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Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

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● (1530)

[*English*]

The Vice-Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good afternoon, members of the committee and witnesses.

For those who may not be sure where they are, this is the Standing Committee on Natural Resources. The chairman is not here today, so I'll be chairing the meeting in his absence. I understand he is going to be back for the next meeting. I hope so, and we hope so.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Be careful what you hope for.

Some hon. members: Oh, oh!

The Vice-Chair (Mr. Alan Tonks): This is the thirty-ninth meeting. Pursuant to the order of reference of Monday, June 1, 2009, we are dealing with Bill C-20, An Act respecting civil liability and compensation for damage in case of a nuclear incident.

We have the various briefs that have been provided through the clerk. There is one from Babcock & Wilcox Canada Ltd., and we also have a submission from Bruce Power. Also, at the end of the committee's proceedings, could we have a few minutes? We also have the budget for the committee's study of Bill C-20. Perhaps around 5:35 or 5:40 we can deal with that.

Today, for the first panel, we have Michael D. Lees, president of Babcock & Wilcox Canada Ltd.; Mr. Murray Elston, vice-president, corporate affairs, Bruce Power; Theresa McClenaghan, executive director and counsel for the Canadian Environmental Law Association; and Shawn-Patrick Stensil, energy and climate campaigner, Greenpeace Canada.

To all of you, welcome.

We will be going to approximately 4:30. I think all of you know generally what the routine is. We first have the presentations, and we try to keep them within 10 minutes. Then we have seven-minute rounds of questions from the members.

Without any further ado, we will proceed.

The second panel will begin around 4:30.

I think we'll go in the order of the names I called out. Mr. Lees, as president of Babcock & Wilcox Canada Ltd., perhaps you'd like to lead off.

Mr. Michael Lees (President, Babcock & Wilcox Canada Ltd.): Sure.

First of all, thank you very much for the opportunity to appear in front of the committee. I look forward to providing some input on Bill C-20 from the perspective of a supplier of equipment and services to the global nuclear industry.

What I'll do, in terms of the presentation, is just give you a very brief background to B&W Canada, followed by a summary of the key points as to why this bill is important.

First of all, at B&W Canada we've been in business since 1844. Our roots go well back in history. We've always been an active supplier to the power generation industry in Canada and worldwide.

Currently, we have facilities in Cambridge, a large manufacturing facility, where we do both nuclear and other components for the power generation industry. We also have a facility in Melville, Saskatchewan, as well as regional offices across Canada.

We employ about 1,000 people, and over half our business is related to nuclear. We provide highly engineered components to the CANDU systems, owned by utilities, both internationally and domestically, and we also provide services domestically and internationally as well.

We are the only nuclear fabricator that still remains in North America, all the rest having closed their shops as the decline in nuclear manufacturing took place through the seventies and eighties. As a matter of fact, I think B&W Canada is a good example of how a company has taken technology developed for the CANDU business and turned around and applied it to an international market for PWR reactors. Over the last 20 years, we've built approximately $1.5 billion worth of equipment and exported it to customers in the U.S. and across Europe.

We feel it's important to have an updated Nuclear Liability Act in Canada in order to allow, really, Canada to ratify the CSC. CSC is the Convention on Supplementary Compensation for Nuclear Damage, and the CSC is an IAEA initiative that basically commits the international community to common standards for handling claims from a nuclear facility accident. So we feel that's very important.

There are five reasons why prompt CSC ratification is important to both Canada and B&W Canada. One, it gives Canada a credible voice on the international stage in nuclear power, in non-proliferation, and on the role of the IAEA. Without Canada being a signatory to that treaty, our credibility is diminished.

Two, it allows an active export industry to both grow and develop, and therefore that export business allows us to control the type of equipment and technology that we send outside our borders. With those restrictions on the use of technology, it does allow us to control, to some extent, how that technology is used. Also, that technology inherently makes other nuclear plants safer, an advantage of western technology.

We also believe the CSC will allow more exports to occur, and that will help Canada's balance of trade as well, which we feel is important.

We also see that a ratified CSC would also preserve Canada's nuclear infrastructure. What I mean by this is that considerable investment takes place to enhance our capabilities to be competitive in a global market, and a broader industry and market being served both in Canada and internationally allows us to make those investments. If we were to rely simply on the Canadian market, we would have difficulty making the types of investments required to grow a business.

And the last point I would make is that it brings new vendors and new technology to Canada. Many companies are prohibited from or feel constrained in doing business in Canada because of the lack of the CSC treaty. This would allow that technology to come into Canada, it would generate competition, it would generate innovation, and it would generate lower costs for Canadian utilities.

● (1535)

In summary, we feel that Bill C-20 should be passed in a form that is consistent with the CSC, and that after adoption of Bill C-20, the CSC treaty should be promptly ratified.

Thank you, and I'd be happy to answer any questions at the conclusion.

The Vice-Chair (Mr. Alan Tonks): Thank you, Mr. Lees.

We will have questions after we've heard from the other witnesses.

We'll now go to Mr. Murray Elston, vice-president of corporate affairs at Bruce Power.

Mr. Murray Elston (Vice-President, Corporate Affairs, Bruce Power): Thank you very much, Mr. Chair.

I work for Bruce Power, which is a privately owned nuclear operator located in Bruce County in Ontario. We operate six CANDU units, and two other units are currently under refurbishment at our site. The six units deliver approximately 24% of Ontario's electricity. We have roughly 3,800 people working full time on this site, and roughly another 3,000 are engaged in the refurbishment project, so you can see that there are a considerable number of employment opportunities at our site. We continue to be a very strong part of Ontario's economic activities.

We have submitted a letter dated October 27, 2009, to the committee through the clerk. I will not refer to it except to highlight a couple of features of it, Mr. Chair, knowing that you've had a chance to take a quick look at it.

I will start with one of the side issues, the availability of liability insurance. I raise that issue because it was part of the presentation I made in this committee in another capacity in November 2007, when we dealt with Bill C-5, a bill this committee, although composed of different members, saw fit to pass. Were it not for an election intervening, Bill C-5 probably would have made its way through the Senate for final passage. That did not occur; hence, we're back here today.

I raise the issue to bring it to your attention and to say that very slow progress has been made with respect to the availability of liability coverage, although we continue to work not only with the department but also through other avenues to find suitable liability insurance competition so that we can get the best rates possible.

On the second point I raise with you, I would agree with Mr. Lees that we are looking for a piece of legislation that would be compliant with the Convention on Supplementary Compensation. We have written that clearly to you. It is one of those issues on which, by now, after appearing in 2007, we as an industry would have thought there would have been progress made. I think at the end of the day any progress is obviously welcome for most of the industry, but for some of us, making sure that we can actually access the international market is a very important opportunity for us as an industry. This committee, I think, has recognized the nature of the evolution of this industry in its very recent sittings, in which you dealt with the issues of the future of the Canadian nuclear industry. Obviously compliance with the Convention on Supplementary Compensation would provide us with a broader range of opportunities than we now have.

I would confirm for you that Bruce Power does support the limit set out in the amendment, the $650 million, but as I said, in looking for that higher limit of coverage and the costs associated with the insurance premiums, we are looking for competition to help us get the best deal that we possibly can.

As we move forward, if there are not amendments proposed to us, I think it's important for us to know of the opportunities available for the government to bring us into compliance with the Convention on Supplementary Compensation and to be permitted to work hand in hand with the committee. If you would like to take a look at the types of amendments that might make this legislation compatible, in our view, we are prepared to bring those resources to this committee and to work with the members if you would like to see the amendments we have proposed in our letter.

I won't go into those changes in depth. You have in front of you a table that sets out some of them, but I would be happy, as I said, to bring resources of the company with me to Ottawa when you go through the bill clause by clause, if you decide that you would like to look deeper into the wording for such amendments. With a little bit of notice, we could bring ourselves in front of the committee when you needed us.

● (1540)

With that, I too look forward to answering some questions. I would just reiterate that it was November 2007, and now it's November 2009, two years later. We would prefer, for efficiency's sake, that we not be back here in November 2011 to do another presentation. Although I love you all dearly, and I like the idea of being in front of a microphone again, it would be nice if we could just do this in one kick at the can, as opposed to having to come back again.

But I do thank you, Mr. Vice-Chair, for your attention.

The Vice-Chair (Mr. Alan Tonks): Thank you, Mr. Elston. As you can appreciate, the committee might feel a little bit different about being here and having the opportunity to hear more from you, but I think we'll leave that for the time being and go on.

Ms. McClenaghan, would you like to make your presentation?

Ms. Theresa McClenaghan (Executive Director and Counsel, Canadian Environmental Law Association): Yes, I will.

Before I start, maybe I would say that's one thing we have in common: the view that the bill is long overdue for revision.

I was noticing in reviewing some historical material for today that my organization, the Canadian Environmental Law Association, made submissions on the Nuclear Liability Act and proposals to revise it in 1984, and I myself was involved in the litigation concerning the current legislation from about 1988 to 1995.

I thank you for inviting the Canadian Environmental Law Association to appear before you. Our organization is a non-profit public legal clinic. We were established in 1970, and our mandate encompasses using existing laws to protect the environment, as well as advocating law reform.

I should say, with my apologies, my written submission was not ready on time for prior translation. It has been provided to the clerk, but I understand, with the rules of the committee, you won't see that until a later date.

I also expect that we will file a supplementary letter with more detail on potential amendments, but I'll speak to them briefly here.

We have three main submissions to make with respect to Bill C-20. Firstly, we would recommend that the bill be amended to remove the cap on liability and to remove the exemption on third-party liability, and I'll speak to each of these in turn. Secondly, we would recommend that the minimum amount of insurance and financial assurance required to be carried by operators be amended so as to substantially increase the available resources even beyond what Bill C-20 provides and to provide for the consequences of a catastrophic accident with off-site impacts. Thirdly, we would recommend that the bill be modernized to accord with principles of sustainability.

I'll speak to each of these in turn.

With respect to the first submission, to remove the cap on liability and to eliminate the exemption that is accorded to suppliers, many other nations are either in the process or have removed their liability caps. The original argument was that nuclear power generation would not be pursued for peaceful purposes without such a cap, but we would submit that's long out of date; that's no longer applicable. Nuclear power was commissioned in Canada decades ago and is well established today. Just as Germany and Japan were able to remove the cap, Canada should be able to do that, too.

Those countries that did remove the cap wanted to "normalize" their nuclear power plant operation in accordance with other fields of industrial activity and also to exhibit the confidence their government had in the safety of their reactors.

Also, as we've often argued, the provision of a cap on liability operates as a subsidy to that single form of electricity generation—that is, nuclear-powered generation. No other form of electricity generation has such an advantage. The subsidy amounts to the costs that the operators would otherwise incur to either insure for or pay the real costs of a severe nuclear plant accident. Those who bear those costs today or under Bill C-20 that might exceed that amount are the public, whose damages and claims would not be compensated except to the limited amount provided by the cap, unless government chose to step in and account for the difference, which is discretionary.

I might add that a serious accident in which radioactive materials escaped containment is a credible scenario that we do have to consider if we're going to allow this type of generation and make the rules governing its operation. In the written brief—when you get it—you'll see a citation from the Auditor General's report from 1992, echoing the fact that because we've had relatively successful accident-free operation on the part of the Canadian nuclear program doesn't mean that accidents can't happen or that we shouldn't consider what the consequences would be if they did.

In the litigation that I mentioned to you earlier, evidence was led on the part of the plaintiffs that damages for a very severe accident could extend between $375 million and $30 billion in 1990 dollars, but in that case, even the industry estimate, which I might add was based on U.S. studies because no Canadian studies had been done, was that such a severe accident could amount to $10 billion. In either case, it far exceeds the amount that is proposed under Bill C-20.

● (1545)

Similarly, the act proposes to cover certain potential damage from transportation of fuel to or from the nuclear power generating plants. Again, there was a contention in the evidence in another case about 10 years ago involving the shipment of mixed-oxide fuel for tests at the Chalk River reactor; the contention was whether the containers were meant to properly protect against serious, especially airborne, accidents. Again, the sufficiency of the cap would be an issue.

With regard to the issue of the act's removal of liability from third parties, as you know, in both the current act and the proposed act, the legislation exempts all of the other parties in the supply chain from any liability whatsoever. This dates from original indemnities that were provided to those suppliers by operators such as AECL and Ontario Hydro, in some cases with federal government consent. That was replaced subsequently by the Nuclear Liability Act.

First of all, I would note that no other supply chain in the electrical generation industry obtains that kind of protection from liability. I would also say that because the industry is well established today, the need to continue to provide that kind of protection is not evident.

The next point I'd like to speak to is an increase in the minimum insurance requirements. Such an increase could be done through a variety of mechanisms, such as pooling or other arrangements, so as to increase the available coverage. I spoke earlier about the fact that the coverage required could greatly exceed the amount provided by this bill.

The note I would make on that point is that in the United States, as you may know, the Price-Anderson act provides a pooling of insurance such that, depending on which dollar exchange you're using and which year you're using, the range is between $9 billion and $11 billion available from a single accident through a combination of insurance, pooled insurance, contribution from the industry, and supplement by the state. Similarly, under the pooling arrangements and state supplements in other countries such as Germany and Japan, as well as others that subscribe to the Brussels convention, much greater resources are available to those who might suffer in the event of a serious accident. I would submit that even the proposed $650 million amount here is not in any way comparable to the amount available just on the other side of our international border.

The third point is to modernize the bill in accordance with principles of sustainability. I will speak to those very briefly. I will first mention the Rio Declaration, which Canada acceded to in 1992.

One of the principles is the principle of intergenerational equity. We would submit that the provisions of this bill should explicitly meet principle 3 of the Rio Declaration. As well, principle 16 is the polluter pay principle under the Rio Declaration. National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking the approach that the polluter, in principle, should bear the cost of pollution. Another way to put this in the environmental discourse is that costs of potential harm should be internalized to the activity. We would say that removing the cap, increasing the resources available, and eliminating the third-party supplier exemption would more firmly align with principle 16.

To conclude, we think the present bill needs to be amended.

I would like to note that there are multiple objectives the bill may serve. First, if the objective is to provide for compulsory insurance, we would submit that this objective can be achieved without the liability exemptions and limitations. Second, if the objective is to provide a special duty or absolute liability, this can be done, again without completely exempting non-operators and without the caps on liability, just as is the case in other jurisdictions. If the objective is to expedite compensation, this can be done, again through a provision for a special claims tribunal. Similarly, if the objective is to provide some level of protection to suppliers, this could be done by indemnity agreements and without a statutory removal of the plaintiffs' or claimants' rights.

Finally, if the objective is to promote nuclear power generation, I would submit that the committee should recognize that the mechanism of a cap on total liability and exemption of third-party supplier liability is promoting nuclear power generation by imposing the difference in cost on the public. I would submit that's not merited in this day and age.

● (1550)

Finally, I would request that you view the question of amending the Nuclear Liability Act as a question of what system of compensation should be in place in the event of an accident. I would submit that you not view the act primarily as a mechanism to expedite the operation of nuclear power generation facilities.

In my submission, the system we would want in place in the event of a real accident would not consist of historical legislative protection to the industry from the consequences of an accident; rather, we would want a much more significant amount of minimum insurance and pooled resources to assist accident victims. We would want a removal of that cap on liability and the exemption to third parties. We would want to retain other elements such as absolute liability, extended limitation periods, retention of jurisdiction of the courts, and a specialized tribunal, but there is no necessity for the package to include the cap on liability or the exemption for third-party suppliers in order to accomplish those means.

Thank you.

● (1555)

The Vice-Chair (Mr. Alan Tonks): Thank you very much, Ms. McClenaghan.

We'll now go to Shawn-Patrick Stensil, from Greenpeace.

Mr. Shawn-Patrick Stensil (Energy and Climate Campaigner, Greenpeace Canada): Thank you very much for this opportunity to speak to you again.

Greenpeace released a report today analyzing the subsidies that are provided to the nuclear industry by this act. I hope you have received it by e-mail; it will also be provided to the clerk. *Il y a aussi un résumé de ce rapport en français.*

By way of introduction today, let me present a contrast. The federal government has provided $650 million in subsidies this year to Atomic Energy of Canada Ltd. for waste cleanup, designing its next-generation reactor, project cost overruns, and simply keeping the lights on. I think it's useful to contrast this subsidy from 2009 to AECL with the cap on liability proposed in this act.

I think it raises some common sense questions about whether Bill C-20 would in fact provide an adequate level of environmental and financial protection to Canadians from any potential future accident. I think it also underlines that this is an industry that can't afford itself. Indeed it raises an issue I spoke to you about previously, three weeks ago: despite receiving billions of dollars in direct and indirect subsidies over the past 50 years, this industry has failed to innovate, lower its costs, and build safe reactor designs.

Special protection for the nuclear industry and the framework for this liability regime date back to the 1950s, when American nuclear vendors feared being sued for the catastrophic damages if one of their reactors underwent an accident. This situation was originally supposed to be temporary, but the industry still needs it today.

Commendably, this government and past governments have begun a process to modernize Canada's nuclear industry by transferring the costs from the taxpayer to the industry through the privatization of AECL. Greenpeace believes that forcing this industry to take responsibility for itself, as any 50-year-old industry should, is a good thing for the taxpayer, for the environment, and, one could even argue, for the nuclear industry itself.

The Nuclear Liability and Compensation Act as it stands before you now is not a modern piece of legislation. It is still built on the 1950s legislative framework that prioritizes protection of the industry over citizens and the environment. Greenpeace would like to urge this committee and the minority Parliament in general today to work collaboratively to modernize this bill and, like the government's efforts to privatize AECL, force this industry to grow up. Such collaborative work would benefit taxpayers, victims of any potential nuclear accident, and nuclear safety, and it would aid Canada in meeting its commitments towards transitioning towards a more sustainable economy.

What follows is a summary of our concerns.

The liability cap, as it stands, shortchanges Canadian victims in industry compensation compared to those in other western countries. The cap under the revised Paris convention is over $1 billion Canadian. Japan and Sweden are moving in a similar direction, and other countries such as Germany, as Theresa mentioned, have completely removed the cap on operator liability.

This cap on liability also represents a hidden subsidy to nuclear power: the report that we released today estimates that the subsidy from the cap is equivalent to 5.4¢ to 11¢ a kilowatt hour. It's a huge subsidy. Based on the electricity output from Canada's reactors in 2007, the Nuclear Liability and Compensation Act would provide an implicit subsidy of $4.8 billion to $9.7 billion. This creates an unfair playing field for safer green energy technologies and contradicts Canada's commitment to sustainability and the polluter pays principle.

The $650 million cap also shifts responsibility for cleaning up nuclear accidents from the industry to the federal government. Much like the off-book liabilities that we witnessed recently with the cost overruns at the Point Lepreau nuclear station, these were theoretical risks; then suddenly this year, in 2009, the federal taxpayer had to dole out $300 million. This creates a massive unaccounted-for liability to the Canadian taxpayer. The federal government has failed to carry out, to our knowledge, any studies to tell Canadians how large this liability actually is or to develop any mechanisms for reducing it or eliminating it over time.

Industry studies show that even just the health consequences of a catastrophic accident at the Pickering B nuclear station would total over $52 billion. Again, that is a significant off-book liability, and from an accounting framework, it's not too responsible.

● (1600)

Our long-term commitment to the polluter pays principle requires that we, at a minimum, put in place mechanisms to track, reduce, and eliminate this liability, that is, transfer nuclear risks from the taxpayer back onto the industry. I would ask this committee to examine ways of revising the bill in order to do this.

Greenpeace also questions the adequacy of the federal risk studies used to support the $650 million liability cap for so-called foreseeable nuclear accidents. Greenpeace would like to note that the nuclear risk studies are increasingly being withheld from the public, raising transparency issues. Under the proposed Nuclear Liability and Compensation Act, risks are public, and we deserve the ability to scrutinize and assess the risks imposed on us.

Other industry studies contradict the $650 million cap. For example, a foreseeable nuclear accident at the Pickering B Nuclear Station, if calculated out, would surpass $1 billion. So in terms of the government's own criteria for setting the cap, it's not meeting that criteria.

Finally, at a high level, this act ignores Canada's modern commitments and legal obligations to sustainability and the polluter pays principle. Indeed, the Nuclear Liability Act breaks this principle and requires Canadians to pay, potentially, for the industry's pollution.

Fundamentally, many of my affirmation concerns regarding transparency, financial, and environmental risks imposed on the public would be addressed if this act was amended to acknowledge and implement Canada's goals towards sustainability. On this point, I would like to speculate why this legislation has overlooked Canada's commitment to sustainability.

Minister Raitt, just two weeks ago, told this committee that the Nuclear Liability and Compensation Act:

> ...is the culmination of years of consultation involving extensive discussions with major stakeholders, including nuclear utilities, the governments of nuclear power generating provinces, and the Nuclear Insurance Association of Canada—and it has received broad support.

Support from industry, that is to say. She omits any mention of consultation with the Canadian public or, for example, municipal governments that would be negatively impacted by a nuclear accident.

Greenpeace acquired, through access to information, a 2004 Natural Resources briefing note that explicitly acknowledged that consultations with non-industry stakeholders were being avoided during the development of this bill. The document stated, and I quote:

> Consultation with non-industry organizations is an issue. Municipalities, environmental groups, and the general public have not been consulted.

Another extract from the document reads:

> Consultations with non-industry groups would attract a fair amount of attention.

Similar to most studies in the nuclear industry, government has avoided broader public consultation to avoid, I would add, justified criticism and scrutiny of this act.

Mr. Elston noted that this act has been delayed a number of times because Parliament has been prorogued. I would also note in other documents we've acquired through access to information dating from 2004 that the nuclear industry was advising the industry not to table this legislation at that point. I'm not sure why, but it didn't seem politically convenient. So we should have room to have a bit of a step back on this one.

All in all, this has resulted in a bill that prioritizes industry interests, shortchanges Canadians, and ignores the federal government's modern legal obligations to sustainability. I would urge this committee, then, to work collaboratively to create better legislation that is in the public interest and not solely in the industry's interest.

At a high level, Greenpeace recommends the following: increase the insurance cap to at least 700 million euros, or about $1 billion Canadian, that is, the industry-insured norm in western countries; above that, remove the liability cap and transfer risk back onto the industry—countries such as Germany have done this, and Sweden just received a report recommending they do this just three weeks ago—and acknowledge Canada's commitments to sustainability and the polluter pays principle in the goals of the act. These factors should be a driving motivation in future revisions of the act, such as the five-year review on the liability cap.

With regard to the five-year reviews, future reviews must address the lack of public transparency we've seen with the current act; that is to say, they should not be simply at the discretion of the minister, as it is currently worded.

● (1605)

Such reviews must explicitly consider and report to what extent the Nuclear Liability Act distorts electricity markets by subsidizing nuclear operators, and a motivating objective of future reviews should be the polluter pays principle.

Finally, we've heard from some colleagues today about the Convention on Supplementary Compensation. We should probably have a broader discussion about that.

My understanding of that convention is that it also would leave Canada open, potentially, to paying for the cost of accidents overseas, so if an accident signs on another member of the convention, Canadian taxpayers may be on the hook for that as well. Given that this would be a Canadian liability, we should probably have a broader discussion about that.

That concludes my remarks.

The Vice-Chair (Mr. Alan Tonks): Thank you very much, Mr. Stensil.

At this point, then, we'll go to the questioning of our witnesses. We'll begin with the opposition.

Mr. Regan.

Hon. Geoff Regan (Halifax West, Lib.): Thank you very much, Mr. Chairman.

Thank you to the witnesses for appearing before us today.

First, I want to say that my understanding is that if the government were to move forward with the convention, it would have to bring forward legislation to do so. In that case, I presume it would come to this committee and we'd have a chance to review it at that point. We may be doing that, perhaps. We'll see.

The committee has heard today and previously that other jurisdictions have well over $1 billion in liability limits. I'd like some comments on the level in this bill, particularly from Mr. Lees and Mr. Elston. How does the level of $650 million in this bill reflect what's happening elsewhere?

Secondly, what would be the implications of setting the liability limit at $1.2 billion, for example, as we've seen in some places? What would that mean for the nuclear sector, for operators, for the public, and for public safety in particular?

Mr. Michael Lees: Maybe I can take the first crack at that.

First of all, in terms of what is a reasonable value, $650 million or some higher number, my understanding is that the $650 million exceeds what the current levels are in other countries. I am aware that other countries talk about unlimited liability, but you have to be very careful in how you interpret that. Those same countries will allow a nuclear utility to create a corporation where the only asset in that corporation is the nuclear plant itself, so inherently you're able to create a liability that is much lower than you might perceive it to be when people talk about unlimited liability. I think that needs to be clearly understood when we talk about comparisons between what Canada might do and what other countries might do.

I also understand that Bill C-20 has the ability to increase the level on an ongoing basis subject to approval and perhaps some level of review by NRCan. So there is a provision already built into the bill that allows an escalation of the dollar value if it is deemed at some point in time to not be adequate or not consistent with the CSC as it may evolve in time.

I don't know, Murray, if you have anything to add to that.

Mr. Murray Elston: Yes. Actually, I think moving it from $75 million, as it is now, to $650 million is seen as a very big uptake in the values against accidents.

I think the industry itself works overtime to ensure that we have a safe operation, and as Ms. McClenaghan identified, we have been safe. We haven't had those types of accidents in the more than 40 years that we've had commercial reactors generating electricity in Canada, but as an industry, we recognize that we must upgrade the limit from $75 million, which we see as being too small, to the $650 million limit, which I think is within the range of world coverages. In effect, we are agreeing to this movement because we recognize that we have to modernize.

Having said that, I note that it puts us into the other part of my presentation, which said that if we go to these higher levels, then we must be permitted to have competitive opportunities to shop for that liability coverage to ensure that we are getting the best possible value for our coverage. That, Mr. Regan, looking at moving from $75 million to $650 million, presents its own issues.

We think this is a valid and reasonable increase in coverage that moves us into a range that is acceptable around the world.

● (1610)

Hon. Geoff Regan: When you raised this issue of competition for insurance during your initial comments, you didn't elaborate. Can you clarify what you foresee there?

Mr. Murray Elston: Under the provisions of this legislation we have the opportunity to designate an insurer residing with the government. At the moment that insurer is an association of insurers, which is the only party we can go to in Canada. We have made presentations to NRCan—not only Bruce Power but a couple of the other generators—to see if we can find a successful way of designating other competitors in the market.

We have not been able to move to having a second or even third designated insurer for the purposes of looking at competitive quotes for our insurance. We believe competitors to NIAC are available from other venues—some may be in the United States and there are certainly some in Europe. As the values on our limits go up to $650 million, it is obviously important to get the best premium value that we can.

Hon. Geoff Regan: Thank you.

Ms. McClenaghan, in the case that there were a nuclear accident in Canada, which obviously we all hope never happens, what would be the full extent of the ensuing liabilities on operators—this is something you've studied as a lawyer, I guess—and the Canadian taxpayer, in your opinion?

Ms. Theresa McClenaghan: That question was asked in the litigation I adverted to earlier. The litigation for the plaintiffs, whom I represented, indicated that depending on the assumptions about the kind of accident, the direction of the wind—all those things make a big difference—the liability could range between $375 million and $30 billion. The expert who talked about the $30 billion noted that was probably, in some circumstances, an underestimate. As I indicated, the Ontario Hydro evidence in that same case, using the same assumption of an escape from containment type of accident, was $10 billion, based on U.S. modelling. So in both cases, that was greater.

I might add that the Price-Anderson act in the United States, which offers $9 billion to $12 billion, depending on which exchange rate you use, reached that level because of the experience, in part, of Three Mile Island and the recognition that if there were an accident in which radioactive materials escaped containment, the pre-existing provision of compensation would be insufficient. What they did was to pile up a number of kinds of coverage in order to reach that total available number of resources.

The Vice-Chair (Mr. Alan Tonks): Thank you, Mr. Regan.

We'll go to Madame Brunelle for her seven minutes of questioning.

Madame Brunelle.

[*Translation*]

Ms. Paule Brunelle (Trois-Rivières, BQ): Thank you.

Ms. McClenaghan and Mr. Stensil, you seem to be of one mind on wanting to abolish the liability cap, which is set at $650 million. I wonder to what extent that is realistic. You have talked to us about unlimited liability, but, though the government seems to be leaning towards nuclear reactors, do you really think that it is going to be paying the operators' premiums?

● (1615)

[*English*]

Ms. Theresa McClenaghan: Yes. That's what happens right now, in fact. Under the current act, which is $75 million, the insurance consortium that Mr. Elston referred to has finally, over time, insured that whole amount.

But that wasn't true originally. Originally the private consortium insured about half of it, and the Government of Canada, more or less through a re-insurance agreement, insured the rest. In many parts of the world an amount is made available by a combination of insurance pools and states, i.e., nations committing to put a certain amount on the table in order to arrive at these totals. They do that presumably as a function of the policy decision to expedite using nuclear power generation.

[*Translation*]

Ms. Paule Brunelle: Mr. Stensil, would you like to answer?

Mr. Shawn-Patrick Stensil: Basically, I think we are saying the same thing. We do not want insurance costs to be paid by the federal government or by taxpayers. The industry has to pay them. There are two aspects to that. We have to make sure that there is enough money to pay for damages in the case of an incident, but there must also be no cap on the insurance, as is now starting to be the case in Germany and Sweden. This is not a token gesture: it is a way of making the industry accountable and making it clear what its responsibility is in the case of an incident.

Ms. Paule Brunelle: When we talk about industry, we are also talking about making a profit, of course. I wonder how realistic it is to use that model without a paying polluter becoming a paid polluter. Would the costs of the electricity produced go through the roof? How can we see that as realistic? We might as well say that we are going to abandon the nuclear program because liability insurance costs too much.

Mr. Shawn-Patrick Stensil: In Germany, they look at insurance in a different way. I think the English word is "security". They have to have $2.5 billion in reserve in case of an incident. That is not quite enough, but it is better. In the long term, if the industry knows that it is going to be held responsible if an incident occurs, it will be more careful.

I have friends in the United States who tell me that, because of the pooling they have there, when a company causes problems and is not well managed, the other companies put pressure on it to improve its management. There are other models, but the principle is that the polluter pays.

Perhaps it is not realistic for the polluter to pay everything, but it is an important factor in the industry as a whole.

Ms. Paule Brunelle: Mr. Stensil, are you telling us that companies can put up assets in the place of premiums? Are you saying that, if a company has *x* billion dollars in assets, it can take the place of insurance premiums?

Mr. Shawn-Patrick Stensil: I do not think so. I do not know how to say "security" in French; I do not think that it is insurance. Perhaps Murray knows. They have another way of putting aside the money—the $2.5 billion.

Does that answer your question?

Ms. Paule Brunelle: Not quite, but we will look into it.

Thank you.

Mr. Shawn-Patrick Stensil: Okay.

Ms. Paule Brunelle: Mr. Elston, from what you are telling us, I gather that you feel it is impossible to get insurance for more than $650 million at a competitive rate. So you do not believe what other people here have said: that it will be possible to get insurance if the cap is abolished.

[*English*]

Mr. Murray Elston: I think, Madam Brunelle, we are suggesting that moving from the $75 million to the $650 million will put a lot of pressure on the ability of the existing insurance entities to provide us with that coverage, but we are looking to increase the number of places to which we can go to get the competitive rates that we think are needed to provide insurance at a reasonable price. We think expanding the pool of insurers is the right way for us to go, to make sure that the value is in fact there. So I would say that you get two benefits. One, because of the increased coverage, you have more places to go, and then, secondly, with the competition among the various venues, then you can have an option.

I think the most difficult situation for anyone in the market is to have no choices to make. I think that would be a good thing for us to move toward.

● (1620)

[*Translation*]

Ms. Paule Brunelle: You tell us in your presentation that you are worried and concerned by the possibility that the minister may decide to increase the cap without having sufficiently consulted the stakeholders. Is this your concern, that insurance premiums will go through the roof?

[*English*]

Mr. Murray Elston: I think the concern, chiefly, is more to the point that certainty for business prospects is always the best route to take. I think that being able to count on a reasonable progression towards review and consultation is always preferred for business so that we can make appropriate arrangements to cover any changes that might be moved. That's what our chief concern is. I don't think proliferation, necessarily, of those costs is the chief concern, but it's about the certainty of us being able to move to having competitive choices.

The Vice-Chair (Mr. Alan Tonks): Thank you, Madam Brunelle. We're at the end of your seven-minute question period.

Mr. Cullen.

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

Just to pick up on that, Mr. Elston, your concern is that if the minister in the future were to change this, then you would like to be consulted prior to that change or during the course of it.

Mr. Murray Elston: Yes.

Mr. Nathan Cullen: To Mr. Stensil's point about non-industry stakeholders not being consulted to this point in the process, what are your feelings on that? Do you think non-industry stakeholders should be brought into the consultation process that the government is using?

Mr. Murray Elston: I think Mr. Stensil was talking about 2004. At the preliminary stage of any legislative review, I think it's not uncommon to have to start with somebody, but obviously the difference in this situation is that we're in front of this parliamentary committee for the second time now with a piece of legislation that really has attracted the attention of a good part of the public.

In fact, I took a quick peek at the list of some of the presenters the last time. An item from 2004, which I think would attract some attention, is not bad theatre, but when the reality of our current circumstance is that the government has been down this track, through this parliamentary committee, in fact with some of the same members, although not exclusively the same members, a concern about not consulting the public broadly would be about notification. Notification has occurred in this situation, not once but twice now. I think we all have been prepared.

I think the presentations here should lay to rest any concern that the public was somehow kept out of being aware of any changes.

Mr. Nathan Cullen: Insurance is the cost of doing business for you, I assume, just like labour and construction materials.

Mr. Murray Elston: Yes.

Mr. Nathan Cullen: You have a cap being placed on the cost of insurance to your industry. Do other sources of energy generation have a similar insurance cap put on their costs?

Mr. Murray Elston: I can't talk about all other sorts, but when you consider that most of the energy companies in Canada are generally owned by government shareholders, a certain self-insurance goes on with a number of those. When you take a look at the various places where in fact that shareholder steps in and says, for instance, we operate the electricity systems so we will do our own insurance—

Mr. Nathan Cullen: You're suggesting that those other forms are being publicly subsidized because they're owned by the public.

Mr. Murray Elston: Some people like the word "subsidy" because it attracts a lot of attention. I think it's good business sense from shareholders in the electricity business to underwrite their own obligations to be safe and secure for their populations. I see nothing wrong with that. I don't see it as a subsidy. The issue clearly is driving those entities to not only be safe and secure but also to operate their utilities in a way that provides their beneficiaries with very sound and competitive electricity rates.

So the decision is not about subsidization. The decision by those shareholders is all about making their jurisdictions very competitive in a very tough world of doing business.

● (1625)

Mr. Nathan Cullen: Right.

Have you run any estimates on the cost of a nuclear accident at your facility?

Mr. Murray Elston: If they have been run, I have not seen them. And I have not done that.

Mr. Nathan Cullen: Are you aware of the federal government running any such estimates on the cost of nuclear accidents in Canada ?

Mr. Murray Elston: No, but I am aware of the fact that there have been scenarios undertaken. I haven't really seen any of those.

I do know that the litigation that Ms. McClenaghan speaks about, for instance, had a series of experts. I will go back and actually take a look at it, and I will probably send the judgment that was given in the case to committee members for review.

Mr. Nathan Cullen: Let me go to Ms. McClenaghan.

We seem to have a discrepancy as to whether this is meeting international standards. The minister came before us and said, when we were talking about the actual $650 million cap, "this number is based upon what is happening internationally".

I'm a bit confused. Translated into Canadian dollars, this talks about Europe, $1.5 billion; Japan, $1.4 billion; the U.S. pools, unlimited.

Is $650 million correct? Is it equal? Is it the same? Is it different?

Ms. Theresa McClenaghan: Some countries have about that amount under the Brussels convention. Right now that would be, for instance, Sweden, until they make a change, Belgium, the U.K., Spain, and France.

Some countries run only research reactors. That would be Italy, Norway, and Denmark, and even they, with only research reactors, still have the $650 million.

The Netherlands, the U.S., Germany, and Japan all have approximately $12.6 billion and up. That's based on the 2005 report of the commissioner of sustainable development, when they were looking at the petition that Ziggy Kleinau had—

Mr. Nathan Cullen: So is the commissioner wrong in suggesting that these other jurisdictions have higher liability rates?

Ms. Theresa McClenaghan: No.

Mr. Nathan Cullen: Is the minister wrong then when she says that—

Ms. Theresa McClenaghan: I assume the minister is referring to those countries that do have the $650 million amount.

Mr. Nathan Cullen: Right, that are using research reactors—

Ms. Theresa McClenaghan: Some are using research reactors, some are in accord with the current Brussels convention. And some of those that are at that level now are considering increases, as Mr. Stensil noted—for example, Sweden.

Mr. Nathan Cullen: Over to Mr. Stensil. Mr. Elston didn't know if other forms.... I'm wondering about wind and solar and tidal. Does the government come in and put a cap on potential mishaps or any insurance liabilities that other forms of electricity generation have in this country?

Mr. Shawn-Patrick Stensil: Not to my knowledge. As I mentioned, in this industry it began in the 1950s, when the American vendors started looking to export overseas and they were worried about being sued in other jurisdictions. That's when these liability regimes started to be imposed in other countries, because the suppliers who provide these reactors don't have confidence that their reactors won't undergo accidents. That's why we have this legislation.

I think one of the reasons we're starting to hear discussion about the Convention on Supplementary Compensation by the industry representatives today is that perhaps for the first time Canada is looking at buying reactors from other jurisdictions, suppliers such as Westinghouse; Areva, from France; and the Japanese. I think there may be a fear by vendors, if they were to build in Canada, that they may be open to litigation without a cap in the United States.

The Vice-Chair (Mr. Alan Tonks): Mr. Cullen, I'm going to have to jump in. Time's up on that round.

We'll go to Mr. Trost, for seven minutes.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

First of all, to start off, let me say, Mr. Elston, that some of us are very tired of seeing this bill as well, so hopefully this is it.

Mr. Murray Elston: You must be tired...[*Inaudible—Editor*]

Mr. Brad Trost: Not the personalities, no.

One of the things that I found most interesting, listening to all the remarks, is that there doesn't seem to be anyone endorsing the current piece of legislation as something we need to.... I see heads nodding here.

So would it be fair to say, and correct me if I'm wrong, that we absolutely need to get rid of the current one, and that even if this one does not meet all of your particular interests—be it industry or environmental groups—it is still better to go forward with something akin to this bill and then try again later on if you don't get what you want than to continue to sit there with the $75 million limit? Is it not better to go forward with an imperfect piece of legislation rather than sit with what we currently have?

Am I stretching that one too far, or do I have general consensus on that?

● (1630)

Ms. Theresa McClenaghan: Almost the only difference between the current bill and Bill C-20 is the amount of insurance. So yes, while Canada has been out of compliance for a long time with what to this point has been some of the international practice, in our view the $650 million is still so inadequate that it won't make a meaningful difference to the public.

Mr. Brad Trost: But it's better than $75 million.

Ms. Theresa McClenaghan: That's assuming that with a $650 million accident, you wouldn't have the federal government stepping in.

Mr. Brad Trost: But if it's $650 million, you would have had it with $75 million. I think we can all agree on that.

Ms. Theresa McClenaghan: Yes.

Mr. Brad Trost: I have a little question to the industry here. How has the delay in the legislation affected industry decisions, go-forward operations, etc.? As we've noted, it's taken a while. Have there been any effects due to the delay?

Mr. Michael Lees: Yes, we struggle very much with bringing any technology from other countries into Canada, either in a partnership arrangement or whatever, if they have a fear that there won't be the correct nuclear liability regime in place to protect them in the event of an incident.

Mr. Brad Trost: Because Babcock & Wilcox, like Bruce or any of them, are a third party. You're not exactly operating reactors in Canada—

Mr. Michael Lees: Yes, that's correct.

Mr. Brad Trost: —so this affects you, and other, smaller companies as well?

Mr. Michael Lees: Yes, it affects us. It makes the negotiation on any deal much more difficult because we have to deal with that issue on how we manage that risk. We have assets in the U.S. that would be vulnerable in any cross-border incident. For similar reasons, it also restricts us from doing business in certain other countries.

So there's no question, it has an impact on our ability to grow our business the way we'd like to.

Mr. Murray Elston: I cannot enumerate any large number of steps we have not taken because of it. But in the context of strengthening competition worldwide and the need to ensure that the Canadian industry itself is strong enough and capable of taking that on, we see this legislation as having the advantage of preparing us for that bigger competitive world. We think the only way we can do that is by ensuring we have the ability to move strongly internationally, both in and out of Canada.

In a sense, while Bruce itself doesn't operate outside of Canada, a number of our suppliers do. The strength of that supply chain is every bit as critical to us as the safety and security of our site and its productivity.

Mr. Brad Trost: In the previous incarnation of this bill we had a presentation by some of the representatives of the insurance industry. They explained to us some of the nuances of this. The committee should probably look at that testimony again before we go to clause-by-clause.

From the industry's perspective, or even from an environmental perspective, if there were more competition in the industry, the ability to raise the liability limits with fewer costs would be there as well.

What could be done to enhance competition or bring more players in to provide insurance for the market? Do you have any ideas or suggestions for the committee?

Mr. Murray Elston: At this stage we are involved with other utilities following the current process, which is to go to the department and get a designation. That is effectively a very slow process, and we haven't been able to make much headway on that.

We have resorted to—and I mean “resort” in a good way and not as the last step—engaging the people at NIAC, the insurance association, to see if there are ways we can move considerations of premium cost. We are also becoming more directly engaged with the insurers so they understand our needs. Looking forward at the costs associated with this legislation and the way that organization operates to put the insurance—

● (1635)

Mr. Brad Trost: Before my time runs out, is there anyone else who wants to comment?

Mr. Shawn-Patrick Stensil: I don't know the details of competition within the industry. I would just say that at a high level—and I will ask Murray afterwards why there has been such a blockage on this—I don't think you would see any opposition to that in principle, although I do not know the details.

Ms. Theresa McClenaghan: The only thing I would add is that in America additional resources are brought to the table by requiring that the other operators also put money in if there is an incident. They would pay that for up to 10 years to help bring that pool up.

The Vice-Chair (Mr. Alan Tonks): Mr. Trost, we're out of time.

In the interest of getting on with the next panel, I'm going to thank the witnesses very much for appearing before us.

Mr. Elston, you may have your wish, but that remains to be seen.

Thanks very much to all of you for being here.

We'll break for a minute or two. We'll allow the witnesses to withdraw and have the next panel of witnesses come to the table, please.

Thank you.

● _____ (Pause) _____

●

The Vice-Chair (Mr. Alan Tonks): Pursuant to the order of reference of Monday, June 1, we are continuing with Bill C-20, An Act respecting civil liability and compensation for damage in case of a nuclear incident.

I would like to welcome, on behalf of the committee, Mr. Jacques Hénault, who will be appearing as an individual.

From the Canadian Nuclear Safety Commission we have Mr. Michael Binder, president and chief executive officer; and Mr. Peter Elder, director general, directorate of nuclear cycle and facilities regulation.

From GE-Hitachi Nuclear Canada we have Mr. Peter Mason, president and chief executive officer. By videoconference from Cambridge we have Mr. Gordon Thompson, who is with the Institute for Resource and Security Studies.

We will begin with our presentations.

I will be coming to you last, Mr. Thompson.

● (1640)

Dr. Gordon Thompson (Executive Director, Institute for Resource and Security Studies): Okay.

The Vice-Chair (Mr. Alan Tonks): Then we will have a round of questions from the members. Through the chair we'll direct those questions as appropriate. I'll try to keep you keyed in with respect to questions that may be coming for you.

Dr. Gordon Thompson: Thank you.

The Vice-Chair (Mr. Alan Tonks): Mr. Hénault, you have up to 10 minutes.

Mr. Jacques Hénault (Advisor, Nuclear Liability, As an Individual): I was invited here as an individual and I don't have a presentation. I can speak to the act and what it proposes if you want, but I anticipated being here to answer any questions.

The Vice-Chair (Mr. Alan Tonks): It's entirely up to you. We can go to the other presenters, and then if you would like to make comments, perhaps you can precede Mr. Thompson.

Is that all right with you?

Mr. Jacques Hénault: Okay.

The Vice-Chair (Mr. Alan Tonks): Good.

We will go to the Canadian Security Commission and Mr. Binder.

Dr. Michael Binder (President and Chief Executive Officer, Canadian Nuclear Safety Commission): Thank you, Mr. Chairman.

I'm pleased to be here today to discuss the role of the Canadian Nuclear Safety Commission and Bill C-20.

[*Translation*]

As you know, the CNSC is Canada's nuclear regulator. Nuclear regulation is exclusively in federal jurisdiction. We regulate all nuclear activities in Canada, including those facilities covered by the proposed legislation.

[*English*]

The CNSC mandate is clear. We regulate for the protection of the health, safety, and security of Canadians and the environment, while respecting the Canadian international commitment to the peaceful use of nuclear energy. In essence, the CNSC works every day to ensure safety across Canada's nuclear industry. Every licensing action, every inspection, every audit, every compliance activity is designed to mitigate risks and to minimize the probability of incidents that could result in claims under the proposed legislation. Our job, along with the nuclear facilities operators, is to ensure that this legislation is never used and that no claims are ever filed. Nevertheless, we recognize the need for insurance and are therefore supportive of the proposed legislation.

As the minister stated in her appearance to open the committee's consideration of Bill C-20, Canada's nuclear regulatory framework is embodied in three pieces of federal legislation: the Nuclear Safety and Control Act, which created the CNSC; the Nuclear Fuel Waste Act, which created the Nuclear Waste Management Organization; and the Nuclear Liability Act, which would transition to the Nuclear Liability and Compensation Act through Bill C-20.

The Government of Canada recently hosted an international peer review by the International Atomic Energy Agency, the IAEA, of Canada's nuclear regulatory framework. Their report, which will be published soon, commended Canada for maintaining a modern regulatory framework, a framework that is based on safety culture. Canada has an impressive internationally recognized record of nuclear safety and reliability. Our oversight is prescribed by the Nuclear Safety and Control Act, which came into force in 2000.

● (1645)

[*Translation*]

This is modern legislation which sets high-level safety requirements and a strict licensing and compliance framework which the CNSC monitors on a daily basis.

[*English*]

It enables us to ensure that the nuclear industry is safe and secure, and that the environment and the health of Canadians are protected.

The CNSC oversees approximately 3,300 licences and 2,100 licensees. Last year, we deployed 800 staff, including 115 inspectors conducting over 2,000 inspections, to ensure compliance. Our framework is designed to mitigate risk to health and safety. Our licensees must have a strong safety culture and be safe; otherwise they would not receive a licence from us. We look in detail at what could go wrong with the facilities, and we require licensees to have multiple barriers, both physical and procedural, to limit the probability of a serious incident. Through the oversight of our on-site staff, our ongoing compliance program ensures that all the safety protocols remain effective and in place. The CNSC pushes licensees to continue to improve operational performance as new information and technology become available.

I would also like to stress to the committee the importance of transparency in ensuring trust in our activities. The CNSC conducts public hearings in renewing licences for major facilities. In fact, the last three commission hearings have been on the road in Saskatchewan, in Bruce County last month, and in Port Hope in August.

[*Translation*]

These hearings are open to the public and are webcast. I hope that you have had the opportunity to catch one of these broadcasts off our website.

[*English*]

I will turn to today's subject and Bill C-20.

The CNSC's role concerning nuclear liability is clarified under the proposed legislation. Under the current Nuclear Liability Act, which has been in force since 1976, the CNSC and its predecessor, the AECB, have been responsible for both the administration of the legislation and for the designation of facilities.

As an aside, I'm really pleased to report, Mr. Chairman, that during our tenure as administrator of the Nuclear Liability Act, no claims were made under this act, and we look forward to a similar track record in the future.

The CNSC is supportive of the new legislation and of our new reduced role. We would no longer designate the facilities and we would no longer be the administrative authority for the legislation. The primary role for the CNSC under the proposed legislation would be to support and provide technical advice to the Minister of Natural Resources on the designation of sites. Because we license all nuclear facilities in Canada, the CNSC is in the best position to know which ones are authorized to have fissile material, a prerequisite for the requirement for nuclear liability insurance. There are currently 19 sites designated, and we will continue, under the new legislation, to provide advice on these designations to the government.

In conclusion, Mr. Chairman, we have been regulating nuclear facilities in Canada for over 63 years. Our track record for safety is excellent. Canada must continue to demonstrate responsible leadership in its nuclear sector and its regulatory framework, and modernizing the nuclear liability regime is a step in continuous improvement and clarity, which are hallmarks of our approach to ensuring safety for Canadians.

Thank you, Mr. Chairman, for allowing me the opportunity to speak about nuclear safety in the context of consideration of the proposed legislation.

Merci beaucoup.

● (1650)

The Vice-Chair (Mr. Alan Tonks): Thank you, Mr. Binder, for that presentation.

We'll now go along to GE-Hitachi Nuclear Energy Canada Inc.

Mr. Mason, would you like to make your presentation, please?

Mr. Peter Mason (President and Chief Executive Officer, GE-Hitachi Nuclear Canada Inc.): Thank you, Mr. Chairman.

It's my pleasure to be here today to tell you why this bill is important to GE.

We have put forward a written presentation to the committee, but in the interests of time I'll just hit the high points, and then you can ask questions.

As many of you are aware, I think, GE is a very large, diversified global company, with revenues of $180 billion a year around the world and over 300,000 employees.

It has a wide range of products, from light bulbs to aircraft engines, and, in our energy portfolio, from wind turbines to nuclear reactors.

In the U.S., GE has developed its nuclear technology and today builds nuclear reactors, together with Hitachi, of Japan, in a number of sites in the world.

If we turn our attention to Canada, GE in Canada has been an integral part of the nuclear industry. In 1955 we joined together with AECL and Ontario Hydro to build the first commercial reactor in Canada, in Rolphton, Ontario, and since that time we have played a role in serving the industry. Today we supply the majority of the CANDU fuel to the CANDU reactors in Canada, together with inspection and maintenance services, the design of robotic equipment for inspection and maintenance, and service of the existing fleet equipment.

There is no doubt we could do a lot more than we do today, but we're prevented from doing so by the inadequacy of the current nuclear liability legislation in Canada. At this point in time, we are unable to leverage the resources of our parent company, depriving our customers of technology, expertise, and those resources that have been developed over many years.

I'll give you an example of why this is such an issue. WIth the current legislation that exists between the two countries, in the event of a nuclear incident in Canada, a U.S. claimant could take their case to a U.S. court; the U.S. court could deem the $75 million cap to be inadequate for potential compensation and therefore hear the claimant in a U.S. court. Under those circumstances, all of the assets of the General Electric Company would then be vulnerable to that claim. That is a risk that the shareholders of the company are not prepared to take, and that is the situation for many other private sector companies. Other companies that are perhaps in the public sector do not have the same risk profile, but it's certainly something that shareholders of private sector companies are not prepared to take.

If we turn our attention to Bill C-20, this is really a very important step in addressing the liability issue for Canada. First of all, the bill will ensure the channelling of liability through the operator of the facility where the incident occurred, rather than being open to the discretion of different courts. Secondly, the increase of the liability cap from $75 million to $650 million is very much a step in the right direction, and certainly it is consistent with the International Atomic Energy Agency's Convention on Supplementary Compensation for Nuclear Damage. With minor amendments to this bill, Canada would be in an excellent position to move forward and ratify the Convention on Supplementary Compensation, which would address both of the issues necessary for us to be able to work fully in Canada.

One might say, “Well, what about Canadian companies?” The fact is that if Canada signs this Convention on Supplementary Compensation—and I would add that the U.S. government has already ratified it—this would form a global legal framework for the nuclear industry. This, in turn, would protect Canadian companies as they engage in export activities around the world.

● (1655)

I would ask this committee to move forward with the bill, particularly the minor technical amendments that need to be made in order for it to conform to the conventional supplementary compensation, which, as I mentioned earlier, should be ratified as soon as possible.

I'd like to thank you all for listening to me, and I'd be happy to take any questions.

Thank you.

The Vice-Chair (Mr. Alan Tonks): Thank you, Mr. Mason, for your presentation.

Mr. Thompson, we will now go to you, sir.

Dr. Gordon Thompson: Thank you.

My name is Gordon Thompson. I'm the executive director of the Institute for Resource and Security Studies in Cambridge, Massachusetts. I am a research professor at Clark University in Massachusetts.

I've been working on nuclear safety and security issues for about 30 years. Some of those projects have been in Canada. For example, I worked for the Ontario nuclear safety review in 1987 and for the Senate energy and environmental committee in 2000. I have prepared a report for Greenpeace Canada assessing the Nuclear Liability and Compensation Act. I assume Greenpeace will make that report available to you. The report contains my own views and is not in any way dictated by the client, Greenpeace.

The report covers a range of issues. I'd like to focus here on a technical issue that I believe is important for the committee. That issue is the probability and magnitude of a release of radioactive material to the environment. My thesis in this area is that the committee—and through it, the Canadian Parliament—has not been properly informed about the risk of a large release of radioactive material.

Mr. Hénault, who is before you, stated at a conference in Toronto in October that the liability limit of $650 million has in part been set because it addresses what he terms “foreseeable accidents” rather than catastrophic Chernobyl-type accidents. What Mr. Hénault is actually referring to is what is known in the industry as a design-basis accident. That is an accident that a nuclear power plant is designed to accommodate, and that is what he's referring to when he describes an accident as foreseeable.

We know that a very large release to the environment occurred from the Chernobyl nuclear power plant in 1986. That was certainly an event outside the design basis. It's also common knowledge that in 1979 there was an event at the Three Mile Island nuclear power plant in Pennsylvania, also outside the design basis. But that event did not lead to a large release of radioactive material. However—and this is not as widely known as I believe it should be—at some other nuclear power plants then operational in the United States, the same sequence of events would have led to a large release of radioactive material. And had the accident continued further down the sequence that it was following, it could have led to a large release at Three Mile Island.

The historical occurrence of these events suggest that their analogue in the future is a foreseeable event. Indeed, there is a large body of technical analysis to show that these two events are not aberrations. They are instances of design-basis accidents, and such an accident could occur at any nuclear power plant anywhere in the world.

The technical analysis that covers this area is known as probabilistic risk assessment, PRA, or sometimes probabilistic safety assessment, PSA. The Canadian nuclear industry, the Nuclear Safety Commission, and its predecessor, the Atomic Energy Control Board, are aware of the field of probabilistic risk assessment and have conducted studies in this genre.

I regret to say that the quality of these studies and their completeness does not reach the level that was set for this field of technical inquiry by the U.S. Nuclear Regulatory Commission in its study, NUREG-1150, which was published in 1990. That is a point of reference from which one can judge the quality and completeness of technical studies of severe accident potential at nuclear power plants.

Now to the implications of this field of study and the two historical events I mentioned for the Nuclear Liability and Compensation Act, specifically the liability limit of $650 million.

● (1700)

First, studies done by the Canadian nuclear industry show potential exposures of the public to radiation, which, when monetized at the rate used for occupational protection decisions in the nuclear industry, yield health costs that can be in excess of $50 billion—clearly an amount far in excess of $650 million.

As another example, Defence Research and Development Canada estimated the cleanup costs of a dirty bomb event at the CN Tower in Toronto. Depending on the cleanup standards used in this analysis, the cost of cleanup could reach $250 billion. The amount of radioactive material that was assumed for that study is one two-thousandth part of the inventory of that same radioactive isotope in the reactor core of an existing CANDU nuclear power plant.

The Canadian nuclear industry claims that the probability of such an event at a nuclear power plant is extremely low. I dispute that finding. The dispute is a technical issue, which clearly is not appropriate to argue before the committee at this time. However, it is important to note that we know from available evidence about the premiums set by nuclear insurers to provide insurance to nuclear power plants. These insurers assume a probability of release many orders of magnitude in excess of the probability claimed by the Canadian nuclear industry. I would therefore suggest there's a case for the committee on that fact alone to be extremely cautious in accepting the industry's claims of a very low probability.

In conclusion, I would argue that the committee, and indeed Parliament, before enacting this proposed legislation, should request that the Canadian government provide a much more thorough and complete and open analysis of the risk of a large release of radioactive material and the offside costs of such a release.

Thank you.

The Vice-Chair (Mr. Alan Tonks): Thank you, Mr. Thompson.

Mr. Hénault, do you wish to take a few minutes or would you prefer to wait for questions?

Mr. Jacques Hénault: I prefer to wait for questions.

The Vice-Chair (Mr. Alan Tonks): All right, good. Thank you.

Just to get some direction, members, it's six minutes after five. In order for there to be equity and fair sharing of the time, could I suggest we reduce the seven minutes to five minutes? It will ensure that every member would get their opportunity for their time. Is that all right?

Some hon. members: Agreed.

The Vice-Chair (Mr. Alan Tonks): Okay.

All right. We'll start off with Mr. Bains for the first five minutes.

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

With respect to an issue that's come up time and time again, where does Canada rank vis-à-vis other jurisdictions? One issue that's come up with our previous witnesses as well is with regard to the amount of $650 million, and if that's a sufficient level to account for the liability.

I also want to look into the notion of the scope of the liability in Canada. In the bill that's being proposed and that we're discussing here, is the scope wide enough for the liability, and how does it compare to other jurisdictions? One example that was cited to us before was this notion of unlimited liability, but there was a way of manoeuvring around that by creating a separate company and/or separate mechanism of limiting that unlimited liability—you have to be very careful.

To the witnesses in general, what is the scope of the liability, not necessarily the threshold?

● (1705)

Mr. Peter Mason: I'm not qualified to answer that.

Hon. Navdeep Bains: Mr. Binder.

Dr. Michael Binder: I have enough trouble with nuclear without trying to understand the insurance. I'm not qualified in this. We do not set up those details.

The Vice-Chair (Mr. Alan Tonks): Mr. Hénault, you have indicated you would like to answer.

Mr. Jacques Hénault: Yes, I would like to get more clarification on what you mean by scope.

Hon. Navdeep Bains: What would that $650 million cover in liability? Is it just simply the operations? What should it cover?

Mr. Jacques Hénault: Again, I can tell you in scope what damages it would cover.

Hon. Navdeep Bains: That's what I was getting at.

Mr. Jacques Hénault: Essentially, we've expanded the scope under Bill C-20. Under the current Nuclear Liability Act it was basically limited to bodily or personal injury and property damage. With revisions to the international convention, we've seen that this has not given enough direction to the courts about what compensation should be awarded. We've expanded it in line, I guess you could say, with the international conventions to include certain forms of environmental damage, certain forms of economic loss against directly related forms of psychological trauma, and preventive measures.

I trust that answers your question.

Hon. Navdeep Bains: I guess I'll clarify that later. But since we have limited time, I have another set of questions and I'll come back to it if I have time.

This question is for Mr. Mason. You mentioned that there was concern with GE shareholders because of the fact that there was a limited liability and that GE might be ultimately held accountable for greater liability. Because you're a global enterprise and you have operations around the world, how does this bill and this liability threshold compare to other jurisdictions? Will this put Canada in a comparable position vis-a-vis other jurisdictions where you have your operations?

Mr. Peter Mason: Yes, it would

For example, before we sell nuclear equipment into a country, our lawyers review the nuclear liability regime of that country. If they're satisfied, then we move forward. Some of the countries we do business with are Korea, Japan, Argentina, and Romania—those countries that have a regime in place that is acceptable to our lawyers.

Hon. Navdeep Bains: Mr. Binder, this is a question for you.

You mentioned in your remarks that you have a very important responsibility to detect any risks in a proactive fashion. Do you feel you have sufficient resources in place to keep your mandate? You mention on page 4 of your remarks that you deployed 800 staff, including 150 inspectors, conducting over 2,000 inspections of every type to ensure compliance. Do you have sufficient resources you need to be able to execute your mandate, to make sure you're able to detect problems in a proactive manner?

Dr. Michael Binder: Yes, I do.

In fact, in the last few years we've ramped up to anticipate whatever new activity might come in this sector. We now figure that roughly, in a plateau, we have the right size for the current operation. Remember, a big part of our operation is cost-recovery from the industry. If there were to be an increase in demand, again, that would be supplemented by the industry itself.

The Vice-Chair (Mr. Alan Tonks): I'm going to have to interrupt there, Mr. Bains, and go on to Madame Brunelle for five minutes.

Mr. Thompson, if you wish to answer a question, give me a hand signal and we'll try to bring you in.

Dr. Gordon Thompson: Well, yes—

The Vice-Chair (Mr. Alan Tonks): That's exactly the kind of hand signal I was looking for.

● (1710)

Dr. Gordon Thompson: Okay. I do have one—it does pertain to Mr. Bains' question.

The Vice-Chair (Mr. Alan Tonks): Sorry, not right now, because we're going to the next one. We'll try to bring you back in a moment.

Madame Brunelle.

[*Translation*]

Ms. Paule Brunelle: Mr. Thompson, perhaps I can bring you into the discussion.

You tell us that the probable risks must be assessed. In your opinion, was the cap of $650 million established as a result of this risk analysis?

[*English*]

Dr. Gordon Thompson: That's a good question. Before I answer that, I'd just like to address Mr. Bains' question about the scope of Bill C-20. The scope of damages has been expanded, and that's a change that I welcome. The expansion is not in the magnitude but simply in the range of types of damage that would be addressed. I believe the current scope is a better match with what we know about the long-term consequences.

In regard to your question about the basis for the $650 million liability cap, Mr. Hénault spoke to that issue, as I said, at a conference in Toronto in October. He said it comes from a balance of considerations, one of which is that it addresses what he terms "foreseeable" accidents, which as I explained is a term of art meaning design-basis accidents, accidents that plants are designed to withstand. Experience and a very large body of technical literature show that there is actually a universe of accidents well beyond the design basis that are indeed entirely foreseeable, because two major events of this kind have occurred.

Insurance against an industrial accident surely has to accommodate events that are foreseeable in the sense that they have occurred and in the sense that technical analysis shows they could occur again.

In the chemical industry, for example, the Bhopal accident is a historical event. It was beyond the design basis, and yet it's part of a reality. If one were insuring a chemical plant, one would have to consider a Bhopal-type event.

The $650 million limit does not consider events that are foreseeable and that indeed have occurred.

The Vice-Chair (Mr. Alan Tonks): Madame Brunelle, you still have some time.

[*Translation*]

Ms. Paule Brunelle: Mr. Binder, there is more and more talk of terrorism and more and more concern because of it. You know that the city of Trois-Rivières sits right next to the Gentilly nuclear generating station.

To what extent does Bill C-20 deal with it? Would terrorism be considered an exclusion like any other disaster that might happen? In some policies, for example, there are exclusions for armed conflicts and things like that.

Dr. Michael Binder: If I understand the question correctly, you are asking me if terrorism is included. I think so.

Ms. Paule Brunelle: You think so.

Should the growing threat of terrorism cause us to amend this bill? Is it something that we should take into account?

I think Mr. Hénault wanted to answer as well.

Dr. Michael Binder: In my opinion, the dirty bomb scenario—

[*English*]

This is again in Canada. A lot of people come here with this junk science, to be blunt, about a dirty bomb.

First of all, in Canada, to try to create a dirty bomb, you would have to have access. It's very difficult to actually get your hands on our facilities. They are very secure and guarded. There is a very low probability, a low risk, that someone could get in and try to actually get a hold of some of the material to create a dirty bomb.

Again, I have said that I'm not an expert in insurance, but it seems to me that in the airline industry or the car industry you count the number of incidents and you actually come up with some sort of assessment of risk.

To put Chernobyl in the same situation as Canada is outrageous. TMI never, ever released, so the system worked. In Canada, in the last 63 years, we have never had such a system. In fact we are managing to make sure that no such system occurs. So I don't understand how the probability here would lead you to another kind of conclusion.

● (1715)

The Vice-Chair (Mr. Alan Tonks): I'm going to have to interrupt, Madame Brunelle.

We will go now to Mr. Cullen for the next round of questions.

Mr. Cullen.

Mr. Nathan Cullen: Thank you.

I have a question for Mr. Mason. You said the current liability regime limits your company's access to the Canadian market. You gave the scenario in which GE was operating a reactor here and the reactor had an accident and someone wanted to seek damages. You said they might seek damages in a U.S. court because the liability is so low in Canada. Am I following your logic?

Mr. Peter Mason: No, I should clarify. It's not GE operating a reactor; it's if we designed or made a piece of equipment. Let's say we designed and built a piece of equipment in the U.S. and it was installed in a reactor in Canada. If it could be proved that the equipment was part of the causal chain of a nuclear incident in Canada, then a claimant could take a claim back to GE in the U.S.

Mr. Nathan Cullen: As your lawyers try to understand what risk your company is exposed to by selling nuclear reactors or parts to other countries, do you folks ever make public the assessment of the risk of a nuclear accident in Canada or in the U.S.? Do you go through and say, "We need to carry this much insurance as a company for the material that we've sold"?

Mr. Peter Mason: We do have a risk analysis process within the company. For example, the company would not accept being exposed to a nuclear risk in a jurisdiction that did not have an appropriate nuclear regime in place.

The only reason we are able to serve Canada from our Canadian operations is because it is a completely separate legal entity and we employ only Canadians within that organization.

Mr. Nathan Cullen: It seems, then, that with regard to the upcoming sale of AECL and its potential commercial operations, the factor of insurance would be a component to anyone looking to buy AECL. Is that fair to say?

Mr. Peter Mason: Yes.

Mr. Nathan Cullen: So again, this issue is interwoven into the things that are going on with the nuclear industry right now—the potential sale; the issue of isotopes; and clearly, the issue of insurance, what insurance exposure folks are going to have.

What I'm confused by is that private industry seems so comfortable with the idea that taxpayers have to be on the hook for anything above $650 million in claims. I don't know why we can't call that a subsidy. You, as a company, also generate power from other sources. I assume the U.S. and Canadian governments don't provide a cap and a limit on the insurance claims that might happen if a wind tower were to be knocked over. Why would they do it for nuclear?

Mr. Peter Mason: I think there are two answers to that. First of all, we carry conventional insurance for things that we're involved in, for example, a wind turbine. In nuclear it's very different. I think if there were not a cap and if there were not suitable legislation insurance in place, then we wouldn't be in the nuclear industry.

Mr. Nathan Cullen: Maybe that's my point. This industry can't survive without the backstop of the public taxpayer in order to cover any extension of damages. If just left on its own, around the world—we're dealing with Canadian legislation—the nuclear industry could not operate as a normal energy-producing operator, because the liability, the risks, would be so high if there were an accident.

I don't want to exaggerate this. I'm just trying to understand the state of the—

Mr. Peter Mason: You're right. In fact, if you look at the majority of nuclear companies today around the world—and we can name some of them—you'll see they're backstopped by government.

Mr. Nathan Cullen: It's interesting.

This is a question for Mr. Thompson. Trying to understand the value of that backstopping is curious to me. In your report that you've outlined here, you suggest that the subsidy adds up to a certain amount of money per kilowatt hour produced by the nuclear industry per year because of that public backstop, because the public is picking up the tab for extra liability.

Am I reading your report correctly?

Dr. Gordon Thompson: That is correct. I attribute a cost in cents per kilowatt hour to the implied subsidy to nuclear-generated electricity in Canada. That calculation is complex and involves a number of assumptions, as I state in the report. However, my assumptions are in alignment with those of nuclear insurers, insofar as that information is public. Indeed, it is less conservative than assumptions insurers have evidently made in the three countries I have data for.

● (1720)

The Vice-Chair (Mr. Alan Tonks): Mr. Cullen, I'm going to have to interrupt.

Mr. Thompson, I think the committee would like to pursue the availability of that report; it may be helpful with respect to the committee's continuing deliberations on this. We'll make a note of it.

We'll now go to Mr. Allen, please.

Mr. Mike Allen: Thank you, Chair, and my thanks to you gentlemen for being here.

Mr. Binder, I want to pick up on some of the comments you made in your testimony. What I found interesting was that we've been regulating the facilities for 63 years and no claims have been made under this act. That's an impressive record, and it says a lot about the regulatory regime we have.

I'm interested in clause 6. You comment about your support for the act. You would no longer designate the facilities and would no longer be the administrative authority for the legislation. That would go to the Governor in Council, who under clause 6 would have the designation responsibility. If you're supporting the legislation, I assume this does not increase the regulatory risk and the risk of an accident. There would still be oversight. Could you comment on that? I'm intrigued by it. What difference does it make to us now that the Governor in Council will be designating these facilities? To whom would the Governor in Council be delegating?

Dr. Michael Binder: I wasn't there when that policy decision was made, but I think their idea was to separate the regulation from whoever established the appropriateness of the insurance. The Ministry of Natural Resources has been designated.

We will provide technical advice on which facility has the fissile material and on risk analysis. We do risk analysis in this business, contrary to what we heard. The industry does extensive risk analysis, and we provide technical advice to the ministry.

Mr. Peter Elder (Director General, Directorate of Nuclear Cycle and Facilities Regulation, Canadian Nuclear Safety Commission): Mr. Thompson mentioned probabilistic risk assessments. We require them. We have a CSA standard based on IAEA guidance, so we have international guidance on this one. We also require the licensees to look at design-basis accidents. We require them to look beyond design basis or severe accidents. We want to make sure that those are dealt with, so that they understand what they could do to prevent releases even on low-probability accidents.

How we would manage the risk would not change whether we are administering this act or not. We put a lot of effort into making sure that the risks of a major accident are kept small. We don't keep within the design basis; we go well beyond it and make sure they are controlling the risks and trying to improve the performance of the plants.

Mr. Mike Allen: I think Mr. Hiebert had a question.

The Vice-Chair (Mr. Alan Tonks): Mr. Hiebert.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): We've been referring to the need for insurance off site. My question has to do with insurance on site. It's my understanding that operators carry property insurance for cleanup and repair costs. To get a licence to operate a facility, you have to have sufficient funds for decommissioning. It's my understanding that the bill does not require on-site insurance. Is this something that we need to address, or is it sufficient to allow the operators to set their own levels for on-site insurance and repair costs?

● (1725)

Dr. Michael Binder: There are two kinds of financial guarantees that we ask from an operator. First of all, we ask for a financial guarantee for operations. If something goes wrong in the operation, there has to be enough money to repair whatever needs repairing. Similarly for decommissioning, there has to be money accumulating in a separate pot that would provide sufficient funds to decommission the site.

As for regular insurance for workers, I think they get commercial rates. Somebody might be able to help me on this.

The Vice-Chair (Mr. Alan Tonks): Mr. Hiebert, Mr. Thompson would like to come in there, and then we'll have to bring this to an end.

Mr. Thompson.

Dr. Gordon Thompson: Thank you.

Studies by the Canadian nuclear industry show that there is a substantial risk of on-site damage, which may or may not be accompanied by off-site damage. I have not been able to determine any mechanism for insurance coverage for the risk of on-site damage in Canada. In the United States, that coverage is required by the Nuclear Regulatory Commission, and a mechanism is in place to provide it. That's a significant issue that is neglected entirely by Bill C-20.

The Vice-Chair (Mr. Alan Tonks): Okay. Mr. Thompson, we're —

Dr. Gordon Thompson: There is also a comment I'd like to make very briefly about something said by the gentleman from the CNSC, if I may. He used the words “junk science”—

The Vice-Chair (Mr. Alan Tonks): Mr. Thompson, excuse me. We're really out of time. I'm going to get some direction from the committee.

Should we just have this last comment, or are we finished on that?

An hon. member: We need to go on.

An hon. member: I think Mr. Anderson acknowledged that—

An hon. member: We can go on.

The Vice-Chair (Mr. Alan Tonks): All right.

Mr. Thompson, you have one minute.

Dr. Gordon Thompson: The gentleman from CNSC used the phrase “junk science”. Whether he knows it or not, he was referring to a study I mentioned performed by Defence Research and Development Canada, and to the best of my recollection, it was done by the Pacific Northwest Laboratories of the United States government. Governments around the world take the threat of a dirty bomb very seriously, and there is a history of black market trading in the materials that would be used. For the representative of the commission to describe this area as “junk science”, I find highly regrettable.

The Vice-Chair (Mr. Alan Tonks): All right. On that, Mr. Thompson, thank you. I'm sure Mr. Binder is quite capable, on other occasions, of having a rejoinder to that, but we're going to leave it at that. Thank you.

Thank you to our witnesses. Unfortunately, we have run out of time, but we appreciate very much the input you've given us today. Thank you.

We're just going to break for one minute, and then we'll reconvene. I don't think it's necessary to go in camera with respect to the budget issues, so we'll just reconvene in one minute.

Thank you.

● _____ (Pause) _____

●

The Vice-Chair (Mr. Alan Tonks): Members, the clerk has brought this to my attention. With respect to establishing a deadline for the submission of amendments to Bill C-20, it would require a couple of days, as you know—two or three days—to assemble the packages in order to put the amendments and go through the bill clause by clause.

The motion would mean that the clause-by-clause meeting would be on Monday, November 23. In order for research and so on to assemble all of the material we've had, as well as any submissions you might like to make, we're suggesting we put a deadline of 5 p.m. Thursday, November 19. We could extend it to Friday, November 20, at 12 noon, but that would mean that research time and the clerk's time would be very tight.

Are there any questions on that?

Mr. Cullen.

Mr. Nathan Cullen: Are we doing clause-by-clause over one or two days? I didn't understand that. How long do we have for this? It's hard without the calendar in front of us.

The Vice-Chair (Mr. Alan Tonks): Well, perhaps our researcher can give us a sense of how long they see this happening.

● (1730)

Mr. Nathan Cullen: How many days would we spend on clause-by-clause? It sounded as if Mr. Tonks referred to one.

A voice: At least an hour.

Mr. Nathan Cullen: An hour should do it. It's only nukes. Two witnesses: the minister and her assistant.

The Vice-Chair (Mr. Alan Tonks): It's going to depend on the number of amendments, Nathan. That's all.

Mr. Nathan Cullen: I see.

The Vice-Chair (Mr. Alan Tonks): The last time it was an hour, but we didn't have that many amendments. It's up to the committee.

Mr. Nathan Cullen: Just to clarify, right now what have we got scheduled? I understood we had two meetings. Have we got one day scheduled for clause-by-clause?

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Today and Wednesday are for this, and I think we had one day scheduled for clause-by-clause.

Mr. Nathan Cullen: We had one day scheduled for clause-by-clause.

A voice: Yes, Monday.

Mr. David Anderson: Yes, but it's three and a half meetings. You talked about three or four, so that was the three and a half.

Mr. Nathan Cullen: Okay, it's going to be a challenge.

The Vice-Chair (Mr. Alan Tonks): The decision is whether we put a deadline of 5 p.m. Thursday, November 19, or Friday, November 20, at 12. The earlier date would allow our researchers to have that.

David.

Mr. David Anderson: I think Thursday is fine. This is the second time we've had the bill. People have an idea of what they're in for.

Mr. Nathan Cullen: The last time the committee took three clause-by-clauses days, just for reference.

The Vice-Chair (Mr. Alan Tonks): Getting an earlier date would facilitate a longer debate, if that happens.

Do we have consensus on the closing date being Thursday, November 19, at 5 o'clock?

Some hon. members: Agreed.

The Vice-Chair (Mr. Alan Tonks): Okay. That will give research and the clerks a little more time to prepare the package. Then we'll see how long we're going to take on it.

Can I have a motion on the budget? We have already spent part of the budget on our witnesses today, so I hope we're not going to reconsider it.

Mr. Trost has moved the motion and Madame Brunelle has seconded the motion.

(Motion agreed to [See *Minutes of Proceedings*])

The Vice-Chair (Mr. Alan Tonks): Thank you.

The meeting is adjourned.

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