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## **Standing Committee on Natural Resources**

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**EVIDENCE**

**Thursday, March 18, 2010**

**Chair**

**Mr. Leon Benoit**



## Standing Committee on Natural Resources

Thursday, March 18, 2010

● (0905)

[English]

**The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):** Good morning, everyone. We are here this morning pursuant to Standing Order 81(5) to deal with the supplementary estimates (C) from 2009-10, votes 1c, 5c, 10c, and 25c under Natural Resources, referred to the committee on Wednesday, March 3, 2010.

We have appearing with us today for the first time the Honourable Christian Paradis, Minister of Natural Resources. Minister, I would like to first of all welcome you to our committee and to thank you very much for coming so soon. It is very helpful to our committee to have you appear so soon, and it is much appreciated.

We don't have a lot of time today, so I would like you to open with your remarks. If you could, please identify the witnesses with you. I think we know them—they were before our committee last year on several occasions—but if you could do that and then go ahead with your comments, then we'll get directly to questions.

Welcome, Minister.

**Hon. Christian Paradis (Minister of Natural Resources):** Thank you, Chair, and thank you for inviting me. It was important for me to come soon.

[Translation]

This is our first opportunity to meet since I was appointed the Minister of Natural Resources last January and the committee resumed its work.

[English]

I'm looking forward to working with each of you. Please let me introduce those who are with me today: Cassie Doyle is the deputy minister, and Serge Dupont is special advisor on nuclear energy policy.

[Translation]

Mr. Chair, honourable members, each of us is pleased to see signs of economic recovery taking hold in this country. A modest expansion has begun, and independent forecasters expect the Canadian economic recovery to build momentum through the current year.

Our government's top priority is to follow through on this recovery, to complete the second year of Canada's Economic Action Plan and to continue creating jobs and growth. That includes making sure our natural resources sector emerges from the recession able to compete in a changing global marketplace.

Despite the global recession, Canada's natural resources sector recently accounted for 12% of Canada's GDP. It provided jobs for more than 850,000 Canadians, and contributed \$122 billion to our trade surplus. These are not small numbers. And there is every reason to believe that Canada's natural resources and related industries will continue to be a major factor in generating jobs and growth for our country.

[English]

This will not happen if we fail to take deliberate action. However, by making targeted investments and by working together with provinces, territories, and our partners in the natural resources sector, we can ensure that Canada will succeed on the world stage.

[Translation]

Taking deliberate action is what we have done since taking office. We first made targeted investments in forestry, in mining, in clean energy solutions and technologies. Then we invested almost \$30 billion in Year One of Canada's Economic Action Plan, now, in Year Two of the Economic Action Plan, we continue to invest in Canada's natural resources sector. For example, through Canada's Economic Action Plan, the government has invested in the Canadian Energy Fund to support the development and demonstration of promising technologies, including large-scale carbon capture and storage projects.

[English]

For example, through Canada's economic action plan our government is providing \$795 million for a clean energy fund to support the development and demonstration of promising technologies, including large-scale carbon capture and storage projects.

The ecoEnergy retrofit homes program is another example of a successful initiative under the economic action plan. Our government has provided \$745 million to this program since its creation four years ago. Our government will continue to support clean energy technologies, and it will review energy efficiency and emissions reduction programs to ensure they are effective.

● (0910)

[Translation]

Our energy resource endowment provides Canada with an unparalleled economic advantage that we must leverage to secure our place as a Clean Energy Superpower and a leader in green job creation. We are also positioning Canada's nuclear industry to capitalize on global opportunities, beginning with the restructuring of Atomic Energy of Canada Limited. And we are supporting AECL's work to return the National Research Universal reactor to service. The health and safety of Canadians remains the Government of Canada's top priority.

The government has instructed AECL to make the return to service of the National Research Universal reactor its highest priority, consistent with maintaining the highest standards of safety and security. Budget 2010 is investing \$35 million in research and development of alternate sources of medical isotopes, \$10 million to support clinical trials of alternate imaging technologies and \$3 million to work with stakeholders to optimize the use of isotopes in the health system.

[English]

Our forest sector is an important contributor to the Canadian economy. Measures introduced under the economic action plan, along with other initiatives, are supporting this sector in the considerable challenges they face.

[Translation]

As part of the Economic Action Plan, a total of \$170 million is supporting market diversification and innovation initiatives for the forestry sector. This includes research and demonstration projects on new forest products and initiatives to assist forestry companies in marketing innovative products internationally.

Canada and Quebec have announced a joint funding of \$200 million to support silviculture in the province of Quebec and the restoration of infrastructure on Quebec public lands.

[English]

These projects were the result of work by a joint Canada-Quebec forestry task team. The task team was created to develop solutions aimed at helping the forestry industry restructure and to support workers and communities. A new Canada-Quebec working group has also been established for that purpose.

[Translation]

In addition, a \$1-billion Pulp and Paper Green Transformation Program is helping pulp and paper mills in all regions to reduce greenhouse gas emission while assisting them in becoming leaders in the production of renewable energy from biomass.

Budget 2010 is building on these important investments by providing \$100 million over the next four years to support clean energy generation in Canada's forestry sector through a new Next Generation Renewable Power Initiative. This funding will further support the development, commercialization and implementation of emerging clean energy technologies and this sector, which could include new biofuels, renewable electricity and biochemicals.

[English]

We need to instill more clarity in Canada's regulatory system, because with clarity comes certainty. This is a priority for me and for our government. Improving the regulatory review process for large energy and mining projects will enable job creation and economic development.

As you know, in 2008, my department created a major projects management office, or MPMO. The MPMO is making the federal regulatory process more predictable and more efficient. There are more than five dozen projects moving through the MPMO system.

[Translation]

We are now in the process of establishing Northern Project Management Offices to coordinate approvals in each of the three territories. And our government is taking reform a step further. The Speech from the Throne outlined our commitment to create a strong investment climate and support the responsible development of Canada's energy and mineral resources.

We will simplify project reviews and replace the current maze of regulations with clear processes that offer improved environmental protection and greater certainty to the industry.

Mr. Chair and members of the committee: Canada's natural resources and their related industries are the cornerstone of our economy. The economy and environmental strength of this sector is essential to jobs and growth in our country. My government has recognized this from the beginning. It has taken deliberate action to reinforce the fact, and it will continue to do so in the future.

● (0915)

[English]

I thank you again for this opportunity and would be pleased to answer any questions you might have.

**The Chair:** Thank you very much, Minister, for your presentation.

We will go directly to questions, starting with the official opposition.

Mr. Regan, you have up to seven minutes. Go ahead, please.

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

[Translation]

Minister, thank you for coming and I hope to see you back here often.

[English]

Can you tell us the percentage of the department's budget increase this year compared to the 2009-10 fiscal year and the percentage by which the 2009-10 budget increase is a result of supplementary estimates?

**Hon. Christian Paradis:** First of all, thank you for the question.

[Translation]

I think that the main increase is due to the fact that we are now in the second year of our economic action plan. As you know, this was a two year plan. Projects which have been assessed, are now being launched. Obviously, there will be expenditures in order to implement the economic action plan, meaning moving on to the feasibility stage, and investing funds.

[English]

**Hon. Geoff Regan:** Minister, what I'm looking for is the percentage increase this year—

[Translation]

**Hon. Christian Paradis:** Let me give you some figures.

[English]

**Hon. Geoff Regan:** —in the budget compared to 2009-10 in the coming year, and the percentage by which the 2009-10 budget increased as a result of the supplementary estimates.

[Translation]

**Hon. Christian Paradis:** I have the exact figures here. We are going from \$3.6 billion to \$4.4 billion, which represents a net increase for this year of \$812.8 million or 22%.

[English]

**Hon. Geoff Regan:** *Vingt-deux pour cent*, okay.

That's the answer to the first question about the increase in the budget compared to the 2009-10 year. The other question was the percentage by which the 2009-10 budget increased as a result of the supplementary estimates.

Perhaps if you don't have it available right away you could provide it to the committee?

**Hon. Christian Paradis:** Yes, sure.

**Hon. Geoff Regan:** There's \$72 million in supplementary estimates for ongoing repairs of the NRU at Chalk River. Is that just for 2009-10, and how much is budgeted for 2010-11?

**Hon. Christian Paradis:** *Oui effectivement*, the \$72 million is for only 2009-10.

**Hon. Geoff Regan:** So how much is budgeted for 2010-11 for repairs to the NRU?

**Mr. Serge Dupont (Special Advisor on Nuclear Energy Policy to the Minister of Natural Resources, Department of Natural Resources):** Sir, there is no specific allocation at this time. There's an allocation in the budget for Atomic Energy of Canada Limited that comprises funds that will be required to provide for the supply of medical isotopes. But of course at this time, with the project continuing, and, as you know, continuing into 2010-11, precise estimates for the cost of the return to service are not available at this time.

**Hon. Geoff Regan:** So in terms of allocating that amount for other things, it's pretty hard to specify exactly how much is going where when you can't say how much is set aside for this purpose, right?

I mean, obviously, it's a challenge, because we're still waiting to find out what's going to happen.

How much have you budgeted to implement the recommendations of your expert review panel, and when do you intend to respond to the review panel recommendations? Exactly how much of the 2010 budget is being set aside to lay the groundwork for a new research reactor in Chalk River?

[Translation]

**Hon. Christian Paradis:** Currently, our government is studying the report.

First, we know that it is impossible, with regard to a research reactor, to establish a business case solely on the production of isotopes. A broader perspective is essential. That is why many questions about this are now being asked.

Our response to this report will be made public shortly.

[English]

**Hon. Geoff Regan:** So in relation to this, is anything in the 2010 budget set aside to lay the groundwork for a new research reactor at Chalk River?

**Hon. Christian Paradis:** No.

**Hon. Geoff Regan:** There's nothing. There's nothing in the 2010-11 budget for a new reactor at Chalk River?

[Translation]

**Hon. Christian Paradis:** As I was saying, first a position on the report will need to be taken. That is what our government is currently doing. In the 2010 budget, the amounts set aside are being used essentially for the purposes that the assistant deputy minister just told you about.

[English]

**Hon. Geoff Regan:** Of the \$1 billion green infrastructure fund, \$200 million was budgeted for 2009—

● (0920)

[Translation]

**Hon. Christian Paradis:** As I said in my speech, there are funds specifically set aside for alternative sources of isotopes. Some \$35 million over two years is allocated in Natural Resources Canada's budget. In addition, \$13 million are allocated to Health Canada for clinical trials and to coordinate with medical experts.

[English]

**Hon. Geoff Regan:** But at this stage, none of that is set aside for laying the groundwork for a new reactor at Chalk River?

**Hon. Christian Paradis:** No.

**Hon. Geoff Regan:** Okay, thank you.

Of the \$1 billion green infrastructure fund, \$200 million was budgeted for 2009-10, but \$186.3 million of that \$200 million remains unused. Why has this money not been spent?

[Translation]

**Hon. Christian Paradis:** With regard to the green infrastructure trust fund, this falls under Transport Canada. I am not able to give you specific answers about this. You will have to speak to Transport Canada.

[English]

**Hon. Geoff Regan:** Aren't you concerned, as the Minister of Natural Resources, who is in charge of clean energy, that the vast majority of this \$200 million fund is unspent? When you look at what's happening in the U.S., they're finding lots of things to spend their funds on—eligible waste water infrastructure, green energy generation infrastructure, green energy transmission infrastructure, solid waste infrastructure, carbon transmission and storage infrastructure—and we can only spend a tenth of the fund in Canada.

[Translation]

**Hon. Christian Paradis:** We must be careful here. With all due respect, I believe that you are comparing apples and oranges. Historically, here in Canada, \$3.6 billion was set aside in the budget starting in 2007. That is a significant amount of money. This money has been invested since 2007. The ecoENERGY for renewable power program alone represents nearly \$1.5 billion. This funding will be allocated until 2011.

Furthermore, funds are allocated to the SDTC. A lot of work has been done since 2007. We have moved forward in this area, including with regard to the clean energy fund. If we add it all up, we see that we are talking more or less about \$7 billion for some 30 million inhabitants since 2007. I think that a great deal of work has been done in this area.

[English]

**The Chair:** A very short question, please, Mr. Regan.

**Hon. Geoff Regan:** Let's go back to the NRU for one second. Do you have any idea when the NRU will be back online? How much confidence do you have in the current forecast, whatever it is? Because as of yesterday, it's not even clear what the forecast is.

[Translation]

**Hon. Christian Paradis:** I am obviously disappointed with the delays, as no doubt is much of Canada. When I was appointed, I told the AECL that the top priority of the Government of Canada was for the reactor to be operational as soon as possible, but while respecting the appropriate health and safety standards for Canadians. That is a priority for our government. I am closely following up with AECL staff to ensure that information is provided in as transparent a manner as possible, in such a way as to best coordinate the efforts of the doctors' association which is working on this issue at the international level. I am talking here about overall supply. This is a global issue that requires a global solution. That is why I am asking for the utmost transparency possible in all communications, so that we know what to expect and to ensure that we best respond to this global situation.

[English]

**The Chair:** Thank you, Mr. Regan.

Now we'll go to the Bloc Québécois and Madame Brunelle, for up to seven minutes.

[Translation]

**Ms. Paule Brunelle (Trois-Rivières, BQ):** Good morning, Minister. Congratulations on your appointment.

**Hon. Christian Paradis:** Thank you.

**Ms. Paule Brunelle:** I am pleased to meet you.

We see that the trend is to increasingly allocate additional funding through supplementary budgets. I would like to talk to you about the AECL. We see that, for 2009-2010, \$108 million was set aside. There is a supplementary budget of \$457 million for 2010-2011. Some \$102 million has been set aside for operating expenses and 300 million additional dollars to pay down a commercial loss. This commercial loss leads me to ask some serious questions, particularly with regard to the privatization or sale of AECL.

Ultimately, how much will investments in AECL have cost Canadian and Quebec taxpayers in its lifetime? Based on my calculations, it would be approximately \$8 billion. We wonder how much it is worth. Will we have a return on our investment? You are setting aside \$300 million to pay down a commercial loss. Is it because you anticipate a loss of that magnitude? Will it be higher?

**Hon. Christian Paradis:** In fact, there is refurbishing work for which AECL has undertaken legal commitments. The Government of Canada is currently the only shareholder of AECL. Obviously we will respect our contractual obligations. A number of reactors must be refurbished. At the time, given the available tools, when those commitments were made, the complexity of the projects was likely underestimated. That is why our government will move forward with a restructuring. We launched a request for proposals in order to see which companies would be interested in the CANDU reactors' commercial division, and how it would be possible to make this industry more competitive, properly position it and ensure its future.

Yes, taxpayers are assuming too much risk. We believe that a restructuring would allow us to get this company back on track and make it more competitive. We would like to ensure a safe environment and a safe supply of clean energy but also viability that would respect the ability of taxpayers to pay. The goal is also to better position Canada for the future with regard to the production of this kind of energy.

● (0925)

**Ms. Paule Brunelle:** Some people are challenging the technology of our CANDU reactors, but now the industry has some big international players. Are you not afraid that if a part of the production is privatized, the purchasers would be nuclear giants like AREVA or others? AECL would then become a very small player and the government would have to assume losses, the management of nuclear waste and insurance costs in case of a nuclear accident. Under these conditions, the private sector would benefit from any profitable activity.

**Hon. Christian Paradis:** No. Our objective is not to privatize profits and socialize the risks. This is why we launched a request for proposals to the industry, to see how we could improve our position. This much is clear: the currently existing structure is not viable. It absolutely has to be restructured to make sure that it is viable. There is a study underway to examine the proposals that will be submitted. Eventually, we will go ahead with this. I think that we all agree that the current structure is not viable. This is why we are taking corrective measures.

**Ms. Paule Brunelle:** In your presentation, you spoke about forestry. You know as well as I do that the Bloc Québécois and the Conservative Party do not agree on the measures to be taken. We estimate that \$170 million is very far from being enough. You are talking about the program for greening the pulp and paper industry. I gather that they want to use biomass from forest residues.

You are investing \$1 billion in pulp and paper mills. You know that in my riding, there are pulp and paper mills that are facing enormous difficulties in Trois-Rivières and they are looking for new outlets. The companies had been asking for loan guarantees for many years. The companies made huge efforts to reduce their greenhouse gas emissions.

The fact that the reference year for greenhouse gas reduction is not 1994, as had been agreed, and that we do not have a real carbon exchange with absolute targets, means that our companies are suffering. Therefore, my question is an obvious one. The target you are setting is not good. It is not in Quebec's interest. I would like to hear you defend your program.

**Hon. Christian Paradis:** You are covering several different aspects. I will try to sum them up.

First of all, the program for greening the pulp and paper industry is a program that was implemented to optimize what can be done with wood by-products. Instead of scrapping them, instead of spending money, we can turn them into a source of income.

Besides, we know that the paper mills in Quebec are more mechanical mills than pulp mills. Thus, there will be less use of black liquor residue. Nevertheless, some projects will be developed in Quebec. Certain companies having their head office in Quebec will be free to invest wherever they want, thus Quebec can expect some tangible profits from this.

In the 2010 budget, a \$100 million sum was announced over the next four years. We are following the recommendations of the Canadian Federation of woodlot owners. When a log goes into the current sawmills, how can we optimize the product so that we can optimize the resource and the by-products to the very last speck of dust to create income? If you build an energy industry separately on the one hand and a status quo sawmill on the other hand, it cannot work. Both undertakings must be optimized. This is how we want to ensure viability, through similar programs.

In forestry, especially in eastern Canada, there is a restructuring problem. As we speak, the most recent book *The Reporter* sold more copies of its electronic version than of its paper version. This is a fact that we must live with. There is also the issue of markets. How can we go about this? This is why I was talking about innovation, about opening up the market and about new products. We must absolutely

face up to the task and work together with the provinces. Some problems very much fall under provincial mandates. This is why we went to the root of the problem with the Canada-Quebec Forestry Task Team, to see how we can help the sector within the limits set by the Softwood Lumber Agreement.

The multiple functions in forestry involve a \$200 million investment that helped the industry along. Of course, we must continue in the same vein. This is why the Canada-Quebec Forestry Task team is still in existence, it is because we are still living in troubled times.

With regard to loan guarantees, let me remind you of the efforts that were made by EDC. Large investments were made in the forestry industry. They amounted to about \$16 billion dollars over the past years. We must continue working toward this objective. I think that we sent out a clear signal in our 2010 budget to show that we want to be present for future generations in bioeconomics, bioenergetics, biomass or other things like that. It is a way to make sure that the current sawmills remain viable.

• (0930)

[English]

**The Chair:** Merci, Madame Brunelle, for your questions.

Now we will go to the New Democratic Party. Welcome, Mr. Martin. You have up to seven minutes. Go ahead.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Mr. Benoit.

Minister, asbestos, as you know, is the greatest industrial killer the world has ever known. More Canadians now die from asbestos than all other industrial and occupational-related diseases combined. In fact, 60% of all occupational deaths in Canada are caused by asbestos. The figure is much higher in your own province of Quebec, where it is as much as 80% of all the industrial deaths. Yet Canada remains one of the largest producers and exporters of asbestos in the world, dumping nearly 200,000 tonnes per year exclusively into underdeveloped and third world countries, where there are no health and safety protocols whatsoever for the use of asbestos.

When you were the Minister of Public Works, you authorized the spending of millions of dollars to remove all the asbestos from the parliament buildings, because no MP should be exposed to a single fibre of asbestos. Yet now, as the Minister of Natural Resources, your government is spending millions of dollars subsidizing and promoting asbestos all over the world. A direct subsidy in these estimates that we will be studying today is to the Chrysotile Institute—a bunch of charlatans, I have no hesitation in saying. They are probably the only lobbying group in the country paid for by the federal government to lobby the federal government about asbestos. It's corporate welfare for corporate serial killers, which is what I call it, Mr. Minister.

You have seen the letter from the Université Laval, signed by six prominent Quebec scientists, urging you—begging you—to stop your boosterism of the asbestos industry and to stop funding the Asbestos Institute.

You have seen a letter to the Government of Canada, signed by 120 scientists from 28 different countries around the world—

**The Chair:** Mr. Martin—

**Mr. Pat Martin:** Yes, sir.

**The Chair:** Mr. Martin, I would like you to direct your questions and comments through the chair, please, not directly to the minister. That's the way it's done at committee; you know that. So if you could direct your—

**Mr. Pat Martin:** No, actually I don't know that, Chair. We're here to question the minister, not you.

**The Chair:** Through the chair, Mr. Martin, so if you would please do that.

Remember, this is the natural resources committee. I understand the connection. You have made the connection, but we're not here to talk about health issues—

**Mr. Pat Martin:** No.

**The Chair:** —so if you could, try to make sure your comments remain relevant.

Go ahead, please, Mr. Martin.

**Mr. Pat Martin:** Mr. Chair, well thank you for that caution, but we're going to be speaking directly to a specific budget line in the main estimates that you're studying at this committee, and I believe the minister is here to defend his estimates.

• (0935)

**The Chair:** Absolutely, Mr. Martin.

Go ahead.

**Mr. Pat Martin:** I don't see how it could be more topical or on topic or in order.

We've seen exposés by the CBC, the *Globe and Mail*, and Canwest News in recent months about the use of Canadian asbestos in India, because for years the Chrysotile Institute has been maintaining that Canadian asbestos can be handled safely around the world. We now know that's a lie. Yet the Canadian government sends teams of Department of Justice lawyers around the world like globe-trotting propagandists for the asbestos industry, to not only promote asbestos but to undermine the efforts of other countries to curb its use, sabotaging the Rotterdam Convention, and telling other countries that Quebec asbestos is safe. There is nothing benign or safe about Canadian asbestos.

I worked in the asbestos mines. They were lying to us about the health hazards of asbestos then and they continue to lie about it today. And you, Minister, as the MP for the asbestos region and the minister responsible for natural resources, which is subsidizing and promoting the asbestos industry, have a lot to answer for.

We are exporting human misery to other countries on a monumental scale, and the rest of the world is begging Canada to stop it.

Because we have such limited time, I would simply ask you...let me give you a quote from the Chrysotile Institute first. The Chrysotile Institute says that the Canadian Cancer Society, the World Health Organization, and the ILO are a bunch of...what is the term

they use—*en français, &lt;les fous&gt;*. I don't understand the translation, but I think it means they're crazy and wacko.

Do you side with the international scientific community that says all asbestos should be banned, or do you side with the Chrysotile Institute and their phony research that tries to convince the world that asbestos can be used safely?

[Translation]

**Hon. Christian Paradis:** Mr. Martin, I have known your opinion on this issue for a long time. Besides, you defended it vigorously. However, someone can get tripped up by quoting studies left, right and centre. I could also quote other studies for you. I have about a dozen of them here and these studies do not date back to the 1960s, they stretch from 1979 to 2006. Thus, they are very recent. They show scientifically that there is a safe way of using chrysotile asbestos.

[English]

**Mr. Pat Martin:** There is only one study that says that. That's the one you paid for by Dr. Bernstein—

**The Chair:** Mr. Martin, order. You have had your say. The minister is answering your question. Please do not interrupt him. Be courteous enough to allow him a response. He was responding directly to your question.

Go ahead, please, Minister.

[Translation]

**Hon. Christian Paradis:** I took some notes, Mr. Chair, and I will try to cover the points that were raised.

Yes, the position of our government, of the Canadian government, is based on a scientific position that recognizes the safe-use approach. The illnesses you mentioned are tragic and are caused by previous misuse. The fibres used were the amphibole fibres and you know as well as I do that they were misused. Today, there is a chrysotile fibre that can be used safely and whose biopersistence is less and much less harmful than the fibres that were used in the past. I am not telling you that the substance is not dangerous. It is a dangerous substance but we must manage the risks. Hazardous substances whose risks cannot be managed have been banned, as was amphibole asbestos.

Regarding the work done by Public Works, it is a blatant example of the misuse of sprayed asbestos. This is not encapsulated asbestos. Whether it be chrysotile asbestos or amphibole asbestos or any kind of asbestos, it is an example of unsafe use. This is why we are removing asbestos.



The objective for instituting chrysotile is not to grant millions of dollars of subsidies to the industry, but rather to have a common fund where each one contributes a third, namely industry, the Canadian government and the Quebec government. The money is handed over to the Chrysotile Institute which has the role, as is the case for all hazardous materials, of promoting safe use both here in Canada and abroad for clients and purchasing countries. The Chrysotile Institute is not seeking to put out propaganda or to do lobbying or anything of that sort. It seeks to promote safe use both at home and abroad.

● (0940)

[English]

**The Chair:** Thank you, Mr. Martin.

Mr. Harris, please, for up to seven minutes.

**Mr. Richard Harris (Cariboo—Prince George, CPC):** Thank you, Mr. Chair.

Minister, welcome to the natural resources committee. We appreciate your input to us today.

In particular, Minister, being from a forest industry riding—a big one in this country—I appreciate the assistance the government has given to the forest industry, both from a softwood lumber point of view, and pulp and paper, with many of the short-term programs the government has introduced to help the industry through these very difficult times we have faced over the last three or four years, and then of course through the economic action plan, the few billions of dollars that have gone into the forest industry.

Madame Brunelle talked about the pulp and paper industry, the billion dollars, the green transformation program, which was a tremendous help. I have pulp mills in my riding that are right now building infrastructure to support green energy transformation in their operations. They have expressed appreciation to me, to pass on to you and our government, on how much they appreciate our government stepping up to the table to help in green energy, but also the assistance given through the work share program and the EI programs we've extended so they can hang onto their skilled employees.

Now I'm happy to say, as you know, there's a light shining a bit brighter on the horizon for the forest industry. The pulp market is enjoying some nice pricing these days, and the softwood lumber market is creeping up. I think the latest count is getting somewhere close to \$290 per thousand. It's really appreciated. It's going higher, of course.

Minister, looking at the long-term picture, we need to ensure that the government is assisting to help secure the sustainability and the competitiveness in the forest industry in the future. One of those things, Minister, is the promotion of our products abroad. There have been new emerging markets, particularly China, and now we're looking at India, at the use of wood in construction. We know the China market for softwood is going to double this year, to somewhere in the neighbourhood of 3 billion board feet, which is just unheard of, but it's a huge asset. The government has put aside a lot of money for the promotion and marketing of our products overseas in softwood lumber.

Could you perhaps touch on that to give us assurance that the government's sights are still set on helping the emerging markets and our competitiveness abroad?

[Translation]

**Hon. Christian Paradis:** Yes, indeed. Thank you for your question.

My dear colleague, we had the opportunity of working together when I was a committee member with you.

We know that your area has been hit very hard by an infestation of the pine beetle. This is why, as early as 2007, considerable sums were invested in British Columbia and in Alberta to slow down this infestation and its eastward march.

Once again, this year, funds will be earmarked for this purpose. This means that they are included in the budget and that they will be paid out to help continue our efforts. We combine all this together with the community adjustment fund and the forestry trust fund that were announced in the previous budget. In this way, in your region of Canada, thanks to the government's efforts, we can give your region some infrastructure that will make it easier to harvest wood, to optimize its value and to slow down the progression of this infestation.

All these things are being done in compliance with the Softwood Lumber Agreement. You also mentioned that.

● (0945)

[English]

On softwood lumber, I would say that everywhere I go, I think the industry is quite clear and unanimous in saying "Don't touch that agreement, we need it. This is very important." This is why we as a government have to be very careful and cautious to make sure we do respect our legal obligations. I think that nobody on the ground wants to see any positions being filled by the Americans. This is why we target the investments, to make sure they are effective but also compliant with the softwood lumber agreement.

That being said, there are two measures that were announced recently regarding black liquors. When you spoke about the market opportunities, there are two initiatives. There is the Canada wood export program, the North American wood first initiative, and the value to wood program. These are initiatives that were announced.

As you just pointed out, we know that China is a major focus of the Canada wood program. I want to point out that the exports to that market doubled last year. They doubled despite the global recession. I know these are emerging economies, so this is a good news story. This is why it is money wisely spent, because we always say that in the restructuring process the market issue is a challenge. So with these targeted expenses we have now doubled our exports in the last year. So it's worthwhile, and our government will continue working on these kinds of things.

**Mr. Richard Harris:** Mr. Minister, I know there has been a Canada-Quebec program to provide joint funding to support silviculture in the province of Quebec. I'm interested to know a little bit about some of the things the funding is providing for in silviculture.

**Hon. Christian Paradis:** Once again the challenge is to make sure that we are compliant with the softwood lumber agreement. This is why we are sitting down with our counterparts, to make sure that we have wise investments but also compliant investments.

At one point we could see that we could help to build good infrastructure. We call it *chemin multifonctionnel*. So it is a major development for rural areas and it benefits not only the forestry sector but also the rural areas in general. This is why we sat down and wanted to identify how we could optimize our investment, to make sure we are compliant with the softwood lumber agreement and to help the community in general. It does also have effects on the forestry sector because it reduces costs of production, for sure, but it's always compliant with the softwood lumber agreement.

So this means we are identified by the province. Given the fact that the province has the entire jurisdiction of management of the territory, that is why we sat down with them and have partnerships with them and want to continue in that way to improve as best we can.

**The Chair:** Thank you, Mr. Harris.

We now go to the five-minute round, starting with the official opposition.

Mr. Bains, for up to five minutes. Go ahead.

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

Minister, welcome to committee.

My line of questioning is around the carbon capture, storage, and sequestration. I know there has been an allocation of roughly \$1 billion over five years for this initiative. How much of that billion dollars has been invested, over the five years, so far?

**Hon. Christian Paradis:** I have to point out first that we are in the early stages, and commitments are made and money is being invested now, at the early stages. If I recap, I have here that large-scale carbon capture and storage projects were announced in the fall of 2009, totalling up to \$466 million from the fund. On October 8, \$120 million was announced for the Quest CCS Project led by Shell Canada.

**Hon. Navdeep Bains:** I'm aware of the specific one. I just wanted to confirm that the total number is accurate.

I have a follow-up question to that. In terms of investments, how much are the provinces investments or any private sector investments, coupled with the federal investment? Are you aware of those numbers?

• (0950)

**Hon. Christian Paradis:** It's about the leverage. I don't have them by heart, but I will....

**Hon. Navdeep Bains:** Again, that's fine.

It's because of the five minutes. I understand.

Can you share with the committee afterwards what the provinces have allocated to this initiative and whether there's any private investment as well, so we can get a total global number of how much has been invested in CCS from all three levels or all three sectors?

**Hon. Christian Paradis:** Sure.

**The Chair:** The committee will get that information from the minister if he doesn't have it right now.

**Hon. Navdeep Bains:** Yes, because we're....

**Hon. Christian Paradis:** There is a high amount of leverage from the private sector and the provinces.

**Hon. Navdeep Bains:** Yes, that's what I'm saying. It would just be nice to get that global number.

**Hon. Christian Paradis:** I could say, roughly, that it's one-third, one-third, and one-third. That's a minimum. I will share it with the committee.

**Hon. Navdeep Bains:** Great.

How many tonnes have been stored so far? Are you aware of that? Have you been tracking that data? This was allocated at the early stages, right?

**Ms. Cassie Doyle (Deputy Minister, Department of Natural Resources):** Yes, this is a very complex technology. We've made the allocations, but the projects have not come online yet. We're still at the front end of the engineering design.

**Hon. Navdeep Bains:** Do you have a plan or an idea of the forecasted amount that is going to be stored? Obviously, that must have been the requirement.

**Ms. Cassie Doyle:** Yes, we can get those exact numbers for you.

**Hon. Navdeep Bains:** Okay, and I have a quick follow-up question. Once you find out what amount of storage there is, can you also give us a calculation per tonne? I've heard different numbers, such as \$100 to \$200 per tonne for carbon storage. I just want to get a gauge of what the total expectation of the storage amount is going to be and what it works out to on a per-tonne basis. It would be appreciated if you could get that breakdown to the committee.

**Ms. Cassie Doyle:** Yes.

**Hon. Navdeep Bains:** Actually, I have a follow-up question with respect to the softwood lumber agreement. I know this was discussed earlier as well.

If we did not have a softwood lumber agreement—and this is hypothetical—what would you do differently to help the sector here in Canada? As you indicate, some people are for it, but there are some very vocal people who are opposing it as well. So in a scenario in which we did not have the softwood lumber agreement, what other initiatives would the federal government embark upon to help the industry?

**Hon. Christian Paradis:** With all due respect, I should say that if we didn't have that agreement, the industry would be very sad, because everybody agrees that we had to seek that agreement and keep that agreement. I've never seen anyone, anywhere, complain about that agreement. It's the opposite. They want to make sure that we maintain that agreement.

Of course, if there were no agreement, some of the constraints on initiatives wouldn't exist, but this is not what the industry is seeking.

**Hon. Navdeep Bains:** What would you do?

**Hon. Christian Paradis:** This is why I just stick to that point and say that we have to do our best to maintain the softwood lumber agreement, as the industry wants.

**Hon. Navdeep Bains:** In terms of Budget 2009, you indicated that \$150 million of the clean energy fund would be set aside for R and D, but there have been no R and D announcements made by the government to date. Can you tell us where the \$150 million was set aside for clean energy R and D and where that money has gone? Will this money be reallocated, possibly, to CCS on a going forward basis?

**Hon. Christian Paradis:** This has been reallocated to the retrofit program, ecoEnergy, which had great success. Now the R and D, I would say, has been taken and charged from our own department and our own laboratories. It was a way to optimize, because we wanted to commit more money to the retrofit program. Still, some expenses are being made in our own lab.

**Hon. Navdeep Bains:** It's been allocated to the retrofit program.

Are you still committed to the \$150 million for R and D and to using that as if it's coming out of your own department? Is that correct? Is that how I understand it? Effectively, the money's being used up.

**Hon. Christian Paradis:** This is very clear. We are talking here about the reduction in the clean energy fund, because that money was reallocated to retrofits, but we still have research in our own labs now.

**The Chair:** Thank you, Mr. Bains.

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

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Thank you, Mr. Chair. I'd like to share the last couple of minutes with Ms. Gallant, if that's possible. Can you let us know when that time comes?

I had a chance to go to the Prospectors and Developers Association convention about 10 days ago. Mining was doing very well in 2008. The slowdown hit it very hard. They seem to be a lot more optimistic now.

I'm just wondering if you can talk a little bit about the government's plans for the mining sector in the longer run. If we have some time, I guess we could talk about some of the specific tax measures. I think regulatory reform is another thing the government has highlighted in terms of dealing with some of these issues. I'm wondering if you can talk to us a little bit about that this morning.

• (0955)

**Hon. Christian Paradis:** Yes, thank you, David, for that question.

Of course, the mining sector is a key part of our economic recovery. A lot of projects are in pipelines up north. I sat down with these guys, and there are some tools we can provide to them that are very useful. Basically, as you know from our last budget, we are extending the mineral exploration tax credit and extending the accelerated capital cost allowance for machinery and equipment. This is a measure that gives them tremendous opportunity for

investment to accelerate and create new jobs and to have some new projects going on.

There were two that had been renewed, and we're speaking here about the geo-mapping and the geo-science. Geo-science is a great thing because they can look deeper now, and a lot of research can be done, but sometimes the risk is a little bit high. We as the government can support the industry on that to go and look deeper. These kinds of investments are very worthwhile.

I want to point out that in the targeted geo-science initiative, every dollar spent on geo-mapping leads to \$5 in private sector investment in exploration spending and \$125 in discovered resources of value, approximately. So it means that for dollar, it generates a lot of what I would call downstream economies.

These are the three main great-news stories about the initiatives themselves. Also, I must point out that we are still working on our road map to have regulatory framework reform, which is needed because the evaluations of the projects are too complex. You can have duplications and things like that, so we want to optimize to make sure that, yes, we have less complex evaluations to do. Doing that, too, I think we will be more able to focus on the environmental assessment itself to make sure that we are speaking about the environmental assessment and how to do it, because now it's getting complex. It will give a lot of certainty to the industry, too. We will now be more able to see the projects coming, and to optimize and streamline the entire process itself.

**The Chair:** Thank you, Mr. Anderson.

There's about a minute and a half left. It's up to you, Ms. Gallant.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Thank you, Mr. Chairman.

Minister, we've heard the opposition members' criticisms related to the supply of medical isotopes. We can all agree this is a serious issue. We also agree that many officials within the government, as well as the nuclear medicine officials, have been working to help mitigate the supply concerns.

Since the NRU went down in May, and even before that, our government had developed a consistent strategy for ensuring a reliable supply of isotopes for Canadian patients. It included informing AECL that its top priority was bringing the NRU back in service, working with the health community to encourage and assist better use of existing supplies as well as alternatives, and leading the call for and chairing the OECD's high-level group on the security of supply of medical isotopes, which has resulted in increased sources of supply as well as better supply chain coordination.

Can you tell the committee what results have come from this strategy and what steps you have taken to ensure a steady supply of medical isotopes for Canadians in the near term as well as the long term?

**Hon. Christian Paradis:** Yes, thank you. First of all, as you just said, the NRU re-opening is a top priority for our government. This is the top priority.

In the meantime, we are looking to relicense the reactor until 2016. The first step that was taken when there was a shutdown was under the leadership of Canada. A group of experts was put in place, on an international basis, which was led by Serge Dupont—who is here with me—to explore all the ways we can adapt during the situation. There is the same kind of group on the medical side, to make sure that every step is being taken to streamline and better coordinate the supplying of isotopes. The generators are competitors, and in the past they have not been used to speaking with each other. Given that we have a global problem, it has to be solved by a global solution.

In Canada we have looked to alternative sources because the supply chain is fragile and we want to make sure we have solutions for the mid- and longer term. This is why we put \$35,000 in the budget for research for new sources or alternatives. We also put in \$10 million for clinical tests on the part of Health Canada and \$3 million to better coordinate. It is a larger plan, and we want to make sure everything goes as well as possible on the coordination side.

I have to point out that isotopes from Poland's Maria reactor are now licensed for use in Canada. That's part of the result from the work done by the group led by Serge Dupont. South Africa's SAFARI reactor will continue to operate at elevated levels. Belgium is adding a cycle to its reactor schedule too, and France has agreed to delay a scheduled outage to make sure we avoid a major shortage.

In the meantime, the NRU is a top priority, and AECL has experts who are assessing where they are and what they are doing. We should have some conclusions soon, to make sure that the work being done is on the right track. As I pointed out, we want to make sure that the information that is being provided is

• (1000)

[Translation]

as transparent as possible

[English]

to make sure we can better coordinate all the actions that are taken.

This is why I pointed out that it's not only here in Canada, but there are global actions being taken now by all players—countries and industry. It's a process that we are not used to seeing. It was not like that one or two years ago.

**The Chair:** Thank you, Ms. Gallant. You are beyond the time you were allocated, but the minister was giving some information in terms of reactors and supplies coming on stream, which I know the committee wanted to hear, so I did allow it to go a little longer.

Mr. Minister, I know you have other commitments now, so I thank you very much for being here today. It is your first appearance. I'm sure there will be many more, and we look forward to those.

**Hon. Christian Paradis:** Sure.

**The Chair:** Thank you again for making yourself available so early in our meetings here. We wish you all the best.

We will suspend for about two minutes. The officials will remain for part of the next hour.

Before I suspend, I want to remind people that we need to pass a motion for travel to Chalk River. We will have the votes on the

supplementary estimates, followed by the main estimates, and we need some discussion on the visit to Chalk River based on a letter you have received from the general manager of external relations for AECL. We will do this following a two-minute suspension.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1005)

**The Chair:** We will reconvene the meeting.

We have a lot to deal with in 50 minutes. We have the officials here for continued questioning on the supplementary estimates and the estimates. Again, it's up to the committee, but if we're going to go to the votes on the supplementary and main estimates, I will have to leave some time for that.

In terms of the Chalk River issue, should we deal with it at the end of the meeting—allow about 15 minutes—or is it something that we could deal with outside of the committee? I'm looking for direction from the committee on this.

**Mr. Richard Harris (Cariboo—Prince George, CPC):** Do you mean with respect to the letter we just got?

**The Chair:** The letter says Tuesday wouldn't be a good time to visit.

As well, we do have to pass a motion—it can be a flexible motion—to provide the money for the visit to Chalk River.

**A voice:** I don't think that would take very long.

**The Chair:** Okay, that's good by me.

**A voice:** We can leave it up to the chair to organize the trip.

**The Chair:** Shall we leave that to the very end of the meeting to deal with?

**Voices:** Yes.

**The Chair:** So we'll continue with our questioning of the officials. We have a new arrival at the table, however not new to this committee. I welcome Mr. Farrell.

**Ms. Cassie Doyle:** Could I introduce—

**The Chair:** Yes, if you would.

**Ms. Cassie Doyle:** I've asked two colleagues to join me at the table. I'd like to introduce Jim Farrell, who's the assistant deputy minister of the Canadian Forest Service, and also Bill Merklinger, who's Natural Resources Canada's chief financial officer and ADM of corporate management and shared services.

**The Chair:** Thank you, Ms. Doyle and Mr. Dupont again.

We'll just continue the rotation of questioning.

We'll start with Monsieur Bellavance.

**Ms. Paule Brunelle:** It's me.

**The Chair:** It's Madame Brunelle from the Bloc Québécois, then, for up to five minutes.

[Translation]

**Ms. Paule Brunelle:** Thank you, Mr. Chair. I would like to talk about the budgetary aspect of this famous isotope crisis. I have a specific question. How much did it cost to repair the NRU since it was shut down in May 2009? Do you have any figures at hand?

• (1010)

**Mr. Serge Dupont:** Mr. Chair, up to now, the costs that have been incurred and the costs that will be incurred up to the end of this fiscal year amount to \$72 million.

While the work is being done, we will have to review, together with Atomic Energy of Canada Limited, the costs that will be incurred during the coming fiscal year. The fact that the reactor is not running does not necessarily mean that there will be added costs, as for example when we get to the stage of reopening the plant, personnel is always assigned to the reactor normally anyway.

Thus, this does not necessarily mean that there will be additional costs at every step. Over the past weeks and months, added costs were incurred by overtime for employees, for subcontractors, and for experts. This is where the added costs came from. Today, I cannot tell you what the added costs will be for 2010-2011.

**Ms. Paule Brunelle:** Based on what we are being told, there is still hope that this reactor will start up again in June if there are no other delays. Is that correct?

**Mr. Serge Dupont:** We hope to restart the reactor. Yesterday Atomic Energy of Canada mentioned that, based on what was announced last week, service was set to resume at the end of May. Experts met early this week. One of the necessary repairs, that had proven extremely difficult, was also completed. In light of that, and from what we learned during that repair and the discussion with experts, AECL is reviewing its schedule and will soon be able to give us a better estimate of when service might resume.

**Ms. Paule Brunelle:** In the budget, \$222 million over five years was set aside to develop the TRIUMF technology, which is a new way to produce isotopes. Is this the only solution being considered by your department? It seems to me that this cannot meet all the needs.

**Mr. Serge Dupont:** I would like to make a clarification with regard to TRIUMF. This is the most cutting-edge and advanced nuclear physics lab in Canada. This funding will allow TRIUMF to continue to operate as it has done in recent years. At present, TRIUMF does not produce technetium 99, which is the isotope we are talking about and which is in short supply. The \$222 million is not necessarily for the production of technetium, but rather to enable TRIUMF to continue its activities and eventually improve them.

TRIUMF will look at some point at the production of technetium, in collaboration with private sector partners, but the funding for TRIUMF in the budget is not specifically for the production of technetium.

**Ms. Paule Brunelle:** Would it be to produce a substitute?

**Mr. Serge Dupont:** It could eventually be to produce a substitute if TRIUMF, along with private sector partners, develops alternative means by which to produce technetium. This could either supplement current production or eventually replace it, but we're still at a relatively preliminary stage.

**Ms. Paule Brunelle:** The future of isotope production seems bleak. Chalk River will likely start up again, but for how many more years before another shutdown? Similar steps were taken to those being taken now for TRIUMF among others, and you're telling us that there will be no production of isotopes for the MAPLE projects. This has not worked out for technical reasons. So, production has ceased.

Ultimately, what hope have we of continuing to produce isotopes in Canada and continuing to meet our needs? Has this file been abandoned, which would mean that isotopes will be produced abroad? The cost we will have to incur in order to obtain a supply could increase, which is of great concern to our doctors among others.

**Mr. Serge Dupont:** I want to clarify that there has not been a full response to the blue ribbon report that was given to the Minister of Natural Resources in December. However, the budget has identified various solutions. It allocates \$35 million over two years to develop alternative sources of isotopes. There are interesting projects highlighting the work being done at universities across Canada, such as at the University of Sherbrooke and others across the country. There are also projects being conducted at the University of Manitoba to produce isotopes using cyclotrons or accelerators.

There is an opportunity here for Canada to demonstrate its technological leadership once again. I believe that the government has already demonstrated in the budget that it has heard the appeal by the blue ribbon panel and that it is allocating funding for that purpose.

• (1015)

**The Chair:** Thank you, Ms. Brunelle.

[English]

We go now to Mr. Harris from the government side, followed by Mr. Tonks from the official opposition.

**Mr. Richard Harris:** Thank you, Mr. Chair.

Mr. Dupont, I know very little about nuclear reactors, and I don't think there's one within 2,000 miles of where I live. But I'm thinking about what it takes to repair and upgrade a nuclear reactor. It's not like going into a furniture factory where you can get some absolute estimates on the cost of repairing equipment. I would imagine there are so many complexities and ultra-sensitive repair work when you're working around nuclear power and the components, including the uranium and the minerals and everything that go into making that power.

I'm thinking that even if I were almost an expert in it, to say okay, it's going to cost \$120 million to get this up and we're going to have it done by this date.... Even with all that expertise, that would probably be as subjective as you can possibly get because of all the things that could happen in that repair time.

I notice there's been an extension. Am I on the right track thinking that this is not something that you just say it's going to cost this much, we're going to be finished by...? This is far more complex than that.

**Mr. Serge Dupont:** I think that's right. In this context, the challenge for Atomic Energy of Canada Limited is to try to provide the best guidance it can. They can't just say it's too complicated. They can't tell you when they're going to come back on. They obviously have to work on a critical path and try to discipline themselves to stick to a critical path. Also try to realize they're working fundamentally with money from the taxpayers and have to be very diligent about that.

At the same time, there are some risks, so quite often they've had to come back and say they have to revise that. They were really targeting and working hard to get it done by a certain date, but given the experience to date or given how much more difficult it's been than they had originally thought, they're adjusting to this new target. They're trying to keep that transparency because doctors and the international community, the other producers, need to understand where things are heading. I think we always encourage AECL, and in any kind of communication we certainly say there are risks around this. There's no certainty in this world for the reasons you're citing.

**Mr. Richard Harris:** I'd like to ask Mr. Farrell a question.

Welcome, Jim. It's been a while since I've seen you.

I want to zero in on the \$200 million silviculture and infrastructure joint program with Quebec. Can you give me some details of some of its components?

**Mr. Jim Farrell (Assistant Deputy Minister, Canadian Forest Service, Department of Natural Resources):** Sure. It was negotiated in the spring of 2009, shortly after the community adjustment fund was announced. The \$200 million program essentially was a cost-shared program between the Government of Canada through the community adjustment fund, which was led by Canada Economic Development for Quebec Regions and the Province of Quebec. It was primarily targeted to get workers out in rural Quebec, primarily tree planting. There's the window of getting the funds and the program in place to allow the stock to be planted at the proper period of time in the spring.

A little later in the year there was an additional commitment of around \$30 million to \$35 million, which was essentially dedicated to improving and upgrading some of the rural access roads. They're widely available for use by hunters, fishers, and for recreation; they're not, certainly, strictly for the forest sector.

Those were the primary investments that were made in the spring. More recently we've had some discussions with Quebec, and we'll probably get back to those once the Quebec budget has been set in the next few days.

**Mr. Richard Harris:** Is there any money allocated toward seedling growth?

**Mr. Jim Farrell:** At that time, the stock, Mr. Harris, was already in place. The stock was available at any of the greenhouses as well as the planting beds.

• (1020)

**The Chair:** Your time is up, Mr. Harris. Thank you, and thank you for the answers.

We go now to Mr. Tonks for up to five minutes.

**Mr. Alan Tonks (York South—Weston, Lib.):** Thank you, Mr. Chairman, and good morning.

The question I was going to ask the minister was one that attempted to link the strategic planning and policy development process with the estimates. In other words, here is the issue. The issue I think the committee would be interested in is the carbon capture and sequestration program. The economics that are driving the R and D investments presently price carbon between.... We've heard many different prices. The presumption is that for carbon capture and sequestration to be commercially viable and competitive, you'd need a price of around \$30.

My question on the strategic side is, given that information, when does the department start to advise what the implementation schedule is for setting a price on carbon?

That's on the strategic side. Then, on the basis of what the answer to that is, when does the department advise the minister, concerning the investments in clean technologies—the \$150 million that has been allocated in the 2009 budget—that this is the point, compared with the return projected on CCS, at which we start now to make investments in major clean technologies?

The second part of my question is, could you tell the committee what would be the priority list, in terms of investments in clean technologies, the commercialization of the R and D that has already been expended? Does the department have a plan to take, through the minister, a strategic direction with respect to CCS as it impacts upon clean technology research and its commercialization?

**The Chair:** Ms. Doyle, go ahead.

**Ms. Cassie Doyle:** Thank you very much for an excellent question. It really gets to the core of the work that's done at NRCan.

Let me go back a couple of years. One thing the department undertook was to sponsor a major national panel on what Canada's priorities should be in the area of energy research and development. We had an august number of experts from across the country who provided over the course of a number of months information to the department.

One thing they said is that you have to look at what the energy profile of a country like Canada is. Given the dominance of fossil fuels as one part of Canada's mix—we're also blessed to have hydroelectricity and other sources of energy, but we have extensive reserves of coal, oil, and gas—any program for clean energy R and D must have as one of its core priorities investments in carbon capture and sequestration.

We are in good company, because this has also been identified by the G8 as being one of the priorities for the world in addressing GHG emissions. The largest source of emissions in Canada is the burning of coal, which is by far the largest—I think the top eight of the top ten emitters in Canada are coal-fired electricity power stations—and also the emerging and growing area of gas and oil exploration.

We have been providing advice to governments that carbon capture and sequestration must be a priority. At the same time, it's important that the committee understand that this is really new technology. We in Canada have been the leaders internationally, with the work that has taken place at Weyburn. We contribute to that early demonstration of sequestration and also do so in conjunction with the International Energy Agency.

It is recognized that the costs per tonne are fairly high. At the same time, if we assume that we're going to continue to use fossil fuels, which is a pretty safe assumption and one that experts are certainly in agreement with, then we need to address those emissions through that kind of technology.

We recommended that the government make a significant contribution to carbon capture and sequestration. We have already partnered with the Government of Saskatchewan and the Government of Alberta, which have both taken the same views over recent years. We are part of a commitment under the G8 to having 20 projects initiated by 2010. So Canada is in a fairly good position; I would just say that we're still in the very early stages. We're partnering with companies such as Shell and TransAlta. They're putting a significant amount of investment in, as are our partner provinces.

But when it comes to the actual level of what the cost will be per tonne, we are still in the early stages of understanding it, because of the amount of science that's going on now in the front-end engineering designs as well as the importance of what the actual cost will be. The important part to remember about this is that the real costs are around the capturing of carbon; that, we understand and know. In our own research facilities at NRCan and in conjunction with other researchers in Canada, that's been a primary area of focus.

What we really know is that this is a very important technology for Canada, given the profile of our energy system and given who the large emitters are in this country. That's what has been the driver. We've had a fair amount of dialogue on this, through both a national task force and a provincial task force out of Alberta, which continues to provide information and advice that this is where we need to focus as one of our top priorities. We also have investments in other areas that are really important for Canada. If we're going to drive and change the trajectory of emissions in Canada, it's going to require significant investments in carbon capture and sequestration.

• (1025)

**The Chair:** Thank you, Mr. Tonks.

Before we go on, I'd like to get a bit of direction from the committee as to how much time we should leave for votes on the supplementary estimates and the main estimates. It all depends on whether we're going to be debating motions or not.

All of you knowing that, is allowing 20 minutes enough, or 15 minutes? Give me some direction on that, if you would, before I go on to Mr. Shory, who is the next questioner.

Does 20 minutes sound reasonable?

**Some hon. members:** Yes.

**The Chair:** Okay.

We go to Mr. Shory for five minutes.

**Mr. Devinder Shory (Calgary Northeast, CPC):** Thank you, Mr. Chair, and thank you also to the department for coming here this morning.

We all know that Canada is just coming out of the worst recession since World War II. Through the economic action plan, \$1 billion was allotted to the clean energy fund. What is the status of that clean energy fund? Anybody from the department can answer my question.

As a follow-up to that, earlier a comment was made by the minister, I believe, that \$150 million had been reallocated for the home retrofit program. Why did we need to reallocate those funds?

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

There was indeed \$1 billion allocated in Budget 2009 under the economic action plan for the clean energy fund. Perhaps I could just give you a quick update on the status of that fund. We have announced three carbon capture storage projects to date. All have been co-funded by the Province of Alberta. The investment from the federal government for those three projects was \$466 million.

We've also announced 19 successful proposals from all regions of Canada for demonstration projects of renewable and alternative energy technologies, for a total clean energy fund commitment of \$146 million.

Combined, these 23 projects will achieve co-funding leverage from the private sector and the provinces of approximately \$3.6 billion and will lead to greenhouse gas reductions of close to six million tonnes per year by 2015.

As the minister mentioned earlier today, there was a decision to reallocate \$205 million from the clean energy fund to the ecoEnergy retrofit. The reason for that is the enormous take-up of the retrofit program by Canadians who are interested in improving the efficiency of their own homes. It's one of the most popular programs under the economic action plan. It's one that has a significant multiplier when it comes to jobs and investment. So there was a decision made to reallocate from the clean energy fund to the retrofit fund.

• (1030)

**Mr. Devinder Shory:** Thank you.

Moving forward, we all know that our government's ecoEnergy biofuels initiative has been very successful to this point. It reduces greenhouse gas emissions from fuel use and it supports our economy by encouraging biofuel production. It also supports the commercialization of new biofuel technologies.

The government has reallocated an additional \$8.6 million for ecoEnergy for biofuels. Why did the government reallocate this money? Also, do you feel that, this year, consumers can expect an additional incentive within the context of the ecoEnergy biofuels initiative?

**Ms. Cassie Doyle:** Thank you for your question on biofuels. I don't believe there was a reallocation in the area of ecoEnergy for biofuels, but it may be that biofuels are reflected in our supplementary estimates.

With a number of these programs, the reason there is movement between the years is that it very much depends on the take-up of the program. For those of us in the department, and working closely with the Department of Finance, it's often very difficult to project accurately exactly how the programs will be taken up within each fiscal year, because these are programs that operate over a number of years.

I believe the number you're referring to is \$8.6 million that was provided under supplementary estimates (C) to accommodate amendments that were made to the payment methodology for incentives under this program. But this adjustment stays within the \$1.5 billion multi-year funding profile of ecoEnergy for biofuels. It was essentially brought forward into this fiscal year to reflect some changes we've made in the program and the payment schedules on the program. That was done in consultation with the biofuels industry.

**The Chair:** Thank you, Mr. Shory.

We will go to Mr. Harris for five minutes.

**Mr. Richard Harris:** Thank you, Mr. Chair.

There has been some talk about the regulatory reform plan, and I would like to talk about that area. I think we all have heard—I don't want to use the words “horror stories”—about the time required for anyone wanting to develop a mine or other type of natural resource harvest to get through the regulatory process.

Something else I'm hearing that I rather like is this talk about equivalence with the provinces from the natural resources department. Could you just give me a little thumbnail sketch of how that's going, and whether this equivalence idea could apply to the types of things that we would talk about with this department?

Mr. Chair, I'll also give Ms. Gallant the second half of my time, if I may.

**The Chair:** Okay.

Go ahead, Ms. Doyle.

**Ms. Cassie Doyle:** Thank you for the question.

At Natural Resources Canada we have been working for the last few years on a major effort to improve the performance of the federal government's regulatory process. That has been undertaken through our major projects management office. It's a very small office, but it works very much in applying a more stringent project management approach with all of the regulatory agencies across the government, including our own, because we have a regulatory role at NRCan as well.

We had two mandates for that MPMO. One was to do just that—to apply a much rigorous project management approach. The second was to become a focal point within the Government of Canada for looking at how we could make some improvements to the way all our regulations and legislation work.

One thing announced in this recent budget was a move to have the Canadian Environmental Assessment Act and office enter into a memorandum of understanding—for instance, with the National Energy Board and the Canadian Nuclear Safety Commission—to ensure that if there is one project, there is one assessment.

That's where we want to move to enable the governments collectively to reduce duplication, particularly in the role of agencies. There have been calls on the part of a number of provincial governments to move toward that very same kind of approach. We've had some early opportunities with the Government of B.C. to have an agreement to substitute the provincial processes for the actual CEAA review in the federal government.

Most notably, there was the Highway 37 transmission line in northwest B.C. There is an MOU between Transport Canada and the Province of B.C. to ensure that we will actually use the environmental assessment and not require a duplicate assessment at the federal level. That is paving the way and giving us some pilots that we can study and analyze to see what the potential would be to move toward the concept of one project, one assessment. We are trying to reduce the number of agencies and the overhead on that front.

•(1035)

**Mr. Richard Harris:** Thank you. That's encouraging to hear.

**The Chair:** Thank you, Mr. Harris.

Go ahead, Ms. Gallant, for about two minutes.

**Mrs. Cheryl Gallant:** Thank you.

I would like to go back to the theme of Canada as a clean energy superpower. Certainly the people in Saskatchewan, where the uranium mines are, and the AECL workers were very pleased to see that Canada is going to be a player in the global renaissance of nuclear energy as part of the overall mix of energy.

We know that CANDU technology, for example, is among the cleanest in the world. In addition to nuclear energy, we have the expertise to test new fuels. In fact, Canada has played a leading role in nuclear non-proliferation by taking the warheads from Russia, for example, in the MOX fuel form and being able to test its use as fuel for energy, thereby making the warheads more valuable as a source of power than as a threat to human life.



In addition to the fuel research, we also have a situation with the spent fuel. Because our fuel is so clean, I want to distinguish between spent fuel and waste. In the case of spent fuel, we use only a fraction of the energy that's contained in a fuel rod. We are storing it in such a way that should uranium become very expensive, we can retrieve these rods. The overarching concern that Canadians have is the waste from nuclear fuel and the overall waste from the nuclear industry. There is waste from medical isotopes and waste from the old parts on refurbishments.

I'm very pleased to see some emphasis in the budget on the issue of nuclear waste. Would you describe how the budget and the estimates are addressing the issue of waste and how the money is being allocated?

**The Chair:** Mr. Dupont, I'm going to have to ask you to do that very briefly, please. We're out of time here.

Go ahead.

**Mr. Serge Dupont:** You seem to suggest uncharacteristically, Mr. Chairman.

**Voices:** Oh, oh!

**The Chair:** Oh, not at all.

**Mr. Serge Dupont:** I will be brief.

Yes, there are a couple of things. Within NRCan's main estimates, moneys are allocated for what is called the legacy waste liability program, which is trying to address at Chalk River, in particular, waste that has been accumulating basically since World War II, so that it be managed and stored responsibly.

Moneys are also allocated through the estimates to fund our activities in Port Hope and to provide that remediation works are undertaken there. At this stage it's still in terms of detailed designs for waste facilities so that we properly address the issue of waste in Port Hope after a period of 50 years.

Then there are others, with respect to technology development, that may address how we better use spent fuel, and that is something AECL continues to devote attention to, including in discussions, for example, with China, as to how we better use spent fuel to generate energy cleanly.

So it is quite a range, Mr. Chairman. I think I'll stop here within the allocated time.

• (1040)

**The Chair:** Thank you.

Thank you, all of you, for coming before the committee today to answer questions: Ms. Doyle, Mr. Dupont, Mr. Farrell, and Mr. Merklinger.

Mr. Tonks, go ahead.

**Mr. Alan Tonks:** Mr. Chair, not necessarily on a point of order, but while the minister's staff is here, as a matter of process when a question is asked, for example, on carbon sequestration, the issue with respect to policy that's developing out of the CCS program, is there a process whereby the committee could ask, for example, if there's any policy work being done on carbon pricing? How would I go about that on behalf of the committee? A notice of motion? Or

simply ask out of the question if there is anything the committee could be supplied with, in terms of research that's going on in the department?

**The Chair:** You can just ask when the witnesses are here. We've done it, in fact.

**Mr. Alan Tonks:** Okay.

**The Chair:** The minister has committed to coming back with information on some of the questions asked.

**Mr. Alan Tonks:** All right.

**The Chair:** Or you can request information through the chair.

**Mr. Alan Tonks:** Okay.

I think the committee would be interested. If that is going on, if Ms. Doyle could take it under consideration, and perhaps report to the committee....

**Ms. Cassie Doyle:** Yes.

If I may, Mr. Chair, and I didn't mean to avoid that part of the question, but I should just mention that the lead on the question of carbon pricing, which this government has made a decision to approach through regulation, is Environment Canada. They play the primary regulatory role when it comes to GHG emissions.

But we would be very happy to provide what we can, working with our colleagues at EC.

**Mr. Alan Tonks:** Thank you.

**The Chair:** Thank you very much.

And, again, thank you all for coming.

Now we will get to the votes on the supplementary estimates first.

I think all of you know the process. We will start.

There are four votes on the supplementary estimates. So if we could go directly to the votes....

I think you all know the rules on the votes, so we'll start with vote 1c.

#### NATURAL RESOURCES

##### Department

Vote 1c—Operating expenditures.....\$1

Vote 5c—The grants listed in the Estimates and contributions.....\$1

##### Atomic Energy of Canada

Vote 10c—Payments to Atomic Energy of Canada Limited for operating and capital expenditures.....\$182,000,000

##### National Energy Board

Vote 25c—Program expenditures.....\$2,147

(Votes 1c, 5c, 10c, and 25c inclusive agreed to on division)

**The Chair:** Shall I report the supplementary estimates (C) to the House?

**Some hon. members:** Agreed.

**The Chair:** All right, now to the main estimates for 2010-11. It's the same process, and we have votes 1, 5, 10, 15, 20, 25, and 30.

#### NATURAL RESOURCES

##### Department

Vote 1—Operating expenditures.....\$805,869,000

Vote 5—Capital expenditures.....\$15,134,000

(Votes 1 and 5 agreed to on division)

**The Chair:** Mr. Martin.

**Mr. Pat Martin:** Mr. Chair, I've submitted to the clerk a motion to amend the dollar figure in vote 10 in the amount equal to the amount of money that goes to subsidize a lobby group called the Chrysotile Institute, formerly known as the Asbestos Institute. With your permission, I would like to move that motion, having served notice of it, although I believe it's in order and that I don't need to serve notice of motion when we're on that particular vote. But I would like the opportunity to speak to the motion, briefly, before it's put to a vote.

**The Chair:** Go ahead, Mr. Martin, and give the exact amount that you would like. It is in the motion, but maybe just read your motion, and then go ahead and speak to it.

**Mr. Pat Martin:** I believe it's been circulated:

That Vote 10 in the amount of \$1,877,636,000 be reduced by \$250,000.

● (1045)

**The Chair:** Okay, go ahead and speak to it, Mr. Martin.

**Mr. Pat Martin:** Mr. Chairman, you heard some of the arguments in favour of this motion when I was questioning the minister, so I won't be repetitious, but I would like to clarify a couple of the points the minister made in his speech that I didn't have time to address.

First of all, the minister implied that asbestos is banned in this country. Asbestos is not banned in this country. In fact, there's an active policy to use more asbestos in Canadian public works, etc.

I'd also like to point out that the minister suggested there was ample scientific evidence for a safe use policy for asbestos. I think it should go on the record, and for the information of members here, that there is one study that says asbestos can and should be used safely in this country and abroad. That was a study paid for by the Asbestos Institute at a cost of \$1 million to one scientist named David Bernstein. He has no peer review. There's not a single scientist in the world who agrees with him.

In contrast, I've circulated to members of the committee a letter. It was addressed to Premier Charest, but the same letter went to Prime Minister Harper on January 28, 2010. The letter states that 120 scientists from 28 different countries, including Canada, including the Province of Quebec, say just the opposite. If I could read the opening paragraph, it says:

As scientists from twenty-eight countries, dedicated to protecting public health, we appeal to you to respect the overwhelmingly consistent body of scientific evidence and the considered judgment of the World Health Organization (WHO) that all forms of asbestos have been shown to be deadly and that safe use of any form of asbestos has proven impossible anywhere in the world.

Again, I've circulated that for people to look at.

I'd like to also draw attention to another piece of paper I've circulated, which is a letter dated today from the Canadian Cancer Society to you, Chair, Mr. Benoit.

Again, I will read it. It's dated March 17, 2010:

It is our great disappointment that we are having to write to you again this year to express our dismay in the fact that the federal budget allocates \$250,000 to

support the Chrysotile Institute. Chrysotile, like all forms of asbestos, is known to cause cancer.

The Canadian Cancer Society has officially joined the global ban on asbestos movement, even though the Government of Canada has not. The entire European Union, Japan, Australia, New Zealand, South Africa—virtually all the developed world—has banned asbestos in all of its forms, yet Canada continues to be one of the leading exporters of asbestos in the world, at roughly 200,000 tonnes per year, dumped into largely India and other developing third world countries.

Another document I'd like to draw attention to, and I've circulated it in both languages, is a letter to Prime Minister Harper. The principal signatories work at Laval University: Dr. Fernand Turcotte, professor emeritus in public health at Laval University from the Faculty of Medicine, and Dr. Pierre Auger, professor of preventive medicine at Laval University. But it's also signed by Dr. Colin Soskolne from the University of Alberta, Dr. John Last from the University of Ottawa, Dr. Tim Takaro from Simon Fraser University, and Dr. Murray Finkelstein from Mount Sinai Hospital in Toronto. They urge the Prime Minister, and by extension the government....

We are profoundly disturbed that your government plans to continue to fund the Chrysotile Institute in the new federal budget. It is our view as Canadian experts in epidemiology and occupational medicine and as public health advocates that the Chrysotile Institute is endangering public health by disseminating misleading and untruthful information about chrysotile asbestos, especially in the world's emerging economies.

These experts are appealing to this committee to take away this direct support for the Chrysotile Institute. We should say, as a side note, that this won't stop the Chrysotile Institute from operating, because they get tonnes of soft support from the government, as well as the direct federal subsidy. They are paid to go around the world on 160 different trade junkets in 60 different countries, according to their website, using Canadian embassies to push asbestos, through our trade commissioners.

● (1050)

I've travelled with you internationally, Mr. Benoit, to Indonesia and Vietnam, two of our largest customers, and I've spoken to the trade commissioners in those foreign embassies, with you present, about their policy to push asbestos. They shake their heads, but they dutifully follow the direction of this government to find new markets and push more asbestos.

In many ways, committee members should be conscious of the fact that the asbestos industry is sort of like the tobacco industry's evil twin, in that in the final days, the twilight days, of the tobacco industry, they survive by junk science and aggressive lobbying. The lobbying, in this case, is done by the Chrysotile Institute, subsidized by the federal taxpayer.

**The Chair:** Mr. Harris, on a point of order.

**Mr. Richard Harris:** I just need some clarification from Mr. Martin on something.

You're talking about the trade officials in other countries. You say they shake their heads but they still do promotion. Do they shake their heads saying no, they don't promote it, and you're saying they do, that they're lying?

**The Chair:** Mr. Harris, it's not a point of order. If you'd like to speak to the motion, you're certainly welcome.

Carry on, Mr. Martin.

We'll also have a comment or a question later by Monsieur Bellavance.

**Mr. Pat Martin:** I don't think my colleague has a point of order, but I don't mind his question. As clarification, what I meant was that the trade commissioners who I spoke to shook their heads in regret that this is what they're asked to do, knowing full well in their own conscience that it's wrong. But they dutifully follow the direction of their employer, the ambassador of the country, to promote.

The Chrysotile Institute has fallen into disrepute partly because they're led by this thug named Mr. Godbout, a former head of the Quebec Federation of Labour. We call him, in the labour movement, a traitor to the working class for now showing no solidarity with the international workers of the world—in fact, putting workers of the world at risk by promoting this deadly toxin. The Chrysotile Institute calls the Quebec National Institute of Public Health “a little gang of Taliban”, “*le petit gang de Taliban*” de l'*Institut national de la santé publique*. Now that's an offensive comment by any standards, but when Clément Godbout and Bernard Coulombe are threatened by scientific evidence that puts the lie to their evidence, they accuse the Quebec National Institute of Public Health of being “*le petit gang de Taliban*”. I wish I could ask the minister if he agreed with berating public servants of Quebec in this fashion, but I find it offensive. But it is typical. It paints a picture. It's illustrative of the tone and the content of the material that this sham of an organization is out there promoting.

I pointed out, Mr. Speaker, that I myself worked in the asbestos mines in the Yukon Territory, and I should point out that the asbestos mines in the Yukon closed due to normal market forces, because nobody would buy this poison any more. The mines in B.C., in Ontario, and in Newfoundland all closed because the market was allowed to play itself out. The mines in Quebec are artificially supported because there's this bizarre, irrational affinity for asbestos in Quebec. It's tied to some nationalist pride or something, and it's subsidized aggressively and heavily, artificially. So we're exporting human misery, and supporting it by the taxpayer, because the legacy that we're exporting into these developing nations is horrific. We're spending tens of millions of dollars to remove every scrap of asbestos from the Parliament Buildings because asbestos is so hazardous that no MP should ever be exposed to a single fibre. That's the reasoning. Yet somehow, at the height of hypocrisy, we justify exporting hundreds of thousands of tonnes to developing nations and creating the exact same set of circumstances in those countries that we have to remediate in this country. Remediation of asbestos is one of the largest unfunded liabilities that this country faces.

The final point I would like to make before I yield the floor is that I sit on the government operations committee with my colleague Madam Hall Findlay. We're just about to enter a study into the government's latest announcement that they're going to freeze the budget of every government department right across the board. We're going to look at, in our committee, some of the difficulties that might cause. How do we justify giving a quarter of a million dollars to a lobby group on a frozen departmental budget? How do we rationalize this? It's not only morally and ethically reprehensible because of what they do; it's also not sound fiscal management to give corporate welfare out at a time when the rest of us are asked to tighten our belts. In the interest of fiscal prudence and probity, this committee should be deciding whether or not these estimates should stand the way they are or if we have enough spare cash to give Clément Godbout and his gang of thugs enough money to tour the world like a bunch of globe-trotting propagandists for a known carcinogen. The Canadian Department of Health lists chrysotile asbestos as a class A carcinogen, not just a risk.

●(1055)

The minister says, “Well, it won't bother you as long as you leave it alone in the attic of this building.” That's like saying land mines are safe unless you step on them. Sooner or later, somebody is going to disturb that material and it's going to be fluttering around—and there is no safe level of asbestos.

The last thing I would point out is that when I opened my remarks by saying that asbestos is the greatest industrial hazard the world has ever known and that 60% of all the occupational deaths in Canada are due to asbestos, that figure is 80% in the province of Quebec, because for some reason the province of Quebec allows a threshold limit value of exposure 100 times greater than the rest of the world. Everybody else says .01 fibres per cubic centimetre is an acceptable limit, although actually there is no acceptable limit. In Quebec, it is one fibre per cubic centimetre, 100 times greater tolerance.

There's an irrationality associated with our treatment of Quebec. I agree with Keith Spicer, the Canadian journalist who calls Canada's asbestos policy not only irrational but morally and ethically reprehensible.

We have an opportunity at this point in time to express our revulsion, or my revulsion and perhaps your dissatisfaction, at this irresponsible waste of money encouraging and propagating the damage that asbestos causes around the world by the simple gesture of—

**The Chair:** Mr. Anderson.

**Mr. David Anderson:** On a point of order, I just wonder if Mr. Martin is going to allow us to have a vote today on this motion. He may not be familiar with the activity of this committee, but in terms of our travel agenda, we have an important motion that we need to pass. If he is going to filibuster through this, then that trip is not going to be taking place when we expected it might.

I wonder if he can give us some sign of his intentions as to whether we're going to be able to vote on the motion.

**The Chair:** Thanks, Mr. Anderson. I appreciate that.

I will have to gavel this meeting to a close in two minutes. We have to get out of the room because another committee will be meeting here.

Mr. Martin, do you want to vote on your motion or not? It's up to you.

**Mr. Pat Martin:** Mr. Chairman, if I had an indication that the motion would succeed, I would yield the floor immediately, but I have a sense that the Liberals don't want an election and the Conservatives actually approve of corporate welfare for corporate welfare bums, for corporate serial killers. So I'm not willing to cede the floor. I do have the floor legitimately, and I think it is in the interest of this committee to address this issue in greater detail. It's the one time per year that we get to examine Canada's asbestos policy, and it is in the best interests of the nation and the best interests of this government to use the time well and send a clear message that we should stop funding asbestos in all its forms and we should certainly stop funding the Asbestos Institute, which is, as I said, a registered lobby group that does nothing but promote asbestos around the world.

I noted today that we had an observer in the gallery from the Sierra Club of Canada. They sent out a press release today saying that the Sierra Club of Canada is joining with the Canadian Cancer Society, the Canadian Medical Association, the World Health Organization, and other environmental and health organizations in calling for an end to government funding of the Chrysotile Institute.

Civil society has spoken. The medical community has spoken in abundance with a unanimous consensus, if that's not a contradiction, that asbestos kills and the Government of Canada has no place being the world's cheerleaders for the asbestos industry.

Let me explain how the asbestos cartel dines out on the good reputation of Canada.

Around the world, Canada has a boy scout image; we are the international good guys. The asbestos cartel tells small, developing nations, "Look, if the Government of Canada says that asbestos is okay, and they are a nice, developed nation, then it must be okay."

I urge committee members to look at the Government of France. The Government of France in 1999 decided to ban asbestos, and the Chrysotile Institute spent a fortune supporting a complaint to the World Trade Organization interfering with France's sovereign right to protect its own people from the hazards of asbestos. Thankfully, Canada lost that appeal and the Government of France won, and now the good people of France are at least living in an asbestos-free zone.

For the same reason, the entire European Union, all 40 nations, unanimously banned asbestos in all its forms. They are stuck with

the unfunded liability of contamination and the cost of remediation of all their public buildings, just as we are. All our hospitals—

• (1100)

**The Chair:** Mr. Harris, a point of order.

**Mr. Richard Harris:** Mr. Chair, could you ask the member if it's his intention to speak for the rest of the day, so we can try to change the plans and appointments that we already have? If that's his plan, he should at least have the courtesy to advise us. Or is he going to wrap it up so we can vote on this motion?

**The Chair:** Mr. Harris, that's information we would all like, and I will ask the member that, but it's not a point of order.

Mr. Martin, we have another committee coming into the room. It would be very helpful if we could wrap this up one way or the other.

**Mr. Pat Martin:** Mr. Chairman, I'm not finished making the arguments in support of my motion, and the motion is to reduce vote 10 by the amount equal to the amount that they subsidized the Chrysotile Institute.

I am presenting materials in support of that motion. I legitimately have the floor, and I'm not ready to cede the floor for the convenience of Mr. Harris. I've seen Conservative members express their views 12 hours at a time—

**Mr. Richard Harris:** You got your headline already.

**Mr. Pat Martin:** —Mr. Chairman. I think this is reasonable. I've had a total of 10 minutes to explain an issue that I feel strongly about. Had we had more opportunity to question the minister, it might not have been necessary to explain my position to committee members, but I'm trying to garner the support of committee members for a vote on the main estimates of the Department of Natural Resources. When I finish explaining the compelling reasons to support the vote, then I would welcome the chair's putting the vote to the committee. But until that time, I have the floor and I legitimately have a number of points that I want to make.

I didn't have a chance to question the deputy minister as to how she plans to deal with or cope with the federal government's freeze on departmental budgets. But I would be interested to know how she plans to cope with it, because there's a 1.5% wage increase that's agreed to in the collective agreement of the Public Service Alliance. Somehow, somewhere, the Department of Natural Resources is going to have to trim its budget. I'm suggesting that as the oversight committee—the committee that supervises the expenditures and gives permission for that department to spend money—we could helpfully suggest that one place they might save \$250,000 is to stop the direct subsidy to the Chrysotile Institute, for reasons that I welcome the opportunity to explain.

In the first place, Mr. Chairman, the Chrysotile Institute was created to take the stink off the asbestos industry, and we've given them \$25 million in direct subsidy and an immeasurable amount of money in indirect subsidy to that effect. They have not been successful in taking the stink off the asbestos industry. In fact, the asbestos industry stinks more than ever. I think we owe the media a great deal of gratitude, in that they have successfully exposed what really happens to Canadian asbestos when it winds up in its natural state of repose in foreign marketplaces.

There was a myth being perpetrated by the Chrysotile Institute that they had supervised the safe use of asbestos in underdeveloped and third world countries. We had no way of contradicting them at the time. We had no way of proving them to be wrong, except when CBC sent Mellissa Fung over there to track and follow the use of asbestos. She came back with irrefutable graphic illustrations of how Canadian asbestos is really used. I think you may have seen the images, Mr. Chairman, of bare-breasted workers in India—bare feet, no shirt, no mask—busting open a bale of Canadian asbestos. I used to bag that stuff. I know how those bales are created; I worked in the bagging room. They bust it open with a spade, they spread it out on the floor, and they fluff it up with their hands in order to turn the fibre into the fluff that they can then turn into textiles and weave into asbestos products.

As you know, Mr. Chairman, when asbestos is found in the ground, often in a quartzite vein—serpentine and quartzite often lead to the discovery of asbestos.... When it's found in the ground as a mineral, it is in fact a rock, but if you rub your hands on that rock, fibres separate from the rock. Our first task after extracting the ore was to bring that ore to the crusher, and then the crusher would smash that rock into essentially a crude form of fibre. But another step had to take place, and that was taking the fibre and putting it into hoppers, giant three- and four-storey bags that agitate and fluff this material up to turn it from rock to crushed mineral to fibre, which can then be processed into whatever products it may be used for.

One of the problems with the use of asbestos in these Parliament Buildings, in our own West Block, is that one of the uses of chrysotile asbestos was as a spray coating onto iron girders.

• (1105)

I'm a carpenter by trade, Mr. Chair, and I've come across this in many, many renovations of commercial, institutional, and industrial

buildings that I've been involved in. The iron girders, the beams, are sprayed with this stuff called MonoKote, which was the trade name. MonoKote was the brand name for a sprayable asbestos fibre that would be applied onto the girders.

What they didn't foresee, Mr. Chair, and what leads to the problem we have today is that the material was friable. As that material dried, it would crumble, and bits would fall off and then they in fact sit. As we speak, on the top side of these ceiling tiles you will find friable, loose asbestos fibre, to the point that if you want to change a light bulb in West Block, you have to call a haz-mat team. They circle the area with tarps and put in an air exchange unit to positively charge the atmosphere, so that no fibre can be released into the hallway. This is the absurd situation that we find ourselves in, Mr. Chair.

**The Chair:** Could we have order, please? There is a lot of background noise. Could it be reduced somewhat?

**Mr. Pat Martin:** This is the almost insane situation we find ourselves in. We're the architects of our own problem, in that our irrational affinity for asbestos has led to the contamination of virtually every public building in the country, and there's no corresponding funding for us to remediate this contamination. Yet this committee sits poised to exacerbate this problem by promoting the export of this same asbestos all around the world.

Now, it's morally and ethically reprehensible, in the words of Keith Spicer, who now lives in Paris. It's also irrational and it's economically stupid, in my view, Mr. Chair—without using too strong a word—that when the Department of Natural Resources is faced with a budget freeze imposed upon it.... I just wonder what cutting they will do in order to preserve the corporate welfare they intend to hand to the Jeffrey mine, represented in this case by the lobbyist firm called the Chrysotile Institute, Clément Godbout and his thug friends—the very friends who call the National Institute of Public Health “a little band of Taliban”.... I believe their noses are out of joint.

The one single research paper that they've done, by Dr. David Bernstein, at the cost of \$1 million—the best science money can buy—is being—

• (1110)

**The Chair:** Mr. Martin, seeing no quorum, this meeting is adjourned.





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