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• (1545)

[English]

Mr. Dan Mazier (Dauphin—Swan River—Neepawa, CPC): I have a point of order.

The Chair (Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.)): Go ahead, Mr. Mazier.

Mr. Dan Mazier: I was wondering if there's any word on whether we have received the net-zero accelerator contracts.

The Chair: I don't believe we have, but I'm not the authority on this at the moment. Maybe we did, but I don't think we did.

No, we did not.

Mr. Dan Mazier: Thank you. They were due today.

The Chair: Yes, they were.

[Translation]

We are waiting for a few departmental officials. Are they in the room?

Hon. Steven Guilbeault (Minister of Environment and Climate Change): They are very close by, Mr. Chair; we will confirm right away.

The Chair: Are they coming? Yes.

[English]

Mr. Adam van Koeverden (Milton, Lib.): I have a point of order, Mr. Chair.

I'm sorry. I didn't mean to cut you off. I'm just seeking unanimous consent to vote electronically while we do the meeting so we don't have to pause.

The Chair: Does everyone agree to voting electronically when the votes happen so we don't lose time?

Some hon. members: Agreed.

The Chair: Okay. That sounds good.

Mr. Dan Mazier: Is the minister okay to stay for the whole hour?

The Chair: Are you agreeable to staying one hour regardless of when that hour starts and ends?

[Translation]

Hon. Steven Guilbeault: Yes.

The Chair: Very well, that's perfect.

Before starting, to protect interpreters' hearing, I want to remind you of some measures we must take. We must use the approved black earpiece, everyone understands that. It's the only one available unless I am mistaken. We must always keep the earpiece away from all the microphones. When you are not using your earpiece, place it face down on the sticker on the table for that purpose.

Before starting, if I may, do I have the committee's permission to approve the budget for the study on green finance? You received the budget from the clerk by email. Are we agreed to approve the budget? If there is no objection, then the budget is approved.

Minister, you have the floor. You have 10 minutes if you wish.

Hon. Steven Guilbeault: Thank you very much, Mr. Chair.

I want to thank the members of this committee for inviting me to talk to them about one of the most effective tools in Canada to reduce our carbon pollution.

[English]

I would also like to acknowledge that we are on the traditional territory of the Algonquin Anishinabe people.

I'm accompanied by various representatives of Environment and Climate Change Canada and Natural Resources Canada. In the interest of time, they will introduce themselves when they intervene.

Carbon pricing works; this has never been clearer. It works at the business level and at the personal household level. It increases the success of all other emissions reduction policies because it builds in a powerful incentive for energy efficiency right across the Canadian economy. ECCC's modelling shows that carbon pricing alone accounts for around a third of the emissions reductions expected in Canada between 2005 and 2030, while other independent experts have calculated that it is even more effective in cutting Canada's carbon pollution.

Let me summarize quickly how my department calculates these emissions reductions.

EC-PRO is a computable general equilibrium model that allows us to perform complex statistical calculations.

[Translation]

We began by preparing a reference scenario that includes all current federal, provincial and territorial emissions reduction policies and that calculates total emissions expected by 2030.

We then prepared a second hypothetical scenario that excludes carbon pricing. We also excluded all provincial carbon pricing policies, including those in Alberta, British Columbia and Quebec, which the federal system does not cover.

[English]

Finally, the difference is used to estimate the effect of carbon pricing on emissions. This results in a difference of 78 megatonnes of CO₂ equivalent, which represents about a third of the total reduction that Canada plans to make between 2005 and 2030, according to our commitments under the Paris Agreement.

By 2023, the fourth year after the implementation of our pricing system, our emissions would have been about 24 million tonnes higher without Canada's national minimum carbon price, which is the same effect as taking more than seven million internal combustion passenger cars off the roads.

[Translation]

It's a measure that encourages the whole population, every household and every business, to find ways to cut pollution, whenever and however they want.

[English]

In provinces where the federal fuel charge applies, it represents a tiny fraction of inflation and the increase in the price of groceries: less than half a per cent.

There is a 10% supplement for people living in rural and remote areas, and I would argue that if the Conservatives would stop delaying the adoption of the fall economic statement, that would be increased to 20% for people living in rural areas. The government has also increased the rebate to indigenous governments.

For provinces under the federal pricing system, with the Canada carbon rebate, 80% of Canadian households receive a refund greater than what they pay. In fact, if carbon pricing was abolished, not only would clean energy investment and job creation grind to a halt, our low- and middle-income families would have less money in their pockets.

[Translation]

In other countries, we see that pricing systems like ours offer the stability required to build prosperous economies.

[English]

Sweden, which put in place a price on carbon over 30 years ago, has managed to cut its emissions by a third and double the size of its economy. The same is true for us. British Columbia, which has had its own system for more than a decade, is experiencing rapid economic growth.

We must also consider the demand for clean innovations, which is growing worldwide.

[Translation]

Because carbon pricing attracts investment in clean energy technologies and low carbon industry in Canada, it allows Canadian companies to take the lead.

• (1550)

[English]

If we abolished it, we would lose our position in the global race towards carbon neutrality.

[Translation]

It would seriously harm Canadian companies exporting to other countries with carbon markets, which impose carbon adjustment mechanisms at their borders. The European Union, for example, is currently working on implementing this type of system. Over \$30 billion of Canadian exports towards Europe would be subject to taxes at the border if we were to abolish carbon pricing in Canada, and that's just in Europe alone. Other countries are also proposing to implement this type of measure.

[English]

Canada has already made so much progress. As a result of carbon pricing and other policies implemented since 2015, Canada is set to exceed, according to the Canadian Climate Institute, its 2026 interim climate objective of a 20% reduction in emissions from 2005 levels. The most recent projections, published last December, suggest that Canada should achieve a 30% reduction by 2030. Also, the latest national inventory report confirms that emissions are consistent with our forecasts, and they remain well below prepandemic levels.

[Translation]

Electricity and heat production in the public sector are less polluting, due in part to further reductions in coal consumption. Fugitive emissions, specifically methane from oil and gas extraction, have also decreased.

[English]

The numbers are clear: Carbon pricing works. It will make it possible to achieve one-third of Canada's emissions reduction by 2030.

Every day, Canadians see the costly impacts of climate change, from droughts and wildfires to flooding and atmospheric rivers. Climate change costs Canadian households an average of \$720 a year, and that is set to rise, according to the Parliamentary Budget Officer, to \$2,000 a year per household by 2050. Generational fairness means we can't saddle our children, grandchildren and great-grandchildren with cleaning up our climate mess.

[Translation]

Thank you.

The Chair: Thank you, Minister.

I want to inform members of the committee that nine minutes remain before the vote starts. When it starts, I will have to interrupt the sitting. The committee will then decide if it wants to resume the sitting once everyone has voted. We'll see what happens then.

Mr. Mazier, you have the floor.

[*English*]

Mr. Dan Mazier: Thank you, Chair.

Thank you, Minister.

Minister, how many megatonnes of emissions have been directly reduced from your carbon tax since it was introduced—just a number?

Hon. Steven Guilbeault: I can give you the numbers. I have the table here. Just a second.

You mean not by 2030, but so far. Am I correct?

Mr. Dan Mazier: I mean directly reduced from the carbon tax.

Hon. Steven Guilbeault: I know I have it here. In 2018, it was five megatonnes. In 2019, it was 14 megatonnes. In 2020, it was 17 megatonnes. In 2021, it was 18 megatonnes. In 2022, it was 19 megatonnes, and in 2023, it was 24 megatonnes.

Mr. Dan Mazier: I'm confused, Minister. In response to an Order Paper question in January, you said that the government does not measure the annual amount of emissions that are directly reduced by the carbon tax.

Hon. Steven Guilbeault: I don't have that in front of me, but I believe the question was about tracking individual ministers' movements or individuals in the country, which is not something we do.

Mr. Dan Mazier: It was not. It was what was directly reduced by the carbon tax. What numbers did you give us just now?

Hon. Steven Guilbeault: I don't have that question or the answer in front of me, but we published a national—

Mr. Dan Mazier: You just read some numbers. Where did those numbers come from?

Hon. Steven Guilbeault: They are from the national inventory report, which is published annually. It's something we submit to the United Nations. It's a public document.

Mr. Dan Mazier: They're not numbers directly from the carbon tax. They are not emissions reduced from the carbon tax. They're numbers that are combined with a bunch of other stuff.

Hon. Steven Guilbeault: No. The numbers that I gave you are specifically related to carbon pricing.

Maybe Associate Deputy Minister Lawrence Hanson would like to add something to that.

Mr. Lawrence Hanson (Associate Deputy Minister, Department of the Environment): Thank you.

It's partly making sure you draw the distinction between national inventory report numbers, which talk about the amount of emissions in any given year, versus the projections we do for future years on the basis of the model.

As the minister has indicated, there was a previous question where we talked about how to attribute individual transportation as something for an emissions reduction, but we can, using our model, determine the extent to which emission projection reductions—

• (1555)

Mr. Dan Mazier: Excuse me, sir.

I'm asking this of the minister. In terms of those numbers you gave me—I guess you can forward them to us—they were from the carbon tax. They were the emissions directly reduced from the carbon tax. Give me a yes or no.

Hon. Steven Guilbeault: The Supreme Court—

Mr. Dan Mazier: Give me a yes or no.

Hon. Steven Guilbeault: The Supreme Court made it very clear that—

Mr. Dan Mazier: Is it yes or no? I'm asking you a direct question.

Hon. Steven Guilbeault: I'm really trying hard to answer.

An hon. member: I have a point of order, Mr. Chair.

The Chair: Wait a minute. I'm curious about the answer as well. We have to be careful that we don't all speak at the same time. It's not good for the interpreters.

No witness is obliged to answer yes or no. You can ask for a yes-or-no answer. This is an important question, and it deserves a more complete answer.

Could you go ahead, Minister, and answer that question?

Mr. Mazier, I think your question was about the numbers the minister cited. You want to know if they're attributable to the price on carbon. Is that your question?

Mr. Dan Mazier: Yes. Are the emissions directly reduced by the carbon tax?

The Chair: We'll let the minister address that.

Hon. Steven Guilbeault: Absolutely, Mr. Chair.

Number one, the Supreme Court of Canada, in its court case on carbon pricing, was very clear that the system we put in place was not a tax. The answer to your question—

Mr. Dan Mazier: That's not answering the question. I have another question.

Mr. Adam van Koeverden: I have a point of order.

Mr. Dan Mazier: He's not answering the question. I have another question.

Hon. Steven Guilbeault: I am. Give me 30 seconds. I don't think it's unreasonable to ask for 30 seconds—

The Chair: Give him 30 seconds.

Hon. Steven Guilbeault: —for something as complex as carbon pricing.

The numbers I quoted earlier are emission reductions from carbon pricing. We will be happy to communicate those to the committee.

The Chair: That's the answer.

Go ahead, Mr. Mazier.

Mr. Dan Mazier: How many megatonnes of emissions were directly reduced from the carbon tax in 2023?

Hon. Steven Guilbeault: John will correct me if I'm wrong, but we don't yet have the numbers for 2023. We're still compiling them. It takes about two years, and that's the case for most nations compiling their inventory reports. The inventory report that was put out in 2024 was for 2022. The one we will put out next year will be for 2023. Obviously, this could change, but we anticipate that it will be about 24 megatonnes next year. We'll have the report next year, but it will be for the 2023 numbers.

Mr. Dan Mazier: Has your government decided whether it will increase the carbon tax over \$170 a tonne past 2030? Give me a yes or no.

Hon. Steven Guilbeault: I'm sorry. I missed the beginning of your question.

Mr. Dan Mazier: Has your government decided whether it will increase the carbon tax over \$170 a tonne past 2030? Give me a yes or no.

Hon. Steven Guilbeault: As the chair of the committee said earlier, I'm not obliged to answer yes or no to those questions. There's been no such determination made at this point.

Mr. Dan Mazier: You're not obliged, but I think you have a moral duty to answer Canadians.

Hon. Steven Guilbeault: I have an obligation to answer. That's exactly what I'm doing.

The Chair: He said there's been no decision.

Hon. Steven Guilbeault: I think that an issue as complicated and as significant to Canadians as climate change deserves better than a yes-or-no answer. I guess that's my point.

Mr. Dan Mazier: Yes, they absolutely do. If you're going to go beyond quadrupling the carbon tax...absolutely.

Do you have any indication? Do you think you might?

Hon. Steven Guilbeault: We haven't had that conversation.

I'll remind you that it's not a carbon tax. It's a pricing system for carbon.

Mr. Dan Mazier: In terms of the way it's going, do you think it might or might not?

Hon. Steven Guilbeault: I think that's the third time. I'm happy to repeat it again. It's your time, sir.

We haven't had any conversations about that.

Mr. Dan Mazier: The environment commissioner revealed that your government gave away billions of dollars to their \$8-billion net-zero accelerator fund without knowing whether any of the emissions would be reduced.

Were you aware of this?

Hon. Steven Guilbeault: Unfortunately, I don't have the environment commissioner's report in front of me. I was under the impression we were talking about carbon pricing, but I'd be happy to provide a response in writing to this question.

Mr. Dan Mazier: Talking about carbon pricing, we are talking about a model that was potentially going to reduce emissions. We're asking the government whether it can prove it or not.

The net-zero accelerator fund was actually from the commissioner's report. I'll read it: The majority of the net-zero accelerator contribution agreements do not have commitments for emissions reductions. Were you aware of that?

Hon. Steven Guilbeault: Correct me if I'm wrong, but this accelerator is under the responsibility of the Department of Innovation, Science and Economic Development. I'm sure they would be happy to provide an answer to your question.

Again, it's not a question pertaining to carbon pricing.

Mr. Dan Mazier: Does that concern you at all—that the commissioner found this? Is there any concern at all?

• (1600)

Hon. Steven Guilbeault: Well, I—

The Chair: I gave you an extra minute because of all the back and forth and interruptions.

However, we have to go now to Madame Chatel.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you very much, Mr. Chair.

Welcome to the Standing Committee on Environment and Sustainable Development, Minister.

Our Conservative colleagues talk constantly about eliminating our carbon pricing system, and I'm wondering what they propose to do after that. What are the options?

Obviously, at committee, we've spoken a great deal about alternatives. In an open letter signed by 300 economists, they describe carbon pricing as one of the most effective and least intrusive ways for our economy to transition towards a green economy and give us the opportunity to be a world leader in the new economy.

Has your department studied other solutions? Are they just as effective?

How would it work if we eliminated our carbon pricing system?

Hon. Steven Guilbeault: Thank you for your question, Ms. Chatel.

As I have always said, if there is another zero-cost measure for Canadian taxpayers that could help us reduce our greenhouse gas emissions by at least a third by 2030, show it to me. We have not found such a measure.

With the help of departmental officials, we've set up over a hundred measures, but carbon pricing remains the most effective to reduce our greenhouse gas emissions. Once again, it costs nothing for the Canadian public, because this money is returned directly to families, to SMEs, to indigenous communities and to municipalities. Those 300 economists said so.

During an interview a few weeks ago, the Parliamentary Budget Officer also recognized that it was the measure with the least intrusive impact on the economy. You used that word, and I think he used it as well. It is therefore a measure that will help us reduce our greenhouse gas emissions without affecting the Canadian economy.

Mrs. Sophie Chatel: Thank you, Minister.

I don't have a great deal of speaking time, but I would like to share it with my colleague, Mr. Ali.

[*English*]

Mr. Shafqat Ali (Brampton Centre, Lib.): Thank you, Minister.

Thank you to the witnesses for being here.

Through the chair, if we fail to take urgent action to address climate change, there will likely be places on our planet that will be almost impossible to live in. When we think of climate refugees, we often think about hotter countries, but Canada is actually warming at roughly three times the average mean warming rates. Last week, CBC reported that 43% of the people displaced by wildfires globally in 2023 were actually here in Canada. Unfortunately, we may be seeing this trend repeated this year. In total, displacement from floods, storms, wildfires and other weather-related disasters rose to 31.8 million people last year—more than twice as many as those who were displaced by conflict and violence.

What structures are being put in place nationally and internationally to monitor and respond to the anticipated national and global displacement of people?

Minister, it's over to you, please.

Hon. Steven Guilbeault: It is very clear, according to the science, that we've entered the era of climate change and that we have to play both offence and defence. We have to play offence in the sense that we have to put in place everything we can to reduce, as rapidly as possible, carbon pollution in Canada and around the world. However, we also have to play defence because we've entered the era of climate change, and there are impacts being felt across the world and, certainly, in Canada.

You were talking about the forest fires. I was in British Columbia last week talking to members of the B.C. government, who told me that the evacuation in Fort Nelson two weekends ago was the earliest evacuation in the history of the province. We've never had that happen so early in the year, and we've also seen other evacuation orders across the country.

That's why we worked with all provinces and territories, indigenous nations, municipalities, the private sector and insurance companies to develop the first-ever national adaptation strategy to help better protect our communities and Canadians, whether from wildfires, floods or the intense heat waves we're seeing more and more.

However, it's not just us looking into this. Canada is hosting the NATO Climate Change and Security Centre of Excellence in Montreal. It's obviously an issue, I would argue, for most Canadians and for most parliamentarians in the House of Commons, but it's also an international issue, so much so that it's now viewed as a security issue by the U.S. government, NATO and many others.

Since 2015, we've invested about \$10 billion in disaster relief and in different measures to help Canadians be better prepared to face the impacts of climate change. We understand we will need to do more. For every dollar we invest in being better prepared, we save \$15.

• (1605)

The Chair: We'll have to stop there because we have to vote, and then we'll come back to Mr. Trudel. We'll take a little break to vote, and we'll resume after that.

• (1605)

(Pause)

• (1605)

[*Translation*]

The Chair: Mr. Trudel, welcome to the committee.

I heard Ms. Pauzé became a grandmother for the second time.

Mr. Denis Trudel (Longueuil—Saint-Hubert, BQ): That's right.

The Chair: Please send her our warmest congratulations on behalf of the committee.

Mr. Denis Trudel: I will be happy to do so, Mr. Chair.

Thank you, Minister, for being here with us.

I also thank our friendly officials for being with us to answer important questions about the fundamental issue of fighting climate change.

I am very happy to be here today to replace my colleague.

In Longueuil, people are very concerned about fighting climate change. I will remind you that in 2019, my riding was the one where the Green Party obtained the highest rating in Quebec: 12%. So that's a riding where environmental issues are very important.

Unfortunately, we are not heading in the right direction, despite all your efforts, Minister. I think it's important to take note of that.

An article from La Presse dated November 7, 2023, stated that Canada never reached its greenhouse gas reduction target. They didn't mince words. That's exactly how they put it in the article.

It also stated that the last plan implemented by the Trudeau government, therefore by you, Minister, was not enough to reach the target. That was an observation by the commissioner of the environment and sustainable development.

There's a corollary to that, because it's hard not to talk about climate change and reducing greenhouse gas emissions without talking about our investments in fossil fuels. I think it's clear for everyone now that Canada is a petromonarchy.

On August 24, 2023, which is not so long ago, the title from an article that appeared in Le Devoir stated: "\$38 billion US in fossil fuel subsidies in Canada in 2022". This number came from the International Monetary Fund. In this article, it also states that:

Canadian fossil fuel subsidies reached \$38 billion American last year, concluded a new analysis published on Thursday by International Monetary Fund (IMF) researchers.

We are therefore still investing massively in fossil fuels.

When it comes to reducing emissions, the fossil fuel sector is being asked to cut them by 31%, whereas in other sectors, including transportation, heavy industry, steel and concrete, it's around 40%. Why ask less of the fossil fuel industry? We don't know. On the one hand, we send it money, and on the other hand, we ask less of it. The prime minister's justification was that we were asking a lot of the sector because production went up. He said that the target of 31% was already high. However, we know that we won't be reaching our targets, that we will never reach them.

The oil and gas sector hasn't reduced its global emissions record, not even by a quarter of the current 31% reduction. This sector is being asked to achieve a 31% reduction, which is already lower than what is being asked of other sectors, and the current plan is such that we will not reach the target.

The Paris Agreement came into force nearly 10 years ago. The International Energy Agency, the IEA, and the Intergovernmental Panel on Climate Change, the IPCC, were rather clear about the path we should take.

Minister, isn't it time to start thinking seriously about reducing oil production in Canada?

• (1610)

Hon. Steven Guilbeault: Thank you for your question.

I said something earlier, but I will repeat it. According to the Canadian Climate Institute, which is an independent organization, we are on track to reach our 2026 interim objective. We're talking here about a 20% reduction, a first in Canada's history. If we continue in this direction, and that's a very important "if," we will be able to reach our 2030 objectives.

As for fossil energy, we eliminated fossil fuel subsidies. We are the only G20 country to have done so. We did it two years before the projected deadline of 2025, meaning in 2023.

If you take the time to look at the reduction plan, you will see that the targets vary from one sector to the other.

Mr. Denis Trudel: You are actually saying that Canada has stopped investing in fossil energies since 2023?

Hon. Steven Guilbeault: The agreement—

Mr. Denis Trudel: You are saying that Canada stopped granting funding to oil and gas companies?

Hon. Steven Guilbeault: The agreement concluded at the 2009 G20 Pittsburgh Summit involved eliminating what we refer to as inefficient subsidies.

Mr. Denis Trudel: Excuse me, Mr. Chair—

The Chair: There is a lot of noise in the room.

There is less now, so we can proceed.

Mr. Denis Trudel: Go on, Minister.

Hon. Steven Guilbeault: The agreement concluded at the G20 Pittsburgh Summit in 2009 involved eliminating what is known as inefficient subsidies. What is considered inefficient? The WTO proposed a definition when talking about subsidies granted to a single sector that give it a comparative advantage, meaning compared to other sectors. In this case, it was government funding. That does not include funding from Crown corporations like EDC or the BDC, for example. What we committed to eliminating this year, in 2024, no other G20 country committed to eliminating.

You said that the fossil fuel sector is being asked to reduce fewer emissions than the transportation sector, as well as other sectors. But you might find that we identified GHG reduction opportunities for each sector. In terms of emissions reductions, you can see that we're asking for very little effort from the agricultural sector until 2030, for example. In fact, we understand that implementation will take a certain amount of time. In this context, you could say that the efforts being asked of the oil and gas sector are much more significant than those being asked of the agricultural sector, specifically.

You asked whether the time has come to cut production. I think that the representative of a sovereignist party like yours understands full well that the use of natural resources falls under provincial jurisdiction in Canada. Pollution, methane, CO2 and so on are what we can act on as the federal government, and that's exactly what we're doing by setting up a clean fuel standard. It's being done for the first time in the country's history. We're talking about a regulation to set a 40% reduction of methane emissions from the oil and gas sector by 2025, and at least a 75% reduction by 2030. That's one of the most ambitious objectives on the planet. The cap on greenhouse gas emissions...

• (1615)

The Chair: Unfortunately, you're out of time, Mr. Trudel.

It's now Ms. Collins's turn.

[English]

Ms. Laurel Collins (Victoria, NDP): Thank you, Mr. Chair.

Thank you to the minister for being here.

First, I just want to ask about the numbers that you shared in response to Mr. Mazier's question. Were those numbers a combination of the industrial and the consumer carbon pricing systems?

Hon. Steven Guilbeault: Yes.

Ms. Laurel Collins: Do you have those numbers but with each one—the industrial side and the consumer side—separated out?

Mr. John Moffet (Assistant Deputy Minister, Environmental Protection Branch, Department of the Environment): I don't know if we have them disaggregated precisely by year, but as we have reported and as various third parties have estimated, the industrial pricing system contributes about two-thirds of the total reduction.

Ms. Laurel Collins: Could we get those numbers, whatever you have?

Mr. John Moffet: Yes.

Ms. Laurel Collins: In 2022, the environment commissioner did an audit of Canada's carbon pricing system and found that “Weak requirements for large-emitter programs reduced the effectiveness of the carbon price”.

Then, in March 2024, the Canadian Climate Institute released a report that you've mentioned already, really seeing the huge potential in the output-based pricing system for the industrial carbon price.

I'm curious about why your government continues to allow loopholes that allow the biggest polluters to make billions from this crisis and keep polluting.

Hon. Steven Guilbeault: In reference to the 2022 environment commissioner's report, we, in fact, renegotiated in 2022 with all provinces and territories the federal benchmark to make it tighter than when it was introduced in 2019.

Unfortunately, that was finalized after the commissioner did his study, so he couldn't benefit from what we were doing. However, we've already started tightening it. As you know, the price continues increasing year after year.

Ms. Laurel Collins: The loopholes in the carbon pricing system mean that big oil and gas companies pay a tiny fraction of the cost of their pollution. It's about 80% to 90%. Suncor pays one-fourteenth of the full carbon price.

The federal backstop isn't actually doing the most effective job of reducing emissions in the oil and gas sector. We've seen that because the oil and gas sector has continued to increase its emissions. We've heard from the authors of the report from the Climate Institute that we could strengthen the industrial carbon price.

Why aren't we?

Hon. Steven Guilbeault: We have, in fact, started another evaluation of the OBPS system to see where it could be further improved.

Ms. Laurel Collins: One thing you mentioned in your comments was that you were looking for zero costs to reduce emissions and that this was the appeal of the carbon pricing system. One way to get net-zero costs would be to put a windfall profits tax on oil and gas and put that money into climate action—into things that would reduce our emissions.

I'm curious why your government isn't implementing a windfall tax on oil and gas and funding some of the really critical pieces that would reduce our emissions dramatically.

Hon. Steven Guilbeault: A windfall profit tax wouldn't necessarily lead to emissions reductions.

Ms. Laurel Collins: If you put the money into climate solutions....

Hon. Steven Guilbeault: We would have to model that and look at what we'd do with the money. In and of itself, the tax doesn't lead to emissions reductions. My answer was specifically related to “What if we remove carbon pricing?” My answer is that we have to—

Ms. Laurel Collins: Why wouldn't your government consider a windfall tax?

Actually, your government did consider a windfall tax. It was reported in *The Globe and Mail*. Then lobbyists from the oil and gas sector convinced the government out of it. Multiple sources from the finance minister reported that you changed your mind after hearing from CAPP and other oil-patch lobbyists.

Why not actually invest that money? The U.K. and 20 other EU countries have done this. They have taxed the excess profits of oil and gas.

We have an opportunity to fund climate solutions that would dramatically reduce our emissions. Your government is saying that you're in a fiscal bind and that you can't tackle this crisis at the scale and with the urgency that's needed, so why not implement a windfall tax and fund climate solutions?

• (1620)

Hon. Steven Guilbeault: There are a couple of things. We have invested on a per capita basis way more than the U.S. did through the Inflation—

Ms. Laurel Collins: Could we focus on the windfall profits tax?

Hon. Steven Guilbeault: You're talking about us saying we can't invest. I profoundly disagree with that.

Ms. Laurel Collins: Could you answer the question about the windfall profits tax?

Hon. Steven Guilbeault: I will in a minute—in 30 seconds. We've invested \$200 billion—

Ms. Laurel Collins: Mr. Chair, how many seconds do I have left?

The Chair: You have 45 seconds.

Ms. Laurel Collins: If you wait 30 seconds, I won't hear your answer.

I'm wondering if you can answer about the windfall profits tax.

Hon. Steven Guilbeault: If you'd let me answer....

We've invested \$200 billion to fight climate change and transition to a low-carbon economy. The Americans...about \$370 billion. They're 10 times our size. We're investing way more than the Americans do.

Ms. Laurel Collins: You have plenty of time to tout your government's policies, but why not consider a windfall profits tax on oil and gas?

Tackle corporate greed. Invest that money in climate solutions.

Hon. Steven Guilbeault: In your question, you talked about the reports from the ministry of finance. As you know, I'm the Minister of Environment and Climate Change. I'm not the Minister of Finance. I haven't been the Minister of Finance.

Ms. Laurel Collins: Are you advocating for this to the Minister of Finance?

Hon. Steven Guilbeault: I haven't been lobbied by CAPP or other fossil fuel companies on not moving forward on the windfall profits tax.

The Chair: We have to stop there and vote.

Thank you.

• (1620)

(Pause)

• (1620)

[*Translation*]

The Chair: We now go to Mr. Deltell.

Mrs. Sophie Chatel: I have a point of order.

The Chair: Yes, Mrs. Chatel, go ahead.

Mrs. Sophie Chatel: I just want to point out that when—

The Chair: Just a minute. I neglected to say that the meeting had resumed. Now, it's done.

You can go ahead with your point of order.

Mrs. Sophie Chatel: Thank you, Mr. Chair.

I just want to point out that it's very hard to follow the discussion in French when there is so much back and forth. There's a long delay for interpretation, so we can't keep up with the conversation.

Please try not to interrupt one another so much.

The Chair: All right.

Mr. Deltell, you may go ahead for five minutes.

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Thank you, Mr. Chair.

Minister, it's always nice to see you in that chair answering our questions.

We all agree that climate change is real, that something has to be done to reduce pollution and that each party has its own view of how to do that. Yours revolves around the carbon tax, and we have another perspective.

In response to my fellow member's questions earlier, you gave a few figures relating to annual greenhouse gas emission reductions that you claimed were attributable to the carbon tax.

Those figures come from the national inventory report, do they not?

Hon. Steven Guilbeault: The figures I gave were based on analyses. Some information comes from the annual greenhouse gas inventory, and other information is based on analyses by Environment and Climate Change Canada.

Mr. Gérard Deltell: Do those data reflect projections or actual results that were identified and directly attributed to the carbon tax?

Hon. Steven Guilbeault: As you know, we use modelling to determine the effects of various measures. The data reflect projections not for previous years, but for future years.

When we talk about 70 million tonnes by 2030, it's a projection. The data for previous years are based on an assessment by the department as well as other independent organizations.

Mr. Gérard Deltell: Through that assessment, then, you were able to quantify the amount of pollution, measure it exactly, attaching an exact figure to the carbon tax you're imposing on people. Is that correct?

• (1625)

Hon. Steven Guilbeault: Again, carbon pricing is not a tax.

To answer your question, I can say that yes, the department and other organizations perform an analysis to measure the effects of carbon pricing on greenhouse gas emission reductions in relation to other measures that we put in place.

Mr. Gérard Deltell: Minister, there seems to be a mistake, because I don't understand something.

You are here telling us that you were able to calculate the exact effect of the carbon tax on reductions. However, in a letter you, yourself, signed on January 29, you clearly conclude by saying that the government does not measure annual reductions in emissions directly attributable to the federal carbon pricing regime.

Who's telling the truth? Is it the Steven Guilbeault talking to me right now or the one who signed the letter stating that it was not possible to measure what you just said?

Hon. Steven Guilbeault: As I said, the greenhouse gas inventory is a document we put out each year further to our UN obligations.

The answer you're referring to related to a question that, off the top of my head—since I don't have it in front of me—was about measuring the effect of carbon pricing on individual travel—

Mr. Gérard Deltell: No, it didn't refer to that. I have the question here. I'll read it to you.

[*English*]

Does the government measure the annual amount of emissions that are directly reduced from federal carbon pricing?

[*Translation*]

It isn't about individual travel.

Hon. Steven Guilbeault: It's tough to comment on a document—

Mr. Gérard Deltell: You are the one who signed the document, Minister.

Hon. Steven Guilbeault: It's hard to speak to a document I don't have in front of me.

There is a lot of information I can share with you, but I don't know it all by heart. That's why I occasionally need to refer to my materials or turn to colleagues at the department or in other departments.

The figures I gave you today, May 21, provide an explanation based on both the inventories and a departmental analysis of the impact of carbon pricing on the reduction of greenhouse gas emissions.

I can give you the figures again, but you heard them earlier.

Mr. Gérard Deltell: That contradicts what you, yourself, wrote in a letter you signed in January.

You can throw out figures galore, but in January, you didn't have those numbers. You have numbers for the previous five years and the next five years. Come on.

Hon. Steven Guilbeault: You said figures galore, but I gave you five, and they concern the years 2018 to 2022. In addition, we did an analysis on the projections for 2023 to 2030.

Mr. Gérard Deltell: I have a minute left.

You and I are Quebecers.

As we know, the carbon pricing system in Quebec is different from the federal government's. You know as well as I do that you have the power to put a price on carbon in Quebec.

Will you? If so, when and how much will it be?

Hon. Steven Guilbeault: Further to our agreement with the Government of Quebec, which recognizes that Quebec has a comparable system, Quebec's carbon pricing system continues to apply, as is the case in other Canadian provinces.

Mr. Gérard Deltell: Since you want to quadruple the price on emissions—to use your words—if Quebec's carbon exchange ever ceased to be comparable or equivalent to the federal system, when

would you impose your price on Quebec and how much would it be?

Hon. Steven Guilbeault: We have no intention of imposing a price on Quebec.

Bear in mind that Quebec's system is not based on a carbon price. It's based on the reduction of greenhouse gas emissions. The carbon pricing system sends a price signal, whereas the cap-and-trade system works according to a cap on greenhouse gas emissions, which decrease year after year.

The Chair: Thank you.

Hon. Steven Guilbeault: Certainly, Quebec's price is much different than what the price is elsewhere, and people who compare only the price are missing—

The Chair: Thank you.

We—

Hon. Steven Guilbeault: They are missing the very way that Quebec's system is designed.

The Chair: Ms. Taylor Roy, you may go ahead.

[*English*]

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you, Mr. Chair.

Thank you, Minister Guilbeault, for being here today to answer our questions on the price on pollution.

The last two weeks have shown that climate change has a real cost, and no responsible government or political party should ignore that. We're only in May, yet there have been thousands of Canadians displaced from their homes and the air quality has been affected. We know that impacts health costs. There's the cost of damages, and there's the cost to our economy.

The Canadian Climate Institute estimated, through their reports on the cost of climate change, that it could slow economic growth by about 50%, costing \$25 billion by 2025, and there are costs that aren't even estimated there. I'm wondering about this. Instead of outright denying climate change, recently the Conservatives have changed tack and they're trying to undermine the carbon pricing system, even going as far as to question the modelling, which has now been provided fully. I'm not quite sure what we're going to hear back on that. Also, we know that hundreds of scientists have endorsed not only carbon pricing but also the model.

It's clear that the only scenario where opposing climate action makes sense is if you don't believe that climate change will have real costs. However, the evidence is staring us in the face. Could you share with the committee the consequences of not taking action to address climate change by putting a price on pollution?

• (1630)

Hon. Steven Guilbeault: As I said earlier, we've entered the era of climate change, and most of us, but not all of us in this room, believe that climate change is a very important issue, one that's deserving of all our attention and all of our efforts. We've adopted in the last few years an unprecedented rate of measures, and we've adopted investments that we've never seen in the history of this country to tackle this very issue. In fact, Canada just received an award from the Climate Scorecard, which rated us and gave us a score of 70% for what we've been doing on climate change. We're not perfect, and some are ahead of us, but we've certainly come a long way from where we used to be pre-2015.

You've spoken about the cost of climate change. We've seen the insured cost of climate change go from an average of \$400 million per year in Canada to about \$2 billion. The last two years were about 50% higher than this \$2 billion a year of insured costs to Canadians.

Perhaps I may use a bit of a parallel. A very incredible Canadian prime minister, Brian Mulroney, when faced with a similar challenge—ozone depletion—decided to tackle this head-on. Imagine if in 1987, Brian Mulroney would have said that we don't believe in ozone depletion. We're not sure it's caused by humans. We don't really believe in the modelling. It's going to be too expensive to do anything about it.

MP Bezan from Selkirk—Interlake—Eastman spoke about skin cancer today, before question period, and what we need to do. If we hadn't tackled ozone depletion, skin cancer in Canada would be through the roof with the cost to the Canadian health system, the incredible cost to Canadians. I would hope that the Conservative Party of Canada could use the same wisdom and foresight in dealing with climate change and say that this is a really big issue but they're going to roll up their sleeves and work together to tackle this issue, as they did as a party in 1987 when it came to fighting ozone depletion.

No one talks about ozone depletion. When you ask kids who are 20 or 25, they've never heard about ozone depletion. Why? It's because it's largely being solved. The ozone layer is doing better and should recover by 2060. Imagine, if the Conservative Party of Canada did that for climate change, where we would be as a country. One can only hope and dream, I guess.

Ms. Leah Taylor Roy: Thank you very much, Minister.

The Chair: You still have 30 seconds.

Ms. Leah Taylor Roy: Great. Then I will continue with my next question.

In particular, when you're looking at the cost of climate change, there's a lot of talk about not being able to estimate accurately what's going to happen, so we don't always see that balance. We know what it's going to cost—we can look at the price on pollution—but we aren't always able to estimate what it will cost if we don't take action.

How do you address that, and how does the department try to encompass those costs that can't be completely—

The Chair: I'm sorry, but we're really out of time.

I'm going to break now so we can vote.

• (1630)

(Pause)

• (1635)

[*Translation*]

The Chair: We now go to Mr. Trudel for two and a half minutes.

Mr. Denis Trudel: Thank you, Mr. Chair.

Minister, picking up on our discussion, I would say that the big problem in Canada is oil production and the fossil fuel subsidies.

I knew you before you entered politics, and I know this is an issue you are committed to. However, you're not in the right country to be Minister of Environment and Climate Change. You're in a country where oil production carries on. You can come up with all kinds of strategies, but the fact remains that oil and gas accounts for 31% of Canada's overall greenhouse gas emissions, up from 28%. That's even before the opening of the Trans Mountain pipeline, which cost us \$34 billion, by the way. That money could have gone towards building social housing.

I'm not even talking about the Bay du Nord project, which could generate 116 million tonnes of greenhouse gas emissions. You approved that project, Minister.

You can play with measures and half measures all you like, but, I repeat, the big problem is the oil industry. Earlier, we were talking about \$50 billion in direct and indirect subsidies that Canada is giving the oil industry. In 2022, the five biggest oil companies made \$220 billion in profits.

How can you consider giving one red cent to those people? How does a country that's producing more and more dirty oil reduce its greenhouse gas emissions, or ever hope to?

Hon. Steven Guilbeault: Thank you for your question.

In fact, we are already reducing emissions. They decreased by 7% between 2019 and 2022, which puts us among the top G7 countries for reducing greenhouse gas emissions over that period.

I'll be the first to acknowledge that there's a tremendous amount of work to be done in the oil and gas sector. That's why, for the first time in Canadian history, we have put in place a clean fuel and methane standard. There are the clean electricity regulations and the transition to a net-zero electricity supply by 2035 for—

Mr. Denis Trudel: Why did you approve the Bay du Nord project?

Hon. Steven Guilbeault: I will try to answer your first question before I answer your second one.

The cap on greenhouse gas emissions will ensure that, regardless of the level of greenhouse gases produced, emissions in the oil and gas sector will decrease over time.

We're working with other departments to put that cap in place. We want to ensure that the oil and gas sector does its part to reduce greenhouse gas emissions, like all other sectors of the Canadian economy. Methane emissions, for example, have also started to go down in the oil and gas sector.

I agree with you 100% that more needs to be done.

[*English*]

The Chair: We'll have to stop there and go to Ms. Collins.

Ms. Laurel Collins: Thank you, Mr. Chair.

How many minutes do I have?

The Chair: You have 2.5 minutes.

Ms. Laurel Collins: Thank you.

We are talking about the windfall profits tax. The PBO has said that if we implemented a 15% windfall profits tax, we would generate \$4.2 billion for the government over five years. The U.K. has implemented a 30% windfall profits tax on oil and gas.

Can you answer if you are in support of this idea? Are you looking at it? Are you advocating internally for a windfall profits tax so we could tax corporate greed and put that money into climate solutions?

Hon. Steven Guilbeault: As I said earlier, I'm not the finance minister. This is a question you should ask the finance minister.

As I said to our colleague in French just a minute ago, I am in favour of putting in place measures to ensure the oil and gas sector does its fair share when it comes to reducing greenhouse gas emissions in this country.

Ms. Laurel Collins: One of those policies is the emissions cap. We know there are so many loopholes in that proposed policy that the oil and gas sector is not going to be doing their fair share when it comes to reducing emissions. Allowing for offsets....

Do you think delaying this as long as you have and then allowing oil and gas to reduce their emissions less than other sectors of the economy is actually putting the burden on everyday Canadians and other sectors to do the bulk of the emissions reductions?

• (1640)

Hon. Steven Guilbeault: I respectfully disagree with your characterization of what we're doing on the oil and gas cap, as well as

other measures. Offsets are an internationally agreed-upon mechanism of the Paris Agreement, and it's a recognized way—

Ms. Laurel Collins: The target is 40% by 2030.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): I believe it's 40% to 45%.

Ms. Laurel Collins: Yes, the low end is 40%, yet the oil and gas sector will only have to do about half of that with your emissions cap.

Hon. Steven Guilbeault: That's not correct. We're aiming to get the oil and gas sector, as per the emissions reduction plan, to reduce their greenhouse gas emissions by 31%.

Ms. Laurel Collins: However, with offsets, they could reduce it as little as 20%. Is that not correct?

Hon. Steven Guilbeault: We're still working on presenting the draft regulations in the coming months, so I can't give you—

Ms. Laurel Collins: The proposed ones outline offsets up to about 20%.

Hon. Steven Guilbeault: That's not the case. We haven't proposed anything yet, since the draft regulations aren't out yet. They will be in the coming months, but they're not out yet.

The Chair: That takes us to the end of that segment, Ms. Collins.

Mr. Leslie, I believe you're going to be splitting your time with Mr. Kram. Is that correct?

Mr. Branden Leslie (Portage—Lisgar, CPC): How long do I have? Is it six minutes?

The Chair: It's five minutes.

Mr. Branden Leslie: Okay. Thank you, Mr. Chair.

Thank you, Minister.

I just want to go back to some of those numbers you gave earlier. I'm trying to understand how accurate some of the numbers are that are, in theory, firm in the national inventory report that we're submitting with our international colleagues.

It is all based on a projection. Is that correct?

When we say that 30% of emission reductions by 2030 will be done via the carbon tax, that is a projection. Not even in years past.... Since it's been in place, we don't actually know how much it has reduced emissions.

Is that correct?

Hon. Steven Guilbeault: That's not correct.

Mr. Branden Leslie: How do you attribute the information then? How do you know with certainty what percentage of the NIR you are offering is due to the carbon tax?

Hon. Steven Guilbeault: There are two things here.

The national inventory report is an annual exercise whereby we measure the emissions reductions from different sectors of the economy and different provinces. That's measurement. There's some modelling, but largely, it's based on hard data.

We have, for example, fugitive emissions in the oil and gas sector, which are harder to measure because they are fugitive emissions by definition. We started using aerial measurements to complement some of the work we've been doing on the inventory. That's one thing.

To answer your question on what the role of carbon pricing is, it's not related to the national inventory report. It's based on analysis looking at different measures and how much they contribute to emissions reductions in Canada.

Mr. Branden Leslie: I appreciate that. That's the reason we're here today. We invited you to the committee to discuss exactly that.

You've seen, obviously, the three motions this committee has passed, with varying degrees of simplicity, just looking for the variables, the assumptions and the data included, as well as specific language regarding EC-PRO. If you were a member of this committee, not the minister sitting there, would you feel confident and comfortable with the responses your department has given this committee on the production of records we were asking for?

When I see a document that has a website link, or when I see a document that was written by four people who don't even work for ECCC, which has "Draft" on it, and it says it is not representative of ECCC or the Government of Canada.... Thirdly, when I see a three-pager with an attachment of a so-called independent think tank, which, it turns out, is funded by ECCC....

Honestly, do you think that is sufficient in terms of what we are looking for?

All of these questions could be answered if you just handed over the modelling, as requested by this committee, so that we could better understand how you are coming to these conclusions. Is that not a reasonable request, Minister?

Hon. Steven Guilbeault: I'm quite clearly not a climate modeller, although I have in my life worked on a number of occasions with climate modellers. It's a very complex exercise. It's not magic. It's mathematics. We use modelling in all sectors of our society. We use it in the economy. We use it in health. We use it in employment sectors. We use it in the climate change sector as well.

We have provided information, and you have our chief modeller—I don't know if it's your title, Derek, but let's call you that for the sake of argument—here with us today, so he can answer your questions.

I'll be the first one to recognize that it is complex, and you want simple answers. I'm sorry. There's no simple answer when it comes to climate change or modelling.

• (1645)

Mr. Branden Leslie: I appreciate that, Minister. Listen. I'm not a climate modeller either. I'm not saying I'm going to be the one who is going to understand, as I believe it was, the 280,000 formulas and data points that were included in the model. My point is that people in this country can't, outside of ECCC.

My question has two parts.

Why are you so hesitant to just hand over that data? If you won't hand it over to us, who else has seen or used EC-PRO?

I noticed that the third response said Navius consulting used CGE models, but I'm curious. Have the data inputs that your modelling is using in EC-PRO been peer reviewed by anybody else? You've talked about 300 economists talking about how great the carbon tax is. Have they looked at this analysis?

Who has seen this outside of ECCC? Why are you so unwilling to give it over to this committee and let Canadians have a look at the data you're using to make the assumption that you are, which is that the carbon tax is actually working?

Hon. Steven Guilbeault: The way the modelling community tends to work is.... Obviously, there are different models out there. Let's talk specifically about climate change.

What the modelling community is trying to do is work together to ensure that, despite the fact we are using different models—I mean, there aren't 15 of them out there, but there are some—we understand what the underlying elements are of each of those models so that, when different people use different models, we can at least agree on what goes into the models.

Mr. Branden Leslie: Why can't it be open, though? Why wouldn't you want everybody to see it? Wouldn't it be fairer if everybody who can understand this stuff were able to see it?

The Chair: We're out of time, unfortunately. Mr. Kram didn't get a question.

I'm sorry about that, Mr. Kram. That was out of my control. However, as you know, the officials are with us for another hour. These are questions that can be asked of Mr. Hermanutz.

Go ahead, Mr. Longfield.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Mr. Chair.

Thank you to the minister for being here.

I'm thinking of project-based modelling, which could have been used by the environment commissioner—I don't think he used it—for some of the investments in clean technology happening as a result of the pricing formulas we've put out into the market. We've sent a signal. Carbon pricing is going to be a long-term solution we're using to drive down emissions and create a strong market signal to attract investments. Look at the clean technology investments that Rio Tinto, ArcelorMittal and Alcoa are doing in the production of green steel and green aluminum, creating thousands of good-paying jobs and reducing emissions. The reductions we're going to see from that weren't included, as far as I know, in the environment commissioner's report we saw a few weeks ago.

Can you comment on the importance of attracting clean technology investments and what that means to decarbonization in Canada?

Hon. Steven Guilbeault: Thank you very much, Mr. Longfield. This is a very interesting question and one thing that doesn't get talked about enough, in my humble opinion.

On that, it seems I agree with the new head of an Alberta oil sands group who, in a CBC article, “wants clarity from Poilievre on industrial carbon pricing”—that's the title of the article.

I'll read you the first paragraph of that article:

Conservative [Party] Leader Pierre Poilievre needs to clarify where he stands on industrial carbon pricing, says the new head of a major oilsands group that aims to bring the industry's emissions to net-zero largely through the potential construction of a massive carbon-capture project that relies on carbon credits [derived from carbon pricing].

In fact, we can point to a number of very large projects that have taken place in Canada. This is according to the companies themselves. You don't have to take my word for it. There's an \$11.5-billion investment by Dow Chemical in Fort Saskatchewan, where part of the funding is based on carbon pricing; Port of Argentina's \$4 billion in Newfoundland; Dofasco Steel, which is closer to your neck of the woods, with \$1.8 billion in Hamilton; and \$74 million for SMR development in Saskatchewan. All of these projects are partly being funded through carbon pricing. If we get rid of this, it is estimated that taxpayers would be on the hook—if we wanted to fund those projects directly—for \$20 billion to \$48 billion.

The Conservatives say they're in favour of technology. These are all technological projects taking place in different sectors: steel, SMR, energy savings and the chemical sector. Are they telling us that their technical strategy is to put Canadian taxpayers on the hook for an extra \$20 billion to \$48 billion? We can do that at no extra fee to Canadians by using carbon pricing.

● (1650)

Mr. Lloyd Longfield: Thank you, Mr. Minister.

In terms of dollars and cents, it makes sense to do what we're doing. However, in terms of timing, some of these projects won't be coming on until 2028, so they're not showing up in the current figures coming from the environment commissioner. When these projects come on, they're also phased in over some years.

Are we going to be including those in our models, going forward, or are we already including them in some of the projections you're giving us?

Hon. Steven Guilbeault: I'll turn to Derek, our expert on modelling, for that.

Mr. Derek Hermanutz (Director General, Economic Analysis Directorate, Department of the Environment): Yes. I think the minister explained that there's historical data. That's in the national inventory report, published with a two-year lag. Then we have projections that go forward out to the future.

Hon. Steven Guilbeault: In terms of projects that are coming down the road, say in 2027 or 2028, when do we include them in the modelling?

Mr. Derek Hermanutz: When we have a program that's funding projects, we put a proxy into the model to try to estimate how many megatonnes might come from the overall spending program. Once we get the details of the specific projects, like the two steel projects, we can then build that exact detail into the model.

Mr. Lloyd Longfield: Also, in Ontario, we have the rural top-up. We're just passing legislation this afternoon on the report stage of the fall economic statement. The rural top-up is an important signal and support for rural communities.

Hon. Steven Guilbeault: Yes, and I would urge the Conservative members of this committee to talk to the rest of their party to support doubling the rural top-up for Canadians. We think that it would be a very meaningful measure to help support millions of Canadians across the country.

The Chair: We're done for this round.

We thank you for being here, Minister.

We're going to continue with the departmental representatives. I think we're seeing you again next Tuesday, if I'm not mistaken, on the 28th. Is that correct? We look forward to seeing you again. We really appreciate all the time that you spend with us at committee. It's all very interesting, so thanks again for today.

We will continue now.

Basically, we're starting a second panel, so we'll do a six-minute round and then a five-minute round. We'll begin the six-minute round with Mr. Kram.

Mr. Michael Kram (Regina—Wascana, CPC): Thank you very much, Mr. Chair.

Thank you to all the witnesses for joining us today.

I listened quite attentively to some of the numbers that were cited in the first hour of this meeting, and I just want to make sure that I have the math correct. In 2022, emissions were at 708 megatonnes, and the carbon tax was responsible for reducing 19 megatonnes in 2022. By my math, that works out to a 3% reduction.

Am I to understand that the debate about the carbon tax and the need to keep the carbon tax in place on Canadians and the rise in the cost of living caused by the carbon tax is for only 3% of our total reductions. Is that correct?

Mr. Lawrence Hanson: I'll perhaps start, and then I'll turn to Derek to add some additional information. It's the distinction between how much of the carbon price might have affected emissions in one year versus how much by mid-2030. When you've heard us talking about one-third...responsible for one-third of reductions, we are talking about the 2030 number. By 2030, our modelling suggests that the carbon price will have resulted in 78 megatonnes of reductions.

Derek, maybe you could talk to the year-over-year issue.

Mr. Derek Hermanutz: We did the estimate for individual years. The number you're referring to, the 708, is not emissions reductions; that's total emissions in the country. When we talk about one-third, it's one-third of our expected reductions. Like Lawrence said, that's getting to 2030 when the carbon price is at its \$170 level.

• (1655)

Mr. John Moffet: I'm sorry. I don't want to prolong this too long, but can I just clarify some of the numbers that you put out? You refer to one-third and 3%. Three per cent is the reduction in total emissions. One-third of those reductions are attributable to carbon pricing. It's not that carbon pricing has achieved only 3% of reductions. Carbon pricing has contributed to a third of total reductions.

Mr. Michael Kram: Yes, but 3% of the total emissions have been reduced as a result of carbon pricing. Do I understand that correctly?

Mr. John Moffet: No, emissions have declined 3% in total.

Mr. Michael Kram: Okay, so only 1% of those 3% are from the carbon tax. Is that correct?

Mr. John Moffet: That's correct to date.

Mr. Michael Kram: Okay, so are we getting good value for our money? My party has talked a great deal about the need to invest in new technologies instead of just raising the carbon tax higher and higher and higher. If our total emissions have only been reduced by 1% as a result of the carbon tax, I can't help but think that there are other technological innovations out there that could be achieved at much less cost to consumers to reduce total emissions by that 1%.

Mr. Lawrence Hanson: Thanks for the question.

I think that would make the assumption that somehow the carbon price is a form of spending that could be redirected elsewhere, whereas, in operation, the carbon price is something that is charged and then largely revenue-neutral, where the funding is actually returned in various different ways, sending a price signal. It's not as if the carbon price is in a sense using spending that could be directed elsewhere for technologies and so forth.

Mr. Michael Kram: Okay.

This committee has asked several times for the models the department is using for its emissions calculations. We've been redirected to a page on the department's website and we've gotten reports describing some of the formulas, but to date we have not received the entire model.

I was thinking the other day that if you go to the Elections Canada website, you can enter your postal code and look up which riding you're in and where you go to vote on election day. If you go to the Canada Post website, you can track where your parcel is and if it's being delivered.

Why can't Environment and Climate Change Canada post on its website the complete carbon tax model that it has been using, so that Canadians, members of Parliament and everyone can see how far along we are in terms of reducing our emissions and how much of that is attributable to the carbon tax?

Mr. Lawrence Hanson: Thanks for the question. Again, I'll start and then turn to Derek to provide additional detail.

It's probably worth starting with saying what we actually have provided so far and to maybe try to clarify a few things that came up in the earlier rounds of questioning.

What we've done so far has been to provide all the assumptions that drive the two reference cases: the one reference case with the existing measures and one with the additional measures. We've given a complete list of all the federal activities and provincial activities that lead to those two different reference cases, which you'll recall from the Order Paper question are Ref22 and Ref22A. We provided that and the numbers associated with that.

To be honest with you, the model itself... The model is actually the code. It's the software language. It's the dataset and, as I think we noted, it's 280,000 variables. It wouldn't really be a matter of posting a model on a website. You'd literally have to post a computer on a website, because the model is really ultimately all of these things working together to come up with the modelling outcome.

The Chair: We'll have to stop there.

Mr. Michael Kram: I had six minutes.

The Chair: Yes, but we're at six minutes.

Basically what you're saying, Mr. Hanson, is.... Do you know how, in the old days, you had printouts—computer printouts with lines and lines of code? The model would be a bunch of printouts with lines and lines of code, I guess.

Mr. Lawrence Hanson: Mr. Chair, Derek may explain it better than I'm capable of.

Mr. Derek Hermanutz: The code would actually be in the model, in the computer.

• (1700)

Ms. Laurel Collins: I have a point of order, Mr. Chair.

Is the time up? If you're going to cut our time down—

The Chair: No. The time is up. We were over the time.

Ms. Laurel Collins: Yes. In the second rounds, you often cut our time down. I'm just wondering if we can try to avoid that happening.

The Chair: Yes, for sure. That was my plan: to go the full time.

Basically it's code. You can print out the code and you can print out the formulas, but I don't want to take up too much time on this.

Mr. Michael Kram: Mr. Chair, could you ask the witnesses if it's possible for the model to have a web interface?

The Chair: I don't even know what that means.

Mr. Michael Kram: Could you connect it to the Internet so that everyone can see it?

The Chair: Can you have a web interface?

Mr. Derek Hermanutz: Not for this model, no. It's custom-made for us.

The Chair: Thank you. That answers the question.

We'll go now to Mr. van Koeverden.

Mr. Adam van Koeverden: Thank you, Mr. Chair.

I appreciate the officials' being here with us today.

Mr. Moffet, I think the committee would benefit from clarification on one issue. We would like to know whether that 3% reduction referenced in an earlier answer was.... Did it take into consideration the hypothetical alternative to the curve that we saw? Prior to 2015, we were on an accelerating upward trajectory with respect to our emissions. Since then, that has been turned around.

The 3% reduction in emissions that was referenced and then characterized as a 1% allocation from carbon pricing seemed to be a bit misleading from my perspective, although I recognize that there was a lot of back-and-forth throughout that question. Could that be clarified, please?

Mr. John Moffet: I'll start and then turn to Derek.

The number that was discussed, the 3%, I assume is with reference to a statement about Canada's absolute emissions relative to a previous year. Of course, that doesn't take into account avoided emissions—in other words, what the emissions would have been.

Emissions, as we know, have grown steadily and increasingly for decades, until the introduction of carbon pricing and complementary measures. For a fair kind of attribution of the impact of carbon pricing, one needs to account for not just where we are today but all of the emissions that have been avoided as a result of those measures.

Thanks for the question.

Mr. Adam van Koeverden: What was the population of Canada, approximately, in the year that we're attributing this 3% reduction to? Actually, what was the year, and I can just look it up? I think it's relevant.

You know, when I look at the curve and the change in trajectory that we've seen in the past six to eight years with respect to our emissions profile, notwithstanding the fact that Canada's population has grown quite significantly since the mid-1990s....

There are two things that I meant to ask in my question, prior to being a little bit thrown off by the previous answer. First, it seems as though this committee has been hung up on two things with respect to carbon pricing. There's the effectiveness of carbon pricing to lower emissions, and there's the ability of the Canada carbon rebate to make eight out of 10 families whole or more than whole with respect to the cost of the carbon price.

There are 300 economists—more than that now, actually—who have signed on to a letter referencing five or six key points that have been, frankly, misleading Canadians over the past couple of months in the Conservatives' campaign against carbon pricing. I'm curious to know if you're aware of any economists out there in the ecosystem who have signed a joint letter to the contrary. Quite frankly, I've looked for them. I've looked for evidence to the contrary, and it doesn't seem like there's a consortium or even a small group of economists who are suggesting that Canada's carbon pricing doesn't work. In fact, the guy who won a Nobel Prize says we're getting it right.

Mr. John Moffet: There are a lot of questions there.

I'll start with the first point that you made. I talked about avoided emissions in looking at the impact of various measures, including carbon pricing on avoided emissions. Yes, it's also essential to account for increased population and increased economic output—all of which has occurred over the past 10 years. At the same time, absolute emissions have been reduced. Emissions per unit of economic production and emissions per capita have declined significantly.

• (1705)

Mr. Adam van Koeverden: Is it fair to say that it's by a lot more than 3%?

Mr. John Moffet: Yes. Thank you again for that clarification.

On your last point, I think I'd echo what the minister said: that the government has taken an approach that involves the use of a wide range of measures. It is not saying that the sole way to reduce emissions is to impose a carbon price. It is saying that there needs to be a foundation. Indeed, that is an economic consensus, that there is no more efficient way. In other words, there is no cheaper way per tonne to reduce emissions and drive innovation, which is essential to enabling increased economic output at the same time.

Mr. Adam van Koeverden: Thank you.

I don't want to take William Nordhaus's opinion at face value, given that he's a world-leading economist. However, would you say that, on the world stage, there are more countries like Canada—in our sort of category of countries—that are joining this trend of pricing pollution and finding economic mechanisms and monetary-based instruments to lower emissions?

Every time I open The Guardian or international news, it seems as though other countries are lowering their emissions. It also seems like some of our best trading partners are insisting that their trading partners do the same thing. Is that an accurate representation?

Mr. John Moffet: That's absolutely an accurate representation. As you know, Canada has been at the forefront of the global carbon pricing challenge. That's an initiative that we're leading to share information with other countries to enable them to implement carbon policy.

[Translation]

The Chair: We'll have to leave it at that.

[English]

Mr. John Moffet: The interest, globally, has been overwhelming in the last couple of years.

[Translation]

The Chair: Mr. Trudel, you have the floor.

Mr. Denis Trudel: Thank you, Mr. Chair.

It's too bad I wasn't able to ask the minister my question earlier. The government talks a lot about solutions. It talks about carbon pricing. Like the authors of the articles I quoted earlier, we realized that Canada was not managing to reduce its emissions. The government thinks that they will be reduced in the future with the measures it is putting in place, but for the moment, the results are not there. Not only are there no results, but also we continue to produce more and more oil. I would have really liked to put my question to the minister about the Bay du Nord project.

Canada is one of the few G20 countries that have not managed to reduce their greenhouse gas emissions since 1990. How, then, can we go ahead with a project like Trans Mountain? It already emits greenhouse gases and could potentially cause spills that are very damaging to the environment. How can this country launch a project like Bay du Nord, which could generate 116 million tonnes of greenhouse gases?

I don't know what you officials think about that. This progressive government says it wants to take action on climate change and develops an ambitious carbon pricing plan. It raises the price to try to get results, but at the same time, it continues to encourage the oil industry. We are talking about 116 million tonnes of greenhouse gases that will have to be eliminated, because they are going to be produced. On the one hand, the government is introducing measures and investing a lot of money to try to reduce greenhouse gases, and on the other hand, it is continuing to encourage the industry that produces those same greenhouse gases.

Were you part of the discussions that took place on whether to green-light the Bay du Nord project?

[English]

Mr. Lawrence Hanson: I'll note a few things in response.

As the minister indicated, in terms of support for the oil and gas sector, the government is moving forward ahead of the pack in terms of the elimination of inefficient fossil fuel subsidies on a go-forward basis.

If you layer on top of that the cap on oil and gas emissions, these are clearly efforts to ensure that oil and gas does not pose an existential threat to the ability to achieve our climate change targets.

• (1710)

[Translation]

Mr. Denis Trudel: That's a short answer.

The goal is net zero by 2050. Were the potential 116 million tonnes of greenhouse gases from the Bay du Nord project taken into account in that projection?

[English]

Mr. Lawrence Hanson: As the minister said, we're still only at the regulatory framework stage of that. However, the oil and gas cap was designed to take into consideration the expected emissions with the sector. It is designed very much to be an impediment to actual greenhouse gas emissions as opposed to production levels.

John, if you want to add anything on the cap, please go ahead.

Mr. John Moffet: The key point around the cap is that it is a cap on emissions. In the framework document that the government put out, it acknowledged that there will continue to be, for some time, a global demand for oil and gas. The role of climate policy is to ensure that any such production that we can control—in other words, production in Canada—is done in a way that yields increasingly lower emissions over time, leading to net zero by 2050. That's what the cap will be designed to do.

[Translation]

Mr. Denis Trudel: However, that is not the case at the moment. Earlier, I quoted an article showing that the oil and gas sector's share of emissions had increased from 28% to 31% in recent years. Clearly, we are not there yet, and still we're launching projects that will produce more oil. We haven't been able to keep a tight rein on the oil industry in its management of greenhouse gases, and here we are embarking on projects that will create even more.

How do we get to net zero by 2050?

[English]

Mr. John Moffet: Again, I think the answer is that it's through the mix of measures that the government already has in place and is putting in place.

The carbon pricing is already driving investments in the oil and gas sector to reduce the carbon intensity of production. The various incentive programs, including the net-zero accelerator that the minister spoke about earlier, are providing financial support for major decarbonization projects. The forthcoming oil and gas cap will ensure that absolute emissions from the sector are reduced over time in a predictable manner.

[Translation]

Mr. Denis Trudel: That leads me to my next question. The projections you have made in terms of reducing greenhouse gases over the next few years are, in my opinion, quite ambitious compared with those of the past.

Are those predictions based on technologies subsidized through investment tax credits? Carbon capture and storage, for example, is unproven and is being questioned by—

The Chair: Mr. Trudel, unfortunately I have to interrupt you. You had six minutes, but you're well over.

Ms. Collins, you now have six minutes.

[English]

Ms. Laurel Collins: Thank you, Mr. Chair.

I wanted to ask a bit again about the environment commissioner's audit in 2022. He recommended:

To improve the effectiveness of carbon pricing and the stringency of provincial or territorial large-emitter programs, Environment and Climate Change Canada should assess, on the basis of federal modelling, whether each provincial or territorial system is sufficiently stringent in that it would be expected to lead to reductions that correspond, at a minimum, to the projected emission reductions that would result from the application of the federal backstop system, and report publicly on the results of their analysis.

Has this happened?

Mr. John Moffet: Yes, it has.

Ms. Laurel Collins: What was the outcome?

Are all of the provincial and territorial large-emitter systems equal to the federal backstop?

Mr. John Moffet: Two things happened. The first thing we did was that we assessed the systems as they were in place in 2021-22. Second, we changed the standard.

Third, we ensured that provinces changed their systems. Every province has changed its system since the commissioner's report.

• (1715)

Ms. Laurel Collins: They've changed their systems, but the question was really whether each provincial and territorial system is sufficiently stringent that it would be expected to lead to reductions that correspond, at a minimum, to the federal backstop.

Is that the case for every single province and territory?

Mr. John Moffet: That is the core of the test in the federal benchmark. Every province that has an industrial system has met that test.

Ms. Laurel Collins: In the federal-backed system.... We know that Suncor pays one-fourteenth of the carbon price. The recent Climate Institute report said that this could be strengthened, especially when it comes to the provincial and territorial large-emitter sys-

tems. Closing some of those loopholes could get us deeper emissions reductions.

Is it your understanding as well that deeper emissions...are possible, if we were to have more stringency and close some of those loopholes?

Mr. John Moffet: I'm going to sound a bit like the minister and quibble with the term "loopholes".

First of all, Suncor is not subject to the federal system. It's subject primarily to the Alberta system.

Ms. Laurel Collins: That's precisely the point.

Mr. John Moffet: Their system has been significantly strengthened and achieves essentially what would be accomplished if the federal system was in place.

It's important to understand that output-based pricing systems are specifically designed not to impose the full carbon price on emissions in order to enable emissions-intensive, trade-exposed sectors to continue to compete globally in sectors such as oil and gas, steel, cement and chemicals, where many of their competitors do not pay a carbon price at all.

Ms. Laurel Collins: Absolutely.

I guess the authors of that Climate Institute report were talking about maintaining the economic viability of these carbon-pricing systems on large emitters while still strengthening them to get deeper emission cuts.

I'm curious. The minister mentioned that there's an analysis happening right now for industrial carbon pricing. Are you currently looking at strengthening or...leading to greater stringency for the federal backstop and for the provincial and territorial systems?

Mr. John Moffet: When we updated the federal benchmark, the government committed to conduct a review of carbon pricing throughout Canada by 2026. That process has started. We've engaged third parties. We're working with indigenous communities. We're also undertaking some of our own analysis.

The goal there will be to compare pricing systems across Canada, to look at their effectiveness now and also to look at the expected long-term effectiveness of carbon pricing. That will then be used to inform decisions by the government of the day about the future of carbon pricing.

Ms. Laurel Collins: Thank you.

I noticed you shaking your head when I was asking the minister a question around the emissions cap. I guess I want to ask you the same question. I'm just going to read you a quick headline from The Globe and Mail from December 7: "Canada proposes minimum 20-23% emissions cut from oil and gas sector, industry to pay for additional offsets".

Can you clarify? The minister said that, no, 20% was not the right number. Why is The Globe and Mail reporting something different?

Mr. John Moffet: I think the main point the minister was making is that we don't have any regulations out to comment on.

Ms. Laurel Collins: I was specifically asking about those kinds of draft proposals.

Mr. John Moffet: It was a framework, and your reference was to offsets. The framework proposes to have a maximum use of offsets of 10%, not 20%.

Ms. Laurel Collins: I guess I said that, given that it's at 10%, minus the 30% standard, that gets us to 20%. Isn't that right?

If you have an offset that reduces it by 10% and you're asking them only to meet a target of 30-something per cent, then doesn't that mean that, you know, Canada proposes a minimum 20% to 23% emissions cut from oil and gas sector? Isn't that correct?

• (1720)

Mr. John Moffet: I'm sorry, no. It's 10% of the compliance obligation. It would be 10% of the 30%. It would be 3%.

The Chair: Okay. Thank you.

We'll stop there. That's an interesting question, though. Thank you for that question, Ms. Collins.

We'll go to our second round, the five-minute round.

Mr. Leslie is leading off for five minutes.

Mr. Branden Leslie: Thank you, Mr. Chair.

I'd like to pick up where my colleague MP Kram finished. I'd like to clarify some of the numbers you said.

In 2005, our reference year, it was 19.... We've had a reduction of 19 megatonnes in the 2022 reporting, down to 708. Is that correct?

From there, you're saying that 30% of that reduction is coming from the carbon taxation policies. However, only 1% of the overall 3% that we've reduced from 2005 levels is the 30%. As Mr. Hermanutz said previously, that is based on the assumption of the projection of \$170 per tonne. We're actually at half of that, based on the price of pollution or the carbon tax's being half of that right now.

We are actually at...0.5% of the reduction that we've seen of the 3% is from the carbon tax. Then further, I suppose, if we're going to delineate between the consumer-facing carbon tax, which is apparently, according to the institute here, only 8% to 14% of the output-based pricing.... Of the total of 3% reductions, it is well under 1% that you can actually attribute to the front-facing consumer carbon tax.

Mr. John Moffet: I think you're confusing some numbers. Well, I know you're confusing some numbers.

Mr. Lawrence Hanson: Just to.... I'll make the base.

When we're talking about the one-third, we're talking about the combination of the carbon price and the OBPS. Just to go through the individual numbers themselves, if you took our reference case in 2022, we would go—

Mr. Branden Leslie: I'd like to—

Mr. Lawrence Hanson: —from 674 megatonnes in emissions in 2020 to 641 megatonnes in 2030. In the absence of carbon pricing, we'd be going from 691 megatonnes to 720 megatonnes. When you look at those numbers, the 641 megatonnes versus the 720 megatonnes, that is how we get to 79 megatonnes in reductions. Again, that's both the carbon price and the output-based pricing system.

Mr. Branden Leslie: I appreciate that.

The purpose of this meeting and the minister's coming here is that this committee asked for the totality of the economic and emissions analysis. We're told that it is EC-PRO and that it exists. I imagine it's on a USB; it doesn't need to be a web interface. I'm sure the committee can come for a tour.

Can you honestly tell me that, if the minister seems okay with it, you are content, in the department, with this information that has been requested and the totality of these documents being a complete analysis as per the text of the three motions?

Mr. Lawrence Hanson: I think what we have provided is all the assumptions that go into the model, everything that's assumed in terms of what measures are being put in place or are already in place or are going to be put in place—a comprehensive list of that from the federal and provincial governments. We have included a description of how the modelling is done, and the idea of introducing a carbon tax into the model and then removing it again to determine the actual impact of the carbon price. As we've indicated, within that there's a huge amount of modelling detail that operates. I think what we're trying to say is that we've tried to show all the assumptions that the model makes and how you can make a determination of model price reductions.

Derek, please feel free to add.

Mr. Derek Hermanutz: No, I think that's right.

What you need for the modelling is the code. You need the custom software and a strong enough computer to run it.

Mr. Branden Leslie: Do other people in Canada outside of EC-CC have that?

Mr. Derek Hermanutz: They use CGE models, but they don't use the EC-PRO model. That's a model that's specific.

Mr. Branden Leslie: Is it proprietary? I recall wanting it to be open by default.

Why could somebody who has all of those conditions necessary not use the software and redo the modelling? Why does it need to be completely contained? Have you brought in anybody else to use the specific model that you use to consider other assumptions? You mentioned that there's basically two models, a with and a without. We have a carbon tax or we don't.

I imagine there are a lot of nuances as to the effectiveness of that carbon tax based on market and economic considerations. I understand there's a whole bunch of variables.

Why can't somebody else go and play with that?

• (1725)

Mr. Lawrence Hanson: Derek, it might be useful if you spoke a little bit to the peer review of the model and its operation that we have done to date and continue to do. It's not really just a matter of Environment Canada's modellers determining that this is a good model. There is an ongoing process of peer review. You might want to speak to that a bit, Derek.

The Chair: We're out of time, but I was going to ask you that question. I was going to ask you if it was peer reviewed, and you're saying that it is.

Mr. Derek Hermanutz: Yes, we've had some peer review in the past through academic journals.

We also have a process that was started in the ERP where we're working with other Canadian modellers to share data and assumptions.

The Chair: Okay.

Mr. Derek Hermanutz: We've had a couple of meetings with them. We have another meeting in two weeks.

The Chair: That's an important point.

We have to stop there and go to Mr. Ali.

Mr. Shafqat Ali: Thank you, Chair. Thank you to the witnesses for being here today.

Getting back to modelling and the size of the computer, could you please give us an idea of the size of the model? For example, could I load it and run it on my laptop or desktop computer?

Mr. Derek Hermanutz: No, you couldn't. You would need a tower computer. I'm not an IT specialist though.

Mr. Shafqat Ali: This means the size of that file is huge, and it could not be uploaded to a laptop or computer. That's what Mr. Hanson meant by that you have to bring it...

Mr. Derek Hermanutz: Again, I'm not an expert on computing power, but if you could get it onto your laptop, you'd still have to know how to write and read the code and understand the software language that the model operates in. It's very specialized. We have a bunch of different models in the department.

I have maybe two or three people who can run this model after six to 18 months of training. These are econometricians that we hire right out of graduate schools.

Mr. Shafqat Ali: Thank you for clarifying the model and size situation.

For the rest of my time, my colleague Sophie Chatel would like to ask further questions, please.

[*Translation*]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

I would also like to thank my colleague.

My questions will be along the same lines as those I asked the minister.

We've had some great conversations at this committee about using carbon pricing as a tool to reduce greenhouse gas emissions. If, as my colleague mentioned earlier, a decision were made to use only technology, I would be curious to see what happened next. I've done some research and read some pretty interesting reports that have come out from international organizations such as the Intergovernmental Panel on Climate Change and the Organisation for Economic Co-operation and Development. These reports looked at how much Canada would need to invest in technology to be able to meet its targets without using carbon pricing. Investments in green technologies would need to be anywhere from \$30 billion to \$60 billion a year. That would triple Canada's deficit. In other words, using investments in green technologies instead of the carbon tax would triple the Canadian deficit.

Where would the money come from to do that? Should personal income taxes be increased? I don't know how we would go about getting that money. However, that is one way of doing things.

Most countries and major economies in the world simply use market forces to achieve that result at no cost to taxpayers, who receive a rebate. Before choosing this method, did your department study the option of investing in green technologies and tripling Canada's deficit instead of relying on market forces?

[*English*]

Mr. Lawrence Hanson: I'll turn to my colleagues in a bit because they were in the department at the time when some of this thinking went on.

I would note that the policy is ultimately based on recognizing that there's really not just one tool that you would use. The value of the carbon price is that it sends a market signal and it finds efficient ways to invest in those technologies. It creates an incentive for private sector investment in those technologies; therefore, they're ultimately beneficiaries of those technologies and pay for them. There's that and a combination of spending that we did to drive individual consumer behaviour, for example, with the zero-emission vehicle incentive.

The challenge on zero-emission vehicles is that, in the total cost of ownership, it's a good deal, but there's the upfront sticker shock for people to move to zero-emission vehicles because of the price spread between them and an internal combustion engine. That's an example of where there was some sense in spending money, because it encouraged consumer behaviours that they would not otherwise have taken based on existing market conditions. It's certainly not an either-or of pricing versus spending on technology; it's a combination of the two, and they're reinforcing one another.

John, you should feel free to add to that.

• (1730)

Mr. John Moffet: That's exactly right. We need to continue to emphasize that the current policy involves a mix of measures.

I would just like to identify or point to one of your—

The Chair: I'm sorry, Mr. Moffet. Our time is up.

We have to take a small break because we're changing interpreter teams. We're going to break for five minutes.

I'm sorry to cut you off, but we're over by five minutes.

We'll break for five minutes. We're going to change teams, and then we'll continue with Mr. Trudel, Ms. Collins, Mr. Mazier and Mr. Ali again.

• (1730)

(Pause)

• (1735)

The Chair: We can get started again.

Before we start, I'll just mention, as a matter of housekeeping, that we have the CEOs of oil companies coming to committee on June 6. This was based on a motion by Ms. Collins.

We have four CEOs. You'll recall at the last meeting that I said the CEO from Enbridge couldn't come because of a meeting. We agreed that they could send someone else. They're sending the executive vice-president and president—that's one person—of gas distribution and storage. Her name is Michele Harradence. I thought I would let you know about that.

Apparently, Mr. Trudel is giving his two and a half minutes to Ms. May.

Ms. May, the floor is yours.

[*Translation*]

Ms. Elizabeth May: Mr. Trudel, thank you for your generosity.

[*English*]

I want to ask officials about sensitivity analyses that have been done in terms of, as Monsieur Trudel raised quite appropriately, the impacts of things like Baie du Nord.

[*Translation*]

The minister has given his support to this project.

[*English*]

I'm looking at what increases in greenhouse gases we can see when we speak of unprecedented investments by this govern-

ment—the \$34 billion to the Trans Mountain expansion comes to mind—and what level of increased greenhouse gas emissions we'll see as a result of the Trans Mountain pipeline.

I wanted to ask officials if they had examined the price sensitivity analysis and the relationship between building a pipeline when oil prices are generally low and how that increases emissions. The most detailed report I've seen on that was the U.S. Department of State environmental assessment on the Keystone pipeline. I wondered if any of the officials here had examined that, and then looked at what kinds of emissions increases we would see with the Trans Mountain pipeline.

The Chair: You have one minute.

Mr. Lawrence Hanson: I'll start.

I just think it's important to note up front the decisions related to the Trans Mountain pipeline were not made within our department, so we might not have been doing that kind of analysis.

I'll turn to Derek, if he wants to add anything.

Mr. Derek Hermanutz: No, I don't have anything to add. Our projections are based on the Canada Energy Regulator price and production forecasts. We don't have specific projects per se, at least from our macro-level projections.

Ms. Elizabeth May: My concern is that in this conversation we quite often dive into details and weeds that don't make sense to Canadians. In 1990, our greenhouse gas emissions were 608 megatonnes, bringing it back up to easy levels for people to compare, and in 2022 they were up to 708 megatonnes, whereas virtually every one of our partners that signed the Kyoto Protocol, particularly the European Union, as an example, were far below their 1990 levels. We're one of the only countries that remained above 1990 levels.

Based on anything one can find in the literature, building additional fossil fuel infrastructure will increase emissions. The International Energy Agency says so. The Intergovernmental Panel on Climate Change says so. Putting public money into building the Trans Mountain expansion—this is the point about the U.S. Department of State analysis—particularly when the price of West Texas Intermediate is low, will actually increase emissions.

The Chair: Ms. May, we're done here.

Ms. Elizabeth May: I thought we had two and a half minutes. I'm sorry.

The Chair: Yes. You got more than that. It's always very interesting. I wish I could give you more time.

Ms. Elizabeth May: It's a question the department doesn't know, so....

The Chair: Okay.

Go ahead, Ms. Collins.

Ms. Laurel Collins: I would like to offer Elizabeth the opportunity to finish her sentence.

The Chair: There you go.

Ms. Elizabeth May: Thanks so much, Ms. Collins.

To any of the officials, do you know if any branch of the Government of Canada examined the impact on our total greenhouse gas emissions of building the Trans Mountain pipeline expansion?

Mr. Lawrence Hanson: I can't speak personally to whether that was done, but that doesn't mean it's not the case.

Ms. Laurel Collins: Could you follow up with the committee and let us know about any modelling that specifically includes the Trans Mountain pipeline, as well as Bay du Nord? It would be interesting to know, and it would be surprising if the government isn't tracking the emissions increases from the projects that are being approved.

To Mr. Moffet, I just wanted to follow up on some of what you were saying.

When it comes to the 20% we're talking about in particular, I'm just going to read a quote here:

The federal government significantly lowered its expectations for the direct emissions cuts it will demand from the oil and gas sector by 2030, but will require the industry to pay for reductions in other areas of the Canadian economy to make up the difference.

In a policy framework for the long-awaited oil and gas emissions cap, released Thursday, the minority Liberals proposed a two-pronged approach to reduce the pollution from Canada's largest-emitting sector.

While Ottawa believes the fossil-fuel industry can reduce its greenhouse-gas emissions by 20 to 23 per cent through technological changes, it will impose additional payments for offsets and a new decarbonization fund in order to bring total emissions reductions to between 35 and 38 per cent below 2019 levels by 2030.

What the government is saying, that 20% to 23%, is about half of what we're asking, our overall target, which is 40% to 45%. Is that correct?

• (1740)

The Chair: Time is almost up. You have 30 seconds.

I have the Liberals on my right here holding me to account.

Mr. John Moffet: I think you're quoting The Globe and Mail, which is interpreting the regulatory framework. We'd be happy to share the regulatory framework. There are some proposed numbers in it. With respect to the final numbers, we're going to provide some updated numbers this fall when we publish the draft regulations for the oil and gas cap.

Ms. Laurel Collins: The draft ones were proposing 20%.

The Chair: The time is up.

We'll go to Mr. Mazier for five minutes.

Mr. Dan Mazier: Thank you, Chair.

Mr. Hermanutz: has the department ever conducted an emissions projection using a scenario in which the carbon tax was higher than \$170 a tonne?

Mr. Derek Hermanutz: It has not to my knowledge, no.

Mr. Dan Mazier: Okay. Does the department emissions model show that the government can meet their 2050 emission targets without raising the carbon tax over \$170 a tonne?

Mr. Derek Hermanutz: What year did you say...2050?

Mr. Dan Mazier: I said 2050.

Mr. Derek Hermanutz: Our net-zero commitment is for 2050.

Mr. Dan Mazier: Does the price go over \$170 a tonne to get to that target?

Mr. Derek Hermanutz: I think the minister answered questions about the future of the carbon price post-2030.

Perhaps I can turn it over to John.

Mr. John Moffet: That's correct. Neither the department nor the government has had any formal discussion about possible increases to the carbon price. The 2050 target is a formal target. The government's emissions reduction plan doesn't have a prescriptive pathway to achieving all of those reductions. It very clearly says that the current plan is a plan to move the economy in that direction and to start taking some of the early actions needed to get to 2050. It doesn't include all of the measures needed.

Mr. Dan Mazier: Does it not include a carbon price? Those projections need to be based on a carbon price.

Mr. John Moffet: We don't have any projections out to 2050. We have a target out to 2050.

Mr. Dan Mazier: You have a projection to hit net zero by 2050.

Mr. John Moffet: We don't have a projection. We have a target.

Mr. Dan Mazier: Did Environment Canada ever provide Navius Research access to their emissions model EC-PRO?

Mr. Derek Hermanutz: We work closely with the Canadian Climate Institute, which uses the Navius model. The modelling community in Canada is small. As I said, we've started up a multimodelling forum to share models and data, but most of the data Navius would get for their modelling would be from sources that we would use, such as the national inventory report or Statistics Canada data.

Mr. Dan Mazier: Did they have access to EC-PRO?

Mr. Derek Hermanutz: They have their own CGE model that they use. We talk to them. They can see our—

Mr. Dan Mazier: What about EC-PRO though?

Mr. Derek Hermanutz: They know how EC-PRO works.

• (1745)

Mr. Dan Mazier: Would they be able to work with it?

Mr. Derek Hermanutz: It's quite comparable in terms of results, whether they're looking at individual policies or overall progress. Really the two models are from the same family of computable general equilibrium models. They're just customized in different ways for different organizations.

Mr. Dan Mazier: Who would okay that?

Mr. Derek Hermanutz: Who would okay what?

Mr. Dan Mazier: Who would okay their having access to EC-PRO?

Mr. Derek Hermanutz: They don't want access to EC-PRO. They have their own model.

Mr. Dan Mazier: You just said they would have access to it, so who would okay that?

Mr. Derek Hermanutz: Who would okay...?

Mr. Dan Mazier: Who would say, "Here's the EC-PRO model that we've been asking for here at the committee"? Who would give them that access?

Mr. Derek Hermanutz: We have the document that we shared with the committee. That's our best evergreen documentation of the model. That's what we give academics, and we would give it to Navius if they wanted to know the latest state of our model.

Mr. Dan Mazier: Okay.

Do Canadian hospitals pay a carbon tax on their energy bills?

Mr. John Moffet: I'm going to have to get—

Mr. Dan Mazier: It's a very simple question. Do Canadian hospitals pay a carbon tax on their energy bills? Say they're using natural gas to heat their hospital, would they be paying a carbon tax?

Mr. John Moffet: There are specific arrangements for institutions such as hospitals, and I'm happy to provide the committee with a written description of those arrangements.

Mr. Dan Mazier: Would those arrangements include...? Is the carbon tax fully refunded back to Canadian hospitals?

Mr. Lawrence Hanson: We can return to the committee with fuller details on that.

Mr. Dan Mazier: Okay. Thank you.

I think that's pretty close.

The Chair: Mr. Ali, you're doing clean-up here today.

Mr. Shafqat Ali: Thank you, Chair.

It's fascinating to see how my colleague from the Conservatives is confusing the situation with the price on pollution by trying to use the words "carbon tax", or how, in interrogation style, he is asking questions of our officials. I think we should treat them with respect and not put our words in their mouths.

Again, thank you to the officials for being here.

As you know, Canada's 2024 national inventory report, which tracks all greenhouse gas pollutants, estimated that emissions were at 708 megatonnes in 2022. Outside of the years during the pandemic period, when emissions were artificially low, when was the last time that Canada's emissions were below this current level?

What role has carbon pollution played in getting to this level? Anyone can answer.

Mr. Lawrence Hanson: I do not have right in front of me the backward years for the NIR. I will note that one of the things that happens in the NIR is that the historical numbers get revised after the fact. I know that sounds counterintuitive—how can the past change?—but the reality is that, because methodologies and the UNFCC approaches change, sometimes the numbers do get revised upwards. In some ways, that could distort the answer a bit, but we can certainly provide the year-over-year changes in the NIR.

In terms of the actual numbers this year, I think there are probably a couple of things to note that are important. One is that you can now see for the first time ever, really, that there's been a decoupling from our emissions reductions and our GDP growth. It used to be that you couldn't grow the economy without growing emissions. That trend has broken down. I would also note that, in terms of our post-COVID kind of rebound and what we expected in terms of emissions, it is much lower than we had originally projected.

Thank you.

Mr. Shafqat Ali: Canada's next interim emissions reduction objective is to be 20% below 2005 levels by 2026. Does the latest national inventory report show progress toward this goal? Are we on track to meet it? How significant is the role that the price on pollution is playing to get us there?

• (1750)

Mr. Lawrence Hanson: Thanks for the question. Yes, we are on track for the 2026 target, and that would constitute the first time that one of these targets has been met.

In terms of that individual year, I don't know, Derek, if you have that handy or not.

Mr. Derek Hermanutz: For 2026...? Yes. Our latest projections, published in December of 2023, show that we're on track to meet that interim objective.

Mr. Shafqat Ali: Thank you.

Roughly what percentage of Canada's emissions reduction efforts by 2030 is attributable to the pollution pricing system across Canada?

Mr. Lawrence Hanson: We have it in a range of 31% to 36%. The range is a result of whether or not you count land use, land use changes in forestry, as part of the calculation.

Mr. Shafqat Ali: Approximately what percentage of on-farm emissions does carbon pollution pricing apply to? For emissions that carbon pricing applies to, what rebates are available to offset costs while preserving the price signal from pollution pricing to incentivize emissions reduction efforts?

Mr. Lawrence Hanson: On farm fuels...?

Mr. Shafqat Ali: Yes.

Mr. Lawrence Hanson: There's an exemption for the carbon tax for the fossil fuels used in farm operations, and then John can correct me if I have this wrong, but I think there's also a refundable tax credit for the fuels that might be used for crops and so forth.

Mr. Dan Mazier: I have a point of order. That's false.

Please define "farm fuels". Are you talking about what's going in a tractor, or are you talking about grain—

An hon. member: That is not a point of order.

The Chair: It's not a point of order, but feel free to answer the question.

Mr. Dan Mazier: Do you know what farm fuels are?

The Chair: It's not a point of order. We have to continue. We're near the end. We have about 40 seconds.

Who was answering Mr. Ali's question?

Mr. Hanson, go ahead.

Mr. Lawrence Hanson: Can you repeat the first part of your question?

I should note, by the way, just in answer to the other.... In terms of the fuels I was referring to, it's gasoline and the light fuel oil, also known as diesel.

Mr. Shafqat Ali: What percentage of on-farm fuel emissions does pollution pricing apply to?

Mr. Lawrence Hanson: I'm sorry. I don't have that number in front of me.

A voice: We will have to follow up with that number.

The Chair: Could you send that to the committee?

Mr. Shafqat Ali: It's fascinating to see how Mr. Mazier from the Conservatives interrupted officials who were responding to my question and confused the situation—

Mr. Dan Mazier: It's because it was false. It's a false statement.

Mr. Shafqat Ali: That's what the Conservatives are doing to confuse Canadians.

Officials were responding to my question and he interrupted and wasted the time. That's what these guys are doing to filibuster.

The Chair: The time is up.

It was a very interesting conversation from where I sat. I think we learned a lot.

We'll see everyone on Thursday. We're going back to the finance study on Thursday.

Thank you to the witnesses. It's always a pleasure to have you.

Have a good evening, members.

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