



House of Commons
CANADA

Standing Committee on Natural Resources

RNNR • NUMBER 002 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, February 10, 2009

Chair

Mr. Leon Benoit

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Natural Resources

Tuesday, February 10, 2009

• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. Welcome to our first business meeting of the committee on natural resources.

Pursuant to Standing Order 81(5), we are considering supplementary estimates (B) 2008-09. Votes 1b, 5b, 15b, and 25b under Natural Resources, referred to the committee on Thursday, January 29, 2009, are the business of today.

We have appearing today the Honourable Lisa Raitt, Minister of Natural Resources, in her first appearance before our committee.

Welcome, Minister. I'd like to say that the committee appreciates your attending on such short notice so early in this session. Go ahead with your presentation, and then we will welcome questions. Welcome.

Hon. Lisa Raitt (Minister of Natural Resources): Thank you, Chair. I appreciate that.

Thank you, everyone, for having me here today. As you know, this is my first appearance before the committee as Minister of Natural Resources. I'm very pleased to have the opportunity to meet with the committee so early in this new session of Parliament. I look forward to working with the committee and to having the benefit of your advice and counsel in the months ahead, as we work together to see Canada through these difficult times.

Let me begin with a brief description of our government's approach to assuring the contribution of the natural resources sector to our long-term prosperity and of how budget 2009 supports that vision while helping the sector address serious short-term challenges.

I'm sure I don't have to remind this committee of the importance of a healthy natural resources sector to Canada's economic well-being. This country is a natural resources giant, but in an increasingly competitive global marketplace, to maintain that stature we need to move strategically. Our government's focus is to build on our strengths, our deep and diverse resource endowment, the systems that support its development, and the people and the ideas that together are responsible for Canada's resource advantage.

For example, we are expanding our knowledge of our resource base with investments such as a \$100 million geosciences program to search for new resource opportunities, especially in our north. Every dollar invested in geoscience leads to \$5 in exploration spending by the private sector and \$125 in resource discoveries. We've created FPInnovations, the biggest public-private forest

research consortium in the world, and have made Canada a leader in key technologies. We continue to develop and refine the systems that support our resource sector, from the roads and the ports and other infrastructure we need to a tax and regulatory regime that is as competitive and effective as any in the developed world. Budget 2009 continues a strategic approach, while also supporting the sector's own efforts to address the immediate challenge.

Over the past two months I, alongside other members of our government, have travelled from coast to coast to coast to consult with Canadians on what they wanted to see in the budget. This was the most comprehensive and inclusive pre-budget consultation in Canadian history, with direct input from every province and territory, hundreds of organizations, and thousands of Canadians. It of course included stakeholders throughout our resource industries and in resource communities across the country.

We were able to shape a broad consensus on what actions needed to be taken to protect our economy, and the overarching message was very clear: our economy requires immediate stimulus, but we must not put Canada's long-term financial health at risk. Budget 2009 shows that we heard that message loud and clear. This budget will generate substantial economic activity now, protect Canadians hardest hit by the recession, and at the same time contribute to, rather than jeopardize, long-term prosperity.

• (1535)

Hon. Geoff Regan (Halifax West, Lib.): I have a point of order, Mr. Chair. I'm sorry to interrupt.

The Chair: Mr. Regan has a point of order.

Hon. Geoff Regan: Can I just get a clarification? We're dealing with the supplementary estimates (B). The minister is talking about the budget. Does that mean you're going to allow questions relating to the budget? If she's going to talk about it, I hope you'll be allowing us to talk to.... Otherwise, we should stick to the topic of the supplementary estimates (B).

The Chair: Of course, the supplementary estimates apply in a very broad way to what the minister is saying. As you would know, Mr. Regan, when a minister is before committee, it's best to stick to the business on the agenda, but it has been tradition that other questions are allowed.

Hon. Geoff Regan: Good, thank you.

The Chair: Would you please continue, Minister?

Hon. Lisa Raitt: No problem.

As Minister of Natural Resources, I'm acutely aware of the special difficulties being experienced by our forest sector and the communities that depend on it. Budget 2009 will further complement the sector's own efforts to work through this period of transformation: an additional \$170 million over two years to support market diversification and innovation to create new products in the sector. New incentives for home purchase and renovation, and funding for improvements to social housing will stimulate additional activity in this sector. The flexible \$1 billion community adjustment fund will provide essential and immediate support to communities most affected by the global downturn, including resource-dependent communities all across the country.

Other measures, including extending the accelerated capital cost allowance and eliminating the tariff on imported machinery, will further stimulate activity in the sector. We are extending the special mineral exploration tax credit, and the \$200 billion extraordinary financing framework will enlarge ongoing access to capital in the economy, including in the resource sector.

In the energy sector, the focus is green. Since 2007 we've committed some \$3.6 billion to develop our clean energy potential, increasing our capacity to generate clean renewable electricity and cleaner fuels.

We also need to be cleaner producers and consumers of conventional energy. Building on previous investments, budget 2009 will establish the \$1 billion clean energy fund to support further development of key technologies such as carbon capture and storage, or CCS. CCS shows great promise in allowing Canada to benefit from its strategic petroleum resources while achieving significant reductions in GHG emissions, the kind of technology Canada needs and the world wants.

Of course, the cleanest energy we have is the energy we don't use. We are adding to our investments in energy efficiency with \$300 million to extend the extremely popular ecoENERGY retrofit homes program. This will allow another 200,000 homeowners to better control their energy costs and reduce emissions, while generating some \$2.4 billion in economic activities in communities across Canada.

I can't discuss energy without mentioning the recent incident involving a small leak of heavy water at the NRU reactor in Chalk River. Let me assure the members of the committee and all Canadians that at no time was there any significant risk to workers, the public, or the environment. As required by Canada's nuclear regulatory framework, the incident was reported to the Canadian Nuclear Safety Commission. The medical community in Canada received timely information from Health Canada regarding the availability of medical isotopes. Nonetheless, many have expressed

concern that the heavy water leak should have been reported to the public as well. I'm pleased that both AECL and the CNSC have committed to revising their approach on public reporting of such events.

As for the NRU reactor itself and ensuring our supply of medical isotopes, our government continues to be proactive. Among other actions, Canada brought the key international players together at a global forum in Paris last month. I'm pleased that all participants agreed to collaborate in fostering the development of contingency plans to manage any future shortages in isotope supplies. Securing global isotope supply is, after all, a global challenge that requires a global response.

Beyond its role in isotope production, it is understood that nuclear technology will play an important role in how we meet the growing demand for energy with the need to tackle climate change. We also understand that this is a \$5 billion industry that provides high-quality jobs for some 30,000 Canadians. Budget 2009 includes \$351 million over the next year to support development of the advanced CANDU reactor and to maintain safety and reliability in the operations at Chalk River. This investment will support AECL's pursuit of new business in Canada and globally.

Along with the ongoing review of AECL announced last year, these and other steps will strengthen AECL, build on Canada's existing nuclear expertise in a changing global market, and further protect the interests of Canadian taxpayers.

● (1540)

In short, Mr. Chairman, budget 2009 will provide immediate stimulus to our resource industries, protect the jobs of tens of thousands of Canadians, and continue to reinforce the foundation for long-term success, building a resource sector that can compete with anyone, anywhere, economically and environmentally. As we've done in the past, with budget 2009 we are continuing to make the prudent, responsible investments that protect Canadians in the near term and build even greater prosperity in the future.

Thank you very much for your time, Mr. Chairman. I look forward to any questions the committee may have.

The Chair: Thank you very much, Minister, for your very informative comments and for keeping it within the time that we'd requested.

We will start the seven-minute round of questioning with Mr. Regan from the Liberal Party.

Go ahead, up to seven minutes.

Hon. Geoff Regan: Thank you very much, Mr. Chairman.

Thank you, Madam Minister, for appearing. Pardon me for interrupting on that point of order to figure out how the rules would work today. I'm pleased to have that clarification.

One of the issues you talked about was AECL, of course, in Chalk River, which has been topical of late for a lot of us. The briefing note by the committee researcher indicated that there wasn't new funding for AECL in the supplementaries; however, there was \$351 million, of course, mentioned in the budget. The question is really whether AECL has enough resources to accomplish its mission.

The other question is this: where is that money meant to be spent? Is it true that the \$351 million includes \$135 million for the advanced CANDU reactor, or the ACR-1000, \$72 million to decommission the two MAPLE reactors at Chalk River, and \$144 million to maintain safe and reliable operations at Chalk River Laboratories?

Hon. Lisa Raitt: Thank you for your question.

As we've indicated already, our government is continuing to support the development of cleaner energy solutions. Our target is to achieve 90% of electricity from emission-free sources by 2020. Nuclear energy, of course, is a part of this clean energy mix.

We also recognize the importance of the nuclear industry in Canada's economy. As I mentioned in my opening remarks, specifically in the area that I'm from, southwestern Ontario, there's a number of very important manufacturing industries that have sprung up around AECL. In terms of innovation, expertise, technology, engineering, and science, the nuclear industry is an incredibly important part of the fabric of our economy.

On the points in your question, budget 2009 provides \$351 million, on a cash basis, to AECL for 2009-10 for its operations. As you indicated, that includes the development of the ACR and maintaining safe and reliable operations at Chalk River and with respect to the isotope facilities. The allocations are all subject to Treasury Board approval.

In terms of your breakdown, I think it's more accurate to indicate that the total amount for the isotopes would break down even further. Part of it is for the MAPLE project and the other part of it is to explore the extension of the licence of the NRU to bring it past 2011 for the continued production of the medical isotopes.

• (1545)

Hon. Geoff Regan: Thank you.

I'm a little confused. When I talk about the \$72 million to decommission the two MAPLE reactors and the \$144 million for Chalk River, you sort of say the money for the isotopes, which doesn't seem to be the same thing. Would you clarify which of these numbers is wrong and where the money is instead?

As well, I realize it has to be approved by Treasury Board, but clearly you have a pretty good idea of what you want to do, I would hope.

Hon. Lisa Raitt: Yes.

No, nothing is wrong in the way you indicated. I'll just be very clear. When you indicated \$72 million for the total isotope package, I was just giving you further refined information. That \$72 million

breaks down further. Part of it is for the MAPLEs, which is \$25 million for the decommissioning, and the other part is \$47 million, which has to go to pursuing the NRU licence extension past 2011.

In terms of the \$144 million, that is for Chalk River, as you indicated, and \$135 million for the advanced CANDU reactor. I hope that helps clarify this.

Hon. Geoff Regan: Thank you.

How much of the \$144 million for Chalk River is earmarked for fixing the ongoing leak of water into the containment area? How much is to determine the cause of the heavy water leak, which led to the release of tritium into the atmosphere? Can you tell us and tell the public exactly how much tritium was released?

Hon. Lisa Raitt: With respect to Chalk River, AECL has indicated the amount they'll be utilizing and spending in their budget, the amount that they ask from us in order to help them with the ongoing rehabilitation and operations at Chalk River. To get to the specifics of how much they plan on spending in each budget line item, AECL would be the more appropriate entity to speak with on that one.

On the second part of your question, I'm going to defer to Serge Dupont, the associate deputy minister.

Mr. Serge Dupont (Associate Deputy Minister, Department of Natural Resources): Sir, I cannot give exact numbers with regard to the tritium that would have been released, but what we can say is, as per AECL and the CNSC, that all such releases would be controlled, monitored, and reported fully within regulatory standards.

Hon. Geoff Regan: Thank you.

In the department's estimates last year, one of the things it said under the Canadian Nuclear Safety Commission was that "Canadians will only accept the use of nuclear installations and processes in Canada if they are confident that there are no undue risks to them and to their environment".

Wouldn't you think that in view of that sentiment expressed by the department itself less than 12 months ago, you would want to have quick and full disclosure of these types of events, like the one that happened on December 5 and whatever has happened since then, rather than waiting so long afterwards? And secondly, when did you ask for the report in relation to the events of December 5, which you tabled last Thursday in the House?

Hon. Lisa Raitt: I'm just going to make sure I'm referring to the exact timing and the dates you asked for, Mr. Regan.

With respect to the water leak itself, as I indicated in the House, I was made aware of the fact that there was a leak and that as a result the reactor would not be restarted as they investigated where the leak came from. The leak was subsequently repaired and the NRU came up in production at that time, and we focused on making sure the medical community also was made aware of the fact that the medical isotopes would be at a lower level of availability, as they had in the past. And we communicated that to the appropriate people.

With respect to the reports, they were tabled on February 5. I guess I had asked for the reports soon thereafter, when I indicated in the House that I'd be asking for the reports. In fact, I asked for the reports from the officials instantaneously thereafter. They were delivered in three pieces, one from CNSC, one from AECL, and one from NRCan officials. The result of it was that, having looked at all the reports and analyzing both the chronology of what had happened and the reporting that had gone through and the cooperation and the communication—which was very good between AECL and CNSC and NRCan—there was good communication on the issues. But AECL, in cooperation with the CNSC, will introduce voluntary disclosure of reportable events at the Chalk River labs on a going-forward basis, and in fact on February 19 AECL will be at a hearing with CNSC and will be speaking more about disclosure of events at Chalk River.

• (1550)

The Chair: Thank you, Minister.

Thank you, Mr. Regan. Your time is up.

We go now to the Bloc Québécois, to Madame Brunelle for up to seven minutes. Go ahead, please.

[Translation]

Ms. Paule Brunelle (Trois-Rivières, BQ): Good day, Minister. Congratulations on your appointment. I wish you all the best in your endeavours.

I would like to discuss the strategic review of AECL. When Auditor General Sheila Fraser appeared before the committee in January 2008, she reminded committee members that AECL had not had a strategic plan in place for many years and that the consequences of this could be negative. The then minister had mandated the National Bank to evaluate the situation. Three possible options were weighed: the status quo, partial privatization and full privatization.

In Budget 2009 which you discussed with us, approximately \$350 million has been budgeted for AECL, including \$135 million for the development of the ACR 1000, the Advanced CANDU Reactor. In light of circumstances, the committee is greatly concerned about the possible scenarios of partial or full privatization.

As parliamentarians, we would be entitled to obtain the report on this strategic review as quickly as possible. I'd like to know when we can expect to receive a copy of the report. The mandate to carry out this strategic review was awarded some time ago, specifically, in February 2008. Have you come to a decision about the future of this Crown corporation?

[English]

Hon. Lisa Raitt: Thank you for your questions.

I will start with your last question, which was whether a decision had been taken. The answer is no, a decision has not been taken with respect to those matters associated with AECL that you speak of when we refer to the National Bank report. What I can tell you is that in approaching the issue of AECL, there are three important considerations that one must have in mind. Number one is the one I spoke of first, which is that with respect to the total energy mix for Canada and the pursuit of the ideal of having 90% emission-free

electricity by 2020, one has to look at all the mix, and nuclear energy is an important part of that mix. An important piece for us in moving toward a cleaner, greener society in Canada is having nuclear as part of it.

The second part that's important, as well, is one I mentioned earlier, which is this burgeoning.... Actually, it's there. It has been there for 50 years and has continued to grow. It's an important part of the Canadian fabric and an important part of the Canadian economy, and that's the nuclear industry itself. It's a very strong industry. It is incredibly technical. We have great pride in our engineers here in Canada. We have wonderful nuclear engineers. We have great manufacturing facilities. We have excellent abilities to do research in the nuclear field, and in fact, in many ways Canada has been a great leader in the world in nuclear energy, both in terms of reactors and in terms of nuclear medicine. We have very much to be proud of. You have to consider this when you look at the concepts and issues related to nuclear energy.

The third piece is the business piece, which is the part about the fact that the government is representing the citizens of Canada as a shareholder in AECL, which is a crown corporation. In that vein, the taxpayers of Canada have to ensure that there is good value for money within the company and that whatever investment they're making in AECL, through the budget or through research or through education or through technical advances, is beneficial to the Canadian taxpayer and is a good return on investment.

Those are the three policy drivers through which you view Atomic Energy Canada Limited.

The government announced the review of AECL last year. It was part of the due diligence and the commitment to good governance and responsible management that came out of an unprecedented event in December 2007, when unanimously the House, in committee of the whole, indicated that it was extremely important to open up the NRU in order to continue the production of medical isotopes. The overall objective is to bring forward options to strengthen the corporation and to build on our nuclear expertise in a changing marketplace.

National Bank Financial has provided external financial advice on potential options, or the best position, for AECL in the future. We'll take their recommendations into consideration as a key element. That would go, of course, to the part I spoke of in terms of whether there is a good company entity there to ensure that it is not only part of the energy mix, is not only part of fostering the nuclear industry, but is a good return on investment for the Canadian taxpayer.

It's premature to talk about the outcome of the review. It'll continue for some months. It is with the department officials who are reviewing it. We'll be considering the recommendations when the recommendations and the review are concluded.

• (1555)

[Translation]

Ms. Paule Brunelle: I see that you have experience as a business woman. Understandably then, a strategic plan is certainly very important to you, as someone responsible for making substantial investments.

I was asking whether or not you had received this report. You answered that you had not yet received it and that you had not yet made any decision as to the future of this Crown corporation. Therefore, I will await further information.

Getting back to the Supplementary Estimates (B), \$250,000 has been budgeted to create a special projects team and to fund related activities with a view to completing the full review of AECL's structure and of the Chalk River laboratories. Is this in addition to the National Bank Financial's analysis report? Is this a study that was undertaken a year ago? What exactly is the nature of these supplementary estimates, given that the strategic report, which cost an estimated \$1.4 million, has not yet been tabled? What exactly is this team?

[English]

Hon. Lisa Raitt: Thank you very much.

The funding you referred to represents the balance of budgetary provisions carried over from the previous year for an AECL Chalk River laboratory financial structure review. The government announced a review of AECL last year as part of our due diligence and commitment to good governance and responsible management. As I indicated, the overall objective is to bring forward options to strengthen the corporation and build on Canada's nuclear expertise in the changing marketplace. The National Bank Financial has provided external financial advice on potential options to best position AECL for the future. We'll take the recommendations into consideration as a key element; they will help inform the government's decision in part.

As I indicated, it's hard to speak about the outcome of the review, because it's going to continue for some months. It is with the officials right now to study, analyze, put recommendations on, and deliver to us.

The Chair: Thank you, Madame Brunelle. Your time is up.

Mr. Cullen, from the New Democratic Party, will have up to seven minutes.

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

Thank you to the minister for coming. Congratulations. This is a big job. The portfolio you hold seems to be at a convergence of some important questions around energy and the economy and also climate change. It seems that you are going to be holding a lot of the decisions within your department.

A question I have right off the bat is this. I was casting about Natural Resources Canada trying to figure out what defines green energy. I can't find a definition. Does the department have a working definition? Are there types of energy that are in, types of energy that are out of that definition? What criteria do you use for it?

Hon. Lisa Raitt: I'm going to have to defer to the deputy on that.

Ms. Cassie Doyle (Deputy Minister, Department of Natural Resources): Thank you very much for the question. It is indeed an important one.

In terms of the way we approach clean energy, one definition would be the level of emissions from an energy source.

Mr. Nathan Cullen: Just for clarification, do you mean greenhouse gas emissions; do you mean pollutants? What defines emissions?

Ms. Cassie Doyle: I wouldn't say strictly greenhouse gas emissions. From an energy perspective, this is the number one contributor to GHG emissions, so it is probably more of a consideration than other releases. But as a government as a whole, we're concerned with all releases, and with clean air as well as GHG emissions.

From a clean energy perspective, it really is a question of trying, on almost a portfolio basis, to reduce the emissions from energy production.

● (1600)

Mr. Nathan Cullen: As you can probably suspect, the reason I'm asking this question is that in the budget—in the supplementary estimates, but in the larger budget that you've referred to, Minister—green energy is referred to quite a bit. What I'm trying to understand is this. If the department doesn't have a set definition, it becomes problematic for the Canadian people to understand what they mean and what you mean when you suggest that you're going to fund green energy up to a certain amount of money—what's in and what's out.

I'll be specific. In the budget, there is clear notation around carbon capture and sequestration having a connection to green energy, although there's some dispute about that. How much is allocated in the upcoming budget for the true alternative green energies: wind, tidal, or solar?

Hon. Lisa Raitt: As I indicated in my opening remarks, in the energy sector the focus is green. I've already spoken about emissions-free electricity and the importance of moving in 2020 towards 90% emissions-free electricity. Since 2007, we've committed about \$3.6 billion to develop our clean energy potential, as opposed to the narrow definition of green that you're indicating. And as for clean energy potential, the kinds of things we've been investing in are really definitional in that sense. If we take a look at it, it's energy efficiency, because as I indicated, the best energy is the one that you conserve; it's the most efficient way of dealing with it.

The second piece that's important as well concerns the renewables. We have a number of different types of renewables. When we talk about renewable electricity, the focus, of course, is on hydro, and we take a look at hydro. Hydro, of course, is a very important part of the mix, especially in Quebec, but especially in British Columbia as well.

As well, it's important to not only develop these new technologies—they're old technologies—but as well to take a look at the mitigation of our use and our current consumption of fossil fuels. That's where we come back to the concept of CCS.

If you take a look at it all, in the big circle it has to do with mitigation of our current uses of fossil fuels, which involves CCS and other developing technologies—which are important as well, because we still use fossil fuels, we still use coal, we still use oil. Those are very important parts of the Canadian fabric.

The second part is of course, as I indicated, energy efficiency: utilizing the best tools we can in terms of energy efficiency, home retrofits. President Obama, of course, has indicated—

Mr. Nathan Cullen: I'm sorry, Chair, I've only got so many minutes and the repetition of points is all good. I wanted to know how much money has been allocated for solar, wind, and tidal.

Hon. Lisa Raitt: In the past, in 2007, we committed \$1.48 billion for renewable energy. I had the pleasure of announcing the opening of a wind farm most recently. It's one of the projects we funded that are coming on line now. We expect many more projects to come on line in the future. Wind, of course, has been very important, and in fact when I worked at the Port of Toronto, what we noted was an increase, an uptick in importation of wind turbines into Canada to be put into wind farms in and around southern Ontario and all the way out to the west.

Mr. Nathan Cullen: Your predecessor committed \$200 million to the pine beetle fund. Do you know how much of that has been spent?

The Chair: I'll just take this opportunity to introduce the deputy minister, Cassie Doyle, who is with the minister, and the associate deputy minister, Serge Dupont, and I see another gentleman has come to the table. These officials will be here for the second part of the meeting, but they are involved in this part, so I thought I'd take this opportunity to introduce them. We also have at the table Mr. Jim Farrell, Assistant Deputy Minister, Canada Forest Service, Natural Resources Canada.

Welcome.

The clock is stopped, actually. It has been stopped since we started that.

Go ahead, Minister.

• (1605)

Hon. Lisa Raitt: Thank you very much, Mr. Chair.

We understand that the forestry sector is facing special challenges, as you're well aware, Mr. Cullen. Both Mr. Harris and Mr. Hill from the Conservative caucus are very concerned about the mountain pine beetle and are good advocates for their constituencies on the issue.

The specific question that you have asked is what has been allocated, of the \$200 million, and I turn to Mr. Farrell to help on that.

Mr. Jim Farrell (Assistant Deputy Minister, Canadian Forest Service, Department of Natural Resources): Thank you, Mr. Chair.

Of the \$200 million that was dedicated to the pine beetle, roughly 50% was around economic adjustment for communities, and the other 50%, \$100 million, was with our department for slowing the spread as well as community protection.

Mr. Nathan Cullen: Being very specific, what has actually been spent?

Mr. Jim Farrell: By the end of this year—I wanted to clarify, because \$100 million is actually within our department, and of that \$100 million, by the end of the year roughly 90% will have been committed—

Mr. Nathan Cullen: And the other \$100 million?

Mr. Jim Farrell: It's not within our department. It is shared between Western Diversification and Transport Canada. I can get you those figures, though.

Mr. Nathan Cullen: The figures we've been working with show we've got a little over \$14 million of that second part spent, and for communities that are facing a crisis, as the minister pointed out, it's somewhat problematic.

This is my last question, Chair.

The Chair: Actually, you're out of time, Mr. Cullen, but we will ensure that Mr. Farrell does get you the information you have asked for. Thank you very much.

We go now to the Conservative side, to the government side. Mr. Allen, you have up to seven minutes. Go ahead, please.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Minister, welcome. Congratulations on your appointment. I must say that in the few situations we've had to deal with, I appreciate your forthrightness.

But I am going to switch the topic completely now to forestry. Having an opportunity to actually be part of the pre-budget consultations, a number of them in New Brunswick as well as one in Nova Scotia, and having been helped with the report last year that we did on Canada's forest industry and recognizing the challenges and opportunities, I want to start with some of the numbers that are in the supplementaries.

One is the \$5 million to promote Canada's forest sector internationally. There are a couple of items in there...they're probably different. One is the contributions to support leadership—that's \$4 million—and the other is the \$5 million for Canada's forest sector internationally. Can you talk a bit about what the objectives of those dollars are and how that dovetails with where we want to go in the future for the \$10 million that we've put over two years to support large-scale marketing, that we added in the 2009 budget?

Hon. Lisa Raitt: Thank you as well for helping out in our unprecedented budget consultations, which I indicated in my opening remarks.

Canada is a global leader in sustainable forest management. To help translate this record into a market advantage, budget 2008 provided \$10 million over two years to promote the environmental reputation of Canada's forest sector internationally.

Misperceptions about our environmental performance are compounding the challenges facing the forest industry. They also threaten our ability to sell into future markets. If people begin to understand and believe misperceptions, it's not going to allow us to penetrate foreign markets.

The leadership for environmental advantage in forestry program is helping to mitigate the impact of large-scale campaigns. The program is cost-shared with federal contributions, leveraging matching funds from industry and provincial sources. Canada's ability to close the gap between environmental performance and reputation is a critical element of securing the long-term prosperity of the Canadian forest sector. The majority of the funds are provided to the Forest Products Association of Canada, Canada's national forest industry association, to carry out market research and advocacy and monitoring activities as well.

Mr. Mike Allen: One of the other things we heard as part of our consultations is that there's a significant amount of private woodlot ownership as opposed to crown ownership in a lot of the other provinces. That's particularly specific to Atlantic Canada and also Quebec. In order to secure our long-term future, one of the items that were stated in last spring's report was on the tremendous potential of the forest industry, as long as we guard its future well. Silviculture was one of those investment opportunities.

My question is on that. Would there be that opportunity, either as part of our community adjustment fund or on some other basis? Where do you see the department going on supporting silviculture in our forests?

• (1610)

Hon. Lisa Raitt: Certainly I agree with your analysis of what people asked for. When I met with my counterparts, the ministers in the provinces, in Halifax at the beginning of January and then again in Edmonton with the western part, it was very clear across the country how important reforestation, silviculture, is to the industry itself. Even though we're in an economic recession now and we're having troubled times for the forestry sector, I would say they are prospectively very, very positive about where the industry is going. They fully expect, and are preparing, to come out of that downturn.

Something like silviculture is a tool to make sure the product is there in a smart way for the forest products industries to utilize, to be stewards of, and to make products from as we go forward. We've taken that back into the department in terms of developing ideas around the community adjustment fund, as well as talking to FPInnovations and to the Forest Products Association of Canada, to all of those industries, on the awareness and importance of silviculture.

It came up as well in a number of interviews that I've done with media outlets. The desire is there within municipalities, regions, and provinces not only to hone the resource and make sure the resource is there for the future but also to get people back to work, quite frankly, and to make sure there is an ability to keep people within the forestry segment working in that area while we're experiencing the economic downturn.

The Chair: You have two minutes.

Mr. Mike Allen: The other side of this is one of the things that were commented on and talked about a lot when we were doing our report last year. It is that Canada would probably always have a base of sawed lumber on which to leverage future markets, whether they be international or whatever they happen to be, but ultimately, at the end of day, we're going to have to innovate our way out of this, I think. On the \$170 million over two years, I expect FPInnovations is

going to be a major player in that. Can you discuss how you see that rolling out and how quickly you see that rolling out as part of a budget?

Hon. Lisa Raitt: As I indicated in the opening remarks, creating FPInnovations has been a key part in showing Canada as a leader in innovation in forestry. It's not just a collaboration of private and public; it is a very intensive research base leveraging out of this great natural forest we have here in Canada. Budget 2009 provides a total \$120 million over two years to support innovation initiatives in the forestry sector, and to break it down for you, it's \$80 million over two years for the transformative technologies program administered by FPInnovations, and that focuses on developing emerging and breakthrough technology, so it's taking it to the next level. As well, there is \$40 million in 2010-11 to develop a pilot-scale demonstration project for new products for use in commercial applications. This is very exciting because it's bringing to fruition some of the scientific research that has been happening within FPInnovations.

Overall, the Government of Canada is committed to securing a strong future for the forest sector through enhanced innovation and through this entrepreneurial activity in coordination with the industry itself.

The Chair: Thank you very much, Mr. Allen.

We'll start our second round, the five-minute round, with the official opposition, Mr. Bains, for up to five minutes. Go ahead, please.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Chair.

I'd like to take this opportunity to once again thank the minister for coming to committee.

I have a couple of questions around transparency. I want to give you the benefit of the doubt. You are a new minister, but in the past we opposition members have had some frustration trying to get clarification and transparency on some of the initiatives the government has undertaken.

The first question I have is with respect to Chalk River. My colleague Mr. Regan talked about that. You tabled a report that indicated there is going to be a new way, stating that reported incidents will now be made public. Is that a change from previous practices, and if there is a change, is that change a recognition that the process was flawed?

•(1615)

Hon. Lisa Raitt: If you take a look at the three reports from CNSC, AECL, and the officials, which have been tabled in Parliament, it does indicate that while there is reporting among the organizations, there was no reporting to the public of this leak. The reason they've indicated there was no public reporting of the incident is that it was determined at the time, and has turned out to be true, that there was no risk to the public or the environment, so the CNSC—which is the third-party regulatory agency, the tribunal that's meant to have the mandate to ensure the health, safety, and protection of the environment and the Canadian people with respect to nuclear management, and that is foremost in their minds—didn't deem the reporting to the public as necessary. Since then, after the reports had been tabled, after understanding and listening to the concerns that have been expressed, they have indicated they will be committing to increase their disclosure regarding such non-routine events.

At the time, as I indicated, two things were going on. One had to do with the heavy water leak. The other had to do with the effect of the leak, which was the NRU not operating. That communication strategy was fully employed and people were made aware of the medical isotope shortage at the time, and we addressed it at the time as well.

Hon. Navdeep Bains: With respect to reports, I'm glad you mentioned it as well, Minister. This question was raised before. This pertains to the strategic report prepared by the National Bank of Canada on the future of AECL. They were originally tasked to do this in 2008; we're in 2009. In your opening remarks you talked about significant investments in AECL, so some very big decisions have been made toward funding AECL and its future, yet you haven't seen the report.

Is that true?

Hon. Lisa Raitt: I have not seen the report from National Bank of Canada.

There is another piece of the puzzle, though, that you are aware of and that I am aware of as well because we're from the same province, Ontario. The reality is that the Province of Ontario currently has a request for proposals for the building of new plants, and AECL is involved in that matter at this time as well as preparing for the deadline of February 27—

Hon. Navdeep Bains: I'm sorry to interrupt, but doesn't this undermine the work of the National Bank? If they give a different direction and you seem to take the clear direction to fund AECL and, as you said, indicate some sort of support for the bid at the provincial level, couldn't that pose a possible conflict down the road? This is why we want clarification: although you may not have seen the report, it seems from what you've indicated that your department has.

The question is, when did your department receive this report?

Hon. Lisa Raitt: I'll leave that question for the department.

Going back to the analysis of AECL, one thing we can agree on is that the context and financial climate in which this review commenced is very different from the climate we're in today in economic terms. That being said, the report from National Bank was to look at the governance models and the ways in which we can

strengthen AECL. This goes back to what I indicated at the beginning: when taking decisions with respect to this file and with respect to the industry, you have to look not only at the fact that nuclear energy will be part of our electricity mix; it is in the future.... We know that, because Ontario is planning to build new reactors to address its concerns about energy.

Hon. Navdeep Bains: But this report looks at the strategic direction and highlights the points you just made, doesn't it, even though the financial climate or the economic climate has changed? Although I may stand corrected, the report is supposed to provide a strategic outlook: aside from the economic considerations, it's also supposed to give you input and feedback about how you see your capacity in government and how you see the future direction of AECL.

The fact that it's been almost over a year and that you've made these additional commitments in the budget pertaining to AECL puts the report into question, in the sense that it raises the question of whether the report is relevant now or whether these investments will undermine it. I think an ambiguity exists there. We're patiently waiting for this report to become public, but at the same time there are significant investments made in AECL. We can't reconcile both of those. That's where we want clarification.

•(1620)

Hon. Lisa Raitt: The report was embarked on last year in order to bring forward the options to strengthen the corporation and to build on Canada's nuclear expertise in a changing marketplace. In that, we're all in agreement. They provided external financial advice on the potential options to best position AECL.

In the interim, we have this process ongoing with the Province of Ontario with respect to bidding on the provision of reactors in accordance with Infrastructure Ontario. The two are not mutually exclusive one from the other. The one and the other can coexist and continue on the same track.

When we take a look at what has been indicated in the budget funding for AECL, one track is to continue development of the ACR, which commenced in 2002, I think. The decision to commence the development of the advanced CANDU reactor was taken in 2002, and the development continues. In order to be able to put a bid forward in the Ontario process, one would have to continue the research and development of the product one would want to be bidding on. That's something that is completely separate and apart from the corporate structure and governance that the National Bank has been asked to study.

I don't know, Mr. Dupont, whether you can add anything to that.

The Chair: Thank you, Minister, and thank you, Mr. Bains. Your time is two and a half minutes over, in fact.

Some hon. members: Oh, oh!

The Chair: They were good questions.

We'll go now to Mr. Trost, but before we do, I would like to ask members of the committee who would like to ask questions to so indicate. If you haven't indicated, when your turn comes up I wouldn't want to put you on the spot by identifying you as the next person to ask questions. So please indicate if you'd like to ask a question; otherwise we'll pass over to the next person on the list.

We go to Mr. Trost for up to five minutes. Go ahead, please.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair, and thank you, Madam Minister, for being here today.

When I was putting myself through university, one of the places I had the privilege of working, doing tree planting, was a place known as Tumbler Ridge in northern British Columbia. It's not in Mr. Cullen's riding, but not too far away. It's a very nice town, a beautiful place, a great place to live. It's a very prosperous town, very successful financially, but it had one economic weakness, in that it was a one-industry town. It was almost completely reliant upon the two coal mines they had in the region: Bull Moose and...I forget the name of the other one.

I think a lot of people have heard about the community adjustment fund and how it's been dealing with the forestry sector. I'd be very interested in your comments on how it's dealing with one-industry towns, particularly one-industry mining towns. What impact do you anticipate it will have in those towns? Feel free to expand on how you think it's going to impact those communities.

Hon. Lisa Raitt: Thank you very much for your question.

I'll give you a snapshot of the community adjustment fund and then my take on where I think it's going to help. The community adjustment fund provides \$1 billion over two years to help mitigate short-term impacts of restructuring in communities across Canada, including forest-dependent and mining-dependent communities. The fund will support activities such as community transition plans that foster economic development, science and technology initiatives, and other measures to promote economic diversification. Of course, today one that was mentioned that would be helpful is something along the lines of reforestation or silviculture.

As many of you know, I grew up in a one-industry town in Cape Breton that suffered from the depletion of the coal mines and the closing of the steel plant. I'm acutely aware of the effects and the necessity of having government smartly, strategically, responsibly, and reasonably inject economic development and economic hope in the community. I really do believe that the approach being taken by this government is the appropriate one, given the circumstances, that making an adjustment fund available to put people back into economic diversification and development, into reforestation, into jobs is a much better avenue than dealing with matters in other ways, or not dealing with matters at all.

So in terms of communities that are hard hit, not only do I understand the issues associated with it, but seeing my community having done so much better in the past number of years, compared to the way it was in the 1980s and 1990s in Sydney, I do know that there is a way through economic turmoil. I certainly believe that the fund I've outlined here today will go a very long way to helping communities move along in the system. We're so blessed with our natural resources, mining and forestry. The industries are very

positive about how we will be coming out of the downturn and continue to look to new ways to invest and, in the meantime, weather the situation and move through to more prosperity. Our job is to make sure the communities are there and taken care of, so they can provide the people skills and innovation to continue.

•(1625)

Mr. Bradley Trost: Perhaps I could ask another question in an area related to mining.

Before you mine something, generally you have to map it. There are a few outcrops in history where things have been found, oil has popped through the ground, and you can see mineral deposits on the surface. Now, in the supplementaries it's approximately, I believe, \$12 million more. I could be wrong on those numbers. More appropriations have been added for geoscientific data, the term one of the notes here uses, and of course \$100 million in the future for geoscience programs. Could you comment both on the need for the extra appropriations, and in the broader sense on the vision you have for the larger geoscience program? Could you also specifically note anything involving limits of the continental shelf and how money is being spent for that? Are we allocating enough for that, particularly with the Russians' interest?

Hon. Lisa Raitt: Yes, it's mapping in two different ways, but along the same track.

With respect to geomapping, the best way it was put to me by the industry, and the reason they like it so much, is that it was indicated that the job of the government in this case is to find the haystacks and theirs to find the needles. They're the ones who figure out where to go in. That's why we indicate how great a lever it is, in terms not only of putting an investment into mining but, as well, of overall development of the mines once you have the geomapping.

It's an incredibly popular program with the provinces as well. Provinces and territories too very much like to understand what their natural resources are. Just in general, as I said, it leads to private sector investment.

NRCan is requesting the \$12 million you indicated—the \$11.8 million in supplementary estimates (B)—to carry out carry out activities for 2008 and 2009. It's an interesting fact that 60% of Canada's north is not mapped to modern geological standards. You can imagine what kind of wealth of resources is available out there that can be utilized to make our country stronger and better. In the geomapping program itself, \$100 million over five years represents the first half of the government's ten-year effort to geologically map the north and increase Canada's energy and mineral reserves.

With respect to the seabed mapping, Canada ratified the United Nations Convention on the Law of the Sea in 2003. Under that convention, we can establish where the outer limits of the offshore areas extend beyond the customary 200 nautical miles. Through budget 2008 the government provided additional funding to complete the collection of the scientific information needed to prepare a submission to the UN in 2013. NRCan is requesting \$1.6 million in supplementary estimates (B) to allow Canada to generate sufficient scientific evidence to support a complete and high-quality submission by 2013.

The mapping activities are in collaboration with the DFO. Activities are progressing according to plan, and we're on track. The importance of doing something like this has to do with the realization of the wealth of resources available there. Determining the limits of the continental shelf makes absolute sense for making sure we understand what the limits of Canada are. Doing so by solid scientific evidence and building a case and properly deposing it in front of the United Nations is the appropriate way to go.

• (1630)

The Chair: Thank you, Minister, once again for coming for this first hour. We appreciate it very much. It has been very informative and helpful to the committee.

We will suspend the meeting for a couple of minutes to change witnesses.

• _____ (Pause) _____
•

The Chair: We will resume the meeting with two witnesses who were at the table with the minister: the Deputy Minister of Natural Resources, Cassie Doyle; and Associate Deputy Minister Serge Dupont.

We will carry on with the questions in the same order as before. We will start with Madame Bonsant, from the Bloc Québécois.

• (1635)

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Good day, ladies and gentlemen. I would have liked to talk to the Minister, but perhaps you can help me.

In the last budget, the federal government cancelled the ecoAUTO Rebate Program which offered rebates of \$1,000 to people who purchased a fuel-efficient vehicle. I am curious about the cost of the ecoAUTO Rebate Program and about why it was cancelled. This is more of a political question.

Mr. Serge Dupont: I don't have that information handy right now, because this was not a Natural Resources program.

Ms. France Bonsant: But it was.

Mr. Serge Dupont: Unless I'm mistaken, the Department of Natural Resources was not responsible for this program.

Ms. France Bonsant: I beg to differ. Your department was responsible for this program.

If you don't have an answer to my question, fine then.

Mr. Serge Dupont: Our colleagues will certainly be able to provide you with an answer to your question.

Ms. France Bonsant: I would appreciate that. I would like to know what this program cost. Under this two-year program, which targeted a non-renewable energy like fuel, a \$1,000 rebate was available to encourage people to buy a more fuel-efficient vehicle.

This program would also have helped automobile dealerships that are struggling financially. The rebate was an incentive for people to trade in their big 1970 Cadillac for a small Firefly or some other smaller vehicle. It also would have had benefits in terms of

promoting fuel-efficiency and helping the profit margin of automobile dealerships.

If you don't have an answer for me right now, I'll wait for one.

Mr. Serge Dupont: We will certainly forward an answer to you through our colleagues.

Ms. France Bonsant: My questions are somewhat political in nature.

According to the Canadian Press, an additional \$72 million is being budgeted to decommission the MAPLE reactors. Can you give me the exact cost to the federal government of this disastrous venture? This program is also under the direction of Natural Resources Canada.

Mr. Serge Dupont: Yes indeed. In fact, AECL, Crown corporation in its own right, is responsible for this initiative. Having said that, my colleague can give me the exact figures if I'm mistaken, but generally speaking the MAPLE reactors represented an investment of approximately \$200 million for the Government of Canada. I'll have the exact numbers for you momentarily.

To be more specific, it is not \$72 million that needs to be budgeted for the MAPLE reactors in 2009-2010, but rather \$25 million. An additional \$47 million is being allocated to carry out the work needed to extend the operating licence of the NRU reactor beyond 2011. The \$72 million breaks down into two items: \$25 million for the MAPLE reactors, and \$47 million for the existing reactor.

Ms. France Bonsant: Is it in fact true that you are having trouble selling the MAPLE reactors outside Canada? Is this leading-edge technology, or unproven technology? Even engineers are having problems neutralizing the neutrons or whatever. It's still too technical for me to comprehend.

Mr. Serge Dupont: There are two types of reactors, including the MAPLE reactors which are not for sale because they were not brought into service. Along with AECL, the government was forced to recognize that this venture failed.

The second type of reactor is the CANDU reactor. AECL has managed to market these reactors successfully in the past. They operate safely and reliably in various locations around the world. AECL hopes to be able to continue marketing these reactors in the future.

Ms. France Bonsant: So then, if I understand correctly, we're talking about \$200 million, plus \$25 million, plus \$47 million in supplementary estimates this year for the MAPLE reactors.

• (1640)

Mr. Serge Dupont: No, the \$47 million has nothing to do with the MAPLE reactors. This amount has been budgeted to continue production with the existing reactor, which is used not only to produce medical isotopes, but also for other research activities carried out by AECL.

Ms. France Bonsant: The Chalk River facility has two reactors. One is on line, while the other is not. You had a budget of \$151 million. The federal government has increased this budget by \$350 million this year. I don't know if this means both reactors can be brought on line at the same time.

Will \$350 million be enough or will this merely become a white elephant?

Mr. Serge Dupont: In fact, a total of \$351 million has been budgeted. This includes the necessary funds not only to ensure the operation of the current reactor, but also to carry out the work needed to extend its operating licence. It includes the necessary investments for the new CANDU reactor. The funds will ensure that the Chalk River facility is maintained in sound working order, not just this year, but for years to come.

Ms. France Bonsant: Because as you know, this facility is as old as I am.

The Chair: Thank you, Ms. Bonsant.

[English]

Your time is up.

We go now to the government side, to Mr. Anderson for up to five minutes.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): I'm going to talk about a couple of different issues.

I wanted to follow up on something Mr. Trost asked. Part of the money is going toward the report to the Commission on the Limits of the Continental Shelf. Can you tell me when Canada is going to be making that presentation? What are the timelines on that?

Ms. Cassie Doyle: Thank you very much for the question.

The deadline for submissions is 2013 under the UN Convention on the Law of the Sea. That's our target.

Mr. David Anderson: Are we on schedule with our mapping in terms of how we want to see it through and meeting those deadlines?

Ms. Cassie Doyle: Yes. It's an important point.

We're constrained by the limited amount of time for the field season in some of those conditions up north. The request for funding in supplementary estimates (B) is to ensure we can make the necessary investments this fiscal year to catch those windows. I believe we are on schedule to complete that work for our deadline of 2013.

Mr. David Anderson: I would like to get some information about the two funds that are being established and just a bit more information as to where you see those funds going and how they're going to be used.

First, there's \$1 billion in the community adjustment fund. What kind of detail can you give us about the application of that money?

Ms. Cassie Doyle: Thank you for that question.

I think it's fair to say that since the budget announcement we have been working with other departments to properly define the community adjustment fund. That work will be ongoing for the next couple of weeks. We are working in an accelerated fashion in recognition of the needs out there in communities that are being affected by downturns, particularly in the resource sectors. As the minister mentioned, the fund as scoped in the budget was fairly wide. Right now we are in the process of putting a little more definition on the types of economic development activities, the role of science and technology, the delivery mechanisms. We're guided

first and foremost by our ability to ensure that those funds are flowing as soon as possible. That's really one of our guidance features coming out this budget. It is part of stimulus and we're trying to get it delivered as soon as possible. We're now in the process of determining the best approach.

Mr. David Anderson: A good part of the \$1 billion clean energy fund is geared toward things like carbon capture and storage. I'm wondering what other things come under that umbrella. What kinds of things do you see being part of that fund as well?

Ms. Cassie Doyle: Again, it's similar for the clean energy fund. We're in the process now of working through the details of how that fund will be invested. As you know from the budget, \$850 million of the fund is targeted toward demonstration of clean energy, and that is to include carbon capture and sequestration. We're now looking at some options for the best mechanism for investing those funds that are earmarked for demonstration or deployment. Then \$150 million is for further upstream research and development in the area of clean energy. At this point all we can say is that all options are on the table. We are actively putting together a proposal to be considered in terms of defining that fund, and that will be made public shortly.

• (1645)

Mr. David Anderson: I want to change direction and talk about the National Energy Board. We've had some concerns from western Canada about some of the pipelines being changed from one regulatory system to another, from provincial boards to the National Energy Board. Do you have any comment on that or anything that can help us understand a little bit more of what's going on in that area?

Ms. Cassie Doyle: We are aware that there are applications before the National Energy Board to change the overall regulation from a provincial to a national level. But those are applications to the National Energy Board, and I'm really not at liberty to make a comment on this matter. I would prefer that you direct those questions to the NEB.

Thanks.

The Chair: We will go now to Mr. Tonks from the official opposition, for up to five minutes.

Mr. Alan Tonks (York South—Weston, Lib.): Thank you very much, Mr. Chairman.

It's nice to see you again, Ms. Doyle, and your associates.

Speaking on behalf of the committee—those of us who sat on the committee, Mr. Chair, through the last episode when NRU was shut down—we listened to the accountability loop closing and opening with respect to CNSC and AECL. We're not going to go through that again, but out of those hearings I thought the committee had received an assurance, through a report, that a protocol would be developed.

One aspect was that if there were any suspicion that the reactor would have to be shut down, the medical community would be instantly notified and appropriate secondary responses would take place, in view of the implications from a medical perspective. Secondly, I thought that we also had received assurance that the protocol would account for public disclosure.

That's my recollection, Mr. Chairman, and I'm wondering, Ms. Doyle.... I'm not really looking for a comment. I don't think the committee needs that now. But I think that corporate memory is very important and that perhaps Ms. Doyle could take this under advisement and report back to the committee on whether that protocol was developed. If she wants to reply now, that's quite in order. I have another question, but I was thinking that to get on with the time, we could get a report in the future.

The Chair: Deputy Minister.

Ms. Cassie Doyle: Very briefly, there was indeed a protocol developed, really as a follow-up to the incident last December. But that is a protocol for notification and information sharing among AECL, NRCan, and Health Canada, and it's specifically targeted toward the potential for shortages of medical isotopes. As you'll recall, this was the driving imperative around that whole situation. It concerned, specifically among those agencies and the medical community, ensuring that there's early notification when there's any potential risk that there would be a shortfall in the supply of medical isotopes.

Mr. Alan Tonks: Thank you very much for that. I think the point is well taken that we can still build better information sharing, because the public was tremendously affected then, as it is now.

Mr. Chair, my question is a very simple one. The minister referred to the energy efficiency program, with the \$300 million. I don't think anybody can deny that there are tremendous advantages to it. But in the budget itself, in the supplementary estimates, there is \$20 million in grants and another \$20 million in funds available for spending priorities. I'd like to know where the \$20 million comes from. It must come from some other area. I'm not arguing that there is not huge value added. And what is the \$20 million for? Is it part of the program, or is it for the administration of the program?

Ms. Cassie Doyle: Thank you very much.

That \$20 million is definitely part of the program. Our program was authorized to spend \$46 million in the fiscal year starting on April 1, 2008. Due to unprecedented demand, this limit was reached for applications dated up to October 31, 2008. So we've had tremendous response to our ecoENERGY retrofit.

As you'll recall, over this last fiscal year the price of energy was really accelerating, and so we received an unprecedented demand. It's necessary for us to increase, and what we are requesting through the supplementary estimates is an additional \$20 million for grants for individual homeowners.

• (1650)

Mr. Alan Tonks: Can I have one last question?

Mr. Leon Benoit: You have time for one short question.

Mr. Alan Tonks: I'm going to the issue of strengthening Canada's nuclear advantage. Within the budget there's a direct reference to private sector participation. The minister confirmed for the committee today that the department had received the report. Could you tell us explicitly whether there was a recommendation to privatize or not?

Ms. Cassie Doyle: My associate, Serge Dupont, has been taking a particular lead on the nuclear file, so I'm going to ask him to respond.

Mr. Serge Dupont: I think your question is whether the department has recommended one course of action or another. I think you'll appreciate that the department makes recommendations to the minister and to the government. The review, as the minister has indicated, is ongoing, to take into account policy factors, business factors, economic factors, market factors. Again, this review is ongoing.

Mr. Alan Tonks: It's yet to be done. Okay.

Thank you.

The Chair: Thank you, Mr. Tonks.

We go now to the government side again, to Mr. Allen, for up to five minutes.

Mr. Mike Allen: Thank you, Mr. Chair.

I'd like to ask a few questions on a couple of different topics. I want to continue the forestry theme a little, specifically around energy, biomass, and that type of thing.

One of the things that came up a lot in the consultations with some of the communities was a significant interest not only among companies but also among small groups within communities to develop community energy solutions, if you will, in their communities. In some cases, as we all know, one of the major costs for our forest group is energy cost, and one of the ways they see of getting it down is through the use of biomass—if it can be burned in a clean way, obviously.

I would like your comments with respect to whether, through either the clean energy fund or possibly even through the community transition fund, something like that would be available. Is the department thinking that way: that funds would be available for communities to pursue development of these projects and potentially capture the heat and pump hot water, for example, through the systems of the municipalities?

Ms. Cassie Doyle: That's a great question. It's exactly what the Canadian Forest Service has been promoting and we've also been promoting, under ecoENERGY, for renewable power: the development of biomass in the forest industry. We anticipate that under the community adjustment fund there would be an opportunity for investments that would encourage further development of biomass and electricity from biomass in communities, with the opportunity of selling back electricity to the grid—not only providing biomass for the forest facilities but using it as a source of power in the community.

We haven't defined the final details of the community adjustment fund, but that is one interest that we certainly heard in the pre-budget consultations: the interest within communities to develop this as a diversified aspect of their economy—particularly among those in the forest industry.

Mr. Mike Allen: So that will certainly be under consideration as part of the policy development side of this.

Ms. Cassie Doyle: Yes, it will.

Mr. Mike Allen: Concerning the \$40 million that's going to be for Canada wood and value to wood programs, a number of value-add people I know in my riding are pursuing value-added types of activities, rather than just the sawn lumber. One particular operation is doing veneer products, which they're shipping for skateboards all across the world. It's been very interesting. But they've been challenged with cashflow; that's always a challenge as well.

How do you see companies being able to access this value to wood program easily as an opportunity for possibly providing cashflow?

Ms. Cassie Doyle: Thanks for that question. I'm going to ask the head of the Canadian Forest Service to respond, Jim Farrell.

• (1655)

Mr. Jim Farrell: Thank you, Mr. Chair.

Mr. Allen, the value to wood program is made up of two elements. One is a research and development element, to try to move the research along a bit more quickly to those who can use it. But the second and probably the more attractive element is what we call the technology transfer part of it.

We have, with FPInnovations, something in the neighbourhood of 30 to 35 industry advisers in locations across rural Canada—across the country; I'd say in almost every province. Their job is to go into the small to medium-sized manufacturing facilities and give them advice on how to improve their productivity and competitiveness. To a great extent, the secondary manufacturing industry is in those small to medium-sized enterprises, where technical advice makes a big difference to their productivity and competitiveness. We've had this program now for about five or six years, and it has definitely picked up in terms of participation and interest from all of the provinces. We're a financier, but almost every province participates as well, including those in Atlantic Canada.

Mr. Mike Allen: Is there a window or a door into the program that people can navigate to try to help find that?

Mr. Jim Farrell: Exactly. I would suggest FPInnovations. They have a website, they have offices in Quebec City, Pointe-Claire, and Vancouver. From that, I think you could get the names and the locations of the closest industry adviser to advise any firms that may be interested in participating.

Mr. Mike Allen: Okay.

How much time do I have, Mr. Chair?

The Chair: Your time is up.

Thank you, Mr. Farrell, for answering the questions.

Thank you, Mr. Allen.

We go now to Mr. Hiebert from the Conservative Party, for up to five minutes.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you, Mr. Chair. I'll transfer the balance of my time, if there's any time left.

As I was going through the estimates, I noticed a couple of smaller details that I thought it might be helpful to get more information about.

On page 3, there's a \$50,000 contribution to an EcoCAR competition, a student vehicle competition. Is this a new initiative? How long has this been going on? Who is organizing it? I would imagine this is part of our government's effort to increase the environmental sustainability of energy with respect to vehicles. Can you give us any information about that?

Mr. Serge Dupont: This is a transfer from Transport Canada. It's related to the contribution agreement for the student vehicle competition, EcoCAR. It's been agreed with Transport that we would be taking the lead in negotiating the contribution agreement for this competition to take place, and therefore we are receiving this money from Transport Canada. That's why it is shown in the supplementary estimates.

Mr. Russ Hiebert: So it's a new initiative?

Mr. Serge Dupont: That's a good question. It's a three-year competition. I can't find it, I'm sorry.

The Chair: Mr. Dupont, could you get that information for the committee and send it to us?

Mr. Serge Dupont: Yes.

The Chair: Thanks very much. It is a rather small amount in terms of the budget we're working with.

Mr. Hiebert, go ahead.

Mr. Russ Hiebert: But Mr. Chair, every dollar is a dollar that needs to be scrutinized by the government.

Some hon. members: Hear, hear!

Mr. Russ Hiebert: We're not going to let taxpayers down in terms of our investigation.

The Chair: And that's exactly why we will get the answer for you, Mr. Hiebert.

Mr. Russ Hiebert: Thank you.

There's another on page 4, at the bottom. It's among the notes, "Voted Appropriations". It says \$267,000, "Funding to meet existing demands and forecasted increases in regulatory workload associated with industry growth". It's under the National Energy Board subtitle.

I'm wondering if you have any information that you can provide to the committee on that expenditure.

Ms. Cassie Doyle: Yes, I could, thank you.

In the supplementary estimates (B) we're requesting, it's essentially a reprofile of \$260,000, which was received late in fiscal year 2007-08. So \$267,000 is allocated for information management renewal at the National Energy Board. The additional funds were required as there was insufficient time available to complete the project prior to year end, so we're asking that these funds be reprofiled from last fiscal year to be allocated in this fiscal year to complete work for which there was insufficient time in the last fiscal year.

• (1700)

Mr. Russ Hiebert: I see.

Mr. Allen, you can have the balance of my time.

Mr. Mike Allen: How much do I have, Mr. Chair?

The Chair: You have two minutes, Mr. Allen.

Mr. Mike Allen: All right. This will take up that two minutes, I'm sure.

In the minister's statement, on page 7, she said "As for the NRU reactor itself and ensuring our supply of medical isotopes...." and "...Canada brought the key international players together at a global forum in Paris last month...." and "I am pleased that all participants agreed to collaborate in fostering the development of contingency plans...." Can we say when this process started, or has it started, and what are the time targets for finishing those contingency plans?

Mr. Serge Dupont: Mr. Chair, I am pleased to answer the question. It's a good question. This will involve a lot of work by a lot of different organizations, in fact, and different parties.

What has emerged in the meeting hosted by the Nuclear Energy Agency in Paris is a necessity for different parts of this industry or sector to collaborate on contingency planning. That includes the reactor owners, for example, who have already, including AECL, now been collaborating more closely in a group with European reactors to try to coordinate reactor schedules. That has already started. They need to further that work and ensure that indeed they are properly coordinated with respect to planned outages.

It also concerns the medical community itself, which through the nuclear medicine societies in Canada and internationally is now agreed on the need to come together, share best practices on how to address shortages, how to ensure that there's proper triage and priorities, and so forth. This is going to continue. Indeed, they have a meeting of the international association in Toronto in June, where this is going to be on the agenda.

One that is continuing as well and that is important in the mix is the private industry group of players who are in the middle here, who are distributors. More work needs to be done with that industry to ensure that in a situation of shortage the isotopes are shipped efficiently. This work includes the regulators as well who have to work on this—nuclear regulators, but also transport regulators, for example. What was agreed in Paris as well is that there would be a working group convened under the auspices of the NEA to try to coordinate all this. This working group, we expect, will be struck at a meeting in late April.

I cannot give you a specific timeline to arrive at a final product, but these are some of the timelines, and certainly the working group will be important in trying to bring this all together.

Mr. Mike Allen: That's helpful. Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Allen.

We go now to the NDP, to Mr. Cullen, possibly splitting the time with Mr. Bruce Hyer.

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

I have a quick question. Are we in negotiations to sign on to IRENA, the Intergovernmental Renewable Energy Agency? This is an initiative out of the federal German government. Canada was noted for its absence at the recent signing ceremonies in Germany. Is

there any process that Natural Resources Canada is being involved in with IRENA?

Ms. Cassie Doyle: I don't believe we are involved. I would add that we belong to a number of international bodies on renewable energy. I can get you the details of those.

Mr. Nathan Cullen: I assume you folks read the quotation from Mr. Vaughan's recent report. In it, the environment commissioner notes "a claim of expected results even though it is very unlikely that it will be able to report real, measurable, and verifiable results."

Mr. Vaughan, in auditing your government's work on climate change and other pollutants, notes that you're not measuring results. The predecessor to Minister Raitt was involved in the issue of the bus transit pass subsidy. The reports coming in now are showing that the government is spending about \$6,000 per tonne of greenhouse gas savings. This is extraordinarily expensive, considering that carbon is trading at about \$30 on the world market. Is there anything being done in your department to start measuring better and accounting for money spent and the choices you have going into the future?

● (1705)

Ms. Cassie Doyle: Thank you for the question. Just to clarify, the tax credit you're referring to is not part of my department's mandate. It comes under Environment Canada.

But I will say that in terms of measurement we do have processes in place for measuring the impacts of the programs we are funding and investing in. In fact, GHG emissions is something we are tracking in all of the ecoENERGY investments we're making under the department.

Mr. Nathan Cullen: You were talking about choices earlier in terms of which to fund. The government is funding carbon capture as one sort of showpiece item. Is the department going to make public, or at least available to this committee, the criteria that are used to choose between energy options, the certain amount of savings or job creation potential that exists with this expenditure of public money versus another? We have a difficult time sorting through what the government is choosing and what criteria it is based on. Is it tonnes, is it how many tonnes per dollar, is it how many jobs per dollar invested? Will you be making any of those criteria available to us?

Ms. Cassie Doyle: I think it's a fair question. As I mentioned, we're in the process right now of just defining the parameters around this clean energy fund and the investments we've received in the budget. We could certainly come back, once those decisions are made, to discuss that with the committee.

Mr. Nathan Cullen: That would be very helpful.

I'll pass the rest of my time to Mr. Hyer.

The Chair: Okay. Go ahead, Mr. Bruce Hyer.

Mr. Bruce Hyer (Thunder Bay—Superior North, NDP): Thank you, Mr. Chair.

Thank you, NRCan staff.

I am a new member from Thunder Bay. I'm a forester, among other things, and I'm interested in the ways we can help forestry across Canada, in northwestern Ontario, in Thunder Bay, and in our small towns that are, as I'm sure you know, in big trouble.

I was surprised to see the money in the budget and the estimates for public relations in forestry in foreign markets. I wasn't aware that the problem in forestry today was public relations. I'm not quite sure why we're spending money there, when what we really need are ways to reduce energy costs and improve energy efficiency in the forest industry, and achieve value-added, which we've all been talking about for decades and don't seem to get. The biggest issue of all is that our companies and mills across Canada are undercapitalized, and they are having problems with access to credit.

On another day or in another venue I'll ask about the innovation funds, which fascinate me, but is there really a public relations problem in our present or potential export markets? What is that problem, and why do we need to spend money on it?

The second one is much bigger. When the minister was here she opened the question of the budgets. Are you aware—or could you direct me to a different agency—if there is any funding available within NRCan for innovation; for value-added new initiatives and really moving that forward; for energy efficiency in outdated mills in the forest industry across Canada; and for credit supports, which is the really big one?

On page 81, the budget mentions a business credit availability program of about \$5 billion. Do you know if any of that is available to forest companies across northwestern Ontario—like Thunder Bay Fine Papers, which is undercapitalized; and Longlac Wood Industries, which needs a facelift, etc.—to save those jobs?

The Chair: Mr. Hyer, I would just inform you that if in the future you ask a series of questions, at the end of your time there will be no response. So ensure that you leave enough time for answers and make your questions appropriate. It's a tactic that sometimes has been used in the past, but it will not be used in this committee, and I'm sure you didn't intend that.

Ms. Doyle, you could answer the questions that you would like to in a very short time, like a minute. Thank you.

Ms. Cassie Doyle: Congratulations on your election to Parliament.

Let me first speak to the question you had about public relations. This funding that was made available in budget 2008 was really in response to the forest industry coming to government and asking for assistance to combat campaigns that were going on, particularly in Europe, against Canadian forest products on the basis of them not being sustainable. What they called the leadership for environmental advantage in forestry initiative is very much in response to that. It involves information development and analysis and market outreach, as well as funding for certain reporting and some science within our department to verify the sustainability of forest products. So it's more

than just public relations. There is very sophisticated campaigning that they see as a threat to market development internationally.

On the money available for innovation, I would refer you to the minister's comments about Forest Products Innovations or FPInnovations. It is the largest non-profit research institute, and we are funding it, along with industry. We'd be happy to give you more information on that.

On the question of credit, I'll ask my colleague here to respond.

• (1710)

Mr. Leon Benoit: Mr. Dupont.

Mr. Serge Dupont: For the honourable member's information, there are a few provisions in the budget that are not specifically directed to the forest sector but are broadly available. There is additional funding available through the BDC for small and medium-sized businesses. Funding is available through Export Development Canada for exports, but also, as stipulated in the budget, in some instances for domestic financing or insurance. So there are overall provisions to try to facilitate funding for entities that may now be in a better position to approach these institutions.

The Chair: Thank you for very much.

For up to five minutes, Madame Brunelle.

[Translation]

Ms. Paule Brunelle: Thank you, Mr. Chair.

[English]

The Chair: My apologies. I missed the Liberals.

Mr. Bains and Mr. Regan, splitting the time for up to five minutes.

Hon. Navdeep Bains: I just had flashbacks on routine motions and the discussion that took place with respect to allocation on time, and I wondered if I had missed something on that important and intense debate. Thank you very much for that correction and for giving me the opportunity to ask some questions.

I had a question, Mr. Dupont, that you briefly discussed earlier. I just want clarity. When did you or the department receive the strategic report on AECL prepared by the National Bank?

Mr. Serge Dupont: There was one report completed by the National Bank in August 2008.

Hon. Navdeep Bains: You received the report in August 2008, and the minister has indicated earlier that she has not seen this report. Is that correct?

Mr. Serge Dupont: Yes, that is what the minister has indicated.

Hon. Navdeep Bains: There are people looking for clarity in the direction of AECL. There has been money allocated in the budget for AECL, and AECL is making a provincial bid. This report is very important because it outlines their strategic direction. You've indicated in your earlier remarks that market conditions have changed or are changing, which is understandable, but don't you think it is important that the minister see this report so that there is clarity on the decisions that are being made, especially with respect to the future direction of AECL and also with the millions of dollars that are being allocated toward future initiatives?

Mr. Serge Dupont: Mr. Chairman, I appreciate the question.

You will appreciate that as new ministers come on board they are briefed by the department on a range of issues. That would have included the family of issues related to AECL, its current and its future issues. In that context, there certainly would have been a reference to some of the works of National Bank.

To address one of the earlier points you mentioned as well, we have made a point of ensuring with National Bank that additional work was done on the question of the Ontario competition and how a response by AECL in that particular process would affect options and choices related to atomic energy.

Hon. Navdeep Bains: I greatly appreciate that, and that makes a lot of sense, but that report is very important. We've been asking for that report in opposition for quite some time, and the public has been waiting for that report. I understand the complexity that's entailed in the report, but that report was tabled six months ago. The minister has claimed she has not seen it.

Can you give any indication when it will be brought to her attention?

Mr. Serge Dupont: One indication I can provide, Mr. Chairman, is that National Bank was not asked to provide a strategic plan for AECL. A strategic plan will have to be developed by the corporation itself with the government and so forth. It was specific works, related, for example, to the valuation of some of the assets, related to some of the interest that there may be on the part of certain investors to invest in the corporation. Those are commercially very sensitive and would be quite valuable in the hands of some private investors looking to position themselves in the marketplace.

• (1715)

Hon. Navdeep Bains: That is a concern too because that addresses the concern that we have in opposition and Canadians have. It is the fact that we don't know what the status of that report is in the measures you have indicated. Also, is AECL going to be privatized, for example? Does this report indicate, one way or the other, on balance, the position the government should take?

It's been in the department and obviously you have been looking at this. We understand the complexity. I don't know what the appropriate time limit would be, but six months seems to be

sufficient time for the department to at least examine the report thoroughly and to be able to make recommendations to the minister, or at least present the report to the minister so that the minister can't say she hasn't seen the report, knowing full well the department has had it for six months.

Can you indicate, from your perspective, what the timeline is and when this report will be given to the minister?

Mr. Serge Dupont: As I've indicated, a report was provided in August. Additional work was conducted by National Bank itself, and then we have to bring that together with a number of other factors, and it is that collection of analysis and issues that is brought to the minister and to the government's attention.

The Chair: Thank you.

Mr. Regan, you have 30 seconds.

Hon. Geoff Regan: The supplementary estimates (B) show \$20 million for the ecoENERGY retrofit program. Is there any connection between that adjustment and the lack of funding extension for the very successful ecoENERGY renewable power program? Why has it not been extended?

Ms. Cassie Doyle: On the question of whether there's a relationship between the \$20 million we're requesting in supplementary estimates (B) for ecoENERGY retrofit, there is no connection. What we're looking to do is to advance funds that were dedicated to ecoENERGY retrofit into this year, as I mentioned, to meet the unprecedented demand for that program. There is no connection between that fund and the funds made available under the ecoENERGY renewable power program.

Hon. Geoff Regan: The second question is, why has the ecoENERGY renewable power program not been extended?

Ms. Cassie Doyle: I can give you some information on that program. We have allocated about one-third of the funding under our ecoENERGY renewables program at present. The program itself is not complete. We're right in the middle of doing the due diligence necessary on each application that comes in. So for ecoENERGY renewables, I believe the amount of approximately \$600 million has been committed out of a \$1.5 billion program.

From our perspective in the department, it's a program that we're actively managing right now and will continue through the rest of this next fiscal year.

The Chair: Madame Brunelle, for just a couple of minutes, and then we have to get to the votes on the supplementary estimates.

[Translation]

Ms. Paule Brunelle: I'd like to follow up on my colleague's remarks.

I'm very troubled by the demise of the MAPLE project. The government has assured us that this decision will not affect the production of isotopes in any way. However, many questions remain unanswered.

Is AECL under any obligation to respect the terms of its contract with MDS Nordion for the production of isotopes? I believe this contract was concluded in 2006 and is valid for 40 years. If the terms of the contract are not met, will legal action be taken? How do we deal with this, in light of the demand for isotopes? Remember the major headaches this caused for users and for doctors in particular.

Mr. Serge Dupont: Thank you for your question.

This is a fairly complex issue. AECL does indeed have a contractual relationship with MDS Nordion. You asked if the situation has resulted in any disputes. In fact, MDS Nordion has already alleged that AECL was under the obligation to complete its MAPLE reactors. AECL sees things differently. I don't want to get into this further, but this sensitive matter is scheduled to go before the courts.

All I can say at this time is the AECL and the Government of Canada remain committed to continuing to supply medical isotopes to meet the needs of the health system. They are looking at what needs to be done to extend the licence to operate the existing reactor beyond the year 2011.

• (1720)

[English]

The Chair: We have to go to the votes now.

Thank you very much to our two witnesses, Deputy Minister Doyle and Associate Deputy Minister Dupont. Thank you very much for being here this afternoon. The information you've provided is very helpful. You can leave as you wish, and we'll carry on with the voting now on the supplementary estimates.

I will call the votes.

NATURAL RESOURCES

Department

Vote 1b—Operating expenditures and, pursuant to paragraph 29.1(2)(a) of the Financial Administration Act, authority to expend revenues received during the fiscal year from the sale of forestry and information products, and fees for research, consultation, testing, analysis, and administration services as part of the departmental operations and the payment to each member of the Queen's Privy Council for Canada who is a Minister without Portfolio or a Minister of State who does not preside over a Ministry of State of a salary not to exceed the salary paid to Ministers of State who preside over Ministries of State under the Salaries Act, as adjusted pursuant to the Parliament of Canada Act and pro rata for any period of less than a year – To authorize the transfer of \$497,333 from Industry Vote 55, and \$195,500 from National Defence Vote 5, Appropriation Act No. 2, 2008-2009 for the purposes of this Vote and to provide a further amount of.....\$17,364,274

Vote 5b—The grants listed in the Estimates and contributions – To authorize the transfer of \$125,000 from Economic Development Agency of Canada for the Regions of Quebec Vote 5, and \$50,000 from Transport Vote 10, Appropriation Act No. 2, 2008-2009 for the purposes of this Vote and to provide a further amount of.....\$4,250,000

Canadian Nuclear Safety Commission

Vote 15b—Program expenditures, the grants listed in the Estimates and contributions.....\$3,699,268

National Energy Board

Vote 25b—Program expenditures.....\$267,000

(Votes 1b, 5b, 15b and 25b agreed to)

The Chair: Shall votes 1b, 5b, 15b, and 25b under Natural Resources be reported to the House?

Some hon. members: Agreed.

The Chair: Thank you all very much. I appreciate all of your good questions and cooperation today.

The meeting is adjourned.

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

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

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.