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Mr. Alan Tonks

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• (1105)

[English]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good morning, members of the committee.

Bonjour, good morning. Welcome to our witnesses and ladies and gentlemen and those who are following the proceedings of the committee.

Today we have as the framework under discussion Canada's implementation of the Kyoto Protocol, and we are attempting to focus on fiscal reform and associated issues cross-referenced with the climate action plan.

Today we have the Green Budget Coalition, with Dale Marshall, who will be making a presentation. Welcome, Mr. Marshall.

We also have the Clean Air Renewable Energy Coalition, with Mark Rudolph.

We appreciate both of you being here to make the presentations and we look forward to an interchange and dialogue of ideas. Notwithstanding that we allow about 10 minutes per witness presentation, I think we will be fairly flexible on that. We enjoy the interrelation between the committee and the witnesses.

So, welcome. Have you decided who would like to make their presentation first?

Perhaps, Dale, we'll start with you, and then we'll go on with Mark.

Thank you very much.

Mr. Dale Marshall (Member, Green Budget Coalition): Thank you.

First of all, thank you very much for inviting us here today to talk about Canada's Kyoto plan. It's obviously a very important issue at this point.

My name is Dale Marshall. I'm a climate change policy analyst with the David Suzuki Foundation, but I'm here representing the Green Budget Coalition. We are members of the Green Budget Coalition.

The Green Budget Coalition is a coalition of 20 environmental groups that focus on fiscal issues and budgetary matters relating, of course, to the environment and environmental protection.

[Translation]

Today, I will be making my presentation in English, but I would be delighted to answer your questions in either French or English.

[English]

Today I will talk about my assessment of Canada's Kyoto implementation so far, Canada's progress on reducing greenhouse gases, a little bit about fiscal instruments, which are, of course, in the Green Budget Coalition's mandate, but I will also talk about other potential regulatory mechanisms that can support fiscal instruments.

It appears that the Canadian government is still in support of Kyoto. The Speech from the Throne last fall obviously gave support once again for meeting our Kyoto commitments. The environment minister, Stéphane Dion, was in Buenos Aires in December and also expressed support for Kyoto and for Canada meeting its obligations. However, so far Canada's plan to meet Kyoto has been largely ineffective. Greenhouse gas emissions have gone up by 20% since 1990, and I'm sure you're all aware our goal is to reduce our greenhouse gas emissions to 6% below 1990 levels.

Canada is further from its Kyoto target than any other Annex I country; those are the countries that actually have targets under the Kyoto Protocol. This includes the U.S., which has, of course, decided not to ratify Kyoto and therefore will no longer be part of the Kyoto process.

The three sectors with the greatest growth in greenhouse gas emissions since 1990 are the oil and gas sector, the electricity sector, and the personal transportation sector.

The reasons for Canadian failure to reduce greenhouse gas emissions in the last 14 years are clear. The Organisation for Economic Co-operation and Development said in its assessment of Canada's environmental record that, with respect to climate change, Canada relies too much on voluntary initiatives and incentive programs, and it needs regulations and disincentives.

I'll read you the exact quote from the OECD:...voluntary approaches should be supplemented by more conventional use of regulations... and economic instruments. Systematic review of environmentally harmful subsidies in sectors such as transport and energy...should be developed. This could lead to identification of some of the actions needed to address the Climate Change Plan's remaining implementation gap.

The Commissioner of the Environment and Sustainable Development focused on the fiscal instruments and pointed out that Canada has made promises related to ecological fiscal reform in a variety of areas. Canada committed itself to the internalization of external costs that are associated with energy production, promised the use of economic instruments to address climate change, and promised also to phase out harmful subsidies. Yet the Commissioner of the Environment and Sustainable Development has been told by the Department of Finance that the Canadian government has not implemented these in any kind of systematic way.

A leaked document that was in the media last month from the federal bureaucracy supports those two assessments as well. The document states that “voluntary approach and limited incentives [are] not sufficient to drive substantive change”. This is with respect to climate change and the Kyoto implementation. It goes on to say that “more consideration of regulations and taxation” is required.

Let me outline some proposals that the Green Budget Coalition has put forward with respect to ecological fiscal reform and climate change.

The overall goal of ecological fiscal reform should be to internalize the environmental and health costs that are associated with various economic activities, including energy production and use. The economic literature is clear that when you internalize those costs it leads to greater economic efficiency and, of course, greater environmental outcomes.

- (1110)

So how do you do this? First, the federal government needs to understand how its fiscal and budgetary policies affect environmental protection, including protection of the climate.

The Green Budget Coalition, in this year's proposals, proposes that the federal government should undertake a strategic environmental assessment of budget issues in order to figure out the exact impact on the environment with respect to Canada's budget. This is not new. The Standing Committee on Environment and Sustainable Development made exactly that same suggestion in 1995, and the federal government in its response in 1996 agreed with the recommendation. Of course, this has not been applied in any kind of systematic manner. There are one or two studies the federal government has undertaken on very specific issues. It has not undertaken a wholesale evaluation of how its fiscal instruments affect environmental protection.

Once we have a sense of how Canada's budget affects the environment, one thing we need to do is eliminate subsidies to highly polluting forms of energy. A study just released this week by the Pembina Institute showed that the federal government has expenditures of over \$1 billion a year on the oil and gas industry. Clearly these have to be phased out if we are going to meaningfully address climate change. That's one of the proposals in the Green Budget Coalition's package this year.

Another proposal that came out of the Green Budget Coalition is to adjust fuel excise taxes so that they better reflect health and environmental externalities. For example, the federal gasoline fuel excise tax is 10¢ a litre, but there seems to be no systematic approach to these fuel excise taxes; the diesel tax is 4¢ a litre, even though

diesel has higher health impacts, especially on the human communities living in urban areas.

Coal is used as a fuel in thermogeneration stations, of course, and there is no fuel excise tax on it. These need to be adjusted in a way that better reflects those environmental and health costs. This would send signals to people who use various fuels for transportation or energy production to move towards energy forms that have a smaller impact on human health and on environmental protection.

A carbon tax does not appear anywhere in the Green Budget Coalition recommendations, but it is interesting that when we met with various officials in a whole bunch of different federal departments—Natural Resources Canada, Environment Canada, and Finance—we were told, unprompted and independent of one another, that the most effective way to deal with climate change would be to apply a carbon tax. In light of Canada's performance on climate change so far, and on meeting its Kyoto commitments, I would suggest that the government revisit this option in the future.

I'll now turn to some regulatory mechanisms that I feel are essential to meeting our Kyoto commitments. Fiscal instruments are important, obviously. The OECD and others have also said that a regulatory approach can be used to complement fiscal measures. The Green Budget Coalition focuses on fiscal issues, of course, but realizes that in some cases fiscal issues are not enough.

The first regulatory mechanism that needs to be put into place has to do with the large final emitters, those being Canada's large industries—absent the car manufacturers, who have their own commitments. They need to be held to the 55-megaton promise that was made in the climate change plan for Canada. This is already a substantial reduction from the greenhouse gas emissions that the industries produce. Canada's industries are responsible for half of our greenhouse gas emissions and they're being asked to reduce emissions by a very small percentage of Canada's total commitment.

- (1115)

What happens if we don't hold industry to its commitment of 55 megatons is clear. Basically what it means is that the responsibility falls to the federal government and taxpayers to make up the difference. Again, this document that came out of the federal government is clear on this. Essentially what it means is if we don't hold industry to its commitments, we will likely have to buy international permits, international credits, and it will be the federal government and the taxpayers who fund that. So rather than spend hundreds of millions of dollars, potentially over a billion dollars a year, in these credits, we need to hold various sectors of the economy to their initial promises.

A second regulatory mechanism has to do with fuel efficiency standards in vehicles. The automakers were left out of the large final emitter system because their emissions were much more geared around the use of their products—the cars—rather than the manufacturing of their cars. This makes sense. But what it means is they have to be held to greater efficiency standards for their vehicles.

A third jurisdiction that the federal government has and can implement is to mandate that appliances that have the ENERGY STAR label be the only ones that can be bought in this country. Obviously this shouldn't happen overnight. There should be some lead time for manufacturers of major appliances to get up to speed with respect to these efficiency improvements. But this is one way to significantly reduce emissions.

And finally, it needs to work with the provinces. Obviously a lot of the jurisdiction is held at the provincial level with respect to electricity, for example, and with respect to building codes. So it needs to work with provinces to ensure that there are strong regulatory frameworks in place to do this.

In conclusion, the internal and external assessments of Canada's record of Kyoto implementation are clear. Canada is failing to address climate change and meet its Kyoto commitments because it has neglected strong fiscal instruments, including disincentives, and it has neglected a strong regulatory framework. Canada needs to heed this advice in the future.

Thank you.

• (1120)

The Chair: Thank you, Mr. Marshall.

What we'll do is go to Mr. Rudolph, and then we'll come back and get into our question and answer period.

Mr. Rudolph.

Mr. Mark Rudolph (Coordinator, Clean Air Renewable Energy Coalition): Hi. My name is Mark Rudolph. I am the president of a small consultancy called Just Environment. It's through Just Environment that I am the coordinator of something called the Clean Air Renewable Energy Coalition. A lot of people around this town call us the CARE Coalition, but with due respect to CARE Canada, the humanitarian group, we have agreed not to brand ourselves as the CARE Coalition.

The presentation I am going to give today in essence is very much a subset of the broader picture that you're discussing at this committee over some time, as I understand. The fiscal reform elements all relate to a range of different incentives and programs that could be put into place by the government, with the assistance of the private sector, the provinces, and what not, in the area of what we call low-impact renewable energy: wind generators, run-of-river hydro, biomass, etc. If I were to title my presentation, I'd call it "Out of the Niche and Into the Norm".

I believe everyone has a deck that was distributed through the clerk. What I'd like to do is walk through the presentation, and then afterward Dale and I would be more than happy to answer questions.

Let me just give you a little background on our coalition. It was founded about four years ago by Suncor Energy and the Pembina Institute. Indeed, the coalition brings together what I call a counterintuitive group of strange bedfellows. There are 20 organizations involved, 14 of which are corporate, 6 of which are either ENGOs or NGOs. We are laser focused on advancing the cause of green power in Canada.

When we get together, either in workshops or in monthly conference calls, we have one rule, and that is "Thou shalt check thine biases at the door". That allows us to have Friends of the Earth, which is not supposed to work in any way, shape, or form with Shell, actually cooperate with Shell on matters. It allows us to have the Toronto Environmental Alliance, which often fights with OPG, actually make joint presentations with OPG. Everyone at the table wants to advance the cause of green power in Canada. That's what we do as a group.

The next slide shows who we are. Let me just highlight some things for people geographically.

We have six NGOs, which include Pembina as a founder, Pollution Probe, the Toronto Environmental Alliance, Friends of the Earth, the International Institute for Sustainable Development out of Winnipeg, and, representing municipalities, the Federation of Canadian Municipalities.

Of our corporate members, by far the largest number of them come from Calgary. Suncor, Shell, BP, Enbridge, Canadian Hydro Developers, and Benign Energy Canada Inc. are all Calgary based.

Out of B.C., we have B.C. Hydro, a small run-of-river hydro company called Cloudworks, and a geothermal company called Western GeoPower.

In Ontario, Ontario Power Generation is a member, as is Toronto Hydro and a company called AIM PowerGen, which is a wind developer.

Out of Quebec, there's a company called Axor, which is the company that originally developed and runs the wind power development in the Gaspé.

It's a very interesting group. We have worked a long time to develop a vision and promote various ideas at the federal level.

Our basic vision is that there should be 7% low-impact renewable electricity, based on total production, by the year 2010, and 15% by the year 2020. We don't see these as being wild-eyed, extremist numbers. Indeed, they're probably quite conservative, given the conservative nature of a number of the members we have.

We'd like to think it's very realistic. We'd like to think it's something that, given some kick-start incentives—not ongoing subsidies—this industry can achieve. In essence, what we're trying to create is a whole new industry in Canada, which I'll point out, of about 35,000 megawatts by the year 2020. It's an industry that would create approximately 20,000 jobs by the year 2015 on an ongoing basis thereafter.

In order to reach our vision, we obviously feel that one of the key things that need to be done is to develop a national renewable energy strategy that obviously relates to low-impact renewable energy, or green power. This is probably a subset of a national electricity strategy, which may very well be a subset of a national energy strategy—God forbid anyone should use inappropriate acronyms.

● (1125)

It all has to come together. Indeed, we feel that in the throne speech of October 5 there was wording that signalled the government is similarly in favour of this when it said, “will engage stakeholders in developing comprehensive approaches to encourage increased production and use of clean, renewable energy”.

If you have a strategy, we're more than happy to participate in the strategy. It would obviously involve the federal government, the provincial and territorial governments, the private sector, NGOs, and others. We have done a lot of research on a number of elements that could be part of that strategy. There are seven of them here that I'm happy to go through in a very quick overview, and people can ask more detailed questions afterwards.

First and foremost, there's this thing out there run through NRCan, which has an interesting acronym called WPPI—people call it “whoopie”—the wind power production incentive, which came about in the December 10, 2001, budget that Mr. Martin had delivered. As people will recall, that budget was all about peace and security, some three months after September 11. The fact that a wind power production incentive came about then was very encouraging to us from the point of view of the government's interest in helping to advance the cause of green power.

We'd like to see that incentive expanded from covering 1,000 megawatts of power, which was the original design of the program, up to 4,000 megawatts of power. We believe it has to be at a level not less than 1¢ per kilowatt hour, which is the level it's at right now.

As a coalition, we also believe this isn't just about wind. There are other technologies out there in commercial phase that could indeed provide a large degree of electricity production in the country, if indeed a similar incentive to that given to wind were given to them, and could act as a kick-start in providing an investment climate that would be conducive to their being built more often.

We've called this the green power production incentive. Perhaps I may be so bold as to say that we never want people to call that acronym “guppy”, because it would make us look like a little thing in an ocean among a bunch of sharks. So we'd prefer just to call it the green power production incentive. Indeed, a wind power production incentive and a green power production incentive could be wrapped up together in something called a renewable power production incentive, a low-impact power production incentive, or something of that nature.

An incentive of that nature would similarly apply to small hydro, biomass, geothermal, wave, tidal, etc. In the whole scheme of things, as we've assessed the potential for electricity out there, the largest share of any incentives based on what would be invested in, in all likelihood, would be in the wind area, biomass, and run-of-river hydro. Those areas would make up probably 95% to 98% of the total production of electricity through what would be utility-scale production, with solar being something quite different.

The third item is expanding something called the market incentive program. This is a program run by NRCan and Environment Canada. It was funded, I think, going back to the climate change 2000 program, or somewhere around there, to the tune of \$5 million a year. It's designed to give utilities some moneys to help advertise and

educate the public about green power. Basically, as all of you as politicians know, advertising costs a lot of money, and \$5 million spread among the different public utilities across Canada won't really get you a lot. Therefore, the public is not being adequately educated about green power. To that end, we've recommended that this number be expanded. I believe it's up to \$30 million per year, with the basic thesis of “go big or go home”. If you're going to do it, do it right—educate the public properly.

The fourth point we've recommended is increasing the federal government green power procurement program. At the moment, again, through past program announcements, there's a commitment to purchase 20% of the government's electricity through green power by the year 2006. We feel that should go to 30% by the year 2010 and 80% by the year 2020. Eighty percent may sound like a lot, but Mr. Klein's government in Alberta has already made a commitment to purchase 90%.

We also have another recommendation for a program on solar power. Solar is quite different from the other inasmuch as basically you build a unit on a rooftop. It's not as if you're generating electricity to go into the grid to be used by others. You're generating electricity to be used by your own building. So we've suggested a 100,000-solar-roof program through Canada, and in order to provide the incentive, we're suggesting the government provide a 30% rebate or buy-down program for the purchasing costs.

● (1130)

We also think there needs to be a renewable energy assessment of resources in Canada. Some work has been done in the wind area. We need to do it in all areas to understand exactly what we have out there and can utilize.

Last but not least, the amount of money spent on R and D in Canada on these types of technologies on a per capita basis relative to the U.K., Germany, and the United States is about one-tenth of where it should be.

In the next slide we've aggregated all the costs for these different programs over the period from 2005 to 2020. Net-net, on an average annual basis, it comes out to approximately \$130 million a year. This country is known for having a history of supporting emerging technologies, and we feel that \$130 million a year as a kick-start for certain subsidies up front to help create an industry is not a bad investment. Indeed, when you compare it to AECL—and this is not to minimize the interest, use of, or favour or non-favour of nuclear power—the fact of the matter is that it too was an emerging technology some 52 years ago, when AECL was created. I don't know whether parliamentarians at the time thought there would be public money going into AECL for five years, ten years, or twenty years. It's 52 years later, and the annual parliamentary appropriation for AECL in the year 2003 was \$145 million. In 2002, it was \$210 million. These are annual appropriations to AECL line items in the budget that go through estimates.

On the next slide we have a chart that again shows an optimistic view and a pessimistic view of where renewables can go compared with trying to build the equivalent megawatt numbers in coal or gas. You'll see in the optimistic view on renewables that it can create more jobs than any of the other options. Indeed, when you average out the optimistic and pessimistic view on renewables by the year 2015, you are creating 20,000 jobs per year.

So at the end of the day, what are the benefits? The benefits are that we're creating a whole new industry in Canada; you're investing in innovative and sustainable renewable energy technology; you're helping to diversify Canada's energy supply; there's support for what could be called the new industrial revolution; you have made-in-Canada manufacturing facilities; there's regional economic development; there's new capital investment in job creation; you're helping competitiveness; you're also cleaning the air; and by the way, as it relates to what this group is talking about today, you're also reducing GHG emissions.

Fundamentally, as I've noted earlier, this is about creating a whole new industry and helping put Canada on a sustainable footing in the future. The fact that it also reduces GHG emissions is of great benefit. Too often, looking at renewable energy gets put into this climate change box and compared to everything else relating to climate change. If members could take away one thing, I'd like that to be the fact that this isn't just about climate change.

In conclusion, green power is not a niche issue. As I mentioned earlier, if I were to rename this presentation, I'd call it "Out of the Niche and Into the Norm". There are great benefits to Canadian society, both economically and environmentally. The public is demanding cleaner and more sustainable power, and to help make it happen we need to start by developing a renewable national energy strategy, potentially including some of the key items I mentioned earlier that need some funding, and hopefully some funding that may come out in the upcoming budget.

That's the basic presentation. Thank you.

• (1135)

The Chair: Good. Thank you, Mr. Rudolph.

We'll now go to the committee.

I'll just explain what we do. We have 10 minutes of questions allocated to each of the parties. We start with the Conservative Party, then the Bloc, and we go across to the Liberals and the NDP. Then we have back and forth, alternating the opposition and government sides. Okay?

Mr. Trost, you're going to lead off, and then we'll go to Mr. Bigras and to Mr. Simard.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): I'm not usually a member of the environment committee. Today I'm sitting in for Mr. Mills. I'm usually on the industry and natural resources committee. I found this presentation to be interesting since we had representatives of some of the energy sectors in the other day, including wind, solar, and oil and gas pipelines.

I am a mining geophysicist and have an economics degree, and some of these things have been a hobby for me for years. That will

give you an understanding of my background when I start to ask some of my questions.

I'm not familiar with the background of everyone in your groups. You have made recommendations, particularly Mr. Marshall but also Mr. Rudolph, that deal with physics, climatology, environment, economics, etc. I was wondering what background you have in all of those specific areas, because they are highly technical. I'm a geophysicist, which to the general public sounds impressive, but climate study is only a hobby for me. It's not my specialty. So I was curious to know who in your organizations has the background to be able to make these very technical decisions. I'm wondering what sort of expertise you have. This has frustrated me in dealing with a lot of witnesses. They come and they advocate, and I want to know who precisely has the detailed doctoral scientific knowledge behind it, etc.

Mr. Dale Marshall: I'm looking at the list of groups that are part of the Green Budget Coalition, and I don't think we have atmospheric scientists as part of the coalition. However, all of the groups that work on climate need to understand climate science. The David Suzuki Foundation reads reports that come out of, for example, the Intergovernmental Panel on Climate Change, including last fall's Arctic climate impact assessment. We have to understand climate science in order to be advocates for dealing with climate change. The science on this seems to be fairly clear: it's happening, it's human induced, and we need to do something about it.

Mr. Bradley Trost: Mr. Rudolph.

Mr. Mark Rudolph: Given the 20 organizations we have in our coalition, there are a range of experts we draw on all the time. Indeed, from the climate science point of view, we have been able to utilize resources out of Shell Canada and Shell International for some time. There are PhDs in climatology through the International Institute for Sustainable Development, which is also a member of the Green Budget Coalition. A range of scientists are involved in all our different organizations. Indeed, we've also utilized some quite brilliant tax people out of Suncor, Shell, and BP, who have assisted us in devising our programs since the get-go. If you want expertise on all the different matters that go into what we have put forward, we have a pretty powerful group.

• (1140)

Mr. Bradley Trost: I've looked at that, but one of the things that strikes me is it always tends to be people with a vested financial interest. The environmental lobbies in the United States have a \$2 billion a year racket, which collects money for various things.

I found it interesting that you noted the Arctic panel. There were 250 scientists, but only two of them were climatologists. So you had 248 people climbing on the wagon to basically claim two people's research.

You mentioned the Intergovernmental Panel on Climate Change. I have a paper by one of the leading meteorologists/climatologists on that, and he comes to a very different conclusion, citing research done by the American Geophysical Union and the American Meteorological Society. In a Gallup poll, 49% of the climatologists surveyed said there is no identifiable man-made cause of warming, 33% percent were unsure, and 18% were in favour.

So we have a lot of people who have either a vested financial interest or no expertise. You just confirmed for me what I had suspected, that all this is involved.

My second question is to Mr. Marshall.

Go ahead, Mr. Rudolph.

Mr. Mark Rudolph: For obvious political reasons, there have been discussions about a whole range of things on the Kyoto file, and at the end of the day there are going to be those who believe climate change is happening and those who don't believe climate change is happening. To the best of my knowledge, the Conservative Party has not accepted that climate change is happening. There are certain pages in the *National Post* of late that talk about the hockey stick graph line, and obviously you're following those points of view.

There are points of view out there that suggest otherwise. We are here advocating some of these things. As you will see, many of our members who may be involved in renewables now are also involved in some of the other large oil sands operations.

Fundamentally, I've been involved in environmental politics for years and years. In the environmental protection field I've seen lots of things happen over many years. You can talk about acid rain and you can talk about CFCs; you can talk about a range of things.

I've always noted that there are four areas, and this is Mark Rudolph talking as Mark Rudolph, president of Just Environment, not as coordinator of the Clean Air Renewable Energy Coalition. I have been able to detect—and I've been involved in this for 27 years—four stages of reaction to environmental protection matters relating to large corporations. First you deny there's a problem. Then you deny you're part of the problem. Then you deny there's any technology to clean up the problem. And then you deny you have any money to buy that technology.

Lots of people on the climate change front are still at the stage of denying there's a problem. Others of us are down the road.

The Chair: Mr. Trost, Mr. Jean would like to take up this theme.

Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): I had an opportunity to go to Iceland for part of the ministerial conference, and I have to say I do believe, based upon the evidence I've seen, that there is climate change. Whether it's man-made or not is a question I do not have certainty on. From what I've seen, it seems to be a cyclical situation that happens over eons. There has been tremendous change in the climate, especially recently and especially in our north, and there's no question in my mind that there has.

Sir, I am from Fort McMurray, so I'm very familiar with many of your participants, and I have had lengthy discussions with them on what we could do about alternate energy. Quite frankly, they see no alternate energy that would be able to provide them with what they need. For instance, right now every barrel costs them \$6 for natural gas alone, whereas they would like to get rid of that natural gas and have it consumed by the consumer.

My question for you is this—and I think technology is the driving force and the solution for this—have you done any studies as to what the impact would be on a reduction if, for instance, consumers were

forced through building codes, etc., to use smart technology? There are smart houses, something that's been happening in Europe and Australia, where the light switches work so when people leave home, the power goes off. There's also the automotive. It's obvious that we're going to have to adopt the same standard California has or else our auto manufacturers are going to be out of work soon.

Have there been any studies done to suggest that there would be any percentage impact or to suggest what percentage of impact there would be, based upon the technology behind these two forces?

• (1145)

Mr. Dale Marshall: I can answer that. You're asking about the construction of buildings and vehicles, if I understand correctly.

Mr. Brian Jean: Yes, and it's primarily on a consumer basis instead of a manufacturer basis, entirely leaving out the large emitters.

Mr. Dale Marshall: On both those fronts it's clear that investments in energy efficiency with respect to home buildings or vehicles is captured within the life cycle of the costs that are saved because of these efficiency improvements. In the case of buildings we have a report called *Kyoto and Beyond*, which looks at what is possible in terms of building envelopes, in terms of appliances, and in terms of the additional cost of building a building in such a way that costs are well recuperated within a decade, which is of course much shorter than the lifetime of that building.

It is the same with vehicle fuel efficiency. Any extra cost it takes to make a car more fuel efficient can be recuperated within five years. It's even shorter for SUVs, which are the most inefficient vehicles on the road; the payback period is often two or three years.

In terms of financial costs to the consumer, there may be a small upfront cost that is recuperated over the lifetime of either their home or their vehicle.

Mr. Brian Jean: My question really gears towards the Kyoto challenge and what we're supposed to be doing here in the near future. Do you have any idea what percentage this would be towards our target in Kyoto?

Quite frankly, speaking to the large emitters in my area, they are suggesting that consumers are responsible for 50% to 70% of our problem. It's easy to pick on a company that has obvious smoke in the air and 3,000 or 4,000 employees who are working in that kind of environment, but it's harder to motivate 30 million people in Canada to turn a switch off.

Mr. Dale Marshall: That is exactly why we put forward proposals that address the industry that produces those emissions. It's very hard to get 30 million people to reduce emissions by 3 tonnes each, but it's a lot easier to put into place government policies that address industrial emitters. In the end, we're all consumers and we'll all taxpayers, and part of the responsibility will be borne by individuals, but it's much easier to address at the industrial level than it is at the individual level.

Mr. Brian Jean: It's much easier to enforce at the industrial level. Would you suggest that? The eight million voters or so who elect our government would be harder to convince than the ten or twenty large emitters.

Mr. Dale Marshall: It's just obviously a more diffuse audience that you have to reach.

Mr. Brian Jean: Thank you.

The Chair: Thank you, Mr. Jean.

Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Thank you, Mr. Chairman. Thank you, also, to our witnesses for appearing before the committee.

I have drawn two conclusions from your presentation. In order to meet the Kyoto objective, two approaches are required: a fiscal approach, and along with it, a regulatory approach. Obviously, a fiscal approach closely involves the budget, and changes to subsidies granted to the oil and gas sector. You were right to mention that, between 1996 and 2002, subsidies to the oil and gas sector climbed by 33 per cent. A regulatory approach more specifically concerns programs and policies.

I would imagine that over the past few weeks, as we have, you will have had meetings with the finance minister to advise him of your concerns. Indeed, today you are presenting us with a range of tax measures. Firstly, I would like you to tell us what minimum standards have to be met for you to consider the budget to be green, bearing in mind that the budget will be tabled on February 22. Are you confident, or indeed have you been guaranteed that the next federal budget will be a green budget? That is my first question.

My second question is for Mr. Rudolph, given that it concerns regulations. The next federal budget is expected to guarantee that support to the wind industry will be quadrupled by introducing tax incentives based on the quantity of kilowatt-hours produced by the industry at source. What concerns me is the way in which the program is implemented. I was surprised to learn that in the case of Hydro-Quebec, out of the 1,000 megawatts which came under the program over the past few years, only 200 were covered by the wind power production incentive program. Upon reading working documents from Natural Resources Canada, I was also surprised to learn that, although mention was made of wind power, and that is indeed a good thing, hydroelectricity companies that decide to build new dams are not eligible for credits under the potential Kyoto regulations.

In terms of tax measures, what short-term measures would you like to see in the federal budget? What sort of regulatory measures would allow us to meet our Kyoto objectives now and in the future?

• (1150)

Mr. Dale Marshall: Regarding the budget, we met with Mr. Goodale and presented him with our plan. He made no commitments, something which did not surprise us. However, he did indicate that some of the measures interested him and that a green budget was a possibility. I would reiterate, however, that he has made no commitment either to us or to anyone else who has previously met with him on this subject.

What we would like to see in the budget are measures to reflect the suggestions that I shared with you today. Our proposals include eliminating subsidies to the oil industry and other pollution-causing industries, and introducing measures to absorb both the environmental costs and the health costs created by the energy sector.

There is certainly room for other measures as well. Earlier, we spoke about buildings. The program in place at Natural Resources Canada has a budget which will allow it to improve less than 1 per cent of buildings in Canada. In spite of that, the stated objective is to upgrade 20 per cent of the country's buildings. It is clear that this program does not have a large enough budget. The program has proved successful, but does not have enough money to carry out all the necessary renovations to improve the energy efficiency of our houses and other buildings.

Those, then, are the measures which we would like to see in the budget. We also have proposals, as does Mr. Rudolph's coalition, regarding renewable energy. Furthermore, we support the coalition's suggestion that the wind power production incentive program be increased fourfold from 1,000 to 4,000 megawatts. There are all sorts of measures which we would like to see in the budget.

[*English*]

The Chair: Do you want to respond in respect to the question on wind?

• (1155)

Mr. Mark Rudolph: I'll address Mr. Bigras' question. He is correct with respect to provincial caps. When WPPI was designed, the basic view was that there were x amount of dollars and that might be able to help incent 1,000 megawatts of power. I don't know whether it was a bureaucratic operational decision, a political operational decision, or otherwise, but it was basically decided that, given the Fathers of Confederation, every province should have some allocation.

The fact of the matter is that from a wind energy resource point of view not every province has great wind energy resources, but all provinces were allocated a certain amount. Certain larger provinces were allocated a larger amount. I believe it was about 300 megawatts. The fact of the matter is there is a large growing interest in wind power in Canada because of the incentive and because of the fact that the provinces are putting out what they call renewable portfolio standards that suggest x per cent of the power in the province should be from green sources. Those have combined to have a very good investment climate. What you're finding is that in provinces like Quebec, Alberta, and Ontario you can meet the 300-megawatt cap easily.

Part of the rationale behind the Green Budget Coalition's recommendation, CanWEA's recommendation to increase the program from 1,000 megawatts to 4,000 megawatts is (a) to have the ability to expand, and (b) to try to break down those provincial caps so that when a company having a viable project with good wind data can actually say that they want to try to put a project into place, they aren't restricted because they're too far back in the queue to have the eligibility to get the money. So part of the rationale for this whole expansion of WPPI is to ensure that good projects aren't ineligible for something just because they got on board a little later than others.

There are literally lineups of companies in Alberta that would like to invest. Some of them are holding back now because technically speaking they wouldn't be eligible for the WPPI money. When you're generating electricity at 7¢ or 8¢ per kilowatt hour compared to conventional sources at 3¢ or 4¢, that 1¢ per kilowatt hour subsidy makes a big difference. So part of the expansion of the WPPI program is also designed to get rid of those provincial caps, because they aren't there for any rational reason.

There are also some size caps, and I don't know how the size caps will or won't be dealt with. In other words, an individual company might have a proposal for 1,000 megawatts whereas other proposals might be a bunch of proposals for 50 megawatts. Should one company be able to come in and grab 1,000 megawatts, leaving all sorts of other potential investors and developers out in the cold?

I don't know what they'll do on the whole notion of the individual corporate caps, but part of the design of the expansion of the program, because there's so much interest, is to get rid of these provincial caps that have been inhibiting the growth that needs to happen. Indeed, expanding from WPPI to the green power production side of things, our view is that this isn't just about wind. If there is some low run-of-river hydro resources whereby a make-or-buy difference could be a subsidy that gets it going, they too should be eligible in an equitable fashion to WPPI, and that's why we've recommended the 1¢ per kilowatt hour there.

[*Translation*]

Mr. Christian Simard (Beauport—Limoilou, BQ): Mr. Rudolph, you have provided us with long answers. I think that Mr. Marshall's answer will be brief.

We have spent \$3.7 billion, and, at the moment, are still 28 per cent short of our Kyoto target. In light of what we have seen thus far, do you feel that the government has the necessary will and determination to meet the objectives of the Kyoto Protocol? We should bear in mind that Canada comes in last on Annex 1, behind Australia and the United States, who have not signed the Kyoto Protocol.

Do you think that this government truly intends to uphold its international obligations?

Mr. Dale Marshall: I cannot speak of the government's intentions. All that I can tell you is that I hope that the government still aspires to attain the Kyoto Protocol objectives.

You are right when you say that the \$3.5 billion spent to this point is a lot of money. It shows that the government at least intends to do something.

In my opinion, the approaches used up till now have not been the right ones. I said that in my remarks. The government has to come up with other policies, other regulatory measures and new tax instruments. It is not just a question of spending money to reduce pollution: tax measures are needed to bring about a change in behaviour on the part of industry and the public in Canada.

[*English*]

The Chair: Thank you very much.

We'll go to the Liberal side: Mr. Wilfert, Mr. Scarpaleggia, and Mr. McGuinty.

● (1200)

Hon. Bryon Wilfert (Richmond Hill, Lib.): Thank you, Mr. Chairman, and I'd like to thank our witnesses for coming.

I'd like to explore two areas. One deals with the whole issue of implementation through government structure, and the other is with regard to your budget recommendations.

In the first part, the frustration that some of us have from time to time is on the issue of silos with the government. Particularly, much of the discussion that we're going to be having in the next little while deals with fiscal instruments, so we're talking the Department of Finance. We also have the whole issue of climate change, dealing with the Agriculture Canada to Industry Canada to Natural Resources Canada, etc.

The difficulty is that the file is not under auspices of one. Maybe there is a need for a secretariat or something to act as a channel, so that in the end there is one clear, precise voice, and when we are doing something in one area, we understand what's happening in another area because it's clearly channelled. This is often cause and effect.

First of all, please comment on that, because to me it seems to be part of the issue.

The other part is the 1995 recommendation this committee made, and that was agreed upon in terms of a comprehensive approach. I can't get into why or why not—I wasn't around—but I would like to know your view on how you might change the structure, and what the benefits would or would not be for doing so, in order to then move to the second stage of talking about the fiscal issue, which is really what you are here for today.

Mr. Mark Rudolph: That's a very good question. When I was wearing my coalition hat we've talked a lot about it, and when I was wearing my normal hat we've talked a lot about it. The reality is that climate change, like some other governmental issues, is a very, very complex issue. It is not just the purview of Environment Canada; it should not just be the purview of NRCan, etc. As you ladies and gentlemen know, there are central agencies that do certain things and there are line departments that are supposed to do other things. Integration of information, and then running programs and funding programs, doesn't happen well in this system. There are indeed silos. And indeed those silos have—I don't think this is news to anyone on this particular file—intercine warfare going on among them.

We have talked at times to PCO about the notion of a central secretariat. That is maybe just a small group, but it has people who are supposed to bring the information together and crack the whip on different departments. I personally think it's not a bad idea and not a bad model. My understanding is that PCO does certain things with respect to parliamentary affairs and cabinet affairs and what not. They tend to do lots of things in a crisis management mode, but they don't really do a lot of secretariat-type stuff for issues management. And to that end, it hasn't happened in the past, and there appears to be some reluctance to it happening in the future.

My sense would be that it should happen in the future, in order to pull all of this stuff together properly and then ensure that implementation takes place down the road. I would say that it should happen in a range of different complex governmental issues. It's not just climate change. But this is a perfect example.

Mr. Dale Marshall: I'll just add to that. We at the David Suzuki Foundation and the Green Budget Coalition have also publicly called for some sort of central agency. We're not entirely sure whether it should be within the PCO or the PMO, but the infighting that happens, specifically on the climate files, specifically between Environment Canada and Natural Resources Canada, makes it incredibly difficult for things to actually get done. We seem to have described where Canada is at with respect to climate change and Kyoto implementation, so some sort of different structure with a clear line of responsibility for this file needs to be put into place.

Hon. Bryon Wilfert: I thank you for those comments.

I can tell you that I've seen, as Parliamentary Secretary to the Minister of the Environment, at least, that there has been some movement. Obviously, movement to where we'd all like to see it go may be a bit of a long journey yet.

On the issue of the budget, it all comes back to the Department of Finance. Having been Parliamentary Secretary to the Minister of Finance, I can tell you that all roads lead into Finance. They don't necessarily lead out of Finance, but they certainly lead into it. It is a very, very important department.

I was very interested in the Clean Air Renewable Energy Coalition's recommendations. I can tell you that from my days in the finance portfolio, people used to come and say "It's only a billion dollars". The first time I heard that, I said "A million?", and they said, "No, no, no, a billion". I don't know where they thought we were getting the money.

You've actually crunched out these numbers. Have these numbers been presented to the finance department? Did they review them? Was there an independent review? On what basis did you come up with these figures? I see that it's \$131 million annually.

● (1205)

Mr. Mark Rudolph: As the chart shows, that's an average figure. Things can go up and go down. All of those numbers have been submitted to environment, NRCan, Department of Finance, PMO, and PCO.

Hon. Bryon Wilfert: And the response...?

Mr. Mark Rudolph: We haven't heard anything negative.

Hon. Bryon Wilfert: Have you heard anything?

Mr. Mark Rudolph: Only what I read in the newspaper.

No, we have heard.... There have been signals. I'm reasonably pleased with the signals on certain fronts. The test will be, as you say, what comes out of 140 O'Connor Street down the road.

Hon. Bryon Wilfert: That's right.

This is my last question, Mr. Chairman.

I strongly believe the Minister of the Environment is—make no mistake—committed to this file and has, I think, brought a refreshing approach to this file on the issue of competitiveness and a green economy and that they're not mutually exclusive. We're going to have the Minister of Finance here next week. If there was one message that you wanted to deliver to the Minister of Finance in terms of this budget and what you think is probably the most important instrument that would move this particular file along—because the budget is going to be a myriad of activities, I'm sure—what is it that you want to get across?

As you well know, the Department of Finance, institutionally, has resisted. They say they don't use the tax system, which of course is utter and complete nonsense, having been on that file, where I have used it for oil, gas, and mining. What would you say?

Mr. Mark Rudolph: I'm going to let Dale answer on the broader issue.

With respect specifically to low-impact renewable energy, four years ago we made recommendations of a tax nature, for a production tax credit as well as a consumer tax credit to assist on the demand side. Indeed, the finance department said that as they didn't want to complicate the tax system, they can't use taxes.

They then came forward with this idea of a production incentive, which was applied to wind. They loved the WPPI program because nobody gets any money until they actually produce something. You have to have metered, verifiable information that says you produce x number of kilowatt hours, and to that end, at 1¢ you get this much money. Finance likes that.

For renewable energy fields, since they liked that on the WPPI front, we think it should be expanded to a range of other technologies in an equitable fashion. If you want to create an industry in Canada that will clean the air, reduce greenhouse gas emissions, and create 20,000 jobs, using a production incentive that the Department of Finance likes is not a bad way to go.

Mr. Dale Marshall: What we're trying to address here are carbon dioxide emissions, primarily. As I've said in my remarks, if we're going to address greenhouse gas emissions, particularly carbon dioxide, then a carbon tax is absolutely the way to go. Do I expect to see a carbon tax in this budget? I do not.

If you don't have that approach, then you have to have a much more systematic approach of dealing with it on a sector-by-sector basis. You need to look at buildings. How do you reduce emissions from buildings? You have to look at transportation. How do you reduce emissions from transportation?

A big part of it, as a more global perspective, is to address it by the two general mechanisms that I described. First, we have to get rid of the subsidies, and the true cost of energy use and production needs to be incorporated into the price; and second, it needs to be paired with a regulatory approach that in fact produces synergies between the two.

The large final emitters program is a perfect example of that. You put a cap, 55 megatons, that has to come from large final emitters, but then you allow for emissions trading between them. It's a perfect marriage of a regulatory framework with financial mechanisms in order to allow some flexibility for the industry to meet those targets.

• (1210)

Hon. Bryon Wilfert: Thank you. I will have to leave soon—I have to deliver a speech for the minister—but I appreciated your interventions today.

The Chair: Thank you.

We are out of time for that, but I will come back to the list in the order it was taken.

Mr. Scarpaleggia, you will be the next questioner when we get into the back and forth.

Mr. Cullen.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thanks to the witnesses for coming.

It is sad that the parliamentary secretary has to leave. He might enjoy my line of questioning. He stole my first question, so that's unfortunate.

What I'd like to talk about is not so much around the concepts and the proposals that have been put forward, because for a lot of them we have done our own costing and looked at ways that we can bring incentives to our economy while answering some of the environ-

mental questions, but much more around the context of the culture in which we are making these discussions happen. I would call members' attention back to the comments made by the Minister of Natural Resources after a recent oil spill off the east coast, suggesting that it was a definite loss at \$50 a barrel, and what a shame, missing perhaps some of the more subtle environmental arguments.

As context of what this committee is going to be doing for the next number of months, I'd remind in particular new devotees to the environmental cause that what we are here to study is the implementation of the Kyoto Protocol and fiscal reform, not to debate climate change itself. I thank you for your answers that what we are here to do is to find out our way down this path and these long promises.

Therefore, my questions are toward the culture that I am watching happen here on the Hill and the lack of leadership provided. We have known this for a long time. I am searching around for a place to have confidence with a promise.

I would never want to suggest the old adage that a Liberal has never made a promise they didn't like, but looking over the record of the last number of years and looking at the promises made, particularly let's just talk finance and fiscal reform. Yes, that is a great idea. Yes, we think we should do it. Yet we still find ourselves in a situation where the thing is not getting done, simply.

What confidence does either of you have that with the so-called green budget that is coming up—and I remain skeptical to see how green it actually is or whether it is window dressing—the fundamental culture within cabinet, PMO, or wherever the culture is happening is going to shift to significantly address some of these fiscal reforms that you are talking about? What gives you confidence, or do you have confidence, that this will happen?

Mr. Dale Marshall: You can't do the work I do without being somewhat optimistic about what's going to happen. Having said that, the record of this government is clearly that it hasn't addressed it in the past. I would love to see a green budget. I am skeptical about whether it will be there or not. I hope it's there.

Polling numbers continue to show that Canadians support Kyoto and Canadians support Canada being involved in strong climate change action. I think we are at a point now where it is abundantly clear that Canada's program is not working and that we need a serious re-examination of what policies we need to put into place to get there.

Part of it clearly has to do with the budget. I will of course continue to be optimistic but continue to not be surprised when I am disappointed.

Mr. Mark Rudolph: Let me just say two things. One is that I think you raise a very good point. At the end of the day, I don't think it matters what party is in place and whether one wants to point a finger at a particular party that is in place to see whether their programs come to fruition. There are systemic problems in this system. There always have been and there always will be.

I point out to you that at the Ontario level, from an environmental perspective, one may have thought there would have been great strides made on the environmental front during 1990 to 1995, when there was an NDP government in place. If I may be partisan, I'm quite proud of the work I did from 1985 to 1990 in the Peterson government, a Liberal government at the time. There are Progressive Conservative governments that have done a lot on the conservation front, but not a lot on the environmental protection front.

The reality is that I don't think you can just point at a party in power as to whether they've followed through on a promise or not. There are systemic problems in governments, especially on the environment file. I'd say there are systemic problems in our society. We talked about what sort of things can be done from an energy conservation or energy efficiency point of view with consumers. The truth is, there are tons. It's low-hanging fruit. But as we learned in Ontario in the 1985 to 1990 period, you need to find things that are convenient, easy to understand, and routinized. That's the story of the blue box. What we need is a blue box of climate change for consumers.

At the end of the day, there's a systemic problem with government and there's a systemic problem with society. Is the government doing something or not? I don't know. I can tell you that years ago, after having been involved as chief of staff to the Ontario Minister of the Environment in the Peterson government, during that time a certain Prime Minister was the environment critic for the Liberal Party of Canada. I had the privilege of spending time with him at that time and I believe him to be very committed on the environmental front. There is a range of various constraints that he has as Prime Minister and that Mr. Goodale has as finance minister. Is there going to be a green budget? Signals suggest there is. Is it going to be good enough? I don't think it will be good enough for lots of people at any time, but I think the Prime Minister is committed to this area and we'll just have to wait for the budget to see what happens.

Can one point at a particular party? I must admit, given my partisan past, I'm not here to defend this government, so no, I think every party around this table has had opportunities when they've been in government, federally and provincially, to do better on the environmental front, and frankly, they have failed.

• (1215)

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Thankfully or otherwise, it is my job to be partisan. What I'm trying to suffer through is this. Yes, I've heard before that the Prime Minister cares, really cares, but what I'm more interested in than a sentiment or the words or a throne speech is some concept to understand—and this is a question to you, folks—why the resistance? You've costed this out. We put a Kyoto plan out a couple of weeks ago doing the same. No one comes forward with environmental solutions anymore without trying to cost them out and trying to answer the economic and environmental questions at the same time, saying, boy, wouldn't consumers love to fill up their cars for \$15 rather than \$40, or whatever it happens to be in your province.

If there's such strong public support—I'm not sure Mr. Mercer's attempts at one tonne and all the rest are really going to grab people, because I don't think anyone gets it—if you've costed out the

numbers, if you've said that retrofitting actually creates a whole bunch of jobs, if you said that vehicle efficiency can actually create more, what's it going to take?

I'd like you to advise us in this minority government wherein lies this opportunity, because we've had 11 years of... Sure, there are constraints on the PM, but guess what? When he wanted to take down corporate taxes, there was a focus and it got done. What's it going to take in this minority government—and partisan this out as much as you want—in order to make all those...? The windows seem to be all open. The environmental movement has matured in some ways in terms of costing out their suggestions. What's it going to take to give your stamp of approval on this budget so that you say, yes, that's a green one? What's it going to take within this room and outside of this room, in the House, to force this minority government to bring forward and present us with fiscal reform?

I think there's a forcefulness required, because they've had the opportunity. That's what a majority government has—it has the opportunity. There are constraints, but basically they can do what they want. We have the Auditor General going to the finance department to say that they have done nothing of what they promised to switch the culture, to switch the tone, so that something comes out the other end and we can sit back with and say, “Boy, remember that 2005 budget? That was a high-water mark. That was great”.

What's it going to take? Are you willing to give the stamp? What's the condition where you folks will say, yes, we'll stand behind the PM or the minister and say, yes, this thing is green?

Mr. Dale Marshall: What's it going to take? That's a difficult question. We've laid out what we think it's going to take. It's going to take clear signals that there is a commitment.

I think you're right that words mean nothing. You can only judge a government by the actions it undertakes. Since we signed the Kyoto Protocol, and since 1990, there have been two governments in place that have allowed greenhouse gas emissions to increase by over 20%. That is the only way we can judge this government.

What will it take? I think there are opportunities within a minority government situation to push the governing party towards real action. As to whether or not it will happen, that's the partisan stuff you deal with and the other minority parties deal with.

• (1220)

Mr. Nathan Cullen: One thing the government is looking for is your approval. This is a role for the NGOs, and particularly—I forget what you call yourselves, “strange bedfellows”, I think—ones where they have Shell on board. They're looking for you to give the stamp. That is the politics I'm looking at.

I want to know, do you folks have a bottom line going into this thing? Do you say, unless this thing is there...? Are you presenting yourselves...? I think the parliamentary secretary's question was good. What was the response back? News leaks don't do it.

Mr. Mark Rudolph: I can tell you that with respect to the coalition's work—this is not in the broader sense—we're looking for the expansion of WPPI, the creation of a green car production incentive, green procurement, and specifically the solar roof program. If those are all there....

I might add that I have talked to various people from all the parties around this room, all of whom are in general agreement with those ideas and all of whom had materials on this in their platforms, or did to a degree; the Conservatives didn't have them as much. From chatting with Mr. Mills and others, I know there is general understanding and agreement in this area. As long as we don't talk about the "K" word, I think all four parties are in agreement.

I would think we might support something if it had all those things, just like all four parties would support it.

The Chair: Mr. Cullen, we're out of time. Could we move to five minutes—

Mr. Nathan Cullen: Would you allow Mr. Marshall to answer?

The Chair: He just wants to finish off? Okay.

Mr. Dale Marshall: Obviously, the Green Budget Coalition and the David Suzuki Foundation have a broader mandate than merely renewable energy. Our understanding is that the Kyoto plan we're waiting for is going to be released around the same time as the budget. What we will give our stamp of approval to is a clear commitment not to respect Kyoto but to meet Kyoto, and with all the measures that we understand are required. This means fiscal incentives and disincentives on the budgetary and fiscal side, and a strong regulatory environment, especially with respect to industry, vehicles, buildings, and appliances on the regulatory side.

If those are all there, it will be a first step—really, a first step—towards Kyoto implementation.

The Chair: Thank you, Mr. Marshall.

We'll now go to Mr. Allison, go across to Mr. Scarpaleggia, and then we'll come back to Mr. Bigras.

Mr. Allison.

Mr. Dean Allison (Niagara West—Glanbrook, CPC): Thank you, gentlemen, for being here today. As one who doesn't normally sit on the environment committee, I bring some questions maybe just as a normal Canadian in terms of where we're at and where we've been.

I guess one of our biggest concerns as a party has always been around what this is going to cost at the end of the day, and we don't feel the government has been totally honest. You guys have obviously suggested some things today that make some sense, but we still haven't costed out the numbers.

Just very quickly, what has the \$3.7 billion been spent on so far? For the average Canadian, we've spent almost \$4 billion. Has that been spent on research, studies, or...? And I don't need an in-depth answer.

Mr. Dale Marshall: Unfortunately, it's really hard to pinpoint. There have been dozens and dozens of different programs that the money was allocated to. A lot of it is just incentives. Some of it is public education.

It's all very soft, in our opinion. Instead of looking at the disincentive side and the regulatory side, the spending has been on a variety of programs. Some we support, but the absence of other programs has obviously led to a big expenditure of money with very little result.

Mr. Dean Allison: Once again, we're talking about the fact that the government is committed to the Kyoto plan with no real strategy as to how we're going to get there. The money is sort of in bits and pieces.

How much has actually been spent on R and D? We talked about that as being maybe a great incentive to look at some of these low-impact...or whatever they may be. Approximately how much has been spent on R and D, or has been available for programs?

Mr. Dale Marshall: The last budget assigned \$1 billion. It took the Petro-Canada money and said \$200 million would go toward Sustainable Development Technology Canada, so that's R and D stuff, with the other \$800 million to be spent on research. That's at least \$1 billion that's been spent on research.

Of course, SDTC was created before this year, and it has received hundreds of millions of dollars there as well. So there has been a lot of money spent on research, and that's part of the problem. Money spent on research and development is fine; we need long-term technological solutions. But we also have in place all kinds of technologies that are absolutely commercially viable right now, including wind energy, including efficiency, efficiency in vehicles, a whole bunch of things we can do right now, which we're not focusing on at all. It's all research for the future, and that doesn't get us emission reductions in the short term. It may not even produce emission reductions in the long term.

• (1225)

Mr. Dean Allison: All right.

Just moving along quickly, what would you decide with regard to fiscal versus regulation? Where does the burden lie there in terms of...is that a fifty-fifty split? Once again, these things need to be tweaked, but from your expertise, do you guys feel it would be more on the fiscal side versus the regulation?

Mr. Dale Marshall: Where should it be or where has it been?

Mr. Dean Allison: Well, where do you believe? Where's your recommendation?

Mr. Dale Marshall: They're complementary policies. I don't know. You can't really break it down by percentage, but what you need in a lot of cases is a regulatory approach that's supported by fiscal measures. You need a balance of both.

I don't know what the percentage is, but it's a better balance than what we've seen.

Mr. Dean Allison: All right.

Mr. Rudolph, certainly I think our party has supported, or certainly I have anyway, where you guys are going in terms of creating incentives to have people get on board. It makes a lot of sense. I think that's a great way that we can start taking responsibility and ownership ourselves.

I don't believe, however, that this is going to make Kyoto happen. From talking to my colleagues, I think our concern has been that if you really want Kyoto to work, you need to tax and regulate. I think the real challenge with that is that we have some businesses right now which, if they're heavily taxed or regulated, are going to lose jobs. That's plain and simple.

I realize we're looking at another industry that could possibly be something that would make some sense, but I think if we're really honest—and that's really what we're trying to understand—at the end of the day, if we tax and regulate, jobs are going to be lost.

Is that a fair assessment? I can't help but see that's going to happen.

Mr. Dale Marshall: Well, I'll give you examples of why I think that's an inappropriate concern. One is that—

Mr. Dean Allison: So jobs aren't a concern?

Mr. Dale Marshall: Of course jobs are a concern, but whether we'll have job losses.... I have authored a report that looks at the job implications of Kyoto and found there will be job losses, but there will be more job gains, and the job gains will happen in areas like renewable energy, where we will get a flourishing industry where other countries are moving on this.

In terms of the costs, the Deputy Minister of Natural Resources Canada confirmed that in fact it would cost the oil and gas industry 7¢ a barrel to meet Kyoto. Not one single job will be lost by that cost.

The Chair: We will now go to Mr. Scarpaleggia.

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

Thank you, Mr. Marshall and Mr. Rudolph, for being here today. I found your presentation professional, succinct, clear, engaging, and informative, and I would submit that if all witnesses coming before all committees adopted your approach, the government would be more effective in understanding and then advancing good ideas and causes.

I agree, it's very important, it's fundamental, for the government to look at its policy decisions through an environmental prism. Hopefully with time this will be the case. We'll have the structures in place across departments, and especially at the finance department, to do this.

My question is more specific than some of the other questions you've been facing. I'm interested in your view, your opinion, on tax-deductible public transit passes. We had some officials from the finance department here before Christmas, and they didn't seem at all convinced.

If you have a minute, would you expand on that?

Mr. Dale Marshall: This is actually a proposal that's in our package. Essentially what that would do is level the playing field. Right now, if employers provide free parking for their employees, it's not considered a taxable benefit, but if they give that employee a bus pass, a transit pass, then it is considered a taxable benefit. It's with respect to the implementation that it's not considered. The parking per se is a taxable benefit, but if you provide it for free then Finance

hasn't figured out what the cost of that is and therefore hasn't implemented any way of collecting the taxes on it.

Essentially, what we have suggested to level the playing field is to also allow employers to provide a transit pass that is not considered a taxable benefit. This is one measure that would have some impact on whether employers do provide that. It would give an incentive for those who are doing it to continue to do it, and it would also give an incentive for employers and employees who work for those companies to take advantage of that kind of incentive.

Is it effective? To be honest, it's a small measure and it will have an effect. We obviously suggest that it be used, but there are other mechanisms that would have a bigger impact.

• (1230)

Mr. Francis Scarpaleggia: For example, Finance claims to have done its homework and it claims that making public transit passes tax deductible would have no impact on ridership. I'm interested in knowing, because I think the idea is a valid one in many ways. It sends a signal and it gives some tax relief to people who are doing something for the environment. So do you have hard studies showing that ridership would increase? That's my first question.

Secondly, if I understand you correctly, you're saying the reason you believe in the tax deductibility of public transit passes is that when an employer provides free parking, it's not a taxable benefit. Do you think free parking should be? There have been discussions municipally about taxing parking so that people take the train into town, to work, rather than their cars.

Mr. Dale Marshall: Part of ecological fiscal reform is recognizing what the costs of our activities are. The cost of everybody driving a vehicle is higher than what is being borne by the person who decides to take the car versus taking the bus every day. Do I think parking places should be taxed at the level they actually cost society? Yes, they should be.

As for hard and fast studies on the effectiveness of that measure, any incentive will increase the use. If you decrease the cost of anything, it will increase the use of it. Will employers who presently provide transit passes now receive a benefit for something they were doing already, the so-called free riders? Of course, but I also don't have a problem with giving an incentive to people who are doing the right thing already.

The Chair: Thank you.

Mr. Bigras, and then Mr. McGuinty.

[Translation]

Mr. Bernard Bigras: Thank you, Mr. Chairman.

I have read your documents and I support just about all of your proposals. But I was disappointed by one thing. I do not mean that as a criticism. If it is a criticism, it is a constructive one. You can come up with formulas, proposals and tax measures, but if the government does not have the political will to implement a sustainable development strategy, we will not reach our goals. After all, there has been a directive in place since 1994—on strategic environmental assessment—and it has been a dismal failure.

Mr. Chairman, I am bringing this up here in the committee because if I did so in the House of Commons, I believe that the Prime Minister would react as if I came from some other planet. I think that this is where the problem lies. If we do not find some way to may strategic environmental assessments mandatory through binding regulations... that may be the solution. As long as the three "P"s, plans, policies and programs—you are talking mainly about programs, but a government also has plans and policies—do not move in that direction, we will not reach our goals.

Since you are the first witnesses to appear before the committee on this issue, should we not begin to think along these lines and look at this policy of strategic environmental assessment as part of our study on Kyoto?

Not only could we move closer to implementing the Kyoto Protocol, but we could also deal with the issue of sustainable development as a whole. I think that this is the approach we should take. That was one of the main conclusions of one of the chapters in the report of the Commissioner of the Environment and Sustainable Development.

Do you believe that, instead of using the more-or-less voluntary approach of the present government, we should take our lead from certain other countries where the government has adopted a mandatory regulatory approach to strategic environmental assessment?

• (1235)

Mr. Dale Marshall: I agree with you.

The David Suzuki Foundation published a report entitled *Sustainability within a Generation*. It sets out objectives in all sorts of areas related to the environment. The government needs to commit itself to these objectives and, as you say, implement the policies, programs and ongoing assessments required to determine if it can meet its commitments.

With respect to climate change, the scientific data show that our greenhouse gas levels have to come down by at least 50 per cent. There was an understanding by some people that this objective had to be met within one generation, within 25 years. But objectives have to be set all along the way, and the government needs to make commitments, implement the necessary measures and regularly monitor the situation to see whether the objectives are being met.

Mr. Bernard Bigras: I understand that monitoring is necessary in order to see whether the objectives are being met, but the problem arises earlier in the decision-making process. Before making any decisions on tax measures or other action...

Take Bill C-48, for example. \$250 million has just been put in place for tax incentives, mainly to the oil industry. How can the government bring in a measure like that, when it says that it wants to implement the Kyoto Protocol? Would it not have been a good idea, before tabling Bill C-48, to study this new measure, to study the bill, in order to see whether it is in line with the government's international commitments and what the government is telling us that it wants to do? There is no way that we should pass Bill C-48 and then look at whether it is in line with the objectives that we have set. So I think that this needs to be part of the decision, in order to

avoid having the commissioner tell us after the bill has passed that it does not meet the criteria for sustainable development.

Do you think that Canada needs to adopt the regulatory approach and turn the 1994 directive into legislation so that all the departments—whether we are talking about Transport Canada or Agriculture Canada—would be required by law to comply with the various components of the 1994 approach and directive?

Mr. Dale Marshall: To give you a quick answer, I fully agree with you. Canada's sustainable development program, which has been around for over 10 years now, should do exactly that. Every time the government makes a fiscal or program-related decision, there should be an assessment of the impact of that decision on environmental protection.

[English]

The Chair: Just further to your question, Mr. Bigras, I am reminded that we are also going to have the Canadian Environmental Assessment Agency before us at a later date. The line of question would be appropriate also to the agency.

Mr. McGuinty.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chairman, and thank you very much, both of you, for joining us this morning.

Mr. Chairman, I want to make a few comments in response to some of the comments that were made by my colleagues in the committee and pick up on some of the points made by the witnesses.

I want to pick up on some of the comments made by Mr. Trost in his opening remarks about questioning the capacity that was backstopping or failing to backstop some of the representations made here by both these witnesses. I think that is a fair comment. He raised concerns about the capacity not just in the two amalgams of groups that are here represented this afternoon but also I think throughout Canadian society. If there is anything Canadians should be aware of, it is that probably we are not investing enough as a society in the scientific and economic analysis that we need to help backstop a lot of the decisions we have to make.

However, where Mr. Trost's argument turns clearly spurious is when he betrays his ignorance of the Kyoto Protocol and the United Nations Framework Convention on Climate Change, because both are explicit in their affirmation that when it comes to the science and economics of climate change there is no absolute certainty. For that matter, it is not a question of certainty; it's a question rather of completeness. Mr. Chairman and members of the committee, when is science ever complete?

In that respect, Mr. Chairman, the Kyoto Protocol is very clear. That's why this government has decided that we're going to take action and that we are going to watch the developments in science and in social science, particularly the modelling capacities that inform both of those sciences. We are going to watch our progression in the area of economics as well and we will make mid-course corrections as we move forward. Any government that did not take into account new revelations that were scientific or economic would be a foolish and irresponsible government. That's my first comment.

With respect to the gratuitous remarks made by our NDP member about Liberals never seeing a promise they didn't like, I would respond that the NDP have never seen a cost they haven't promised.

I think it is not helpful for us to approach this issue by trying to lay blame at the feet of a government, this government for example, which over the last decade has created the position of the Commissioner of the Environment and Sustainable Development—only one of two that exist in the world—passed the Canadian Environmental Protection Act; passed the Species At Risk Act; led the world and the OECD in eco-efficiency work; signed the Kyoto Protocol, much against, for example, the protestations of the Conservative Party and its leader; led the world in a national wind atlas; created the National Round Table on the Environment and the Economy; done massive infrastructure investment in Canadian cities, leveraging now just \$100 billion over 12 years; funded green municipal enabling funds; and on and on it goes.

This government has a very strong record. Despite Mr. Allison's assertion that we have spent \$3.7 billion, I would again recommend to members that they go back and check their mathematics, because the government has allocated \$3.7 billion and spent \$2 billion. That's just to correct the record, Mr. Chairman.

There are two comments I would like to make for the witnesses to keep in mind as they make their findings and their representations known across the country and across the government. The first is that I did not see, and I have yet to see, in most intervenors in this area a coherence between federal calls for action and provincial calls for action.

It is at a time now when I think most Canadians who are watching these proceedings understand that there is only one taxpayer, that orders of government have to get together, that the Quebec government must work closely with the federal government, for example—and for that matter, the Ontario government—to achieve the kinds of greenhouse gas reductions that Canadian citizens want to see. For example, in Ontario, it would be a wonderful opportunity for the federal government to work with the Province of Ontario to shut down coal-fired power plants. This is something that Canadians in the GTA particularly would like to see.

That's comment number one for the witnesses.

The second comment is that I agree with something our NDP member said earlier. I think most Canadians are having great difficulty when it comes to the climate change challenge. I think they're having difficulty differentiating climate change from ozone depletion. I think they're having difficulty distinguishing climate from global warming. I think the media has not done a great service in informing Canadians.

I would propose that we recast the climate change debate as an energy debate, given that 86% of all greenhouse gases in Canada are derived from exploiting, transforming, and consuming fossil fuels. Canadians understand the energy issue. They don't understand the climate change issue. It is very difficult to break through.

●(1240)

If we do want to reach out and engage them as you've suggested, Mr. Marshall—and we rightly should—we have to find language and cast it in terms by which citizens and industrial actors are working

hand in glove to achieve greenhouse gas reductions. My plea to the witnesses and other witnesses in the future would be that we look to recast this debate as an energy one and not a climate change one.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. McGuinty.

Does either of the witnesses wish to make any comment? No?

All right, we'll go to Mr. Cullen.

Mr. Nathan Cullen: Interesting.

I made remarks on television last night, with our chair and Mr. Mills, talking about the unified spirit that this committee is able to produce. Perhaps I've stepped out of line in suggesting that a commitment to reducing by 20% that has resulted in an increase of 20% is a failed promise. Perhaps I've missed the calculations of what a promise actually means. But I think we are unified across the floor on this issue. Something absolutely has to get done within the framework of this budget, within the framework of the fiscal reforms that we need within this country.

My colleague raises a very good point. The long list was by no means partial, I'm sure, but studying is perhaps not the biggest problem we have with respect to climate change. When one doesn't know what to do, one studies it just to make sure one is secure in not doing anything about it. I stood on a panel with two environment ministers from the provinces, who have said quite clearly to the public and to me that they've been waiting, that interprovincial...and I'll allow my colleagues from the Bloc to answer what moods in Quebec are available in terms of that negotiation. I'm wondering what the role of the specific leadership is to start to answer this, because Canadians looking at this—the One-Tonne Challenge and all the rest—are trying to find a way.

You mentioned building codes. Let's contextualize it within the next three months. Would you imagine this federal government and this minority government taking up what would fill the vacuum that I see created on that inter-jurisdictional front? What could be done so that the provinces would hear the siren's call and come running collectively? One quick way to defer action is to say the provinces won't agree. Within this budget or in the context of the next three months fiscal-reform-wise, are there any very specific actions that the provinces would uniformly hail and that would make them want to come to the table to actually solve the growing need?

●(1245)

Mr. Mark Rudolph: I'll mention a couple of areas, one wearing my coalition hat and then some broad ones.

I'll wear the coalition hat first. Going back to three years ago with the wind power production incentive, what we saw as evidence was that it indeed helped create the environment climate, at least for part of things, and that then spurred on the provinces to put renewable portfolio standards in place. If you extend WPPI to a much larger size, as we recommend, and create something for other renewables, it would not surprise me that a lot more would be done at the provincial level from an RPS point of view of expanding it and having RPS come into place in those provinces that don't have it.

There's another thing that's a bit of a model. I don't want to look at the U.S. for everything, but as you know, in the U.S. things tend to be sorted out at the federal level through the EPA and the administration, and policies are put in place for the states to follow. The states follow them because the states are given money to follow them. They can go beyond that level if they want to.

I would submit that on the subject of climate change or on a number of environmental subjects, if the federal government wants to show leadership, it could create a federal-provincial fund, a partnership fund, or whatever you want to call it, and say, "In order to help us meet our international commitments, you could be doing *x*"—this is Mark Rudolph speaking, not the coalition—"we need you to do *x* to meet those commitments, and in order to do it, here's some money".

I don't know what all those things are, but with respect to what Mr. McGuinty had to say, a case in point is the commitment to shut coal plants in Ontario. That's quite a large commitment. Shutting Nanticoke alone, which is an 8x5-megawatt unit, or 4,000 megawatts, reduces GHG emissions by 14 megatons, if memory serves me correctly. That's a lot of megatons. Does Ontario deserve some money to do that so that it might be able to invest in some other cleaner energy form? I don't think that's bad public policy. I think those are the types of partnerships you can create, should create, and have some money on the table to create.

The Chair: Mr. Cullen, may I interject? I'm just going to try to squeeze those in. I want to bring this to a conclusion, so you have one more minute, and then I'll go to Ms. Ratansi and then back to Mr. Jean.

Mr. Cullen.

Mr. Nathan Cullen: I'll allow Mr. Marshall to use the minute.

Mr. Dale Marshall: Okay. I agree there has to be federal-provincial cooperation. The feds putting money on the table helps, but the federal government has to get serious with respect to where it has jurisdiction—automobiles and in a whole variety of areas. It has to get serious about the fact that it actually has jurisdiction to do things. Large funnel emitters is clearly another area that it has jurisdiction over. If it got serious about appliances and the efficiency of appliances, it would send a signal to the provinces that it's serious.

Mr. Nathan Cullen: I have one quick question. A lot of companies, particularly in the mining sector, have been coming to us saying they've been making reductions in their impact for a number of years. Would you folks be at all—and just a yes or no would do—supportive of allowing them some sort of credit as a large funnel emitter, say in the last five years, in what they've done to reduce the amount of GHG that is coming out of their industry? Do you follow?

A smelting company comes to me and says, look, we've made all these reductions on our greenhouse gas emissions but under the current regulations we're not going to get any credit for it, so now it's going to be very expensive to make up any more. Has there been any consideration of this? It's grandfathering, in a sense. Would you say yes, that's a good idea?

• (1250)

Mr. Dale Marshall: I don't have a problem at all with having credit—

The Chair: It can't be yes or it can't be no. We'll perhaps have to have that afterwards, Mr. Cullen, because we're running out of time and it's not really fair to the rest of the members.

Mr. Nathan Cullen: They nodded. I'll take it.

The Chair: Ms. Ratansi, and then Mr. Jean.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Mr. Chair, and thank you for coming.

I think there is a commitment to ensure that we have a cleaner environment, that we leave a cleaner society for our grandchildren. We are trustees for this world.

We call this a sustainable economy committee. And why? Because when you take the environment and you don't have the other side of the balance sheet, then people start tuning out. Therefore, you need to say "economic impact of an environment", so we are committed to ensuring that there is competitiveness and that there is the concern for the environment.

You talk about creating 20,000 jobs. You talk about the cost for the various areas that you think we could improve. Have you done a cost-benefit analysis of those areas where jobs will be lost—for example, in the auto sector? You see, when you do a balance sheet and show just one side of the solution, we need to know that there is a balance. So I need to know if you have done this, number one.

Number two, we keep on harping at the government. And I never thought that this was a state...I came from a police-driven state, so I didn't think we were a policing state. But shouldn't education of the consumer be a prime responsibility of all of us? So if there is a market, a supply and demand for an SUV, what do we do? And I see in your consolidated group you have all the oil and gas industries, but I have not seen the auto industry participating. So where is this push and pull coming from? I'd like to have a response to that.

Number three, you talk about tax incentives for the TTC. To build the North York line took about four years. Kyoto has been ratified for, what, about one and a half years? So how long do the infrastructures come...? Let's be practical and let's find some practical solutions. We're all committed to this, but I'd really like to see where you're coming from and how we can all work together.

Mr. Dale Marshall: As far as jobs go, you talk about the auto industry. Making cars more efficient won't reduce jobs. In fact, the union that represents those auto workers, the Canadian Auto Workers, has supported fuel efficiency improvements, has mandated fuel efficiency improvements. It actually has come up with its own strategy to green the car fleet.

The Communications, Energy and Paperworkers Union is the largest energy union in Canada and it supports the Kyoto Protocol because it sees it as a jobs issue and a health issue. Are there going to be jobs lost and gained through Kyoto? Yes, that happens every day in our economy. So the question is, is this a big enough priority to address climate change in order to figure out where the jobs are going to be lost and to address those impacts? I absolutely believe it can be done. And in fact, most workers in Canada believe it should be done. It seems as though it's the industrial sector, not the government or workers themselves, that seems to be resistant to climate action.

As far as education goes, absolutely, public education is a fundamental part of dealing with this kind of transition, but it needs to be supported. The public has to get signals that large industry is doing its part and that the government is committed to it. And neither of those signals is out there.

Ms. Yasmin Ratansi: Companies like TransAlta and BioCan have been involved since 1970. They consider the environment to be a trust. Have you worked with those guys? We accuse industry, but have we worked with industry? Is every industry bad? Is every industry not doing its work? Let's get real.

• (1255)

Mr. Dale Marshall: Of course that's not true. There are various portions—and Mr. Rudolph can answer this afterwards. He's part of a coalition with a whole bunch of industrial players who clearly are supportive. There are others in some sectors who are not supportive. What we're saying is, let's give some incentives for those who actually want to do the right thing and let's make sure everyone takes the responsibility, including those actors who are resistant.

The Chair: Sorry, Ms. Ratansi, Mr. Rudolph was indicating he wanted to shoehorn his comments in on this.

Make it short, please.

Mr. Mark Rudolph: It'll be very short.

In my opinion—this is Mark Rudolph speaking—not every corporation is a big bad polluter, just as not every NGO is a tree-hugging greenie extremist. There are some very progressive corporations out there; there are also some neanderthals, I might add. I like to think the members of our coalition are some of the progressive corporations. They've been doing a lot of good things environmentally.

To paint everything as so black and white I find a little strange, frankly. You understand the concept of sustainable development, yet you're sort of going back to a time before the concept of sustainable development was even around. Things are not black and white like that.

You asked about car companies and what not. Last year General Motors was an observer member of our coalition, as was Toyota. In the past we have had Dofasco as a member, DuPont as a member, and TransAlta as a member.

There are a lot of good corporations doing good things out there. Unfortunately, controversy is news. It's what you hear about and see in the newspaper. Good news is not news. That's why you don't know about some of the stuff we're doing.

The Chair: Thank you.

Thank you, Ms. Ratansi.

Mr. Jean.

Mr. Brian Jean: First, Mr. Marshall, I'd appreciate it if you could provide me with a copy of the job list report you mentioned and, as well, your resume outlining your credentials to draft such a report.

Second, Mr. McGuinty, I would suggest with respect that I have not seen this government take any efficient or effective action, except in sponsoring the demise of the country, quite frankly. That's my own opinion on your comments earlier.

I would say as well that I am what I consider to be an avid environmentalist, but I think unless you've been to the oil sands you don't appreciate their value. I've been there since 1967. I've seen the community grow from 2,500 people to 70,000 today. I have seen the plant sites of Suncor, Syncrude, and Albion Sands. Suncor would not be there today except for government help when it originally started the oil sands investment back in 1966. Without government investment, it would not be there.

Quite frankly, I just want to put it very clearly to the people who are watching and everybody in this room that 130,000 jobs in Alberta are directly related to the oil and gas industry; \$20 billion a year from the oil and gas industry in Alberta go to the federal and provincial government coffers. To suggest that we should not help the oil and gas industry through government incentives seems absolutely ludicrous to me, because of the mega-sized projects that go on there. Until you see it, you really have no concept of what the reality is.

I firmly believe that part of your submission is totally inaccurate, because the economy would, quite frankly, halt if the oil sands were not able to prosper. Suncor and Syncrude, for instance, are both huge investors in sustainable development. I know what they do for the community. They are active participants in many green programs. They're active participants in employee programs. They provide a lot for the community, for Alberta, and for the country. I find it reprehensible that you would suggest, just because of the long-term ramifications, that not investing in new oil sands projects wouldn't hurt the economy greatly.

I do want to say—and this is my question to you—that I believe there is a hard way and an easy way for us to take an approach on Kyoto and to implement it. The hard way, in my mind, is a long-term approach that would be efficient and effective, which is through consumer controls and technologies such as national recycling programs, building codes, vehicle construction at the construction area, and enforcement of this legislation. I just think it would stimulate the economy and create jobs, and then we would be in a position where we could be aggressive in exporting this technology to other countries.

My question is, Mr. Marshall, after 10 minutes of ranting, what information do you have specifically in relation to this type of technology, these types of advancements that we could make through consumer control instead of through large emitters? Do you have any reference material you would suggest to the committee or to me personally?

• (1300)

Mr. Dale Marshall: The reality is that everyone has to take responsibility for this. Industry is asked to reduce its emissions by 55 megatons. It's responsible for 50% of emissions, but 55 megatons is considerably below 50% of our commitment.

I have been to Fort McMurray. I've visited the tar sands. I've also talked to the workers there. I refer again to the Deputy Minister of Natural Resources, who said that with respect to tar sands oil, it would cost somewhere between 20¢ and 25¢ a barrel to meet Kyoto. That is not a large imposition on the tar sands. I completely recognize the economic value that our oil and gas industry has in Canada, to our economy, and to our communities. What I'm saying is that this industry also has to take responsibility for its impacts, and that means agreeing to the commitment that was put forward and doing its part.

When it comes to industry, the low-hanging fruit is the oil and gas sector. The measures that would reduce emissions at the lowest cost by far are in the oil and gas sector, and it is the sector that has had the greatest growth in emissions since 1990. All I'm saying is that everyone has to take responsibility. Consumers, individuals, Canadians all need to do their part, and so does large industry.

Mr. Brian Jean: As low-hanging fruit is, though, this is what people in Canada are eating every day, and it's providing the sustenance that we live on. I would just suggest, Mr. Marshall, that it would be much better to provide incentives to the oil and gas industry through the government if the industry is prepared to comply with certain conditions. One of those conditions, of course, would be certain emission standards. That's just my opinion.

Mr. Trost has a comment as well.

Mr. Bradley Trost: Just to finish up very quickly, with all due respect to my original question, you gentlemen seem to have beat around the bush rather slightly, so I'll put it very directly. Would you be prepared to submit to this committee and to my office the resumé of the researchers, the scientists, the economists, etc., who are behind your data and your information and who are with your organizations?

Mr. Marshall has agreed to have his resumé submitted so that we can judge his background. Would Mr. Rudolph also agree to that?

Mr. Mark Rudolph: I would sincerely be very happy to submit my resumé any day. I have no idea, among the 14 corporations and the thousands of thousands of people who work there, who would have delegated—

Mr. Bradley Trost: But, sir, this is the thing—

The Chair: And this is the chair, Brad. Direct your remarks through the chair, please.

Mr. Bradley Trost: Mr. Chair, with all respect, I just want a yes or no. We need this information so that we can understand and judge the validity of the data put in front of us. That's the underlying

reason. I'm used to seeing witnesses who come and bring a large load of data, but as I noted with the Arctic impact study, only 2 of the 250 scientists were actually qualified in any way, shape, or form to comment on what was being publicized in the press.

The Chair: You understand the thrust of why that question is being asked. I'd just like to generally say we can't order witnesses to provide that information, but recognizing why Mr. Trost has asked that question, if you can meet that request and if you would be prepared to do provide those resumé, it would be appreciated.

Mr. Mark Rudolph: For each lead member of the coalition, I am happy to send out an e-mail asking for their resumé. I can't guarantee I can get them.

Mr. Bradley Trost: No, but you will try. That's fair enough.

Mr. Mark Rudolph: If I may say so, along the same line of argument as your hockey stick matter and climatologists, in terms of the two gentlemen who wrote the article, one is an economist and one is a geologist. Neither of them are climatologists, so I have a little problem with what you're asking for.

Mr. Bradley Trost: No, this is unfair, sir, because I cited the lead scientist of the Intergovernmental Panel on Climatology from the UN—lead scientist, not lead bureaucrat—and you went ahead. We will disagree. You think I'm a flat-earther, I think you're Luddites. Fair enough. That's the difference in policy here. But I'd like to see the underlying—

Mr. Mark Rudolph: I think the chairman should—

The Chair: Mr. Trost and Mr. Rudolph, I will have to exercise some judicious advice. You've made the request. You've made your point very clear. The witnesses have indicated that because they understand the nature of that request and why you've made it, they're going to try to have that information available.

I'd like to leave it at that. I'd like to exercise my authority, since we've come to the end of the session.

I would sum up with this. The objective of the committee is to try to look at the course we're engaged in with respect to Kyoto and whether some course corrections are required. We have asked for expert witnesses or witnesses who have opinions that have, in the past, been relevant to that journey. The ultimate objective, as I understand it, if I may articulate it on behalf of the committee, is to, at the back of all this, make suggestions as to how we can do that. It may be in the first phase, it may be in the second phase. We're involved in a rather extensive evaluation of how we got to where we are and where we would like to be and what charts are necessary on that journey.

I'd like to say that as the chair I try to avoid the type of culture that we have in question period. I would hope that we can be very activist and very clear that the committee stays within its terms of reference and that we don't get unnecessarily partisan.

•(1305)

Mr. Bradley Trost: I have a point of privilege, Mr. Chair.

I appreciate what you're trying to do here, but you allowed Mr. McGuinty to make a direct personal attack on me a few minutes before and did not intervene. That is hardly an unbiased chair position. I will lodge that.

The Chair: I appreciate that and I'll take it under advisement. That wasn't my intention. My intention is to be as fair as possible in terms of the members wanting to use their time in the manner that they think is conducive with carrying out the committee's objective. It is true that from time to time members are going to feel that's gone

over the line. I will try to bring members into order as we proceed there.

I can assure you, Mr. Trost, as I will say to everybody else, I will always attempt to be even-handed in that. I think it has happened on both sides today. I'll try to do better at the next meeting.

Thank you very much to our witnesses, and to you, ladies and gentlemen, who have been here. You can appreciate that there is a huge amount of expertise and knowledge on the part of members of the committee. We appreciate the input and your answers to the questions today. Thank you for being here.

The committee is adjourned.

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