familiar with the fact that U.S. proposals typically put the cost of their targets at less than 0.5% GDP by 2020?

Mr. Matthew Bramley: That may be so, but I think we're talking about different targets and different policy.

Mr. Stephen Woodworth: As I understand it, from reading your report, the ENGO model in this report places a cost of as much as 3.2% of GDP on Canada by 2020. Is that correct?

Mr. Matthew Bramley: I prefer to present that in a way that I think makes more sense, which is to talk about the growth that you would have in the economy in a business as usual scenario, and the growth that you would have in the scenario that we presented.

Mr. Stephen Woodworth: Well, let me stop you there for a moment, because whatever you'd prefer, I would prefer to get an answer to my question. I'm looking at the material you distributed this morning, under page 4, GDP results, 2% target, and for the total of Canada it's minus 3.2%. Am I reading that correctly, or is this a misprint?

• (1205)

Mr. Matthew Bramley: That means the economy would grow by 23% between 2010 and 2020, at which time it would be 3.2% smaller than business as usual.

Mr. Stephen Woodworth: I understand that it's 3.2% less than business as usual. All right, so it's a 3.2% cost less than business as usual, is that correct?

Mr. Matthew Bramley: The economy would be, under this projection, 3.2% smaller in 2020 than under business as usual.

Mr. Stephen Woodworth: Isn't it a fact that there's no other developed country in the world that has indicated a willingness to bear the economic costs at the 3.2% GDP level associated with climate change?

Mr. Matthew Bramley: Well, I think, on the contrary, these numbers are small and they're very much in line with—

Mr. Stephen Woodworth: What other country, then?

The Chair: We have a point of order.

[Translation]

Mr. Bernard Bigras: I have a point of order, Mr. Chair.

Out of respect for the witness, can we at least give him a chance to answer the questions? When government representatives appear before us, their answers don't always have anything to do with us, but we let them answer.

Can there be questions and answers?

[English]

Mr. Stephen Woodworth: Mr. Chair, may I make a response?

The Chair: You're responding on the point of order?

Mr. Stephen Woodworth: Yes.

I simply can tell when the witness is not responding to the question. My last question, for example, was whether it's not a fact that there is no other developed country in the world that has indicated a willingness to bear the economic costs at 3.2% GDP. If the witness knows of another such country, I'd be happy to hear him tell me that, but if he's going to go off and take my precious seven minutes somewhere else, I think I have a right to interrupt.

The Chair: This is a point order; it's not for witnesses to jump in on it.

On the point of order, this is Mr. Woodworth's time, and he can use it as he sees fit, but we do ask that you treat witnesses with respect. I understand that you want to have an answer for the question you're asking, so I do ask witnesses to answer the question that's being asked.

Mr. Woodworth, you have the floor.

Mr. Stephen Woodworth: I'll repeat that question: isn't it true that there's no other developed country that has indicated a willingness to bear economic costs at a level of 3.2% of GDP, associated with climate change?

Mr. Matthew Bramley: I don't know whether that's true or not. It may well be that there are analyses done in other industrialized countries. Japan might be a candidate. I wouldn't be at all surprised to see those kinds of numbers—

Mr. Stephen Woodworth: I'll be more specific, then. Isn't it the case that you don't know of any other developed country that has indicated a willingness to bear that level of cost?

Mr. Matthew Bramley: I haven't looked at the analyses done in every other single industrialized country.

Mr. Stephen Woodworth: Without having any other developed country that you know of that's indicated a willingness to bear that cost, isn't it just a little preposterous to describe Canadian costs, of so much greater magnitude than the EU and the U.S., as low or acceptable?

Mr. Matthew Bramley: These effects on GDP are not much greater than any number of analyses that have been done of greenhouse gas reduction targets in the past. Study after study shows

typical effects on GDP in the range of 0% to 3%. So I see this as very much in line with the kinds of costs that are being contemplated elsewhere in the world.

Mr. Stephen Woodworth: You've mentioned that the EU is about 2%, so we would know that these costs are at least 50% greater than what's contemplated by the EU. Isn't that right?

Mr. Matthew Bramley: One study was 2%. Every model has different assumptions. These numbers are never precise. You get a different range of results.

Mr. Stephen Woodworth: So we can't rely on these numbers at all?

Mr. Matthew Bramley: But we're talking about growing the economy by 23% between 2010 and 2020 and we're talking about jobs growing at essentially the same rate as they would under business as usual.

Mr. Stephen Woodworth: With respect, sir, I'm talking about the cost over business as usual that's set out in your report.

Let me move on to another subject here.

As I understand it, the cost to Alberta's economy would be as much as 12% GDP. I see that in your report. Correct?

Mr. Matthew Bramley: That's relative to business as usual, which is a growth of 50-something%.

Mr. Stephen Woodworth: Correct. For Alberta's negative GDP relative to business as usual, that impact is at least four times higher than the national average, relative to business as usual. Correct?

Mr. Matthew Bramley: Relative to business as usual, but Alberta's absolute growth would be higher than any other province.

Mr. Stephen Woodworth: In fact, doesn't your report disclose that in 2020 there would be some \$12 billion to \$15 billion less being invested in Alberta under the ENGO plan? All of my questions are about the ENGO plan.

Mr. Matthew Bramley: Can you tell me which page of the report you're referring to, then?

Mr. Stephen Woodworth: No, I can't. So I'm going to pass on that, because I didn't footnote everything here.

But let me move on to Saskatchewan. Wouldn't Saskatchewan experience a drop over business as usual of as much as 7.5% GDP under the ENGO plan?

• (1210)

Mr. Matthew Bramley: Relative to business as usual, but Saskatchewan's economy would still grow by 16% between 2010 and 2020.

Mr. Stephen Woodworth: And I can footnote my next question for you. Looking at page 8 of the final report, which is on one of the websites, it seems to disclose that \$23.71 billion of the carbon revenue under the ENGO plan would come out of Alberta. Do you agree with me on that?

Mr. Matthew Bramley: From memory, I think it's \$22 billion, but \$19 billion of that would go back to Alberta, notably through the tax cuts and the reimbursement for home energy cost increases.

Mr. Stephen Woodworth: Check your website and you'll see it's \$23.71 billion. The Manitoba amount is \$1.76 billion. Does that ring a bell with you?

Mr. Matthew Bramley: Again, if you compare the two tables that show the revenues—where they come from and where they go back—you'll see there is very little in the way of net revenue flow because of the deliberate use of the policy to reimburse household energy costs. Most of the money that comes out of a province goes back into it.

Mr. Stephen Woodworth: I'm sorry, I'm out of time.

The Chair: Thank you.

We're going to go on to our five-minute round. To be fair, I'm going to keep it tight like I did with the first round.

Mr. Scarpaleggia, please kick us off.

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

Mr. Drexhage, as an expert on these international negotiations, do you think the United States is sending the right signals in advance of Copenhagen?

Mr. John Drexhage: It is a curious dynamic. When the Obama administration came on board in March when the Bonn negotiations began, a very close colleague of mine, Jonathan Pershing, who is now a negotiator on the ground, was actually given a standing ovation by the NGO community. I said that would be the first and last time that would happen. Now we have a situation where there is an awful lot of disgruntlement with where the U.S. is going, but I think they are simply torn between what they want to deliver globally and what needs to be reflected domestically.

Mr. Francis Scarpaleggia: I guess you're saying the United States is falling down in terms of setting the tone for Copenhagen.

There are two bills before the Senate at the moment, and the President has said that if these bills don't pass he's prepared to use regulatory powers under the EPA. Even though there is a strong sentiment from the President of arguably the most powerful nation in the world that he wants to do something about climate change, you say he's still not sending the right signal in advance of Copenhagen.

Mr. John Drexhage: It's an entirely different signal from Bush—what we had in the previous administration. We have to be clear about that. Sometimes I think people aren't happy with what the Obama administration is offering, both in the form of the treaty as well as the target, but it is entirely different from what was going on under the Bush administration.

They are in the tent. They just have to find ways to bring in some of the major developing economies so that everyone can start down the same road. That is the real challenge facing them right now.

Mr. Francis Scarpaleggia: We've heard a lot about having to get the bill before the House before the Copenhagen conference. In other words, we shouldn't have informative hearings like we're having today; we shouldn't give Mr. Bramley the opportunity to discuss his very interesting report.

We're being told that it will change the tone of the negotiations in Copenhagen if we pass a private member's bill—no offence to Ms. Duncan—sponsored by the fourth party in the House of Commons.

This bill contradicts the messages the government is sending in advance of Copenhagen, which are that it doesn't want to sign an agreement and that it's not going to change its negotiating position even if this bill passes in the House of Commons. Even if it is passed in the House, it would still have to go to what could be a Conservative-dominated Senate.

But going back to your initial comment, I don't understand how passing this before Copenhagen will make a difference to the tone of the negotiations at Copenhagen. I just don't understand that.

• (1215)

Mr. John Drexhage: First of all, I think it would show there is one participant from North America that is willing to be constructively engaged on the issue and that is coming out with specific proposals. More to the point, I was getting at the target that the Prime Minister has in essence signed on to, which is the 80% reductions by 2050. If we have that on board and everyone on side with that, then let's use that as a confidence-building measure in attempting to try to move ahead. That is what I was trying to say.

With respect to Canada itself, I was saying that because of the issue of being a party to the Kyoto Protocol without actually meeting its terms, we can at least try to show a new leaf, that in fact we're going ahead to address this.

Mr. Francis Scarpaleggia: We're not showing a new leaf, because we have a stubborn government that is being taken to court because it won't implement the Kyoto Protocol Implementation Act, a Liberal bill. It says that it doesn't want to achieve an agreement and has basically said—maybe not in so many words—that it will ignore Bill C-311. And we're saying that if it isn't passed by the House of Commons before December 8 or December 7, this will be a disaster for our position in Copenhagen.

The government has already spoken on this. It's better to take the time to hear from you and Mr. Bramley.

That's the only point I'd like to make.

The Chair: Thank you.

Mr. Warawa, you have the floor.

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

Thank you to each witness for being here.

Mr. Bramley, were you involved in the development of the Liberal Party's green shift program plan?

Mr. Matthew Bramley: I was involved in discussions. We were consulted on ideas. That was about the extent of it.

Mr. Mark Warawa: Okay, thank you.

Were you involved in the development of Bill C-377?

Mr. Matthew Bramley: We were asked for our input, yes.

Mr. Mark Warawa: Thank you.

Mr. Drexhage, in 2006, when there was a study of Bill C-288, you said that it was just too late for Kyoto targets to be achieved. That was November 23, 2006. Is that still your position?

Mr. John Drexhage: As long as we have the policy parameter that there are not to be any international purchases, yes. That's the only way Canada can meet its Kyoto Protocol provisions.

Mr. Mark Warawa: In the study of Bill C-30 on February 13, 2007, you said that you believed that the key to reducing emissions in Canada was to add significant support to large infrastructure investments, such as carbon capture and storage. Is that still your position?

Mr. John Drexhage: Yes, I think that's an important part of the solution, absolutely.

Mr. Mark Warawa: You've said that our lifestyle is not sustainable. My question is going to focus on what lifestyles would look like if Canada were to adopt Bill C-311. What would the cost be?

Mr. Bramley, I'm not going to be asking you questions, because I feel that if I asked the cook to critique his own creation, the cook would have a bias. So with respect, I'm going to direct my questions to Ms. Donnelly and Mr. Drexhage.

The government is responsible for sustainable development. Each of us is. We passed, in the House, Bill S-216. Actually, it was in the last Parliament. It was sustainable development legislation to make sure we have good jobs in Canada but also a clean environment, and that's the government's responsibility, each of us. So how would lifestyles change if we adopted targets?

On the targets being proposed in Bill C-311, Pembina's position has been consistent that China and India, the big emitters in the developing world, would not have to have hard targets. They would not have to accept these targets in a new international agreement. You have the developing world buying international offsets. Bill C-311 also requires billions of dollars in mitigation and adaptation funds internationally, and the government's position is that there has to be substantial assistance in that. What would the world look like if we were accepting these very extreme targets?

I just came back from Copenhagen, where I saw gasoline at \$2.50 a litre.

Mr. John Drexhage: Were they starving in the streets?

• (1220)

Mr. Mark Warawa: I saw them riding bicycles on the streets, in a different climate from what we have here in Canada. And there's a 180% tax when you buy a car. So it was a different lifestyle.

Mr. Drexhage, you said that the way we live in Canada is not sustainable. So what would life look like?

I'll start with Ms. Donnelly.

Ms. Aldyen Donnelly: In Denmark, government spending is 55% of GDP, and if you net \$51,000 Canadian a year, you pay 63% of your gross income in taxes. That's income taxes and payroll taxes, not including sales taxes. I'm not saying that's bad, but that's a different kind of society from the one we live in. Maybe that's the society we need to go to. I'd like to be part of that debate.

But again, I'm arguing that there's a dialogue that needs to be had, and when we talk about communities on that list of 30 vulnerable communities, three are in Newfoundland, two are in Nova Scotia, two are in New Brunswick, and four are in Quebec. We've got it in our heads that this is an Alberta story. This is not an Alberta story.

I also want to touch a little bit on the whole complication of international trading. You know what I'm saying. I'm saying we can do what we want to do, but the devil's in the details. This report says there's an unlimited supply of capital, so all we have to do is hike the price of energy and all of the capital we need will flow into the country to reduce our energy demand.

As I said, in Europe when they hiked the price of capital, two things happened: manufacturing employment in Canada increased 26% and manufacturing capacity in Germany, Denmark, and Sweden fell 11% to 17%. If you look at the foreign direct investment flows, those European nations invested more capital in Canada between 1996 and 2007 than they invested in all of Asia, including China.

Mr. Mark Warawa: So you're saying—

Ms. Aldyen Donnelly: When they implemented their policies, their investment capital came to Canada. Their goods producing employment fell 15% roughly. Our goods producing employment increased 26%.

Now let's go back to what this means international treaty-wise. It also means that we've got in the developed world the most efficient manufacturing sector in the world, because we just built it in the last 15 years. And I'll just do the one comparison. Europe is saying to us, cut emissions by 20%. I'll give you a specific. The U.S. is saying to us, cut emissions by 20%. I'm not saying don't cut emissions, but the U.S. is saying have comparable percentage reduction targets by sector. The average U.S. and European aluminum plant discharges 12 tonnes of CO₂ per tonne of aluminum it produces. The average Canadian aluminum plant discharges six tonnes of CO₂ per tonne of aluminum it produces.

The Copenhagen Protocol, the Kyoto Protocol, and the U.S. Congress's proposal is that we agree to the same per cent reduction. What the U.S. and Europe is proposing is that when they cut their greenhouse gases per tonne of aluminum from 12 to 10, we have to cut ours from 6 to 5. They are proposing those as equivalent measures. But it costs three times as much for us to cut from 6 to 5 as it will cost them to cut from 12 to 10.

Canada has to be a leader. We have to step up and say, that's not equivalent. That's not about greenhouse gases; that's about trade protectionism.

What should the developed world's greenhouse gas standard for aluminum be by 2015? Should it be 10—

The Chair: Ms. Donnelly, I'm going to have to cut you off. We have to make sure we have succinct responses so that we are fair to all members and all witnesses, so they all get a chance.

Continue on, Monsieur Ouellet.

[*Translation*]

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Thank you, Mr. Chair.

I'll broach the same topic as Mr. Warawa, but in a different way.

I honestly and truly believe that we have to change our lifestyle and that looking at the past in other European countries—asking ourselves what they have done to this point or what they are doing now—won't provide the answer for the future. This is what disappoints me about the current government: it's always looking at the future in a rear-view mirror.

Mr. Drexhage, you said earlier, and rightly so, that Canada lives in a "non-sustainable" world. Do you think that Bill C-311 might help raise awareness that change is needed? And could Bill C-311 make a contribution? If so, how?

• (1225)

Mr. John Drexhage: Thank you very much, Mr. Ouellet.

[*English*]

Yes, I do think it can be a contribution, but I would also like very strongly to agree with Ms. Donnelly that this has to be followed up with a real plan.

I think one of the failures we've had over the last 15 years is that we've never come up with a real, credible plan. It has a lot to do with the fact we're very, very sensitive about touching the whole consumption side. Politically it's charged, and we have a very difficult time with that in North America.

To the previous question—and I apologize for speaking out of turn—about whether we have to become another Denmark or Sweden, I think that to a large degree, yes, we do. And keep in mind that it is the conservative government that's in power in Denmark; it's not some left-wing socialist party. It's an arch-conservative government, aligned with the liberal party—albeit liberal in the neoclassical sense of Adam Smith. So they've managed to progress this debate beyond a left-right issue. They've managed to progress it towards an issue of sustainability, and that's what we need to do in Canada. I don't want to make this a left or right issue. We can't afford it.

Merci.

[*Translation*]

Mr. Christian Ouellet: I'm going to come back to the question I asked you regarding Bill C-311. You said that it would be a start but that we would need a plan.

Do you think this could be an important step if the bill were able to help support the idea that we would need a plan? Do you think it could encourage the government to come up with a plan?

[*English*]

Mr. John Drexhage: Yes, I hope that would be the overall impact of it. Some people in the past have charged—and I don't want to judge one way or the other—that this is just a mechanism to embarrass the current government. I really hope it's not used in that fashion. I really hope we can use this as a constructive way of working and going ahead in addressing exactly how we are going to meet that ultimate objective of 80% reductions by 2050—which,

once again, I will remind everyone around this table is what the Prime Minister essentially signed on to when he agreed to the two-degree mark at the G8 summit.

Thank you.

[*Translation*]

Mr. Christian Ouellet: I'd like to ask one final question if I still have time.

The government isn't thinking beyond the economics. Do you think a bill like Bill C-311 could show that the economic picture—if it were to be studied in order to develop a plan—would be better if we had realistic and effective goals of 80% for 2050? What would happen if we didn't have this bill?

[*English*]

Mr. John Drexhage: I think this can't be resolved only by governments and Parliament; this really has to become a much broader national discussion. We have, for example, really called for a first ministers conference on a national energy strategy for quite a few years now. We need those kinds of discussions; we need this kind of bottom-up engagement. It can't only be solved in Parliament. Hopefully, Bill C-311 can be one of the many pieces in the quiver, as it were, that will press this forward.

Thank you.

[*Translation*]

Mr. Christian Ouellet: Mr. Hornung, you said earlier that the government should invest more in renewal energy, wind energy in particular.

Do you think that that should be done, as Greenpeace says, using the money that currently supports the tar sands? If we were to lose some jobs, we would create other jobs somewhere else. In my riding, there's a company, AAER, that is thinking about moving to the United States. That means we're going to lose it because the government is not helping companies that manufacture wind turbines. In the United States, they get help. The government still wants to follow the American plan, but doesn't want to give companies the same subsidies the Americans provide.

Where do you think we should take the money from to support companies that make wind turbines?

[*English*]

The Chair: Monsieur's Ouellet's time has expired, so if you could keep it to a very brief response, I'd appreciate it.

• (1230)

Mr. Robert Hornung: I would just highlight that at the end day, we are in competition for this capital. Mr. Ouellet has accurately pointed out that relative to the United States at this point in time, given the level of support and the choices that are being made, the support for renewable energy deployment is significantly less than in Canada, both in terms of direct incentives and regulated standards requiring renewable energy contributions to the electricity grid.

The Chair: Thank you.

Mr. Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

I thank the witnesses for being here and for their presentations this morning.

I'll start with a quick question for Mr. Bramley.

Unfortunately this report was late in coming to me, so the answer may be buried in there.

You mentioned in answer to a previous question that the economic modelling here is based on assumed economic growth overall between now and 2020 of 23%. Is that correct?

Mr. Matthew Bramley: That's not an assumption, that's a finding of the report.

Mr. Peter Braid: Tell me what that 23% growth is based on.

Mr. Matthew Bramley: The way the model works is it contains a detailed database of technologies that have to do with greenhouse gas emissions. In the model we put the price on emissions and the other policies in place, and the model then sees different costs for those technologies and makes an adjustment to see where investments would flow and where emissions would be reduced once the mix of technologies responds to those policies.

Mr. Peter Braid: Does the model fully contemplate the economic circumstances we're in right now? That's what I'm trying to understand.

Mr. Matthew Bramley: The starting point for the analysis is a so-called business-as-usual projection.

Mr. Peter Braid: This isn't business as usual.

Mr. Matthew Bramley: That's the starting point for the analysis. Then the policies are imposed and the model sees how things would change when the policies are in place. The business as usual projection we used was adjusted to take account of the economic downturn, in particular by modifying the projections for fossil fuel production, which is one of the most sensitive things when it comes to emissions.

Mr. Peter Braid: Ms. Donnelly, it would have been very helpful to see additional information with respect to these 30 communities that you spoke to.

Ms. Aldyen Donnelly: I'll send the list right after the meeting.

Mr. Peter Braid: Without being exact, could you give us a rough breakdown?

My question is twofold. One would be a rough breakdown of the distribution of those 30 communities by province. Secondly, tell us what the unique characteristics of those communities are.

Ms. Aldyen Donnelly: I might be remembering this a little wrong, but I'd say that of the 30 communities, less than 15, but close to half, would be Alberta and Saskatchewan; no communities in Manitoba. In the list I'm going to send you, it shows no communities in B.C., but if I step back from the numbers and look at it technically, I would put Kitimat near the top of the list, even though it doesn't technically show right now. It's based on 2007 numbers, so I would add Kitimat.

In proportion to population, the provinces with the greatest risk profiles are New Brunswick, Nova Scotia, and Newfoundland, because while they have greenhouse gas per capita exposures that are lower than others, the opportunities to generate new revenues are

substantially lower than in other regions as well. So when you're looking at the community list, the situation is different for each context.

If you look at the community list again going to this study, this study does two things at the same time. It generates a whole bunch of new government revenues from operations that it presumes are going to continue to discharge greenhouse gases and buy permits to do so, but you can't have the money if they actually cut the emissions. The communities tend to be single-industry towns, sole-employer towns, so when you take out the sole employer, what I'm saying is that you'd better know what you're putting in its place. In British Columbia, where I live, every time we've taken out a sole employer, the primary source of income becomes government.

Mr. Peter Braid: Thank you.

I'll give my additional time to Mr. Woodworth.

The Chair: You have one minute.

Mr. Stephen Woodworth: Thank you.

In that one minute, Mr. Chair, in response to an answer that I had from Mr. Bramley earlier about money being given back to Alberta and the west, I'll just say that Canadians have learned since the introduction of income tax in the First World War that they can be certain when government promises to take money away, but they ought to be deeply suspicious when government promises to give it back.

I have other questions, Mr. Chair, but in a minute I couldn't get to them. I'll leave it at that.

Thank you.

•(1235)

The Chair: Thank you.

Mr. Malhi, the floor is yours. Do you want to ask any questions?

Okay, Mr. McGuinty will take your time.

Mr. David McGuinty: I appreciate that. Thanks, Mr. Malhi.

Thank you, Mr. Chair.

I'd like to go back, if I could, looking for positive go-forward opportunities, Mr. Drexhage.

What are we saying? We just don't have any idea; Canadians don't know. We've been asking and asking the government just to level with the Canadian people and tell them what Canada is saying internationally. The message keeps changing, and I don't understand it. I can't divine the inspiration for it or try to explain it away, but I think Canadians have a right to know. They won't tell us what our position is.

The dialogue keeps changing. They say, first of all, a bilateral dialogue; then they assert that we have a North American target, which is news to my Washington and Mexico City counterparts. Nobody has ever heard of a North American target. We don't really know what is being said anymore.

But you are tracking the international developments. What in fact is Canada saying internationally right now, in advance of Copenhagen?

Mr. John Drexhage: It is saying that it's very clear about its target, a 20% reduction from 2006 levels by the year 2020; that the base year is 2006 and not 1990, which all other parties have agreed to—

Mr. David McGuinty: I'm sorry, what other signatories to the UNFCCC have agreed to use 1990 as the baseline year?

Mr. John Drexhage: Parties to the Kyoto Protocol have—

Mr. David McGuinty: Yes. Are we the only country, then, that's saying we no longer use—

Mr. John Drexhage: The United States has not made it clear. They've said 2005.

Mr. David McGuinty: Yes.

Mr. John Drexhage: But the informal word in the corridors is that this won't be a showstopper at Copenhagen for them. I'm not sure whether it will for the Canadian government. We'll see.

Then there was a very clear enunciation by the Canadian government that as far as reaching that target is concerned—and this brings in Matthew's point about the costs associated with this—the target would be reached by domestic means alone; there would not be any international purchases. But we don't have any details yet in terms of how much flexibility would be provided to industry for making purchases overseas so that they can make their internal targets.

Mr. David McGuinty: So the Government of Canada is saying to the world right now that we will achieve a 20% intensity reduction from 2006 without using international credits? Did I understand that correctly?

Mr. John Drexhage: The absolute target of 20% reductions from 2006 levels will not be met by international carbon mechanisms. That's right.

Mr. David McGuinty: That's what the government is saying?

Mr. John Drexhage: Yes. That's what it has said internationally.

Mr. David McGuinty: Is that possible, Mr. Drexhage?

Mr. John Drexhage: I guess Aldyen wants to answer for me, but I'll go on the National Round Table's analysis. They say it's possible, but that you're looking at a cost north of \$100 a tonne, as Matthew has indicated as well.

Mr. David McGuinty: Right.

Mr. John Drexhage: You're looking almost immediately at a price of \$100 a tonne, and north of that, if you don't take advantage of the international mechanisms.

Mr. David McGuinty: The minister said again yesterday, in media interviews widely, that there will be no agreement in Copenhagen. You mentioned that it's in deep trouble because of developing and developed country differences. Can you give us a flavour to help Canadians understand what that means? For example, is this a U.S.-China showdown, a U.S.-China-India showdown; is it about wealth transfer? What's really happening here?

Mr. John Drexhage: I'm sorry if it all sounds a bit too arcane for everybody, but it's whether you're going to go down one negotiating

track or two negotiating tracks. What it's about is trying to get major developing economies more engaged in the mitigation issues.

The United States is forcing the issue by insisting that it will not sign on to the Kyoto Protocol as an amendment and hence will not participate in those discussions where developed countries are, down the track. So all developed countries now have said, and the EU is the last one to do it—and that's why it exploded in Bangkok—that they only want one negotiating track. The G77 and China see that as a betrayal of the terms of reference from the Bali action plan.

We'll see what transpires on Monday in Barcelona, but it could get pretty ugly.

Mr. David McGuinty: So when the Chinese announced, I understand, in New York at the United Nations that they were seriously contemplating—I think for the first time ever—targets, and even intensity targets, and when our government turned its guns on the Chinese government and attacked it publicly through our minister, saying that it's not good enough, that we want harder targets, deeper cuts, and fixed percentages, how was that received, in your experience, within the Chinese government and administration?

• (1240)

Mr. John Drexhage: I have to be honest; I haven't heard at all how the Chinese government received that particular message from the minister. I didn't hear one thing or the other. I think there was a strong sense for many that it was an interesting.... The fact that there was no number yet is perhaps what pressed some governments to say that you can say it's going to be about a certain magnitude but that they'd like to hear what the number is. People are speculating that this will come out either in the summit with Obama in November or at the Copenhagen conference.

The Chair: Thank you. Your time has expired.

Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair.

I know we're down to the wire for talking to our witnesses, so I'll get to the point, and hopefully I'll have a little time to share with my colleague Mr. Watson to make sure we both have an opportunity to get on the record.

I'm going to preface my comments. In testimony before the Senate banking committee, Bank of Canada Governor Mark Carney said that "Overall, there will be a subdued recovery, but there will be a recovery", and this is good news for Canadians.

I'm going to ask Ms. Donnelly in particular, do you think that Canadians are particularly ready to buy into targets and a plan that basically is, from what I can see, just a recreation of the green shift that was offered to Canadians in the last general election, which the chief economist of the Toronto Dominion Bank, Mr. Don Drummond, called the "biggest fiscal shock" in Canadian history in the *Globe and Mail* today?

Ms. Aldyen Donnelly: My opposition to Bill C-311 is due to the shock it would promote. Every time we jump out and set a target that feels out of reach—I'm setting aside the question of whether or not it is in reach—we back whole communities into fear-based tactics. My position is that we know which those communities are; that's not uncertain. The prudent next move is to develop a strategy for working with the communities and finding out what's possible.

I don't mind the whole strategy being about trying to get to Bill C-311 types of objectives or another set of objectives. But I think that if you pass one more bill and haven't gone through that process, there's difficulty.

I also want to add a little comment about the whole international trading thing. Last year, in 2008, the United States discharged just over one billion tonnes of CO₂ equivalent from coal-fired power plants that are over 55 years old. We don't have a coal-fired power plant in Canada that is yet 45 years old, so when we're having this dialogue and talking about money flows, it's expensive to cut emissions here. I'm not saying don't do it, but when we have a new economy, writing off a 20-year-old plant is a lot more expensive than walking away from a 65-year-old plant.

Those are our special circumstances. Our 26% increase in goods-producing jobs since 1996 was from capital investment that came here and that did not go to the United States, and it was capital investment that came here from Europe. We have a special challenge and we have to go at this differently from anyone else.

Mr. Blaine Calkins: September's unemployment rate in Alberta was 7.4%. The provincial government is projecting a deficit of \$7 billion this year. Under the scenario presented in this report, Mr. Bramley, Alberta's economy would be 8.5% smaller in 2020 than projected, our GDP would shrink between 7% and 12% below business as usual, and we would provide as much as \$5 billion more in revenue to the federal government than we would receive back—that's over and above what we as Albertans already contribute to the Government of Canada beyond what we receive in services.

Albertans are responsible. I can tell you right now that they are responsible stewards of the environment; we stand ready to do our part. But the implementation of these requirements, I'm afraid, would drive investment out of and away from our province and our country, and I think the comments made by Ms. Donnelly have demonstrated that implementing unachievable targets in Europe has clearly driven investment out.

So I'm asking you, yes or no: does your model take into account potential capital flight out of Alberta and Canada?

Mr. Matthew Bramley: It certainly takes into account the flows of capital within Canada. The model—

Mr. Blaine Calkins: So the answer is no, it doesn't take into account capital flight leaving Canada.

Does your model take into account the impact that the slow recovery or another recession or a double-dip recession would have on Canada's and Alberta's economy?

Mr. Matthew Bramley: The model uses a fairly modest projection of business as usual emissions growth between 2010 and 2020, which I think is a conservative assumption.

Mr. Blaine Calkins: You don't have the answer to my question. I appreciate your trying.

The last question I have is for anybody who wants to tackle this. This is a sincere question based on the experience I've had as an Albertan growing up through the national energy program and through the last election in going through the green shift. Have any of you considered the effect this proposal would have on national unity, if Albertans are asked to shoulder an even more disproportionate share of this burden?

● (1245)

The Chair: Mr. Drexhage, you go first.

Mr. John Drexhage: Thank you very much.

I too am a native Albertan. I grew up in Edmonton; I'm a Beverly boy. I grew up under the national energy program, I saw it for its short-sightedness, and the Eskimos and Oilers will always be my teams.

I have always been concerned about the national unity issue in this discussion and about how it degenerates so quickly. I'm really sorry that the last legacy former Prime Minister Pierre Trudeau had seems to have been in this area more than any other, ironically. It's really unfortunate, because I don't think it need be the case at all. I think we can have a very progressive, constructive discussion on this. I hope we can use this as a means of going forward on things instead of using it as a means of division, because it's not healthy for the country and it's not going to be healthy for the environment. And over the longer term it won't be healthy for the economy in Alberta, either.

The Chair: Ms. Donnelly, Mr. Calkins' time is up, but you can give a very short response.

Ms. Aldyen Donnelly: I think unity is at risk because expectations are too high. The whole Kyoto-U.S. congressional context penalizes regions that are most efficient and rewards regions that are currently least efficient. So in fact, if we actually went down the Copenhagen track, the region that's got the most difficulty raising new capital for anything is Quebec; it's not Alberta. You have to have a bunch of emissions to be able to cut them.

So I'm really concerned about the situation we're in, where we've got Manitoba, B.C., and Quebec anticipating reward because they're currently efficient, when we're in an international convention that's asking us to penalize those who are most efficient and move cash to those who are least efficient at this time.

The Chair: Thank you.

Mr. Watson, you have the floor, and you get the last question. You have five minutes.

Mr. Jeff Watson (Essex, CPC): Thank you very much, Mr. Chair.

Thank you, of course, to our witnesses for appearing.

As a matter of a comment for the record, Mr. Chair, since this report comes to us very recently and with the TD Bank's sponsoring the report, Don Drummond, the economist, would be a good witness to have before the committee to explore some of the economic questions in the report. I leave that for the chair's consideration or the committee's consideration at a future point. I think it would be beneficial to have Mr. Drummond appear to explain the TD Bank's report.

Mr. Bramley, you said every model has different results. You've obviously chosen a very specific model for the report. I notice that on the inside cover the position of the David Suzuki Foundation talks about the policy choices being constrained by the model and says they represent some of the potential scenarios for achieving a GHG emission reduction target in 2020. I note further that they actually have a disclaimer that they don't specifically endorse the technologies and policies in the report. Apart from that, you've chosen a very specific path here.

I'm going to ask you some questions on that in short order by comparison too.

Back in the spring, I wrote the Parliamentary Budget Officer asking for him to do a full cost accounting of Bill C-311, and we had some exchange with Mr. Page. He presented a bit of an outline of what he thought could be a framework for considering this. Under the idea of new policy scenarios, he makes the point:

A number of policy scenarios would need to be developed since there are likely multiple approaches and combinations of approaches to achieve required reductions in emissions. The use of different approaches or combinations of approaches would likely result in differential economic impacts.

So my point, first of all, is that this is one opinion with respect to the economics, based on certain key assumptions. There are things that are not included in this report, in terms of alternate pathways to compare. Is that a fair assessment?

Mr. Matthew Bramley: It's one scenario. It's one pathway, and there are many others that could be chosen.

Mr. Jeff Watson: Right.

Mr. Page goes on to say:

The definition of "economic impact" could be broadened to include other economic indicators, social welfare measures, in addition, or what are the—

• (1250)

The Chair: We have a point of order.

Ms. Linda Duncan: The report Mr. Watson is referencing has not been shared with the other members at the table. Can it be offered to us?

Mr. Mark Warawa: It's a public document.

The Chair: Mr. Watson, I know that—

Ms. Linda Duncan: We've been asking for this report for months, so could it be provided to us, please?

The Chair: But the request didn't come from committee; the request to the Parliamentary Budget Officer was made by Mr. Watson.

Mr. Jeff Watson: That is correct, Mr. Chair.

The Chair: If Mr. Watson feels it is useful to share that with the committee, I would encourage you to do that.

Ms. Linda Duncan: He's referencing it today.

The Chair: He has referenced it, but he's not out of order, so he can continue on with his question.

On the same point, Mr. McGuinty.

Mr. David McGuinty: Mr. Chair, my recollection is that Mr. Watson graciously accepted months ago to immediately share that report, or any correspondence back from the Parliamentary Budget Officer, when he received it. Ms. Duncan is perfectly correct. We have been asking, Monsieur Bigras been asking, and I've been asking for months.

Now, if we have a framework in terms of what might constitute a costing of a full climate change plan for Canada, that's great, and Mr. Watson would be well served, I think, to send it to Mr. Prentice so he can use it.

The Chair: Mr. Bigras.

[Translation]

Mr. Bernard Bigras: Mr. Chair, you have to understand.

A member of Parliament, a member of the Standing Committee on Environment and Sustainable Development, sent requests to the budget director. We fully supported those requests except that he has to work in cooperation with the committee. In other words, if he has information, he has to send it to the committee.

So it wasn't a member of the House of Commons who took the initiative; it was a member of the committee, and he has to assume his responsibilities and work with the members of the standing committee.

[English]

The Chair: And as you all realize, we are all just private members when we're off the committee, and as private members we can undertake any work that we see fit.

Mr. Watson did this initiative on his own. The committee never did ask, through a motion, to have it shared. He did offer.

So, Mr. Watson, I'll leave it up to your discretion unless the committee says....

On the same point of order, Mr. Warawa.

Mr. Mark Warawa: Mr. Watson brings up a very good point, though, that his letter dated April 20, 2009, requested a costing of Bill C-311, because the author of Bill C-377 and Bill C-311—the Pembina Institute and Mr. Layton, both said it should be costed. And under that logic, that was his request.

To hear back from the budget officer saying he couldn't afford to do it and yet now can afford to do a costing at the request of a Liberal member of Parliament raises a number of serious questions, and we need to look into this.

The Chair: Okay. I'll take this all under advisement and I'll talk to Mr. Watson after the meeting.

But let's continue on with our last question. You have two minutes left.

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

And thanks to the members for eating up a lot of time here today.

In a full cost accounting, the Parliamentary Budget Officer goes on to say that there could be key assumptions that have to be made about responses of monetary policy as well. In other words, in a nutshell he's proposing something that would take about 12 months to produce that would be far more comprehensive, and I think it would be far more valuable to this committee if he could undertake that study.

But my point here is that this only represents a particular and, I would say, narrow opinion, first of all. And secondly, I would go on to suggest that the assumptions that are made in here.... I think *The Globe and Mail* noted that Canada would have to turn itself into an environmental paradise overnight. It's a perfect case scenario and it really represents some things that are unrealistic—the California emission standards, for example. Buzz Hargrove of the Canadian Auto Workers union, a couple of years ago called that suicidal for the auto industry. It's not a realistic thing.

Don Drummond himself says that it's not reasonable to expect that technical advances will provide a solution by 2020, yet you're assuming certain things in the account itself.

Have you proposed this unrealistic policy scenario to cover what the actual costs are? They could be higher than what they're calling an economic upheaval, the biggest fiscal shock in Canadian history, deeply disruptive to the economy? Have you in fact underestimated what could be significantly higher costs to the economy?

Mr. Matthew Bramley: First of all, I object to the suggestion that there's been any dishonesty on our side in this study. We've tried to take a comprehensive look at some ambitious emission reductions in the public domain to try to elevate the level of debate and to try to get away from the kinds of discussions where there is a focus on negative elements rather than looking at the overall picture.

The model we chose is a mainstream model that's been used by the federal government and, on a number of occasions, by provincial governments, including Alberta. There are a number of conservative assumptions. For example, we assumed that Canada would be going substantially further than other OECD countries in its level of climate policies. We didn't take any account of the use of forests to reduce emissions because the models were not capable of that, but that would be another potentially low-cost opportunity.

Other models exist that produce lower costs than this. And when it comes to the international reductions, we used much higher prices than are usually used. Those are all conservative elements of this work.

And frankly, I object to the suggestion that there's any attempt here to produce numbers that are not objective.

•(1255)

The Chair: Thank you. Your time has expired.

We do have a motion to deal with.

On a point of order, Mr. Warawa.

Mr. Mark Warawa: Mr. Watson made a recommendation that Mr. Drummond be invited as a witness to this committee. I think the points he made are relevant and Mr. Drummond should be invited.

The Chair: Okay, I appreciate that. We'll see if he's available.

Madam Duncan.

Ms. Linda Duncan: Mr. Chair, before we go to my motion, I would like to clarify something for the record on behalf of Mr. Hyer. This is his bill. He's not able to be here to defend his bill because he's undergoing cancer treatment. So I'm going to clarify for the record, based on Mr. Warawa's disparaging comments about Mr. Hyer's bill, that it was drafted by Pembina.

I want to make it clear for the record that his bill was not drafted by Pembina. And I want to assure him that the New Democratic Party, through Mr. Hyer, broadly consulted on that bill to NGOs, to industry, and to other governments.

The Chair: Thank you.

Mr. Mark Warawa: I have a point of order, Mr. Chair.

The Chair: It had better be a point of order, Mr. Warawa.

Mr. Mark Warawa: Mr. Chair, Ms. Duncan's comments were a point of order, is that correct?

The Chair: She was just providing some comment about the comments you had made in your first reference to Mr. Hyer.

Mr. Mark Warawa: It's on the record, Mr. Chair, that Pembina was involved with the bill. That was part of the testimony back on Bill C-377, and it also was today. And the reference both times was the case for deep reduction, which is a Pembina and David Suzuki document. So that's on the record.

The Chair: Okay, that's taken under advisement.

We're going to move to the motion.

I want to thank witnesses for appearing today and for their testimony. It will help us to form our final recommendations and analysis of the bill.

You are free to leave the table.

Ms. Duncan, you had asked that we deal with this not in camera but in public. Common practice for us is to deal with future business in camera. Since this is something that's not routine for this committee, I'm going to ask that you make it a motion to stay in public. Otherwise, I think the consensus is to stay with the normal practice.

Ms. Linda Duncan: That's fine, Mr. Chair.

I move that my motion be discussed not in camera, and by a vote on the record.

The Chair: This is a dilatory motion. It's non-debatable, because it's about process.

I'm going to ask the question. All those in favour of staying public? Okay. And those opposed?

Normal practice, as I said, is that committee goes in camera. There is no debate, no points of order, on dilatory motions. The dilatory motion is that we stay public to deal with Ms. Duncan's motion.

Mr. Blaine Calkins: I want a clarification. As a parliamentarian, I want to know, are we currently in camera or are we public?

The Chair: We are public right now.

Mr. Blaine Calkins: We're public right now. And the motion before us is—

The Chair: To stay public.

Mr. Blaine Calkins: —to stay public for discussion of committee business. Is that correct?

The Chair: It is.

I'll call the question again.

(Motion negatived)

The Chair: It's defeated, so we're going to go in camera.

I ask everyone to clear the room so that we can deal with future business.

Thank you.

[Proceedings continue in camera]

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

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

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

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

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>