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Chair

Mr. Alan Tonks

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•(1135)

[English]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good morning, bonjour, members of the committee, our witnesses, and ladies and gentlemen. We're a little late, so let's begin.

This is the 39th meeting of the Standing Committee on Environment and Sustainable Development. Pursuant to Standing Order 108(2), we continue the study of Canada's implementation of the Kyoto Protocol, which we have been doing for the past several weeks. We are now coming to the conclusion. As we indicated at our last meeting, we hopefully look forward—if the House continues—to having a report on the content and the responses, through the deliberations we've heard from witnesses.

Today we have the Honourable Reg Alcock, President of the Treasury Board. Attending with him is Jamshed Merchant from the economic sector, Treasury Board Secretariat; and Blair James, executive director, real property and material policy directorate.

Just for your information, at 12:30 the Office of the Auditor General, through the Commissioner of the Environment and Sustainable Development, will be here. So this part of the meeting will go to approximately 12:30.

Having said that, I think we have a quorum.

Mr. Minister, it's the usual process. You have ten minutes or so, and then there'll be an opportunity for questions and answers in ten-minute intervals from each of the parties. We look forward to your—

Hon. Reg Alcock (President of the Treasury Board): Remarks, statements, good feelings.

The Chair: —educated opinions and advice.

Hon. Reg Alcock: Thank you very much, Mr. Chairman.

There are three or four ways to go on this. I have to tell you I'm a little bit nonplussed by the fancy but almost dysfunctional screens we have here, given their size. The House of Commons might want to think about investing in technology that we can actually see.

I brought along a PowerPoint presentation, but it's not going to work, so we've distributed hard copies and we'll work off them instead. They're pretty, but they're going to be a little hard to...

I appreciate the invitation. There are a number of things here that I am anxious to talk about, more by way of sharing with you the work we're doing on trying to make the overall management of government more comprehensible and trying to build systems that

allow you to really look at outcomes right down the value chain, from the policy statement to the expenditures, down to the outcomes.

One of the things people may not have a really good structural sense of is just how large the Government of Canada is and how complex and disaggregated it is. One of the problems—I think Mr. Mills has been on this for some time—is when you try to get an answer on a question that cuts across government, it's enormously difficult. As members will know, we're running down the road of building horizontal management systems that will allow us to look at the expenditures and operations of government on a whole-of-government basis.

While doing that, because those systems will take some time to get built out, we've had groups working on modelling some of this. What I'm going to run you through today are just some examples. Some are in process right now internally in Treasury Board and will go public at a later date. One in particular is already public, and I think it's an example of how these tools can work.

If you'll come with me to the first page of the deck, I'm going to look at three items—the climate change expenditure envelope, the greening of government policy framework, and the contaminated site—just to give you a sense of how we think some of these things can be organized in a way that will be of greater assistance to members and Canadians in understanding what value they're getting for the money they're spending.

On page 2 of this deck, in Environment, and in Aboriginal Affairs for the aboriginal round table, we've been conducting a very similar activity, where we've been trying to aggregate all of the activities of the government within a framework. The blue bar indicates the policy framework that's being driven here and the various sub-activities that support that policy.

I believe some time ago Mr. Mills put forward a question asking for some of this information to be collected horizontally. It was largely because there had been a fair bit of work done on creating this horizontal view that people were able to respond to it. I mention Mr. Mills' question in particular, because the two graphs you see at the bottom of the page, which are really looking at the distribution of spending to date, are actually a direct result of his question. I'm sure you'll recognize some of that, Mr. Mills, in what you receive.

What we've done—if you go to page 3—is basically built an internal site. It's in development right now. It's accessible to the staff who are working on it internally, but it's a website. If you go to page 4, we've attempted to put the various categories underneath the policy and then assemble the money underneath that. So if you look at climate change science, it's one of the policy bars on the very first page. You'll see it at the top of this particular information piece, with an indication that we've spent \$28.17 million to date.

● (1140)

Each one of these mitigations has another one of those policy boxes underneath the overall policy framework. As you move down into mitigation, which lists a total expenditure of \$264,452 to date, you come to the five factors that make up the mitigation stream: built environment, industrial, transportation, agriculture, forestry cross cutting. The component parts of that spending are broken out as well.

If you go down still further through built environment, you come to the underlying policy streams: policy, houses, and buildings, with attendant resources. You can go into houses. In new houses, you get the two program elements.

If you continue this journey, you get right down to the amount of money being spent in each one of the activities that had been generated and broken out into G and Cs, capital, staffing, and the like.

This is part of a larger piece of work that's being done relative to reporting to Parliament. The way we report to Parliament right now, you get one report that gives you a static view of what goes on. Whether it's the planning and priorities documents, the performance reports, or the estimates documents, they're snapshots in time. We are attempting to build a set of instruments that relate them to information that's on the Internet. This way members can understand that these are dynamic portfolios and members can see them as they evolve.

On greening government operations, we're moving on the framework in much the same way. We're working on a range of areas as part of our policy envelope on greening government operations. I would draw your attention to the contaminated sites, which is one of the streams of activity we are working on.

That brings us to a site that is now a live site. This is a site that you and the public can go to. It allows you to look at the work in progress. We have made a significant financial commitment to cleaning up contaminated sites. If you go on the Treasury Board website, or go in through the Canada site, you can get this. If you want to go in and look at the current status, you get a snapshot that talks about the number of sites that have been identified, their status, how likely it is that action is going to have to be taken, and when such action may be taken. You can begin to see the work that's been done over time as we've identified sites, got some of them into remediation, and got others lined up and timeframed for future work. Once you have data in digital form, you can slice through it in many ways. This gives you a particular view of the work that's gone on over time. There is also a roll-up of all of the sites we have processed to date. In addition, you can look at it from a provincial perspective. So you can go in and slice the data and see all the contaminated sites in a particular province.

As with all good instruments, you can drill down even further. The one we've chosen here is the Giant Mine. As you go down and identify a location within a province, you can click on it and it will give you the underlying data on the site. So we go from the specific site right up to all of the sites we've been able to identify, together with any variants.

That's basically what I wanted to lay out with respect to the work we've been doing.

● (1145)

In our work, of course, we don't manage any of the environmental files. We simply provide management infrastructure that over time is getting richer and richer in holding data and making it accessible. People can understand what we're doing and where to go to get help, and members of the House of Commons can better hold us to account for the work we do.

Thank you.

The Chair: Thank you very much, Minister.

We'll go right to the top of the order. Mr. Mills can begin with the questioning.

Mr. Bob Mills (Red Deer, CPC): Thank you.

I'd like to thank the minister for the detailed accounting. I'll take more time with it, but that's exactly the kind of thing on which we've had difficulty putting dollar figures. Of course, when you have expenditures, I think it's key to know where they are going, how transparent they are, and what's happening.

My first question would be on a quote from the environment commissioner. She says:

Strategic environmental assessment of policy, plan, and program proposals is one of the most important environmental decision-making tools of the federal government...but after 14 years, it is still not being used to guide policy, plan, and program development.

What are your comments on that? What has been done to rectify the problem that she has seen?

Hon. Reg Alcock: Mr. Mills, as I said at the outset, I don't manage any of these operational files. It's difficult for me to respond in a knowledgeable way to a concern of the commissioner, who's obviously more of an expert than I am. I would encourage you to bring the minister forward to talk about the response to that question.

I don't know how the department uses the information it has. What I can tell you relates more to your opening comment, which is on one of the dilemmas that I think we've had in public management. This is not only a Canadian dilemma; it's one that exists in most industrialized countries.

Because of the large size and the complexity of government, we focus more on processes than outcomes. With these tools, we are attempting to start with the policy direction that is given, which is stated by the government and agreed to by the House through the passage of the various instruments in the House. We then tie that to the expected outcomes from the expenditure and provide you with a map right through that.

Not wanting to even attempt to respond to the commissioner, it seems that one part of achieving good knowledge about what we're doing, or what we're getting for what we're doing, is to simply map the environment and put the information before people.

• (1150)

Mr. Bob Mills: Yes, I think she has continually identified the fact that there are a lot of promises that occur yearly from government. She then has difficulty actually seeing that they've been implemented by various departments. Obviously, your department would be able to hopefully push that issue or that accountability, if you want.

Along that same line, on Project Green and the climate fund, I think a major concern is on how we can know where money is going, particularly when it's going to so-called green projects on an international basis. How are we going to be able to audit that and show Canadians that we in fact got good value for the money that was transferred?

I understand the group that will be administering it is more or less at arm's length to government and is appointed by government. How will we know where this money is going when you get into international green projects?

We have difficulty monitoring them domestically. Obviously, the question is this. How will we monitor them internationally?

Hon. Reg Alcock: Well, without knowing the project you're referring to, it strikes me that it's a problem that exists across most of our international activities. If you want to view it as narrowly as that, it strikes me that any time we are choosing a third party, a foundation, or an organization to act on our behalf, there's a certain amount of due diligence to satisfy ourselves, the House, and the auditors that this is an appropriate organization to do business with.

We don't audit other countries when we provide them with money. We don't conduct the audits. But there would be an expectation that we, the Canadian government, would have Treasury Board policy to insist that people do the due diligence to show that they have the instruments to satisfy themselves that the money is being spent to good purpose.

Mr. Bob Mills: Let's use an example of pipelines in Russia and the leak in the Ukraine. It's a major problem, with a loss of 25% or thereabouts. One of the projects being proposed is that we provide money to improve the quality of gas and oil transmission in these countries.

That sounds like a very good objective. However, I doubt very much that the Ukraine or Russia are going to let us audit any of these programs. Some would suggest that we send the money directly to a Swiss bank account and forget about going through with the project, because we're not going to know whether it actually happened or not.

Again, on sending Canadian money for those kinds of projects and then going even further, the minister suggested in an answer to a question that we could even look at developing countries like the Zimbabwes of the world to buy our carbon credits. I would think there would be even more difficulty in monitoring value for dollars.

Hon. Reg Alcock: Mr. Mills, you have me at a disadvantage when you're talking about international affairs. It's not an area of expertise of mine, although it does strike me that we have a large number of international NGOs and organizations that do function quite effectively. We have the World Bank, the IMF, and various NGOs that function in other countries, and they all do quite good work.

So without knowing the specifics about the Russian pipeline, I know that the decisions we make at the Treasury Board about the due diligence to be done insist upon having proper contracting in place with reputable organizations and the like. I know there's an active debate—and I'm not going to name particular countries—in some developing countries where the state of development of civil society is such that there is a question about whether or not simply providing money...but that isn't just in the environmental area. That crosses a number of areas, and I think it's a problem for the world community, but there again we have instruments like the UN and others, which are competent in those jurisdictions.

So I've not had it raised to me that there is a substantive problem with being able to identify reputable organizations to do this work. That's not to say there aren't always risks, particularly when you're dealing with countries that are somewhat dysfunctional.

• (1155)

Mr. Bob Mills: Yes. What I think of is something like the Bellona report and Murmansk, and all of the nuclear waste sites. Sweden volunteered to go and clean those sites up. However, the problem was the Russians said, no way, send us the money and we'll clean them up. The Swedes and Norway decided not to send the money, because while it's obviously an ocean they share, their ocean, that these nuclear wastes are going into, they decided not to send the money because of the lack of transparency.

And I think this is going to be one of the biggest problems with the buying of carbon credits internationally, this issue of the transparency of what you're getting for your money, if in fact anything of an environmental benefit.

But let me go on to contaminated sites, because my time is running out. The Sydney tar ponds have become the poster child of pollution, of contaminated sites in Canada. When I first came here in 1993, we announced that we were going to clean up the Sydney tar ponds immediately and we had a plan. The studies had been completed.

A couple of weeks ago we heard that now we're going to have two years of studies to see how we're going to clean up the Sydney tar ponds. I have to become a little bit cynical when every year, every budget, every green plan that we've had in twelve years has always used the Sydney tar ponds, and yet now we're going to study them for two more years. There have been millions and millions of dollars spent studying this issue, but it would seem to me we should have just gotten on with the project.

We have all these 50,000-plus contaminated sites. If we just talk about the Sydney tar ponds, are we ever going to get anything cleaned up?

Hon. Reg Alcock: As tempting as it is to wander into debates about Murmansk and Zimbabwe, I'm not certain that's going to get us to a comfortable place.

It does seem to me that one of the things that has happened, on the Sydney tar ponds... Government has made a very significant financial commitment to cleaning up that site, and if the people who are managing it think that study is required to do it properly, I would have trouble objecting to it.

However, I'm not managing the site, so I can't be definitive about that, except that it does seem to me when you've created a relationship with another order of government, when you've gone through the due diligence on a project of that size—and it's a huge project—when you put the money in place that we've put in place to do this, I would argue that you'd better be damn sure you're going to spend it properly, that you do the right thing. I don't want people just haphazardly running off to do that.

But what we've tried to do here, and it's contained in this final set of slides I showed you, is to lay out for your understanding, and the understanding of all Canadians, just exactly how many contaminated sites we've been able to identify, federal contaminated sites, ones that we have some responsibility for. And I don't think we've identified all of them at this point. We've identified, we believe, the vast majority of them, and each time we've identified one it's been assessed. We've looked at whether or not action is possible, or needed immediately, or whether it can be a second tier so we can get to the more difficult ones first, and we've set up a process for prioritizing them, and we've set up a process for addressing them one by one, trying to set up the years that it's going to go on, to allow you to judge whether or not those are a good series of decisions.

Mr. Bob Mills: Basically, as I understand it from what you say, I guess the problem is that the municipality and provincial government have both said we've studied this long enough and that we should now come up with a joint plan to deal with the issue. So I don't think it's correct to say they are onside with the federal government on doing another study.

I think everybody agrees, and I've talked to people who are in the business of cleaning up contaminated sites, who say the technology is there, but the will to take action is not. I can understand that, as it's a huge, expensive, serious problem.

Again, if we can't clean it up, then let's just say that and do what we have to do, but let's at least do something.

Hon. Reg Alcock: It was just a little difficult to respond to an information source that is a friend of a friend. It's certainly not our

information, that the cleanup is proceeding and the three levels of government are engaged. I don't have any information that supports the contention that it's not going ahead—but I would invite you to call the minister, if you want more detail on that.

• (1200)

The Chair: We can come back to that, Mr. Mills.

Mr. Simard.

[*Translation*]

Mr. Christian Simard (Beauport—Limoilou, BQ): I would like to focus on climate change. I understand that the issue of contaminated soil is interesting, but I want to talk about climate change. Let us take a look at the first page of your document entitled "Management Frameworks for Environmental Files". As there was no total, I took a crack at calculating the total federal expenditures on climate change. I came up with the rough figure of \$1.6 billion. Am I mistaken?

On page 2, in the blue section at the top, the total federal spending is not indicated. It would have been good to see a total. I also thought that there should have been a line indicating outcomes in the vicinity. In this way, we could have got an idea of expenditures relative to specific outcomes.

Obviously, this is a draft. Everywhere, on pages 3, 4, 5 and so on, there is a budgetary oversight section for the various programs. I noted that there was still a lot of zeros. I gather that this is a way of providing an overview of upcoming programs in the newly started Green Project. So, I guess that is why there are still a lot of zeros here and there.

Once again, I cannot see a line detailing outcomes in relation to allocated funds. There is, however, a line setting out allocated funds. There seems to be a plan, and the report seems to indicate which plan is the most substantial. We are talking about investments to the tune of \$10 billion a year. What concerns me, even with the Project Green, is that the targets are not specific.

I will quote what is written on page 38 of the Project Green:

Associated federal investments total \$10 billion, of which \$2 billion will be earmarked for existing programs to combat climate change.

This investment is spread out of eight budgets. It continues:

There is an interdependency between the various mechanisms in table 1: particularly the climate fund, the partnership fund and programs. That explains why one does not get a clear idea of the total emissions reductions and costs simply by adding up the values [...]

Indeed, we are told that there is \$10 billion and, that for each program, there are amounts ranging from x to z. So, they are not very clear targets. It will be very hard for you to monitor this.

We will come back to the issue of the future later. Let us stick to the current situation, for the moment. There was a budgetary commitment of \$3.7 billion, which we know has not yet been spent in its entirety. What amount has been spent to date to manage climate change? What are the exact results as far as an increase in emissions is concerned? I know there has not been a reduction. Where is our starting point now? I would like you to give us an overview of the current situation.

[English]

Hon. Reg Alcock: Thank you.

There's a lot in that. I think the suggestion in your opening comment about a total is enormously helpful, because we are in fact just building this, and it might make sense to put the total for the envelope being described here on that opening bar, the top bar. So we'll look at that right away, although I'm having a little difficulty reconciling your latter number of \$3.6 billion or \$3.7 billion versus the \$1.6 billion that's in this particular appeal, but I'll come back to that.

[Translation]

Mr. Christian Simard: We had been apprised of budget commitments until 2003-2004.

[English]

Hon. Reg Alcock: Oh, I see. I'm sorry.

The numbers contained in the boxes on that blue line, and what's detailed as you drill down, is what's been spent. That's the \$1.6 billion, out of a total envelope of \$3.7 billion.

If you go to slide 3—

[Translation]

Mr. Christian Simard: And the results?

[English]

Hon. Reg Alcock: The results of...?

• (1205)

[Translation]

Mr. Christian Simard: So, where are we exactly as far the \$1.6 billion is concerned?

[English]

Hon. Reg Alcock: Come with me to page 3 of the deck, okay?

Now, let's deal with two different things. In the tool that we're creating, we chose to go down the financial line, because that was one of the presenting questions we had here, to show you the drill-down on the money. But there are also measurement tools. If you look here, we've got sections on governments, on financial measurement and on non-financial measurement.

If you look at the presentation, it is a screenshot of the website. As I said, because we didn't have the whole site live here, we chose to go down the financial one, as that was one of the presenting questions we had earlier on. There is work ongoing in every one of those areas, and also on putting up evaluations on projects that have been completed, to determine whether or not it has met its goals. The tool is being developed to allow you to do exactly that. As for the specific results on specific lines of activity, right now I think it would

be better to ask that of the minister, because we don't manage the program, but simply create the instruments allowing you to see—

[Translation]

Mr. Christian Simard: I have no trouble understanding. On the other hand, I am not sure about what I am seeing. Over the course of my life, I have been present to a number of presentations. I worked at the ministère de l'Environnement du Québec. Sometimes, programs were presented to us using pre-selected examples. However, when you try to use them, you would click on the link and that there be nothing inside. I would suspect that your particular tool is still being developed and that should you click on each link, there still would not be any content.

Am I mistaken?

[English]

Hon. Reg Alcock: Yes, I agree with that.

As I've said, this one is in development and is not a live site yet, but one that we're using and developing internally. I wanted to bring it out here today, in part, to get some feedback on it. It might also have been interesting to detail one of the measurement lines.

The other one, though, is a live site, and it is something you can go on today and use. I think it does provide a level of detail on the contaminated sites envelope. As you use it, I would also be interested if you identify other bits of information you'd like to see on it. This is a process that is going to continue to evolve as we get better and better at using these tools—but this is the first time we've brought all of this material together in one place.

[Translation]

Mr. Christian Simard: Still, I would like to hear from your own mouth what emissions reduction results the \$1.6 billion spent to date have enabled us to get. What are the results thus far? I would like to know exactly where we are at vis-à-vis the Kyoto target, after having spent \$1.6 billion. Could I have a precise answer?

[English]

Hon. Reg Alcock: Well, I think I'm going to have to refer you to the minister for that information. I can pass on your question to him and let him come back with it.

[Translation]

Mr. Christian Simard: I cannot understand how you would not have this information. From what I understand of the role of the Treasury Board, it is supposed to control departmental expenditures across the board. You said it yourself, it is very complicated. There are several departments. It is not just the Environment minister who is involved but there is also the Natural Resources minister.

Given the \$10 billion investment announced in Project Green, the \$3.7 billion budgeted thus far and spending to date totalling \$1.6 billion, I think that it is worth making sure that there is an oversight mechanism to control expenditure spending somewhere along the line. Several departments are involved. We could even go so far as to establish an organization, undoubtedly affiliated with Treasury Board, which could keep the public informed, throughout Quebec and all of Canada, of the amount of money spent. It would be a kind of thermometer.

In the villages, when a church was being renovated, a thermometer was set up which provided a progress report on how the renovation work was coming along. Currently, there is a thermometer specifying the amount of money outlaid and yet another indicating the results achieved by departments. This could be done in a far more up-to-date way than all church thermometers, but basically that is what is needed. Ten billion dollars will be invested. To date, envelopes totalling \$3.7 billion have been made available. Of this amount, only \$1.6 billion has been spent, which is also a bit of a problem. And yet, Treasury Board cannot tell me what climate change outcomes \$1.6 billion in spending has led to. I find that rather unusual, to say the least.

[English]

Hon. Reg Alcock: I'll see if I can find a thermostat for you.

[Translation]

Mr. Christian Simard: Yes, a thermometer indicating outcomes.

[English]

The Chair: Whoa, whoa. I am sorry....

Minister, I would wish that we weren't facetious. I know you didn't intend to be.

I think what Mr. Simard is trying to say, if I may, Mr. Simard, is that if you click on "Measurement"—and we do understand that this is not an active site—it says "Performance Management". What Mr. Simard is saying, I think, is that if this is in development right now, is it the intent that there would be, in each cluster of activity, a performance measure and a result, so that it isn't just a barometer but an indicator that there is a return for the investment? I think that's what he's saying.

Would you like to respond to that, please?

• (1210)

Hon. Reg Alcock: Absolutely. And I think I actually have responded to it, twice. That's exactly what this is intended to do. This tool is to provide people with all the financial information and all the operational information we have, and to relate it to outcomes and performance measures. That's the purpose of the site. I have said that several times.

If that is not an appropriate display, if there's another tool you would like to see, then I will endeavour to do that. I fear that at times I get drawn into debating the policy question in environment. I don't do that. I don't run the environment department. I'm not expert in that area, just as I'm not expert in fixing Russian pipelines. It's just the reality.

The Chair: You have one minute, Mr. Simard, please.

[Translation]

Mr. Christian Simard: The issue has got nothing to do with what is the best tool in Project Green. We are talking about budgetary control. You need to ensure, from what I understand of your role, that money is spent appropriately in line with program objectives and that these programs actually produce results. I expect that the President of the Treasury Board would have at his disposal ways of sounding the alarm should departments spend money without getting results.

I can see that you have established a website. And I think it is very nice of you to consult us on that, but I am very concerned about the way \$10 billion are being spent. This project is very much flushed with funds, but not very stringent as far as results are concerned. The approach to this project often seems to be a laissez-faire, and lacking in clear objectives. I get the feeling that, even if the New Democrats get more and more money for this project, which continues to be fuzzy as far as results are concerned, we will be heading for another inquiry on the management of public funds. I am not reassured by the tools that you have shown us today, despite the fact that you have been kind enough to consult us on their development.

[English]

Hon. Reg Alcock: This is exactly the goal of this particular program, which was announced in March of 2005. That's this year. The group at Treasury Board has been working exceptionally hard, and has done, I think, a huge amount of very creative work pulling all this information together.

It's easy to ask for the world in a minute, but it just doesn't happen that way. The reality is that the Government of Canada is huge. This is a huge portfolio, involving billions and billions of dollars. We've undertaken the work to build an information system that provides exactly what you are asking for, but this does not get built out in a few days. It's as simple as that.

The Chair: Thank you, Minister.

Mr. Simard, we'll come back to you—

[Translation]

Mr. Christian Simard: You do not know what the current state of affairs is when it comes to emissions. You quite simply did not answer my question on current emissions levels.

[English]

The Chair: I realize that, but we'll have to try to come at it in a different way. We'll see if Mr. McGuinty can approach it in perhaps a different way.

Mr. McGuinty.

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Mr. Chair.

Minister, good morning, and thanks for joining us.

Thank you for the document. This is a vast improvement over the last time we looked at what we were doing in terms of management frameworks for environmental files.

I want to pick up on a couple of the themes, if I could, and put a couple of questions to you.

The first deals with the question of the responsibility of the Treasury Board for federally owned contaminated brownfield sites. I just want to raise something with you I raised with the Minister of Finance, the Minister of the Environment, and the Minister for Natural Resources, especially as we proceed with early thinking now for the next budget. It is a national brownfield redevelopment strategy, something that was requested by the Prime Minister when he was Minister of Finance, that was delivered to the Government of Canada, and that builds entirely on the shoulders of the federal initiative to get its own house in order.

Maybe I'll just put a marker down for you, Mr. Minister. There are 30,000 contaminated sites we know of in the country. There are about 750,000 such sites in the United States and about 1.2 million sites in Europe. What we put forward as a national team at the national round table was basically a whole strategy that would allow the country to benefit from the full force and effect of the market, not just to clean up federally owned sites but to create the marketplace conditions that would allow for the cleaning up of all those other sites.

The changes that are involved that were called for are both provincial changes and federal changes. On the provincial side they deal more particularly with lender liability difficulties, overcoming the legal difficulties for major financial players in Canada to lend against the redevelopment of contaminated sites. There are some changes there that have been recommended and some federal fiscal changes that have been recommended, including some GST provisions, in order to allow the marketplace to do what it does best. Most of these sites are urban as we urbanize quickly. Most of them are already encumbered with some capital costs; they have waste water services, they have transit routes, they're electrified, and they have the Internet. They're there.

I wanted to simply raise that with you, Minister, in the first instance, given that the economic analysis I've seen indicates an economic generator number of 3.4 dollars for every dollar spent. I'm not sure if you have an answer for that this morning, but I certainly would like to raise it with you in advance of your own continuing discussions at cabinet on the budget. That would be point one, Mr. Minister.

• (1215)

Hon. Reg Alcock: Mr. McGuinty, in a sense I'm having the same dilemma I was having with my friend from the Bloc. I hear what you're saying; I don't dispute it at all. It's not an area of expertise I have.

I think it would be interesting to discuss the policy implications of that with the Minister of the Environment. My responsibility, as we've been laying it out here, has been to pull together the federal information.

Your number of 30,000 adds in all of the non-federal sites, and we don't have a management responsibility there, although that doesn't mean they're not important. The tool we've built has dealt with whether it's federal responsibility, because we're tying it to federal activity and expenditure.

As to the other aspects of the policy, as someone who is interested in urban planning and such, I certainly get what you say when you talk about brownfield sites and the opportunities they provide when

they're in urban centres because of all the other infrastructure they have around them. But it's really not a policy suite I manage, so I would be a little hesitant to walk too far down that road.

On the identification side, what we've tried to do there is not just identify the sites, just build an inventory of them, but actually assess them and map a road towards their remediation in cooperation with the departments that have responsibility.

We also administer a very large sum of money to get this cleanup done over time.

Mr. David McGuinty: I raise it, Minister, in the context of value-for-money propositions at Treasury Board. As we seek as a federal government to clean up our own house, we're going to be turning to the free market to look for the solutions. The Government of Canada has no indigenous capacity to clean up these sites. We will be RFPing; we will be buying that capacity in Canadian society, so there is very much a hand-in-glove approach to this.

I just wanted to raise that with you and then move on, if I could, Minister, to theme two.

Hon. Reg Alcock: It was just mentioned that Canada Lands is the entity we use for the disposition of property, and I'm told they have some experience in this.

Is it with the Moncton CN yards?

Mr. Blair James (Executive Director, Real Property and Material Policy Directorate, Treasury Board of Canada Secretariat): Yes, that's correct. I had the opportunity to tour the Moncton shops last week in fact. They've taken a site that, as you can imagine, had undergone tremendous degradation over the decades and have turned it into a model, I think, of what you can actually do with an urban brownfield. It has been turned into sports fields now and, as you indicated, has been integrated back into the community.

I think your notion of leveraging what the government has—in this case its agent, Canada Lands Company—to do exactly that, and they're very good at it, is—

Mr. David McGuinty: Let me recommend to you, Minister, and your staff, the national brownfield redevelopment strategy report that was delivered to the federal government two or three years ago. You will see that it not only captures the Canadian opportunity here, but it speaks about how most European countries have already moved in this regard and how the Americans have done so, and it notes that right now we have systemic market blockages that are not allowing us to clean up as many sites as we should and improve our overall condition, particularly in urban areas.

Let me, in the interest of time, Mr. Chairman, move to theme number two, and that is measurement. I wanted to raise, if I could, Minister, another major initiative announced by the Prime Minister when he was Minister of Finance. It is in Budget 2000, when he asked his now advisory council to develop for Canada the first suite of environment and sustainable development indicators. This was a groundbreaking initiative, which he then took to the United Nations and to the General Accounting Office in Washington in the United States.

The government received six indicators, which were a beginning, to start reporting on the overall health and wealth of the country. The report that was delivered reflects the fact that at Statistics Canada we report on financial capital, we report on social capital and human capital, but we do not report in any way on natural capital. For example, Canada is said to possess 26% of the world's wetlands, which we know are perfect and free water filtration systems and air filtration systems, yet we keep draining them at breakneck speed.

Six indicators were delivered up to the government: greenhouse gases, extent of forest cover, wetlands, water quality, air quality—adjusted for population, given our rapid urbanization—and educational attainment. Your own *Canada's Performance* report, which you deliver up every year—and I had the pleasure of sitting on your advisory council for three years in another life at the Treasury Board as an external member—does not reflect these six indicators.

At the time, the Prime Minister was clear in his budget speech, when he was the Minister of Finance, that these were supposed to be used in our budget-making on an annual basis; that we were to report to Canadians that yes, while GDP was increasing, perhaps our water quality was going down or up; yes, as unemployment was down, we were selling more respirators in downtown Toronto, which was contributing to GDP, but air quality was declining.

In other words, when it comes to measurement, the intellectual problem with economics and the system you're working in is that it does not reflect in any way those external issues that provide all the systems we need to do what we do. A very practical initiative was launched; it was finished; it was delivered. StatsCanada was funded two years ago and is still funded this year to bear down on these.

Where are we with these environment and sustainable development indicators? How will they be used at Treasury Board and in budget-making processes?

• (1220)

Hon. Reg Alcock: I'll start with one comment; then I'm going to ask Mr. Merchant to respond in more detail to the specifics of the indicators. In reference to the Canada report, one of the things we are attempting to do in it is draw together indicators of exactly this sort. The dilemma is always identifying generators of the information that are independent of us, so that they become benchmark-like artifacts that you can measure yourself against on an annual basis. I'm intrigued by the comment on the five.

Do you want to respond on where we are with...?

Mr. Jamshed Merchant (Economic Sector, Treasury Board of Canada Secretariat): Yes. I'll point out that, as you noted, Statistics Canada was doing some work on the environmental indicators coming out of the national round table for the environment and

economy. The government has made a commitment to follow up on that work and in fact has identified about \$35 million over several years to proceed on it. Environment Canada, Statistics Canada, and Health Canada are working jointly to get it under way, focusing on how to start monitoring this across the country, working with their provincial and municipal counterparts to put it in place.

The entire intent is to figure out not just the data to collect, but how to use it to feed into the policy discussion. Treasury Board's role really comes in as an aid in how to report on it, not just in terms of things such as Canada's performance, but also in how we use it in policy-making. That work is going on, and the thinking around it is a challenge for the government, because it really is a horizontal issue. It's a horizontal one within the government and horizontal across jurisdictions.

Mr. David McGuinty: I have just one quick response, Mr. Chairman.

The problem with that, Mr. Merchant, is that once again—and I recall receiving a letter from the Deputy Minister of Finance Canada, having delivered these indicators to the Minister of Finance and his deputy at the time—if these are not mainstreamed at Finance Canada, if these do not find their way into national budget-making processes, then it will be the same old same old, which is that these are external and extraneous to economic accounting. And this is where the barrier resides and continues. If we don't start telling Canadians that GDP may be up, unemployment may be down, but we've lost another 50,000 hectares of forest cover to store carbon, we're not telling the full truth.

It cannot be simply at Treasury Board or at Environment Canada or NRCan. This must be mainstreamed at Finance Canada if we're serious about integrating the environment and economy. That was the import of the ask made by the Minister of Finance, now our Prime Minister. We're going on five years, and this is still being worked through the system. I'm wondering when this is going to see the light of day in a budget-making process.

• (1225)

Hon. Reg Alcock: If I may, Mr. McGuinty, I'm intrigued by it, and not having an answer for you, I will endeavour to get you one.

Mr. David McGuinty: Thank you, sir.

Hon. Reg Alcock: If there are opinions from this committee, Mr. Chairman, on the indicators that would be useful for the work of this committee in an ongoing sense that could be included in the Canada report, I would also be interested in receiving that information.

The Chair: Thank you, Minister.

If I may, committee—and I'm going to go to Mr. Cullen—just to trace that through, can I leave another thought?

How do you use the indicators with respect to smart regs? I think the committee would be interested to know at some point just how that does influence policy.

Hon. Reg Alcock: Does your clerk have somebody who can take these around? I should have distributed them earlier. We've just prepared some packages on the contaminated sites work that are a little more detailed.

Your question about smart regulations, Mr. Chairman, is one that would be interesting to come back and talk about, because, as you know, this is a massive process we have under way. We are looking for performance measures to hold ourselves to account to as we go down this road. It would be interesting to figure how the five environmental ones would play out. It would be interesting to discuss.

The Chair: Something to frame.

Hon. Reg Alcock: Yes.

The Chair: Mr. Cullen, 10 minutes, please.

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

Thank you, Minister, and to your staff for preparing this.

Just quickly, on the contaminated sites, specifically we're here to talk primarily about climate change, as are most of the witnesses. Do the contaminated sites and the assessment you folks use have any bearing on the climate change plans of Canada, or is it just included for information's sake?

Hon. Reg Alcock: As I had understood the request to me in appearing here it was simply to go through how we are approaching this business of reporting on environmental information, whether it's mapping how the money is being spent in support of the policy objectives, etc.... Because it's part of the portfolio we manage, this is one of the elements that is pretty fully developed, and I simply wanted to give people an indication of what could be done.

Mr. Nathan Cullen: Okay, so it's more of a model rather than anything in terms of measurement.

It seems to me, in the current political climate in which we're embroiled right now, trust is extraordinarily important in terms of the accounting of taxpayer dollars. I want to hit on this theme just for a moment to pick up on some of the comments from the other parties so far.

Just in the expenditures that are listed here, 1997 to 2003-04, when we had the Minister of the Environment and some of his deputies in front of us.... Commitments are made, moneys are announced, and then only so much is actually allocated and spent. As you folks go forward, how is it we're to distinguish between new and old money—the grand question in Ottawa?

There seems to be a propensity in the last dozen years or so to re-announce money over and over again until it's almost thoroughly exhausted, yet you folks are here for the final assessment and analysis. In this climate we're living in and Canadians' interest in actually spending money to improve our environment, how is it that we're meant to trust the figures going forward, not understanding what is actually previously announced money, money that came from other departments, that is now appearing without any annotation to tell us whether it's old or new?

Hon. Reg Alcock: If I can draw your attention to slides 10 and 11, as you drill deeper and deeper into the information that's made available, you'll find that it is presented...for example, on page 10, you see the money that was allocated, planned, and actually spent under Budget 2003 announcements and money that was similarly allocated, planned, and spent under Action Plan 2000. If you go to the next page, you pick up money that was in sunsetted programs, and so on.

What we're attempting to do is give you as much disaggregated detail as we can at the base of this, and then build up so there's a reconcilability right up and down the track.

Mr. Nathan Cullen: A second question to the analysis that you folks are engaged in pertains to the effectiveness of money spent. Let's take particularly the climate change file out of Environment Canada. This is about specifically reducing Canada's greenhouse gas contribution to the global climate.

What we're struggling with is this. Since we've had some form of this discussion in existence since 1997, and a plan in 2000, another in 2002, what analysis has your office done in terms of the effectiveness of dollars spent to this point?

• (1230)

Hon. Reg Alcock: On the effectiveness in climate change, the evaluations are in part included in the evaluations that are existing here and in the measures that are existing here.

Mr. Merchant is just drawing my attention to the fact that it was in Budget 2005 where we talked about doing annual reviews of the effectiveness of programs in order to reallocate money.

What we are building into this site is a listing of the measures and evaluations of the outcomes of the various program strings that are captured in this.

Mr. Nathan Cullen: My question is perhaps more to the money that has already been spent and gone out the door. What measurement and analysis have you done in terms of its effectiveness in reducing Canada's greenhouse gas emissions?

Hon. Reg Alcock: That's what we are on about doing right now.

Mr. Nathan Cullen: I'm inquiring about money that's already been spent. You are now analyzing its effectiveness in terms of greenhouse gas reductions?

Hon. Reg Alcock: Exactly. We're gathering that information, looking at the indicators, and we'll be reporting it back through these tools.

Mr. Nathan Cullen: Allow me some consternation in having some significant amount of money spent over the last five years for a specific cause and case, without any analysis done in terms of its effectiveness or of the cost per tonne...of various programs, keeping in mind the government's commitment of reassessment, for their effectiveness, of all projects done under the climate change file.

In this climate of a total breakdown in trust, how is it I'm meant to turn to the voters and say, we'll figure it out this time, although for the first five years, and \$1.6 billion later, we don't have an analysis?

Hon. Reg Alcock: No. That's exactly what we're doing across a whole range of government operations. The whole modernization of public management that this Prime Minister began in December 2003 is all about organizing the information in a way that you can begin to do those evaluations. It was not possible before. It is now becoming possible to identify the information down to levels of detail that you have never seen before. That's because of both the commitment of the government to do it and the hard work of a lot of people at Treasury Board and other departments who are providing it.

These are massive exercises in a massive organization. We are doing exactly what you're asking for.

Mr. Nathan Cullen: I applaud you for your efforts now, but what I need to understand is this. The money that has been spent was spent in a climate, to use the phrase, of not having any assessment tools available for the effectiveness of the expenditures. Did we spend the money without knowing how much it was going to cost per tonne of greenhouse gas reduction? Did we spend it without an assessment of the programs being used?

I understand what you're attempting to do, and since this current Prime Minister...

Perhaps I could have someone's attention for a moment.

Hon. Reg Alcock: Perhaps I could just look at the answer to your question, because I think the way you're framing it is maybe what's causing the problem here. I'm told for each program line there are in fact evaluations. That's what's being gathered right now, to be rushed over to you.

Mr. Nathan Cullen: Okay. So the answer is yes. Can we have those evaluations of the programs?

Mr. Jamshed Merchant: Yes. As part of each approval by Treasury Board of a program—

Mr. Nathan Cullen: This is all I was looking for. We know the cost per tonne of reductions and the effectiveness of the programs that we have initiated to this point?

Mr. Jamshed Merchant: As enunciated in the climate change plan, part of the Budget 2005 commitment is that all those programs will go through that review as well, to then determine any other future funding to those programs.

Mr. Nathan Cullen: Thank you.

I would like to be explicit, because this is the first time I've heard this, and I've asked this question a number of times of people within

the department and outside various departments. We have an assessment and an analysis of the effectiveness of greenhouse gas money that has been spent in terms of tonnage reduced and effectiveness per tonne. I was given a "yes", and I just want to clarify that.

Hon. Reg Alcock: Just be careful.

Mr. Jamshed Merchant: We don't have it in a global sense. We're starting to get it for individual programs, for example, for programs that were funded in Budget 2003. That's only two years ago, or one or two budget cycles ago, so some of those programs are just beginning. Departments won't have a lot of that data to be able to identify exactly how they're doing.

Hon. Reg Alcock: The whole purpose of this is to do exactly that.

Mr. Nathan Cullen: I'm trying to focus on the money already spent, so that we have some analysis of it. That's helpful.

The press are having difficulty finding out how much we've spent on the public information of the one-tonne challenge. I know it's listed here as a line, but I can't pull it out because I don't have access to the site.

● (1235)

Mr. Jamshed Merchant: When you say public information—

Mr. Nathan Cullen: This is the one-tonne challenge, the infomercials and such. The media have been trying to find out.

Hon. Reg Alcock: You're talking about the advertising for the one-tonne challenge. That should be easy to find.

Mr. Nathan Cullen: They're having difficulty. So if your department can get that for me, it would be helpful.

Hon. Reg Alcock: I can get that back to you right away.

Mr. Nathan Cullen: I have a question about a project initiated in British Columbia around the Great Bear rain forest project. Has that been brought to Treasury Board? This is requesting an allocation of some moneys from the federal government. Have you received it yet?

Hon. Reg Alcock: I don't recall it.

Mr. Jamshed Merchant: I'm not familiar with it. It may be a subcomponent of something bigger.

Hon. Reg Alcock: It also depends on the size of it. It may be within the ministerial authorities they already have.

Mr. Nathan Cullen: I think it's coming your way. I'll try to get you something this afternoon.

Let me ask a quick question about the expenditures by area of activity. It says "including foundations". Is there a way to pull out how much money as a percentage is given over to foundations?

Hon. Reg Alcock: We could certainly get that information to you. Wait, we may have it now.

Mr. Jamshed Merchant: No, we haven't. We have to pull it out, but we can do it.

Mr. Nathan Cullen: Thank you.

There have been suggestions that because of the silo effect, Canada is falling behind in climate change. We had presentations from some of our European partners who are by all accounts far ahead of us with respect to climate change. This is by the environment minister's own admission.

Hon. Reg Alcock: I'm not arguing with you. It's not my area of expertise.

Mr. Nathan Cullen: We have a multi-sectoral approach, with many government agencies involved. There has been a suggestion that a separate secretariat or agency be created to control the climate change file.

Would that be of any assistance in the assessment policies or procedures that you folks are going through right now?

Hon. Reg Alcock: You'll have to ask the minister about that. It strikes me that a precursor to making decisions in the management of anything is having the information organized in a way that allows you to understand what's going on. I think that's the road we're headed down. Once you're in possession of that, you'll be able to offer better advice about how we organize it.

The problem right now is that the instruments are so large and so diverse that it's hard to capture all of it in one policy framework.

Mr. Nathan Cullen: On the assessment process, when programs are brought forward to you folks, one of the things you'll be requesting is the effectiveness of the programs measured by cost per tonne of greenhouse gas reduction.

Hon. Reg Alcock: With regard to the effectiveness measures, I'm not going to substitute my limited knowledge for that of the minister. The minister and his department will come forward with the measure against which they wish to be judged, so I'll defer to his knowledge on that.

We will then, however, capture it, record it, and present it.

Mr. Nathan Cullen: There's some notation in Canada's climate change plan for purchase of carbon credits. There's much debate about this. Is there any allocation in the budgets you're working with for the amount of money requested by other agencies for these purchases?

Hon. Reg Alcock: For the purchase of credits? I don't think there's anything detailed at all, no.

Mr. Nathan Cullen: There are no budget lines for it. It's mentioned in the plan and we're trying to follow it to you folks.

Hon. Reg Alcock: That's right. There's a plan in there, but no money, not at this point.

Mr. Nathan Cullen: You haven't allocated any money yet?

Hon. Reg Alcock: Not to the best of knowledge.

The Chair: Thank you, Mr. Cullen.

Members of committee, we also have Ms. Gélinas. But there was something requested through Mr. Cullen.

Mr. Jean, did you want to reiterate the information that the minister was going to make available?

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): It was just the percentage of money going to foundations.

Hon. Reg Alcock: He can circulate it to all members

The Chair: Mr. Simard.

[*Translation*]

Mr. Christian Simard: I asked for a specific information. I already knew the answer: \$1.6 billion has been invested, and \$3.7 billion was released in the budget, and yet there was a 28 per cent increase in emissions over and above the actual target. In total, there has been a 20 per cent increase in greenhouse gas emissions since the federal government decided to act. If I am wrong, I simply want to be told so officially. At any rate, people are entitled to know these basic statistics.

● (1240)

[*English*]

The Chair: All right. We'll ask whoever the appropriate—

Hon. Reg Alcock: To the extent to which we have that information—

The Chair: If you could direct that to the appropriate ministry, then we could have that information.

Hon. Reg Alcock: I'll undertake to get that for you.

The Chair: Okay.

Thank you very much, Minister. We appreciate your being here. It was very informative. Thank you.

Members, please take five minutes, and then we'll have Ms. Gélinas here. Thank you.

● (1240)

_____ (Pause) _____

● (1245)

The Chair: Could I have the committee sitting, please, so we can commence?

Madam Gélinas, welcome. I can see that you are very comfortable with the committee, and we are glad of that. We've been looking forward to hearing your testimony, so I guess without any further ado....

We do understand that we can go until two o'clock, so we'll just use that as our guideline. You know the routines of the committee, so we'll just turn the floor over to you. You can make your presentation, and then we can get into our dialogue through our questions.

Ms. Johanne Gélinas (Commissioner of the Environment and Sustainable Development, Office of the Auditor General of Canada): Thank you very much.

Good afternoon.

[*Translation*]

Mr. Chairman, thank you for inviting us here today. Joining me are Neil Maxwell and Richard Arseneault, both Principals responsible for our work on climate change, and Bob Pelland, the Director responsible for several of our past audits related to climate change. I hope that we will be able to answer all your questions.

First, let me compliment the committee on the thorough and diligent way you have pursued the issues surrounding climate change. My staff and I have been following the hearings with interest, and it is a privilege to come before you today with some summary comments.

We have decided to devote our entire Report in 2006 to the subject of climate change. Therefore, we too have been seeking information and the views of key people, as well as monitoring these hearings. The combination of your work and our meetings will help us to make decisions on what to audit for 2006. I will tell you what I can today about the architecture of the 2006 report, but, as you will appreciate, I cannot be too specific. We have not yet made final decisions, and of course, we have no audit results to report. These will be provided in one year.

● (1250)

[English]

Based on testimony to your committee and our own research, we have identified a series of key questions on the climate change issue. Some we will be able to tackle in the 2006 report. Among these questions are the following.

One, are the government's climate change plans based on solid data and analysis?

Two, is the government making the best use of all the tools at its disposal to deal with climate change, including economic instruments and regulation?

Three, does the government know if its tools are working and if results are cost-effective? For its various climate change initiatives, is it setting clear expected results, gathering information on actual results, reporting those results, and adjusting programming where necessary?

Four, is the government learning from the experiences of other countries?

Five, who is in charge? Are all the key departments such as Finance, Industry, Agriculture, Natural Resources Canada, Transport, as well as Environment Canada and central agencies like the PCO and the TBS doing their part on climate change? Do they have clear roles, and the tools and authority they need? Does the government know how it will coordinate action among departments and with other levels of government?

Six, with the emphasis on government spending on emissions reduction, is the government also identifying and addressing the risks that require adaptation to climate change? Even the most wildly successful emissions reduction program is not going to quickly stop, let alone reverse, the changes now under way.

[Translation]

The climate change audits in 2006 will be the first time my team has devoted an entire report to a single subject. In each of the 2006 audits, we will look at the data, the dollars spent to date and the results. The experience of other countries can be used to identify best practices. We will try to include the government's strategies and policies, the barriers and success factors, the tools available, and the use of the chosen tools. The government's response to our previous

recommendations, as well as its performance on commitments made to petitioners under the environmental petitions process, will also figure in the audits. Finally, we will look at progress with regards to climate change commitments made in sustainable development strategies from government departments. Several months ago, I provided the Committee with a listing of these commitments, and the list is long.

We will try to tell a single story focussing on results, through a series of audits. One audit would examine the federal government's overall management of the climate change file, including issues like planning, funding, and co-ordination. Another audit would examine climate change impacts and adaptation, including monitoring, research, and risk management. Of course, we will also be looking at emissions reduction programs, focussing on both energy production and consumption. There are a great many programs of this nature. Over 80 per cent of Canadian greenhouse gas emissions, according to published government data, relate to energy, and energy initiatives are key to lowering the carbon dependency of our economy.

[English]

The work of this committee has assisted us in focusing our work, and we anxiously await the report of the committee following these hearings to further assist us in our task. In turn, I hope our comments and particularly our questions concerning analysis, results, tools, and leadership roles will be of help to the committee in developing its report.

I will add one further thought. Your committee may wish to request status updates, say every six months, from departments as a means to hold them accountable for action on this key file. This would be useful to all of us.

This concludes my opening statement. We welcome any questions the committee may have. I would also appreciate any suggestions—as there's still time—of issues we could examine in our climate change audits.

Thank you very much, Mr. Chairman.

● (1255)

The Chair: Thank you, Madam Gélinas.

We'll certainly take those suggestions, in particular the last one that was made, under serious consideration.

We'll go to Mr. Mills now.

Mr. Bob Mills: Thank you very much.

Again, as always, it's a pleasure to have you and your staff here; it's most helpful.

We really look forward to your 2006 analysis of how well the government has done in climate change.

It would appear to me, looking at Project Green, that off the top we really have a problem. We have a lot of nice statements but not a heck of a lot of action, much as you've indicated in the last number of reports. If you actually start doing the mathematics, you come up with 5 megatonnes for the auto industry; you come up with 20 megatonnes that might now be only 5 megatonnes for Rick Mercer; and you have 36 megatonnes for the final heavy emitters that was 55; now it's 36 to 39.

We have mention of sinks; we have mention of how farmers are going to get rich selling these sinks. However, there is no plan or any details as to how the farmer is to achieve this. How are we going to measure these sinks? I would say you have a huge job ahead of you to evaluate just how successful this program without a plan might really be, so we look forward to that.

What I really want to know is this. Under the Kyoto Protocol we're told that in 2005 we must show a definite plan and definite results. Just look at Project Green. Do you think there's enough there to satisfy the Kyoto Protocol that we in fact have a plan?

I go back to Buenos Aires. In Buenos Aires the comment was that Canadians are laggards, we really don't have a plan, and we haven't worked out a plan since 1997.

I just wonder what you think about Project Green. Is it a plan? Is it a detailed enough plan—without, of course, the analysis?

Ms. Johanne Gélinas: Mr. Chairman, first of all, I want to make clear that I don't want to make any promises here and I don't want to over-promise as to what we will look at in the report. We have a group of around 25 people who will be devoted to that, and we really have to target what the key elements are that are important and will be meaningful and helpful for you to understand this whole issue. That's point one.

Point two is that this report will not be about Kyoto. This report will be on climate change. Of course, we will go back to the Kyoto agreement, but that being said, we go beyond Kyoto in many respects.

As you know, Mr. Chairman, I don't usually give my opinion on anything. I read this document not too long ago. I'm used to going through those kinds of policy statements, strategies, and so on. As usual, we will go beyond that and we will look at the commitments that were made and what results have been achieved.

So I cannot really answer your question, Mr. Mills, in the sense that I don't know if we will be able to achieve the Kyoto target with that.

One thing I may say, though, is that before that we had two action plans with some clear commitments for actions that were supposed to be moved forward, and we will be looking at these.

I will also add that in the past we started to look at that. You may recall the 2003 report on sustainable transportation, where we started to look at some specific programs. We said there, for sure, that the measurement system that had been put in place at the time was not strong enough for Canadians to see what results had been achieved with these programs. They were still at the beginning of their implementation, but it was a kind of wake-up call on our side to say,

make sure, government, you have the right system in place to measure and report on progress.

● (1300)

Mr. Bob Mills: Under the climate fund, it's anticipated that we're going to be buying carbon credits domestically and internationally, and that as we get closer to 2008, 2010, and so on, we would be buying more international carbon credits. I wonder what mechanism you will have for auditing international carbon credits to guarantee that in fact the dollars are going to something that really is environmental as opposed to simply a transfer of hot air.

Ms. Johanne Gélinas: First of all, in the course of preparing this report, the 2006 report, it will be of course too early for us to audit that aspect, but as you can appreciate, this will be a work in progress over the coming years. We will identify some specific issues we would like to audit in the future beyond the 2006 report.

One thing we are doing in the course of this set of audits is really to look at best practices abroad, and as we do that, we will clearly identify some of the best practices that have been put in place by other countries with respect to emissions trading, and we will use that at some point. That's the way we usually work. Based on those experiences, we will use our criteria to audit the Canadian government and get best practices in developing and shaping the emissions trading system in Canada.

Mr. Bob Mills: At the Montreal meeting in late November or December, COP 11, 7,000 delegates will be here. There will be an expectation that Canada will show some leadership on where we want to go in the climate change issue.

Referring back to COP 10, I can say there was at COP 10 a definite attack on the United States for its lack of doing much, even though it's invested more in climate change than all the other countries put together. Then there was a common thread through many of the comments of the environment ministers there that in fact Canada just hasn't taken very much action.

Because over the years you've become pretty familiar with these environment files, I wonder if you might project as to what direction you think Canada might take at this COP 11 meeting and the leadership role. I know it's out of your ballpark, but could I ask you, as someone we certainly respect for her point of view, to do that projection?

Ms. Johanne Gélinas: Let me just say one word about that. I guess as a country we will have to be humble and transparent. That's probably the most important thing. Of course, the message from my standpoint is that we are auditing you, the government, and we will come six months later with the story, as we have found it. That may be different from whatever will be said, but I'm hoping the federal government will play a leadership role.

We have a huge challenge here, and everybody has to get on with the job to deliver on results. This is my contribution to it—looking at what has been done and reporting to Canadians and Parliament, so you can judge how much progress has been made by the federal government in this area.

Mr. Bob Mills: Basically, as far as the climate change issue is concerned, I think I understand where you're going and the audits you're going to do. I wonder about some of the other issues.

Obviously if we were in Manitoba right now, the Devils Lake issue would be a critical one that... I wonder if you've had any request to do any kind of an audit on the Canadian government's involvement in that whole affair.

•(1305)

Ms. Johanne Gélinas: Sorry, I haven't heard. What's the issue?

Mr. Bob Mills: Basically the Manitoba government is at odds with the North Dakota government, as they drain Devils Lake into the Red River, and ultimately into James Bay. Obviously that has been a collection point for a lot of phosphates, nitrates, invasive species, and so on.

The concern is that it's literally a cross-basin transfer. What it might do to Canadian waters is quite significant, particularly to the people of Manitoba and the native population who fish in James Bay, and so on. It seems to me it's a major environmental issue that the Canadian government should have taken a stronger leadership role on, yet I'm not aware of that leadership role. We sort of blame the IJC and others. Of course, you and I have had this with the Sumas issue as well. That was air, this is water—this cross-border thing.

I guess I would urge you to take a look at those kinds of cross-border issues and how we can improve. We're dealing with a water act of 1909, but a lot has changed since then. It would seem at some point somebody has to say we have to modernize these things. The Americans seem to be willing to do that, but there's not a lot of initiative on our side.

Ms. Johanne Gélinas: As you may know, for the 2005 September report we have focused mainly on some water issues and some biodiversity issues. The 2006 report will be devoted to climate change. We will come back, one way or the other, on air quality issues in 2007.

I should also say we will probably start by the end of the summer to do our strategic planning for the next five years. We will conduct a consultation process to hear from Canadians and members of Parliament what are the key issues that they see emerging or that they consider urgent to look at in the next five years. I welcome any suggestions like this one, so we can have a good understanding of what the environmental issues are country-wide, and then pick the one we have to focus on in terms of how it works.

The Chair: I suggest, as chairman, that is something that could happen.

I was going to ask Ms. Gélinas to expand on the recommendation she made on departments reporting every six months on key issues. Maybe that's one of the mechanisms by which we could hold departments, ministries, to account. We can come back to that one, Mr. Mills. I think it's an excellent suggestion.

Mr. Simard, the floor is yours.

[*Translation*]

Mr. Christian Simard: That's an excellent suggestion. However, there shouldn't be a series of contradictory reports coming from the various departments involved. I was extremely disappointed earlier with the appearance before this committee of the President of the Treasury Board, Mr. Alcock, because he didn't seem to have any direction as far as monitoring is concerned. The idea of the committee getting reports from several departments, all drafted

differently, doesn't appeal to me at all: it would be like trying to find a needle in a hay stack. It would have to go through an assessment agency which would report to us, each semester, on the work done by each department and the results achieved. I think that that would be important.

You said that a lot has been learned over the recent months. Indeed, the committee has learned a lot. And yet, it's hard to get a handle on an issue like climate change. There are a number of very conflicting interests. Some people who appeared before us said that climate change didn't exist, and that left-wing scientists came up with the concept. Others said that it was important to combat climate change, but that the Kyoto Protocol was far too restrictive; and still others considered that it wasn't binding or far-reaching enough because the Kyoto Protocol would not even slow down climate change. We've heard every opinion and opposing opinion across the political spectrum. It gets hard to follow.

I imagine that you also may get confused when writing your report. I would suggest that you focus more on the compliance or non-compliance with the Kyoto Protocol, and what will happen after its first phase, what we could coin Kyoto 2.

If you look at climate change in its broadest sense, you risk engaging in a dialogue of the deaf. This government has decided to invest \$10 billion in greenhouse gas emissions reduction and in essentially voluntary programs, without necessarily transforming Canadian industry or the Canadian economic base. Mr. Goodale, the Finance minister, told us that it was more than possible to simultaneously encourage oil production and emissions reductions, and that this could be achieved in one single feat.

Should you cast a wide net in your analysis of climate change and its possible eventualities, we won't get a clear idea if Canada's current plan complies or not with the Kyoto Protocol, and we won't be able to question measures in the plan. For example, we're told that the infamous sinks, that is the reserves, for agriculture, are temporary traps. If we provide substantial funding to farmers, they'll be very happy. However, at the end of the day, we won't have captured CO₂ emissions for six months. What would the actual effect of that be?

Unless I'm mistaken, the role of the environment commissioner could include providing feedback on the way money is being spent. Unfortunately, if you were to take a look at the current results, which are disastrous, such feedback wouldn't take long. There hasn't been much administrative oversight. It's absolutely essential to take a look at where we are going with this.

What period will your report cover? What will be its boundaries? Will it include an audit on the new Project Green?

We've heard testimony here on stock market emissions trading that is cause for quite a bit of concern. We've been told that should we limit what the industry has to pay to \$15 per tonne, we will end up financing the global emissions market; if we were to do this, that would mean that we would contribute to pushing down global prices and distorting the way the stock market operates. The more expensive it is, the more countries want to take steps to ensure that it costs less domestically. If one country subsidizes these emissions, the whole market may collapse. Such a country could be tempted to have Canada finance its emissions reductions, which could cost a fortune.

Do you intend to verify this with economists? Do you intend to examine the new Project Green's targets and determine whether they are realistic? What exact timeframe will your report cover?

• (1310)

Ms. Johanne Gélinas: I'll answer the last question first. The exact period will depend in part on the programs that we are going to review. Some programs, in the area of research and development, will not provide any results, by all accounts, during the period 2008-2012. Should we decide to review these programs to ensure that what has been implemented is, from all appearances, providing the desired outcomes, we will go beyond 2012. I'm thinking in particular of new technologies.

I can't tell you where one starts and the other ends. We will review various aspects. We're going to examine energy production and consumption. And given the approach we intend to take in reviewing these things, we may end up with a longer-term projection.

I'd also like to stress that the objective of these audits is not only to demonstrate what's working and what's not in terms of the current structures but also, through the use of best practices, among other things, such audits are intended to provide the government with food for thought on the things that are perhaps not currently in place, but which could help to put us back on track or make implementation more efficient.

I thought it was important to stress those two matters.

As far as analyses are concerned, I don't intend to take the place of either scientists or economists. We will be guided by a number of clear undertakings made by the federal government and its very clear stance on these issues. As you know, I work in auditing. That means that I verify commitments that have been made, the process whereby they are to be reached, as well as the outcomes achieved. So, my role remains limited.

For your edification, I will be able to apprise you of the results of our work.

I will give you an example relating to the finance department. A few months ago, the report that we published on the finance department's role in relation to sustainable development was the subject of discussion. The recommendations dealt with, among other things, the need for the finance department to carry out analyses and to make them public. In this way, Canadians will be able to judge for themselves if the decisions that have been made were the right ones. As you know, we still don't have this information.

Teamwork is involved here. I'll provide you with some of the information.

You asked if we were going to review the Kyoto Protocol. Yes, we will examine the protocol, but we will not stop there. Clearly, some of the measures implemented in 2000 were conceived mainly to meet Kyoto Protocol targets. So, in 2006, we'll see what progress the federal government has made in reaching its target and what work remains to be done in order to reach the Kyoto Protocol targets.

• (1315)

Mr. Christian Simard: I'd like to come back to the finance minister, as he has a key place in all of this.

What I find particularly appalling with the project before us is that it's extremely costly and doesn't use economic instruments to advantage. Even if we were to increase its budget, it would remain, in our opinion, a bad project. Taxation comes to mind, as we could tax or penalize high-pollution industries. The onus would be on the industry to pollute less in order to pay lower taxes. These results could be used to facilitate the transition to a more sustainable economy and to finance industries that comply with agreements.

Currently, a number of funds seem to be financing the late starters. I don't see how, from your point of view, you can change anything, given that it isn't the option the minister favoured. The team leader on taxation went so far as to say that he thought I was right, adding, by way of a disclaimer, that he couldn't answer on behalf of the department.

He told me that here. He was quite candid. He said that on a personal level, he thought I was right, but that the department didn't favour that option. Mr. Goodale refused that option.

You may have a dozen reports which reach the conclusion that the status quo isn't good enough and that he should think about this issue, but should he decide to spend money and to reward offenders instead, what will you be able to do about it? That's what I call a dialogue of the deaf. When the minister has made his bed, as ineffectual and as spending-driven and not result-driven as it may be, you won't be able to do much about it, will you?

Ms. Johanne Gélinas: The best thing I'll be able to do, is to provide you with audited information. That is one of the things that will be included in our analysis. What tools—and these are in my presentation—has the federal government favoured, and on what basis were they chosen?

This will be factual information. You'll be able to reach your own conclusions on the soundness of these choices. I'll include a list of best practices.

Mr. Christian Simard: Practises that are used in other countries?

Ms. Johanne Gélinas: Practises from outside Canada.

We will not audit these practices to determine their results, but at least they will give you fruitful thought on the question why them and not us. The onus will be on you to spear ahead the debate; I'll leave it up to you.

I'll provide you with the most complete and user-friendly information as possible, so that you, and the Canadian society at large, will be able to debate the policy choices made by the government in order to meet the Kyoto Protocol's targets and to move ahead in combating climate change.

[English]

The Chair: Thank you, Mr. Simard. You're out of time now.

We'll go across to Mr. McGuinty.

Mr. David McGuinty: Thanks, Mr. Chairman.

Johanne and colleagues, it's good to see you again. Welcome back.

I read with interest, and listened with even more interest, Johanne, with respect to the four corners of the audit that you're proposing to undertake, which I have to admit is scary because of its size. I wanted to maybe make some suggestions by helping to focus down on a couple of pithy areas that I think would be useful. They do follow up nicely on some of the remarks made by Monsieur Simard.

The first is this notion of the fiscal context within which we're operating. Once again, today we have with us the former chair of this committee, Charles Caccia. Over the years, Mr. Caccia has raised the notion of an examination of the overall fiscal framework within which we're operating, as applied, in this case, to climate change. That examination of the fiscal framework has never really been undertaken. The last time I looked at it... I'm not sure if we even know how to undertake that kind of examination. I don't know whether the modelling capacity even exists in this country to undertake this kind of examination. I don't know if any other nation-state has ever done it. It would be very interesting to comment, perhaps in your audit, on where we are in terms of our ability to do so.

When we speak to economists or experts from the Department of Finance who come to see us, the refrain we hear is that the Department of Finance and those who jealously guard the Income Tax Act are constantly trying to remove market impediments—to remove market impediments. I'm not sure exactly what that means. I guess they want to promote a freer market, one that has more full force and effect.

It reminds me of an argument I had with Jack Mintz, who once said to me that the Income Tax Act is not an instrument we use to achieve public policy. I reminded him that somewhere way back in law school, I actually had to read the Income Tax Act twice. It was terribly painful. The Income Tax Act is complete, it's full, and it's rife with public policy objectives. So it's a disingenuous argument. Some kind of insight from your perspective on that would be helpful.

Secondly, in your question number five, "Who is in charge", it would be interesting to see what you discover in your audit about where the performance contracts are with deputy ministers with respect to their performance on sustainable development. What about the notion of a central PCO command central on climate change? Some would argue that only one minister can be responsible for climate change, the Prime Minister.

On number six, the notion of you doing a real examination of the experience of other countries would be terrific. I have repeatedly asked experts here in front of the committee who criticize our plan,

alongside opposition members who criticize the plan—I welcome the criticism—you are comparing it to what exactly, to which other country, to which other plan? If it's a fictitious baseline and there is no baseline you're comparing it to, I don't accept that.

It would be very helpful for us to hear from you, your staff, and your audit, what have other countries really done in terms of achieving a climate change plan for their country? I can never get an answer. I've put it to four or five consecutive panels, asking them to name three countries, three jurisdictions, state level, Länder level in Germany, European, western or eastern, African, and Asian, and, Mr. Chairman, we've never had an answer to that question here at this committee. I think it would be very helpful for us, so we can continue to debunk myths about what is happening outside of Canada in terms of performance on climate change.

I guess the last thing I would put to you as a suggestion, through you, Mr. Chair, is under point seven and your discussion about energy. You rightly point out that over 80%, in fact 86%, of greenhouse gases comes from exploiting, transforming, and consuming fossil fuels. I'd like to hear from you, as an auditor, how we square our energy...for example, the investment tax credit that Monsieur Simard alluded to earlier, and rightly so, that the Income Tax Act still provides favourable investment treatment for every dollar invested in the oil sands. How do we reconcile that with our targets to reduce greenhouse gases, and, furthermore, under NAFTA, where we talk about energy security in the agreement? We have a North American energy working group struck under NAFTA, a working group, Madam Gélinas, that doesn't even speak about greenhouse gas reduction or mention the words Kyoto Protocol. I'm wondering if you can, in your audit, examine a little bit of what....

[Translation]

What are the major issues for Canada in relation to the United States as far as NAFTA is concerned? I'm referring, for example, to the 30 per cent reduction. Thank you.

[English]

Thanks, Mr. Chair.

• (1320)

Ms. Johanne Gélinas: Now, Mr. Chair, if you want to help me scope down or extend the audit, that's part of the discussion, I guess.

NAFTA is a very interesting question, and over the last couple of years we have tried a couple of times to see how we could get there and do some audit work. We're not there yet. We may consider that in the next five-year action plan.

With respect to the climate change file, I will ask my colleagues to respond to that in terms of what we can consider.

With respect to the comparison with other countries, first I should say that the objective is not to compare Canada with other countries. It's really to bring in some best practices so that we can learn and improve as we go as a country. So it's really more as a forward or proactive approach that we will be looking at that.

Having said that, some of our colleagues in other AG office equivalents have started to do some work, and you may be interested in looking at one of the reports that has been done by the NAO, which is the national audit office in the U.K., on emission trading. They have audited the first program in the U.K., and obviously more and more audit offices will be looking at the implementation of their countries' plans to address climate change. So at some point we may be able to have some comparisons, maybe not as we would like, with the same kinds of indicators, but we will be able to see worldwide, as we go, how much progress countries have been able to achieve.

Who is in charge? You raise the performance contract at the DM level. I'm not sure I can access the minister's, but at the deputy minister level this is something we have looked at. One of the audits we have almost finished, as we speak, is an audit dealing with government-wide direction with respect to sustainable development, and this is an area where we have looked at performance contracts. We will get back to you on that and on how the system works to deliver on sustainable development—who is in charge and who is responsible for what.

I will give you some of the scope of that with that audit, so we'll stop there.

On the fiscal framework for what we have seen so far, this is just a reminder—and I will let my colleague give you more information about that and about some of Mr. Caccia's concerns way back then. When we audited the Department of Finance, we made a clear recommendation. Some of you may recall that. We recommended that Finance Canada examine the fairness of subsidies, and this is still awaiting a clear response. If ever you can come back in your report to that specific recommendation and ask the Department of Finance again to come clear on this specific recommendation, we may get clarity on what the department is intending to do to address some of the questions related to subsidies in the energy industry.

Would you like to add anything on that?

• (1325)

Mr. Neil Maxwell (Principal, Office of the Auditor General of Canada): I have a brief point on that first point, the last thing that Johanne mentioned in terms of the importance of looking at that overall fiscal framework, Mr. Chair. We did look at the question of whether it is feasible or not. We talked in our report last year about this story, about how coming out of this committee there was that very important recommendation. We noted the fact that the government accepted the recommendation. That's a very important point. In returning to it, and before making that recommendation—as always, we don't make those recommendations lightly—we spent some time to find out if it was in fact feasible.

I haven't looked at the modelling capacity in Canada, and the member may well be right; we may not have all the sophisticated modelling we'd need to really answer that question with a great deal of precision. But we did satisfy ourselves it was possible to answer that question, probably as much as it needs to be, and there are various ways you could look....

We have often said that the tax act is an inch and a half thick anyway; when it's published it's a very big thing to look at. But we talked to some of the experts in the field and they said, you could have a risk-based look at that tax act. You don't have to look at every

page; you can look at the really risky areas, the places where there's a lot of money spent, and make an assessment of just how level the playing field is. Are there really perverse subsidies, as so many people have alleged? So we were quite convinced it was possible.

The Chair: Thank you, Mr. Maxwell.

Mr. McGuinty, our researcher has taken note of that last exchange in terms of that overall framework and the methodology, and perhaps we'll try to encapsulate some of that in our report.

Mr. Cullen, would you like to have your 10 minutes?

Mr. Nathan Cullen: Thank you, Mr. Chair, and thank you, Madam Gélinas and your staff, for being here.

I want to pick up on an ultimate point. With respect to the response from the finance department—and I'm new to the powers and capacity your office has when making recommendations—it was this piece that struck myself and a number of committee members from your first visit to this committee in this parliamentary session. The response back from the finance department was unwilling, I might characterize it, to say the least.

You mentioned—and we have discussed this in committee somewhat—putting this into our final report as a concern. What I'm trying to understand is the role your office plays when making such strong recommendations, and the refusal.... I'm trying to put this into a business context. A business has been audited by its auditors and a strong recommendation has been made. The response comes back from the business essentially saying, we're not interested.

I'm curious. Outside of simply reporting on that, does your office have any power?

I know Ms. Fraser's strength has been somewhat through the capacity in the media...through reports she has made. But I'm confused, still, that the other departments within the government don't seem to take such a tone and a direction from what I see is a clear recommendation and demand—I'm not sure if that's too strong a word—from your office.

• (1330)

Ms. Johanne Gélinas: I said when we reported publicly on this audit that this was unusual, so I don't want to leave the impression that usually departments will not act on our recommendations. This is a case on its own. For that reason I suppose it deserves more attention because of that, and I would like to make sure that through your work and my work we can get a regular update on what the Department of Finance has done since we issued that report.

On our side, what we usually do is on a two-year basis we go back to the department and we audit the implementation of our recommendations and we report back publicly on those. We are very patient; we never give up until we have reached what we call a satisfactory rating on the implementation of our recommendations. In this case, I'm wondering if I will stay in this business long enough to come to a satisfactory report. We really have to keep the department's feet to the fire as long as we can so that it will become clear in terms of what it is planning to do and what are the results.

Mr. Nathan Cullen: What I'm trying to appreciate is the relationship between the auditor's office and independent government. You are arm's length; they are a government agency responsible.... Outside of the persistence of coming back and looking to reach a satisfactory level, outside of the public outcry that can be raised through media or publications, is there any legal constraint? I'm unfamiliar with an auditor's report being what feels like summarily dismissed because it's an auditor's report. It has some weight and gravity to it. But you're nodding, no, that other than the suggestions and the persistence and whatever can happen through the work of MPs, that is the pressure that's brought to bear.

Ms. Johanne Gélinas: Beyond that, it's the role of Parliament to question why a department will not act on an AG's or a commissioner's recommendation.

Mr. Nathan Cullen: Thank you.

This is a question I put to the minister previously. I'm trying to understand if we have done much in the way of assessing the effectiveness of our spending to this point on climate change.

Can you remind me if your office has done anything to this point? The figures vary, but some suggest that we've spent close to \$2 billion, perhaps, specifically on climate change. I'll have to check Hansard later, but I think I got an affirmative answer from the treasury that it has analyzed the effectiveness of the dollars spent in terms of specific reductions per dollar—I'm looking for the ratio of reductions to every dollar spent in this program, or overall. Has your office done this? Can you remind us?

Ms. Johanne Gélinas: I don't know if we have done that in the past on some of the climate change work we have done.

Bob, you were involved in that road transportation audit we did, and that's probably as far as we have gone to look at the dollars. You may want to give some clarification on that.

Mr. Bob Pelland (Director, Office of the Auditor General of Canada): Yes. At the time we did the original audits, in 1998, and the follow-up, there wasn't a lot of money being spent on it, so we were looking more at the management of the file.

Of course, since then, things have changed in our audit. In 2006 we'll certainly be looking at the effectiveness of the spending of the moneys, certainly for some selected programs.

Mr. Nathan Cullen: It seems like we are starting the conversation now between yourselves and us as members of the committee as to where the focus goes. This has been a source of consternation, at least for me, in trying to understand and to be able to report back to the Canadian people, as it were, on what programs are effective.

The government consistently talks about the re-evaluation of programs as they are continuing along to readjust funding levels and focus and the rest; yet I'm still struggling to find out if the money spent so far has had any assessment, and I'm meant to believe that as we go forward there will suddenly be an assessment tool, and we'll know the effectiveness of a dollar spent on program A as opposed to program B.

• (1335)

Ms. Johanne Gélinas: I cannot respond in detail. The only thing I can tell you is that when we did this audit on road transportation, we looked at some programs that had clear climate change objectives

and targets. What we have said is that the measurement system that was put in place will probably provide some of the information you're looking for. I know it's built into the system itself to do the evaluation of the programs. This is there for the few programs we have looked at.

Now, we will be looking at many more programs in this audit on climate change, and we will be able to report back if a clear assessment is done of some of those programs that started a couple of years ago.

Mr. Nathan Cullen: Thank you.

Ms. Johanne Gélinas: I hope that addresses your question.

Mr. Nathan Cullen: Yes. I know there is a sensitive line to keep in mind when you are describing what the audit will look like prior to establishing it, but I'm trying to understand the direction and focus, partly in light of when this report will come out. Your focus on climate change as an initiative will be released in 2008. Is that correct?

Ms. Johanne Gélinas: No, it will be released in September 2006, almost a year from now.

Mr. Nathan Cullen: Oh, excuse me. That will be much more helpful.

I'd like to raise the issue of carbon sinks. There's been some dispute or contention brought to the committee from a first nation and outside of the committee, from a provincial perspective, as to who actually will be taking credit, so to speak, for the sinks that are going to be allocated, particularly with respect to forestry, but also in some farming.

Has there been any analysis as to the jurisdictional implications of claiming credit for, say, a certain land mass of forested area that is sitting under aboriginal title and the aboriginal groups in that area saying, well, if there are any credits to be given out, we claim them as ours? Is your office concentrating on that? I'm worried about double counting.

Ms. Johanne Gélinas: I haven't looked at that.

With respect to double counting, though, as we do the audit we will ask the question, are the numbers right? We will see how things have been done. But I don't think we will go in that direction at all. We haven't done any analysis, and there's no analysis that I'm aware of.

Mr. Nathan Cullen: I'll raise the flag then, as it were. There are some assumptions being made of where the sinks will be allocated and how much we, as a country, can take credit for those sinks in our final calculations, with much dispute over who actually owns the sinks, who can take credit for them.

The last question is with respect to this notion of perverse subsidies. Just to be clear on your answer to this, many of us have posed the question around the so-called level playing field in trying to understand where it's achieved, because all the lobbyists who come to us will tell us that it's obviously pitted against them—and if it's in their favour, then it's worth it.

Is this a fundamental piece of understanding Canada's climate change policy, this understanding of how it is that we subsidize, or don't subsidize, the energy that's produced?

Ms. Johanne Gélinas: It won't be a central part of our audit work. It doesn't mean, though, that when we get a clear understanding of climate change, through the audit we're planning to do, that we may not initiate a stand-alone audit to look at that in more detail.

As we speak, of course, we haven't made the final decision on what we will be looking at, but so far that has not been at the core of the audit work we are planning to do. Having said that, I told you at the end of my opening statement that if there is anything specific that you would like us to do, we will be more than happy to look at it and see how feasible it is from an audit standpoint. You don't have to tell us that now, but in the near future, of course, because we are in the last phase of finalizing the audit plan.

The Chair: We're out of time, Mr. Cullen.

We do have time for some five-minute questions now.

Mr. Jean, you're okay?

Mr. Simard.

[Translation]

Mr. Christian Simard: I would like to make a couple of suggestions. A general context is often given in these reports. Incidentally, I think that you produce excellent reports. Sometimes the reports also contain more in-depth articles in boxes to draw one's attention to certain points. You know as well as I do, that it is often those sections which one remembers most. I am thinking, for example, of the Auditor General's reports. Some issues provide an immediate snapshot of any contradictions of a policy. You learn a lot and it strikes the imagination. It also helps to emphasize what is in the report and helps to bring about change. I think you are aware of the communication challenge this poses.

I would suggest to you a few points of interest you might want to examine as far as climate change is concerned. We heard things inspired by the Pembina Institute, which is where David Suzuki works. What was said was therefore a bit ideological. We were told that final emitters kept a double set of books for the calculation of megatonnes. I would like to know whether the results we were told about are indeed real or whether there was a funny math involved. We invest in research, we must have answers. Are the results true or false? Is there a double set of books? I believe this is fundamental.

As far as the One-Tonne Challenge is concerned, we were told that the idea is all very well and good, but that it is not well adapted to certain regions of the country, including Quebec, because of the way Quebecers heat their homes and for other reasons, for instance. Is the One-Tonne Challenge simply television advertising, or is it a genuine way of reducing greenhouse gases? I believe that people have the right to know. Some artists also lent their credibility to the

advertising campaign and the result was a bit like propaganda. So it would be interesting to take a closer look at the matter.

In this project, if the voluntary approach for the automobile sector does not work, there is always the possibility of imposing a big vehicle tax. That is a possibility. But as soon as the sector realized what could happen, it began a massive lobbying effort by saying that this was not the way to go, that people would not trade in their cars anymore, that the price of cars would increase and that people would keep their old rust buckets longer. I think it is important to find out the truth.

We were also told, as far as the 5.3 industry megatonnes are concerned, that the plans and reference tools, and the evaluation, belong to the industry and that the industry will not make them public. If we invest in this area, and if it is a voluntary agreement, it is fundamental to ensure transparency. However, automobile sector representatives told us here, before the committee, that it was none of our business. So it would be interesting to look into that. I believe it is our business, especially since a voluntary approach is involved, and that, strangely enough, we are counting on this approach to reach the same regulatory standards as exist in the United States.

There was the Suroît case. It is rumoured that Hydro-Quebec would have received a grant if it had gone ahead with the Suroît project. So there was an incentive to finally build a thermo power plant in Quebec, rather than build a hydro-electric plant, something which is not recognized under the Kyoto Protocol. It would be interesting to analyze what happened in the Suroît case.

As far as accountability is concerned, who can say whether it actually works or not? A little earlier, I mentioned a thermometer. The minister laughed at my choice of words. However, it is important, because if you do not have a good thermometer, you could say without exaggeration that the earth's temperature is increasing. Accountability is therefore fundamental, as well as adding boxes in your report in order to make it more lively and to point out the inconsistency of some policies.

• (1340)

Ms. Johanne Gélinas: Mr. Chairman, accountability, of course, lies at the heart of every aspect of each audit we will undertake.

I am pleased to hear the member point out that the boxes are useful and that they draw the reader's attention. It is indeed a tool we are developing and which we are using more and more.

As for a double set of books for emissions, that is no doubt an aspect which we will look at more closely when developing what is at stake globally in terms of climate change in order to find the answers to the following questions. What are the reduction objectives? Where do the numbers come from? What do we intend to achieve? Therefore, looking at the numbers themselves will also be part of the audit.

As far as the One-Tonne Challenge is concerned, I do not want to formally make a commitment here, but the program was singled out as being one of the programs we could eventually audit within the area of education and public awareness.

I realize that we are touching upon several aspects you mentioned.

The voluntary approach will also lie at the heart of our audit. We will determine what results have been obtained until now under the voluntary approach and under the regulatory approach. We will also look at all the proposed tools and the ones the government uses the most. We are strong advocates of transparency. We will also ensure, since this is the beginning of the process, that each stage is transparent to all, so that Canadians and parliamentarians can see what the results are and at what cost they were achieved.

If I can summarize what we intend to achieve with this report, I would say that the first question we want to answer is: are the numbers right? So we will look at the basis on which the decisions were taken.

• (1345)

[English]

Where does the money go? We will look at the investment part and what the results are. So what are the returns on investment?

Basically, we're looking at that.

[Translation]

Mr. Christian Simard: I forgot something. Alcan representatives and representatives from other large final emitters told us that they were prepared to begin creating the exchange—we are already far behind—but they need specific data and they need to know what objectives have been set for them. They told us not to expect any results from the government until next year. But when the time comes to enter the market, prices will be too high. So we have to create a market. And we seem to be lagging very far behind already. So I would suggest that you also look into this industry criticism which seems relevant to me.

Ms. Johanne Gélinas: If I may, Mr. Chairman, I would like to point out that we audit the actions of the federal government, but that you will also have to take into account the fact that we have already spoken with representatives from every large industry sector. We are also aware of their recriminations and the problems they have identified. In light of their questions, which we will try to integrate into our audit work, we will try to provide answers to the industry as well.

Mr. Christian Simard: It is a big job. This is really the One-Tonne Challenge.

[English]

The Chair: Thank you.

You know the committee is attempting, or has attempted, to close the accountability loop between the various departments and specific tasks.

I wonder if you could give a little more attention to the suggestion you incorporated into your statement of a six-month reporting mechanism, in terms of suggesting to the committee a methodology, either separately or as the kind of report that we received from Minister Alcock. We've had an opportunity to talk about audits, about sustainable development reports, about financial accountability.

Perhaps you could either give us a methodology separately, if you would consider that, or incorporate a methodology into the report

you are in the process of preparing and recommend it pursuant to the kind of recommendation you've made in your statement.

On behalf of the committee, I'll leave that with you to consider. I think you can get a feeling from the questioning of the committee that there's a certain angst, that in terms of the management tools and the evaluating tools, we really don't think we're there yet. We don't really know how we make....

You have indicated quite clearly that it is the committee that has the oversight responsibilities in many respects. So if you could consider that, I think the committee would look forward to receiving that.

Would you like to respond to that, please?

Ms. Johanne Gélinas: This is a promise I can make. I will be more than happy to help you on this, and I will not let you wait until September 2006 to start the process of helping you shape an approach so that you can factor it into your report. We'll do this. We may come with something else when we have a clearer picture as we table the report in 2006, but take it for a given that we will work with the committee to address some of your concerns.

If I may, Mr. Chairman—I know time is going fast—I would like Neil to say a few words about other things that we think are important and that we would like to let you know, very briefly though.

The Chair: Mr. Maxwell.

Mr. Neil Maxwell: Thank you. The first point I'll touch on actually bridges very well from your comments, Mr. Chair, about the six-month report. That is, the committee may be interested to know that in our last audit of climate change, which was in 2001—and that was a follow-up to our 1998 work—one of our recommendations dealt with this whole problem of fragmented reporting from departments.

The results that were being reported at that time were very much fragmented, and Monsieur Simard's comment spoke to that earlier on. We recommended that the government provide some form of overall report to combat that tendency towards fragmentation.

The government came up with a report in 2003, and we commented that year that it was a good first step but that what's still necessary is for the government to report on the results. Really, what we were saying is the government needs to provide that overall picture of results across departments.

We'll certainly be looking at action on that as part of our audit. That was probably the main thing I wanted to add.

• (1350)

The Chair: Do any members of the committee...? Mr. McGuinty, did you have another question?

Mr. David McGuinty: Thanks, Mr. Chairman.

I'd like to go back to the energy question you raised, Madame Gélinas. To flag it again, if I recall, the Prime Minister just referred probably the biggest energy reference to his national round table on the environment and the economy several months ago. I don't know how that agency is going to undertake that reference. It's a very onerous one.

You may be looking at this already, but certainly in the United Kingdom, if you haven't already looked at it, the Prime Minister there has shifted the discussion away from climate change and Kyoto and squarely onto the footing of energy. There were other drivers at play in the United Kingdom, chiefly that the United Kingdom was running out of North Sea oil and gas.

I just want to raise this with you and table it again. You may want to look at the national round table's terms of reference to tackle this very difficult energy question, given that from what we've seen as a committee, Mr. Chairman, I don't think we have a national energy strategy in the country. Even the National Energy Board has only gone a certain distance in looking out over time.

I wanted to raise something else with you, which is that if you look at the \$3.7 billion we spent as a government from 1987-88 to 2003, there's a multiplicity of agencies and departments and foundations that are involved in helping to tackle the climate change challenge for the country. Were you in any way looking at least at cataloguing or coming up with an inventory of, for example, the climate change research fund? What's the Foundation for Innovation doing in climate change? We have a new climate fund in the budget, which hopefully will pass on Thursday. We have the Sustainable Development Technology Canada fund of some \$400 million. We have the round table itself. We have a partnership fund with the provinces. We have a new technology investment fund. Will you be looking at doing inventory and cataloguing those?

Then another question—not to expand your audit—is this. There are very mixed signals coming back to me as a member, a mere mortal member of Parliament, from the private sector with respect to skepticism about any government fund. Governments have never done very well at picking winners and losers in investing in companies or sectors. There is again this question about the participation of what I have raised here before, what's called in the markets “scared money”—i.e., not public money but private money—which may or may not be subject to a higher threshold of due diligence before it's invested.

I was wondering if you're going to be looking at all at this plethora of different foundations and groups that are investing, particularly in the private markets, and if you'd be examining, for example, whether SDTC has managed to leverage the money from the private sector that it was set out to leverage.

Ms. Johanne Gélinas: With respect to the different structures or organizations that have been put in place, I think this is the first step in understanding exactly who is involved and who is doing what. We need to have the big picture to start with. We'll ideally have a type of organigram or chart that will clearly identify who the players are federally, what they are supposed to deliver on, and what the budgets are. We will come up with that first. We need it to then understand where we will go.

There are some new funding foundations that will be put in place in the near future. We have heard about this new agency. Obviously, there will be no value in looking at the new ones because they will only be in the process of being established, but we will look at some that have been previously established.

There is one that we will obviously be looking at, but we're not there yet. We will look at SDTC as a foundation for a model of

delivering results in the area of new technology. This is one in particular that we may want to look at, but we'll obviously look at the big picture of who is doing what.

With respect to the private sector, I don't think we will have the time to go along that route. But some of what you have heard from the private sector and the skepticism, we have heard too. At this stage, we cannot tell what we're going to do with that kind of information.

• (1355)

Mr. David McGuinty: Madam Gélinas, could you not assess the performance of the new foundations that are contemplated in the budget, but could you examine the structure of those funds or foundations inasmuch as they engage in real dollar investment? I'm fearful that if they're set up without taking into account how the market will react to them, we're not going to get the same bang for our buck.

Mr. Chairman, it's like acknowledging that private capital flows into developing countries have displaced public capital flows by probably a thousand-fold today. We don't look at international development using public moneys alone, because it's not going to take us to where we want to get to. In this case, I'm fearful that public moneys alone will not get us to where we want to get to, which is to really harness the full force of an effective market, and we need private dollars.

Can you examine, at least in your audit of 2006, how the structures are put together and whether or not they have been well received?

Ms. Johanne Gélinas: We'll take that into account and look at it.

Mr. Chairman, I should say that at some point, after the tabling of the 2005 report, you may want us to come back and give you a little more information on exactly what we are looking at. Of course, we will not be able to report on some of the results of our audits, but at least you will have the big picture. This is something we can do.

I forgot to answer Mr. McGuinty's question on the U.K. model. We have a very close relationship with some of the people there. We are well aware of the model that has been developed in the U.K.

The Chair: Thank you very much.

Mr. Cullen, you're our closer.

Mr. Nathan Cullen: I hope I won't blow the save.

I have two questions, because we're not talking about expanding the scope of your audit, but only in case.

Very quickly, one is with respect to the technology investment fund. I'm hearing from some industry folks that there are sectors of our energy economy that are very energy intensive, such as smelting operations, that are shifting production overseas. They're planning to capitalize on the investment technology funds that are going to be put aside, in a sense, to go green with energy here in Canada, while subsidizing some of the work overseas. Globally speaking, that somewhat defeats the purpose.

I'm curious as to whether that's being put into the analysis on the effectiveness of company implementation for better energy policies that the government is promoting. The government sets up a program to reduce the greenhouse gases, yet under the regime that's been described to us, a company may in fact have a net increase in pollution.

More importantly, as some of our nuclear facilities start to head towards their life expectancy marks, more and more, the question seems to be on the role of nuclear energy. The industry is coming forward very strongly to some members in committee, obviously, promoting that they are part of the solution. Yet the question has been raised in terms of the effectiveness of the cost for running nuclear power as a net cost, how much public money is required, and what the upkeep is like, as opposed to numbers the industry would prefer to use. Have you done any analysis on this?

I offer that as a consideration because I think all indicators show that this will become a more prominent question over the next five years. If this is meant to take us to 2010 or 2012, nuclear is certainly

going to be a part of the conversation, if not suggested as the solution.

● (1400)

Ms. Johanne Gélina: The first part of your intervention was more of a comment and a suggestion, so I won't respond to it.

With respect to nuclear, it's part of the audit work we will do. We need to know where nuclear fits into the whole climate change plan. How far we will go, I cannot tell you at this stage, but we will certainly pay attention to the nuclear file.

The Chair: Thank you, Ms. Gélina. We appreciate you and your colleagues being here. You can see from the questioning that the committee always appreciates hearing your insights. We look to a continuing accountability relationship through your commission and the committee's work.

Ms. Johanne Gélina: I'm looking forward to reading your report. Thank you.

The Chair: The meeting is adjourned.

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