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**Chair**

**Mr. Bob Mills**

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## Standing Committee on Environment and Sustainable Development

Tuesday, October 3, 2006

• (0900)

[English]

**The Vice-Chair (Mr. Mario Silva (Davenport, Lib.)):** Good morning, everybody.

I would like to call the meeting to order. Mr. Mills will not be in today, so I will be chairing the meeting.

Pursuant to Standing Order 32(5), we have “Report 2006 of the Commission of the Environment and Sustainable Development”, which was referred to the committee on September 28, 2006.

Our witness today is from the Office of the Auditor General of Canada, the Commissioner of the Environment and Sustainable Development, Ms. Johanne Gélinas.

You have ten minutes to speak before the committee.

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

My opening statement is a little longer than usual, so if you don't mind, I will walk you through this year's report.

[Translation]

Mr. Chair, I am pleased to appear to discuss my sixth report as Commissioner of the Environment and Sustainable Development. I am accompanied by Neil Maxwell, Richard Arseneault, David McBain and Kim Leach.

This report is the fruit of 18 months of work. It deals mostly with the federal government's approach to climate change covering up to mid-June 2006. In the course of our audit work, we have tried to answer three basic questions. Is Canada on track to meet its emission reduction obligations? Is Canada ready to adapt to the impact of climate change? Is the government organized and managing well?

The answer is no to all three questions. It has become more and more obvious that Canada cannot meet its Kyoto Protocol commitments to reduce greenhouse gas. In fact, instead of decreasing, greenhouse gas emissions in Canada have increased by 27 per cent since 1990.

Let me walk you through each of the five chapters of my report.

[English]

Chapter 1 is “Managing the Federal Approach to Climate Change”.

Chapter 1 addresses how the federal government is organized to manage its climate change activities, whether it is able to report the cost and results of its efforts, and on what basis it developed key targets for reductions in greenhouse gas emissions. It also addresses new tools the government has chosen to help achieve its climate change objectives: a domestic system of trading greenhouse gas emissions; and Sustainable Development Technology Canada, a foundation set up to help reduce greenhouse gas emissions through technological innovation.

Government action has not been well organized or well managed. The government has not defined its leadership role, nor has it identified the responsibilities of each department. It has been unable to come up with the basic tools it needs to measure its progress. Even though more than \$6 billion in funding has been announced since 1997, the government still has no system to track the spending and results of its climate change activities. In other words, the government has no way of reporting returns on its investment.

Another major problem with the government's approach is its failure to address the biggest greenhouse gas emitters—transportation and heavy industry—which together represent the lion's share of all gas emissions in Canada.

In the transportation sector, which produces 25% of all gas emissions, the only well-defined measure in place is a voluntary agreement with the car industry to reduce emissions by 5.3 megatonnes by 2010, which is only 2% of the overall reduction needed to meet the Kyoto commitment. In addition, we found that the agreement falls short in a few key areas for voluntary agreements, chiefly, the lack of third-party, independent verification of the model, data, and results that will be used to determine progress.

As for the industry sector, which is responsible for 53% of all emissions, the government has steadily, since 2002, lowered greenhouse gas reduction targets. The reduction now expected from that sector could be only 30 million tonnes of the total expected 270 megatonnes in reductions needed to meet Kyoto commitments. In other words, according to the data we collected during this year's audit, the two sectors responsible for 78% of all of Canada's emissions could contribute only about 20% of the expected emission reductions. Even if the proposed measures are implemented, they will only, at best, slow down the growth in greenhouse gas emissions, not reduce them.

The two principal tools for reducing emissions—the system of large final emitters and the national emissions trading system—are still under construction after more than four years. Problems plaguing system development and the emissions trading system could end up costing taxpayers a lot of money. It is unclear whether and how the government will move forward with the key pieces of the previous plan—the large final emitters system, the emissions trading system, the climate fund, and the offset system.

● (0905)

[*Translation*]

Chapter 2 is called “Adapting to the Impacts of Climate Change”.

Chapter 2 deals with adaptation — that is, helping Canadians cope with the impact of climate change. Canadians have to be ready to face the spread of pest and diseases, more frequent droughts in the Prairies, and longer and more frequent heat waves and smog alerts.

Unfortunately, we found that adaptation is where the efforts of the government were especially disappointing. Despite commitments to take action going back to 1992, there is no federal strategy to specify how the effects of the changing climate would be managed. A strategy would also specify which department would do what and how decision makers would have access to critical climate information.

For example, new data on the effects of heavy rains could point to a need for changes in the design of storm sewers. The failure to make significant progress on adaptation efforts risks Canadian social and economic wellbeing.

[*English*]

Chapter 3 is “Reducing Greenhouse Gases Emitted During Energy Production and Consumption”.

Chapter 3 looks at three Natural Resources Canada programs that each received \$100 million or more to reduce greenhouse gases emitted during energy production and consumption: the wind power production incentive for renewable energy; the EnerGuide for existing houses program for energy efficiency, which was abolished in May 2006; and the ethanol expansion program for renewable fuels.

We found that while these programs yielded the results, it was difficult to assess whether they reduced emissions as planned because their targets were unclear. There was also limited reporting of the results that these programs achieved with the money spent.

We expected Natural Resources Canada to tell Canadians how successful the programs were at reducing greenhouse gases, but with unclear targets and inconsistent public reporting, we wonder how parliamentarians could assess whether these programs are working.

Chapter 3 also looked at the federal efforts to tackle emissions produced by the oil and gas industry. We found that in its battle with climate change, the federal government has not taken into account the unprecedented boom in that sector. Emissions resulting from the increased exploitation of the oil sands could double by 2015, cancelling out any other efforts to reduce greenhouse gases.

● (0910)

[*Translation*]

Chapter 4, entitled “Sustainable Development Strategies“, concerns sustainable development strategies, which the federal government sees as one of the most important tools for achieving sustainable development.

Our findings this year represent good news, to a degree. In three quarters of the cases we examined, departments are making satisfactory progress on their strategy commitments. Where we found departments making unsatisfactory progress, poor management systems were usually to blame. It is troubling that, after 10 years of experience, some departments are far from making progress.

The government still has not met its long standing commitment to develop an overall environment and sustainable development plan, most recently promised for mid-2006. Your committee may wish to ask the government why the commitment has not been honoured.

Lastly, I would like to turn to chapter 5, which deals with environmental petitions.

[*English*]

Chapter 5 contains two parts: the annual report on petitions and the results of an audit we conducted on a commitment made by NRCan, Environment Canada, and Public Works and Government Services Canada to purchase 20% of their power from green sources by 2006.

It is interesting to note that increasingly Canadians are raising the issues of climate change and air quality in environmental petitions. Canadians are informed and concerned about climate change.

Most responses addressed the questions raised; some did not. An example of a response that did not address the questions posed is that of Finance Canada to Petition 158 concerning subsidies to the oil and gas industry and federal efforts to address climate change. Your committee may wish to get Finance Canada to clearly explain the extent to which the sector is subsidized.

We found that the government has not been able to deliver on its commitment to buy 20% of its power from green sources by 2006, as it committed to do in response to a petition in 2002. As a result, it has not been contributing as expected to greenhouse gas reductions in Canada.

[*Translation*]

At the end of our audit, my conclusion is this: the federal government has done too little and acted too slowly in Canada's commitments to address the challenge of climate change.

The government must redouble its efforts. I have identified five areas that I believe are crucial: provide sustained leadership; integrate energy and climate change; develop a plan to reduce greenhouse gas emissions; push ahead with adaptation; and assure governance and accountability.

Each area is important but the call for leadership by the federal government applies to them all.

I believe that there is an important opportunity for parliamentarians to pursue the concerns I have raised in my report. Clearly there are many issues that government officials need to explain, among them: what progress is being made in developing an effective system for collecting and reporting information on expenditures and results? How will departmental roles and responsibilities be clarified, and what mechanisms to coordinate federal activities will be put in place? What was learned during the Treasury Board-led review on climate change programs and, how has it been shared and used? How would departments go about clarifying what they expect to achieve with their emission reduction programs and how actual results will be reported?

The federal government has accepted all of my recommendations. Therefore, I expect the government's new plan to spell out clearly how these recommendations will be taken into account. So when the new climate change plan is available, parliamentarians will be able to see how the government has responded to the specific recommendations made in my report, and the five areas identified as crucial to future progress.

Mr. Chair, that completes my opening statement. My colleagues and I would be happy to respond to your questions.

[English]

**The Vice-Chair (Mr. Mario Silva):** Now we go to the first round of questions.

Mr. Godfrey, you have ten minutes.

**Hon. John Godfrey (Don Valley West, Lib.):** It's good to see you, Commissioner—

**Mr. Mark Warawa (Langley, CPC):** On a point of order, Mr. Chair. My apologies. I have a quick question.

Normally the first round is ten minutes and normally everyone does not get a chance to ask questions with that. Could we have unanimous consent for a five-minute round throughout the whole meeting today? That way everybody is going to get a chance. Would that be okay?

• (0915)

**The Vice-Chair (Mr. Mario Silva):** It seems there is no agreement, so we'll go with the ten minutes.

Mr. Godfrey, you have ten minutes.

**Hon. John Godfrey:** Commissioner, I was at your press conference, and I'm glad to see you here again today. I remember at your press conference your conclusion was that the government urgently needs a credible, clear plan to significantly reduce greenhouse gas emissions with realistic short- and long-term goals. You then suggested questions government officials need to answer, that we need to develop a robust system for collecting and reporting

information on expenditure and results. I want to try an idea out to see whether you think this would get us part of the way to what you were proposing.

Would it be useful if every year the Minister of the Environment had to come up with a climate change plan that would report, as you have asked, on such things as what measures have been taken to meet our obligations under Kyoto concerning emission limits—market-based mechanisms, spending and fiscal measures—and the date those are supposed to come into force; the amount of greenhouse gas emissions that would be expected to come from each of those; and what we did last year and how we're meeting that standard?

I wonder if that would be helpful.

**Ms. Johanne Gélinas:** It was already a commitment made a couple of years ago. I have it in my report that the last update on what was happening on this file was in 2003. As to the commitment, my colleague can probably say exactly what it was. But it was clear that the government should have come before parliamentarians and Canadians on a regular basis, and I thought it was every two years, to report on progress made, how much money was spent, and so on. We were told in the course of this audit that at best, Canadians will have an update by 2008. This is certainly quite a long period to wait to know what is going on, and, if there is a need for adjustment, to adjust.

If I may add one thing, I will say it is also the committee's prerogative to ask for a regular update on what is going on. I know in the past my colleague and I have been able to work with other committees, on pesticides, for example, and make sure that twice a year the agency was testifying before the committee and giving an update on certain things they were supposed to do. Something similar could take place here.

**Hon. John Godfrey:** The sort of system I've described would be helpful to produce a greater degree of accountability on an annual basis. It would be helpful?

**Ms. Johanne Gélinas:** It's more than helpful; for me, it's part of basic good management.

**Hon. John Godfrey:** That's great to hear, because tomorrow night we're going to be voting on such an idea, Bill C-288, proposed by my friend, Pablo Rodriguez, to ensure we meet our global climate change obligations under Kyoto. If the bill passes, we'll be debating it here, but it's good to hear the principles will be extremely useful.

I'd like to move on to the issue you alluded to in your remarks in the press conference and during your report, the whole question of short-term and long-term goals. When you talk about short-term goals, in order to be effective, based on your experience with this audit, how short are short-term goals? Are they annual? Are they biennial? What's the practical ideal? Let me put it that way.

**Ms. Johanne Gélinas:** When we were talking about short-term goals, we were thinking of Kyoto, so it was, let's say, 2010-2012. When you look at many of the measures related to technological innovation, for example, that will be put in place, we cannot expect significant progress to be made in the near future, so we have to look long term, and climate change is a long-term issue. But short term, in our mind, was really dealing with the Kyoto commitment.

**Hon. John Godfrey:** So if we're to judge a new plan when it comes forward, we should expect to have some goals that relate to 2010-2012, the same period you were talking about, the first Kyoto implementation period? That would be a reasonable way to measure the success or likelihood of success of any new plan—

• (0920)

**Ms. Johanne Gélinas:** Yes.

**Hon. John Godfrey:** —because it seems we've been at this quite a while, as you point out, going back to 1998.

Is it your impression we need more consultation with industry and with provinces before we can take action?

**Ms. Johanne Gélinas:** I won't tell you if we need more or less consultation. What I will tell you, though, is that if we want to be up to the task, we need action.

**Hon. John Godfrey:** All right. So consultation is not a substitute for action?

**Ms. Johanne Gélinas:** You're saying that.

**Hon. John Godfrey:** You're not disagreeing. But is it your impression we've had quite a lot of consultation in the past?

**Ms. Johanne Gélinas:** We haven't looked at that at all, so I cannot respond to your question.

**Hon. John Godfrey:** Is it your impression that in terms of our ability to get on with the job of reducing greenhouse gases we have sufficient legal tools in place? Or do you think we need new legislation? Does a lack of legislation seem to be a barrier to action?

**Ms. Johanne Gélinas:** We have said the federal government has the power to intervene in that area first. We have also said the federal government has a lot of tools in its tool box, and every tool will have to be used. These still are policy decisions. We have commented on regulations with respect to the LFE system, because a decision had already been made that this should go on.

With respect to that, we have said we don't even have a clue how the system will work, how it will look. We were trying to find information related to the design of the regulation itself and we were not able to find anything. There was a government proposal to move ahead with the LFE system, which is a regulated market-based approach. We are not there to comment if it's the right tool or the wrong tool. We have commented also on the MOU, the voluntary approach with the auto sector. This is a different approach, which is not regulated.

So there's a suite of tools whose merit should be looked at, then policy decisions should be made, and we should move ahead. So one size doesn't fit all. That's the bottom line.

**Hon. John Godfrey:** But under the Canadian Environmental Protection Act, we have now put CO<sub>2</sub> on schedule 1, something that can be regulated. Does that give us sufficient legal authority to

become more action-oriented, should we wish to, or is there anything you've come across that says we need more?

**Ms. Johanne Gélinas:** I don't know. The only thing I can say at this stage is that it will be interesting to get answers from the departments. On the basis of what we have seen on the climate change file, many times decisions were made without sound analyses and good analyses. So in this case, if this is the way to go, as an auditor I will tell the departments to make sure this is based on a good analysis.

**Mr. Richard Arseneault (Principal, Office of the Auditor General of Canada):** I want to add that the reason we have such a piece of legislation as the Canadian Environmental Protection Act is to protect our environment, our air, our water, and our land. There are mechanisms in there that the government could use if it wishes to do so, or it can use other tools that it wishes to use to achieve the same results. But the tools exist. In fact, we are looking into doing an audit of smog, because a number of smog substances have been declared toxic under the act. Action has been taken by the federal government over the years, and we want to see what progress has been made.

**The Vice-Chair (Mr. Mario Silva):** Thank you.

Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Thank you very much, Mr. Chairman.

I would like to begin by thanking you once again for your 2006 report. It is, in general, highly elucidating, although it makes only scant reference to how climate change programs are performing. Even though you may not be able to categorically state that these programs have met their objectives, it has to be recognized that progress has been made.

What I find particularly interesting about your report was that it promotes a comprehensive approach to help us reach our target of a 6 per cent reduction in greenhouse gases. It is all very well to talk about annual reports, but if we do not have a strategy allowing us to maximize the overall greenhouse gas reductions, then we have not achieved anything worth writing home about.

I understand that your intention this morning was to walk us through the various chapters of your report, however, I would like us to turn our attention to page 12 of the booklet entitled "Main Points". You state:

The government cannot effectively address climate change without considering changes in the way Canadians produce, distribute and consume energy.

Further on, you add:

Any new approach must confront this reality.

I would like to know what you mean by that. A few pages further on, you state that energy production is under provincial jurisdiction.

You clearly state that any effective attempt to curb climate change has to take into account this reality. In terms of fighting climate change, do you not think that a new approach encouraging cooperation with the provinces would be more effective than the essentially sector-based approach favoured by the government thus far?

•(0925)

**Ms. Johanne Gélinas:** The section you are referring to is entitled “Integrate energy and climate change”.

In our audit, it became clear, quite quickly, that economic development was increasing, as was consumption and energy production, and that in this context, climate change was at stake.

The question was how to reconcile two objectives that may seem, at first sight, completely opposite. The principle here is to be able to dissociate economic growth and energy production. We must move towards a transformation that will enable us to reduce the use of fossil fuels as much as possible.

We know that other countries, mainly Sweden, have successfully dissociated these two aspects. It is not impossible. Of course, we can always enforce programs or measures to reduce greenhouse gases, but what we are talking about here is the need for an in-depth look at how to continue along the road to economic development while taking into account what that requires. To achieve that, our management practices must be more effective. So we are talking about energy conservation and using renewable energy.

It is not up to us to determine the model. We are simply saying that you are currently talking about an approach, but that we did not see anything in our audit that would lead us to believe that there is a federal approach designed to reconcile energy development and the reduction of greenhouse gases.

We need an element like that to start with. That is why we mentioned, among other things, Minister Lunn's presentation before your committee last June, according to which there is a policy paper on energy development in Canada.

In our opinion, it is important for us to be familiar with the general thrust of the policy and for Canadians to take a stand on the suggested approach. Following that, it will be a question of implementing the programs needed to meet the greenhouse gas reduction objectives.

**Mr. Bernard Bigras:** Okay.

My other question deals with pages 26 and 27 of Chapter 1 of your report. They deal with emissions trading. From what I understand, you do not consider this system a panacea, but instead an interesting climate change mitigation policy tool. Moreover, I am very happy that you are urging the government to establish this type of mechanism. As you said, the previous government generated considerable delays. The current government does not seem to have the political will necessary to enforce such a mechanism.

On the topic of the emissions trading system, you say that it has made it possible to reduce sulfur dioxide emissions. That is true. I am thinking namely of the Canada-U.S. agreement on this issue which, we can say, is a success story. You also say, in point 1.64, that emissions trading is the approach favoured by the European Union, which launched a trading system in 2005 involving 25 countries.

From what I understand, the two mechanisms that you are presenting for emissions trading are part of approaches referred to as territorial. The Canada-US agreement on acid rain was a territorial type of agreement, as is the one in the European Union, which

applied to 15 countries at the time and which applies to 25 countries today.

Do you think that this mechanism could prove more effective in a geographic context than in a sector context?

•(0930)

**Ms. Johanne Gélinas:** I am not in a position to answer your question. We did not examine it with a view to drawing a comparison. We used the two examples that you have just mentioned to show that this type of system was in place and, as you said, could be successful. We used the European example to show that there were risks, such as the fluctuating cost of a tonne of carbon on the European market. Apart from that, we do not have enough comparative analyses of the various types of approaches used for emissions trading. That is why it would be very difficult for us to address that.

For the time being, it is important to know that we have absolutely no idea how the Canadian system will operate. In the report, we stated that there was relatively limited expertise available for developing this system. Bear in mind that when the government was advocating this approach, we were supposed to be in a position to use it to cut greenhouse gases by 50 per cent. If the approach is not retained, we will know, because it is purely mathematical, that most of the reductions will not be achieved. It was a tool that was favoured to substantially reduce greenhouse gas emissions.

**Mr. Bernard Bigras:** Do you think this tool would still be advantageous for Canada and that it should be taken into consideration in the future climate change mitigation plan?

**Ms. Johanne Gélinas:** All that I can say is that the system has worked elsewhere, for example in the case of sulfur dioxide in acid rain. It appears to be working in Europe. Here, in our audit, we were not even in a position to see what stage the development work for the architecture of the emissions trading system was at. We have not even gotten that far, but the system should be operational within 15 months, in other words for January 1, 2008.

**Mr. Bernard Bigras:** Given the circumstances, should we be shelving this system or continuing to explore it?

**Ms. Johanne Gélinas:** It would undoubtedly be in our interest to explore it. The fact remains that government policy will determine whether it is retained or not. Regardless, it undoubtedly warrants closer consideration.

[English]

**The Vice-Chair (Mr. Mario Silva):** Mr. Cullen.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you, Chair, and thank you, Madame Gélinas, and your team.

This audit went on for 18 months. I remember a comment from your testimony before, that in searching out the answers for some of these questions, the departments were spurred into action to do the accounting, to find where the money had been spent.

Prior to your team questioning various departments on where money had been allocated and how it had been managed, was there any reporting system in place to do that?

**Ms. Johanne Gélinas:** I guess Richard will—

**Mr. Richard Arseneault:** Yes. The National Climate Change Secretariat produced a report in 2003, if I'm not mistaken, the latest one. Their function was one of coordination amongst the departments.

**Mr. Nathan Cullen:** Whose direction was this under?

**Mr. Richard Arseneault:** Under Environment Canada, the deputy minister, and NRCan, the deputy minister. They had no authority but were playing a role of coordination, of facilitation between all of the departments involved in the file, not only NRCan but others. They prepared a report on the financial side of things.

**Mr. Nathan Cullen:** What happened to that secretariat?

**Mr. Richard Arseneault:** It was disbanded by the government at one point. I guess the government decided it had served its purpose. It was going to be replaced by something else, but we never saw that come out.

• (0935)

**Mr. Nathan Cullen:** So the one office that had been set up to track and monitor money being spent...this is in the billions, simply to get the context of how much money we're talking about.

**Mr. Richard Arseneault:** There's a big difference in what was announced and what was actually spent. I think in the media we could see there were all sorts of variations on that. As far as we could see.... Once the secretariat was disbanded, Treasury Board got involved in terms of.... They saw there was a situation that needed to be better controlled, and they decided to pilot this. With respect to climate change and horizontal issues involving a number of departments, they wanted to put a system in place so that we could capture this kind of information, so they piloted—

**Mr. Nathan Cullen:** Just to be clear, though, the difference between announcements made and actual money spent out the door—

**Mr. Richard Arseneault:** Yes, \$6.36 billion was announced by the government between 1997 and 2005. But based on Treasury Board information, it appears that \$1.6 billion was spent by 2003-04. Since then, we don't know how much has been spent. And when I say "spent", I mean that the government disbursed, but some of it was transferred to foundations, and the foundations have not spent all their money yet.

**Mr. Nathan Cullen:** Okay. So to be clear, it was \$6.3 billion announced, \$1.6 billion disbursed—maybe spent and maybe not spent, but certainly less than the \$6.3 billion announced.

**Ms. Johanne Gélinas:** One last thing, if I may. There's a differential between these two numbers, because one goes up to 2005, with the \$6.3 billion, and the other one goes up to 2004. From 2004 up to now, we cannot know how much money was spent.

**Mr. Nathan Cullen:** Why not?

**Ms. Johanne Gélinas:** Because the system is not in place for the information to be provided for that.

**Mr. Nathan Cullen:** So those requests were made. When did you close the books on this? What date?

**Ms. Johanne Gélinas:** I cannot tell you the date, but mid-June 2006.

**Mr. Nathan Cullen:** So in 2006 you closed the assessment of this. The government was unable to provide spending from 2004 to 2006.

**Mr. Richard Arseneault:** They did provide the information related to the parliamentary question. A parliamentary question was asked by a member of this committee, actually. Given that Treasury Board was already engaged and was collecting information from all departments...the problem with this is that departments were reporting information in different ways; they had different definitions. They needed to clarify how we were going to be collecting this information. Some of it was rejected. Anyway, Treasury Board did answer this question, but when we tried to reconcile the information from the Treasury Board—we looked into their system—we couldn't really reconcile the numbers.

**Mr. Nathan Cullen:** Let's go right to that. There's some double accounting of \$250 million. Where is it? Is it simply reported twice? Is it simply spent twice? Are we missing \$250 million? Did we spend \$250 million more than we said we would?

**Mr. Richard Arseneault:** There's no indication that there was any fraud, but the problem is that with the systems in place, they are not functional enough or complete enough or mature enough to produce the kind of information you need to find out what's going on for management purposes and for reporting purposes. It's an indication, if you want.

**Mr. Nathan Cullen:** It's an indication that's worrisome to many, given the previous government's tendency, in some instances, to pass money without accountability, and where that money ends up....

You were not able to find evidence of fraud. Were you able to find evidence that there was no fraud perpetrated?

**Mr. Richard Arseneault:** There is no evidence of fraud or no fraud, but what we know is that when we look at individual programs, such as in chapter 3, we are able to track the money. It's complicated, because, again, departments do not capture the information in a way that is user friendly. Things are not coded the right way, and what is climate change and what is something else—sometimes it's not obvious. They call things different things. But we were still able to get to the amount of money spent on those programs.

**Mr. Nathan Cullen:** On the money disbursed to foundations and not-for-profit organizations, what was your capacity as an auditor to be able to track all those dollars and to look at their effectiveness?

**Mr. Richard Arseneault:** We did look at one foundation, Sustainable Development Technology Canada, because the authority was given to the Office of the Auditor General to go in and look at this. The issue there was more...because they haven't spent a lot of money. They're just starting to assess projects.

**Mr. Nathan Cullen:** I'm trying to understand this—and I asked you this question during the last committee hearing. Who is in charge? What minister was in charge of climate change in Canada?



● (0940)

**Ms. Johanne Gélinas:** We asked that question ourselves, and we tried to find out who was responsible for what. The way we understand it, Environment Canada is the lead, and I will choose my words here. “Responsible” is different from being the “lead” department. Environment Canada is the lead department with respect to policies, developing the policies. NRCan is responsible for delivering on programs related to energy—alternative energy, efficiency, you name it. They have had, so far, the biggest part of the pot in terms of money.

With respect to areas like adaptation, it's still unclear, really. I will say that they are condemned to work with each other. Who has the lead still, it's not totally clear, even though I would tend to say it's, as we speak now, Environment Canada.

**Mr. Nathan Cullen:** So on all of these plans—four or five plans over the years—Canadians would assume that there was a minister in charge. Are they wrong in that assumption? There was nobody in charge.

**Ms. Johanne Gélinas:** There were some ministers in charge for a specific aspect of it, but what I just gave you in terms of information is the latest information available. If you would have asked me two years ago who was responsible for what, it was a different set-up.

The last thing you need to know is that even though Treasury Board now is working on this framework—and you will remember that Treasury Board came here and talked about the RMAF, the framework for the pilot on climate change, to develop this framework on horizontal issues. The reality is still that even though the Treasury Board has committed to develop the framework, it's unclear who will take over when the framework is finalized. And this is still a question mark. With respect to spending, who will report publicly on spending and results is still unclear as we speak.

So if you're looking for the long term and who will report to parliamentarians on this and that, I suggest that you ask the question to the ministers or the deputy ministers of the department, because the answers are not always that clear.

**Mr. Nathan Cullen:** You made a comment that there was no initial assessment made by the government when we set our targets, in terms of cost. Is that correct? You were able to find no analysis or assessment by the federal government as to what the costs would be or what the impacts would be of our initial...?

**Mr. Richard Arseneault:** There was some economic analysis, but it was not detailed. We couldn't find any social, environmental, and risk analysis linked to this. Climate change is not only about the environment, it's also about sustainable development; it's about our way of living, because it's linked to energy. So we would expect that kind of analysis to be done. Again, it was a negotiation, and in negotiation things sometimes happen.

**Ms. Johanne Gélinas:** Perhaps I may add one thing, Mr. Chair.

**The Vice-Chair (Mr. Mario Silva):** Sorry, we have to stop it there. We'll go to Mr. Warawa. Then you can go on a second round, and you can answer the question.

Mr. Warawa.

**Mr. Mark Warawa:** Thank you, Mr. Chair. In the spirit of giving everyone an opportunity to ask questions, I'm going to be splitting my time—five and five on this side, anyway.

Again, Commissioner, thank you for being here. We appreciate your report. It's a very good report.

I have a quick question to start out. In your chapter 5, I believe it is, on environmental petitions, you said that “Since 2001, climate change and air quality issues have been referenced increasingly in environmental petitions received by the Auditor General of Canada.” So those are the issues that have been expressed as being very important to Canadians. They are both climate change, which affects the environment globally, and pollution levels, air quality levels, which are affecting the health of Canadians, and actually many deaths in Canada are attributed to that.

I really do appreciate this report...challenging government to take climate change as a high priority, which we do.

On the issue of air quality, when would we be looking for a report on that?

● (0945)

**Ms. Johanne Gélinas:** My colleague was saying earlier that we will revisit the smog issue for next year's report. We have looked here and there at some air quality issues, but not as we did for climate change, with one focus and covering the broader aspects of it. But as Richard is involved in the production of the 2007 report already, he can give you a few details about how we will look at this air quality issue.

**Mr. Mark Warawa:** I appreciate that.

Could we pass on, then, to the climate change issue?

I just wanted a general answer. But that is coming.

**Ms. Johanne Gélinas:** Yes.

**Mr. Mark Warawa:** Thank you.

You began your comments, both in your report and this morning, by saying that it has become more and more obvious that Canada cannot meet its Kyoto Protocol commitments to reduce greenhouse gases. You alluded to the lack of targets and the lack of planning. My question is related to governance and accountability.

In your overview on page 15 you alluded to the importance of good governance:

Planning, management, and performance go hand in hand. A good plan is important, but so is taking action and assuring results. Effective governance and accountability are fundamental in all policy areas and are especially crucial elements of complex, horizontal, long-term files like climate change.

You then have bullet points:

establishing clear roles, responsibilities, and authority for all federal departments and agencies;

designing and putting in place mechanisms to co-ordinate federal activities across departments and agencies;

tracking expenditures...and;

monitoring, on an ongoing basis, the performance of all programs...

My colleagues across the way did highlight the annual reporting. We agree with those recommendations. Recommendation 288, of course, takes us back not to annual reporting but to a system that for 13 years was not successful. We have a plan that we believe very strongly will have achievable results that will deal with the issue of climate change.

You've gone into the next paragraph for the final word. You've said that reducing our greenhouse gas emissions and adapting to present and future effects of climate change is a challenging task. It's a long journey, and there may be blind alleys and false starts along the way. Canadians should be able to expect the federal government to stay on course until lasting solutions are found. It's in our best interests. You've said we're at a crossroads, and I agree with those comments.

Do you believe that the lack of analysis done when we set our initial targets for Kyoto was a mistake? I'm assuming from what you've said that the answer is yes, but I just want to confirm that it's important that you have a plan that's well thought out, through consultation and proper analysis—social, environmental—and that is real and achievable and that the government then takes action on it.

**Ms. Johanne Gélinas:** Let me start by saying that the past is the past. But when we looked at where this 6% below 1990 levels came from, it was obvious that there was no sound analysis to support that. We have said that in the report. The federal government picked that number based on what the U.S. was going for. So that's clear. There's no doubt about it.

I have made it clear in chapter zero that if the targets are unrealistic the government has to come up with new targets, make sure we have learned from past experience, and come with sound analysis and some key measures to get us to wherever the government decides to put the targets.

You have referred to governance and accountability. I also want to raise that these problems are still there. So whatever targets and measures are put in place, if the governance and accountability aspects are not looked at seriously, I will probably be here again five years from now and have an almost cut-and-paste copy of this section.

I also would like to remind you that in 1998 we looked at climate change and almost said the same thing. So things have not evolved that much in terms of good governance and accountability.

Mr. Cullen was asking who was responsible for what, and I can still not tell who is responsible for what. So as long as the government doesn't come clear about who is responsible for what, five years from now we will probably be in a position to say that roles and responsibilities should be clear, were not clear, and we are still facing some of the weaknesses we have identified in this report and the previous one.

● (0950)

**The Vice-Chair (Mr. Mario Silva):** Thank you, Mr. Warawa.

Mr. Watson.

**Mr. Jeff Watson (Essex, CPC):** Let me stick with targets for a moment. You talked about the government and Canadians needing to align their efforts in achieving targets. Are you talking about the

Kyoto targets and the Kyoto timeframe, or a need for new targets and a new timeframe?

**Ms. Johanne Gélinas:** This government has said that the Kyoto targets were unrealistic and unachievable. So it's up to this government to come up with new targets. It's not my job to say what the targets should be. I don't know. I'm not the policy-maker; I am the auditor reporting on progress made on whatever commitments were made by previous governments or this new government.

**Mr. Jeff Watson:** Agreed. You've also agreed with the assessment that we're not on track to meet Kyoto targets in the timeline. Are you suggesting agreement that a new target and a new timeline are necessary?

**Ms. Johanne Gélinas:** I guess my key message is that I'm suggesting bold action.

**Mr. Jeff Watson:** You say that a massive scale of effort is needed going forward. I want to turn to emissions trading for a moment. In chapter 1, page 32, you say, "the gap between Canada's Kyoto target and its emissions during the commitment period could exceed 270 million tonnes". You suggest that only about 21% of the estimated Kyoto gap could be made up by domestic trading, which leaves 80% to be met on the international market. That's a pretty massive effort, if under the previous government's way of trying to meet our commitments....

Did you see anything in your audit that would have led you to conclude that the previous government's proposed measures could have kept Canada compliant with Kyoto without massive reliance on international credits?

**The Vice-Chair (Mr. Mario Silva):** Your answer has to be very brief, Ms. Gélinas, as we are running out of time.

**Ms. Johanne Gélinas:** It's basic math. It was clear that the plan was supposed to get some of the GHG reduction through buying credits offshore.

**The Vice-Chair (Mr. Mario Silva):** Thank you very much.

Mr. Rodriguez.

[Translation]

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Thank you, Mr. Chairman.

Commissioner, I thank you and your team for coming.

The Prime Minister recently said, shortly before your report was published, that climate change should be taken with a grain of salt. He added that if we are unable to predict the temperatures for tomorrow or the next day, how could we anticipate what climate change will occur in 10 or 20 years? There are even some members who do not really believe the science around climate change.

In your opinion, is the science around climate change reliable? Can we say today that climate change will truly have a concrete impact?

**Ms. Johanne Gélinas:** I will give you a very quick answer. If I may, I will then ask my colleagues to tell you what we based our comments on.

We take for granted that the government has recognized the scientific analyses conducted, namely by the United Nations' committee on climate change, as well as other scientific reports that are based on decisions made by Canada to reduce greenhouse gases. I take that as a given.

I do not challenge science. I am not a scientist, and I am not an expert in the science of climate change as long as the government, on the whole, recognizes that the problem exists and bases its position on scientific facts, I will act accordingly.

If you want any further information, my colleagues will be able to tell you more about the scientific aspect of the question.

• (0955)

**Mr. Pablo Rodriguez:** Thank you.

We hear a lot of talk about smog, air quality and climate change. They are all important considerations.

In specific terms, how important is the effort to counter climate change? Do you think the government should consider this a priority?

**Ms. Johanne Gélinas:** I repeat, it is not my job to set the government's priorities.

I understand that climate change is a priority for the federal government. I have reported on the progress made so far.

**Mr. Pablo Rodriguez:** Are you not concerned about the fact that climate change is not one of the government's five priorities?

**Ms. Johanne Gélinas:** I think the results achieved so far are disturbing. If climate change remains a priority for Canada, it is disturbing that we do not have a much more aggressive and rigorous approach in order to move from slowing down emissions to actually reducing greenhouse gas emissions in Canada.

**Mr. Pablo Rodriguez:** The government often talks about the costs, sometimes astronomical, for setting up an effective climate change program. It always comes back to the issue of money, to the fact that this is expensive.

In your opinion and that of the members of your team, is there not also a huge cost involved in not dealing with climate change? Is there not a price to be paid for this?

**Ms. Johanne Gélinas:** We often talk about the cost of inaction. It is true that inaction does involve a cost. However, in the course of our work, we saw no studies that provided any information on the cost of adaptation and the consequences of climate change, for example. This information was not made available to us.

**Mr. Pablo Rodriguez:** You have made some suggestions for the future, but if the government were to develop a made-in Canada plan containing all the points I mentioned earlier, such as air quality, smog, climate change, and so on, will that be enough, or do you think it should be a specific climate change program?

**Ms. Johanne Gélinas:** We will give the government an opportunity to develop a plan. We will look at it. As the Commissioner of the Environment and Sustainable Development, my job will be to report to Parliament and to Canadians about the implementation of the plan, whatever it may be.

**Mr. Pablo Rodriguez:** Do you think we can deal with climate change on our own, or must we be part of a bigger effort? Should there be international cooperation through treaties such as the Kyoto Protocol?

**Ms. Johanne Gélinas:** Combating climate change must happen first within the federal family. It does not involve just two departments. It involves a concerted effort from the part of all departments.

Mr. Bigras was asking me a question earlier about the relationship between the provinces and the federal government. There is no doubt that in various areas such as adaptation, the federal government will have to work with the provinces and the territories. So there should be some sharing in this regard.

The problem of climate change is global, and Canada, through CIDA and other agencies, is working to better reduce greenhouse gas emissions, particularly in developing countries. So the problem is global, but there must be efforts made at the local level as well.

**Mr. Luc Harvey (Louis-Hébert, CPC):** It has been mentioned, Ms. Gélinas, that the previous government wanted to invest close to \$6 billion in climate change activities. \$1.6 billion was actually spent, which means that there is still \$4.5 billion floating around somewhere. Actually, I am not sure I understand correctly. We really do not know whether this money has been spent. We do not know what became of the sum of four billion dollars that was left over. Is that correct?

• (1000)

**Ms. Johanne Gélinas:** No, the \$4 billion was announced, but never spent. So that money is not floating around somewhere. The money has not been spent at this point. The new government will have to determine its priorities and decide whether or not this money will be spent.

The budgets of certain programs have been frozen. So for a significant number of the programs, no money is being spent.

**Mr. Luc Harvey:** Earlier, you were talking about the types of foundations.

**Ms. Johanne Gélinas:** Yes, I am referring to the foundations.

**Mr. Luc Harvey:** You said that the foundations had this money. Is the remaining \$4 billion in these foundations? Where does the money for the foundations come from?

**Mr. Richard Arseneault:** That is part of the \$1.6 billion.

**Mr. Luc Harvey:** So the rest of the money is in the government's coffers.

**Mr. Richard Arseneault:** At the moment, the government is continuing to manage things. Some programs are still functioning, even though there has been a freeze. Employees are being paid. So money is still being spent, but government expenditures have not been updated for several years now.

**Ms. Johanne G elinas:** You referred to the foundations. We looked at one in particular.

**Mr. Luc Harvey:** How many of them are there?

**Mr. Richard Arseneault:** I am not sure of the exact number, but there are at least...

**Ms. Johanne G elinas:** There are at least three that have to do with climate change or the environment in general.

We chose the one that was supposed to help develop a technology innovation demonstration project. We concluded that the foundation was relatively well managed, and had a good accountability system. The only thing missing was the results of greenhouse gas reduction projects, because they are long-term in nature, and it takes time before they produce results.

**Mr. Luc Harvey:** Earlier, we were talking a little about the Kyoto objectives. If I understand correctly, Canada's annual production of CO<sup>2</sup> is 270 million tonnes too high.

**Ms. Johanne G elinas:** That is correct, if we want to meet the goal set in the Kyoto Protocol.

**Mr. Luc Harvey:** You doubtless assessed the number of megatons or millions of tonnes that we could eliminate through various programs.

**Ms. Johanne G elinas:** We have some information on that. These are targets, not actual results. As I mentioned, from the figures we received, the three programs we looked at have so far produced reductions of 1 megaton. The objective is five megatons by 2010.

It is expected that there will be 5 megatons by 2010 under the voluntary agreement with the automobile industry. So we are at 10 megatons. If the large final emitters system works as it is supposed to, there will be a reduction of 30 megatons a year for the next five or six years. We have a total of 250 megatons. That is what we should have every year for the next 7 years. That is why, if we are going to achieve this objective, it is so important to purchase credits through the emissions trading system or to obtain credits otherwise.

**Mr. Luc Harvey:** That means we will have to purchase close to 200 megatons internationally because our system would not allow us to achieve such a reduction?

**Ms. Johanne G elinas:** I do not know what the exact figure is, but clearly, we will have to obtain some credits outside the country.

• (1005)

**Mr. Luc Harvey:** The cost is about \$15 a tonne, but since we can expect some fluctuations, the price could easily reach \$40 a tonne. That means that this program would cost about \$8 billion a year.

**Ms. Johanne G elinas:** You may talk about fluctuations, but I cannot comment on what the market price may be. All we are saying at this stage is that the amount has been set at \$15 a tonne, and the government has committed to a \$15 ceiling. Elsewhere, on the European market, we have seen that the price can fluctuate between \$15 and C\$45 in a single year.

**Mr. Luc Harvey:** The government had set the limit at \$15...

**The Vice-Chair (Mr. Mario Silva):** Your time is up, Mr. Harvey. Thank you.

Mr. Lussier.

**Mr. Marcel Lussier (Brossard—La Prairie, BQ):** When did your commission table its recommendations, Ms. G elinas?

**Ms. Johanne G elinas:** Last week, at the same time as the report.

**Mr. Marcel Lussier:** So the government has not had much time to look at these recommendations and include them in the Green Plan.

**Ms. Johanne G elinas:** Excuse me, I would like to provide a clarification. The report was made public last week, but the government has been apprised of its content and our recommendations for several months. It has been working on its response to our recommendations.

**Mr. Marcel Lussier:** That is what I was seeking to clarify by my first question. So, tell us, for how long has the government had these recommendations in its possession?

**Ms. Johanne G elinas:** We actually began providing paper versions of our initial recommendations in May.

**Mr. Marcel Lussier:** I see.

You say in your statement that the government accepted these recommendations. How did it do that? Was there a text, a photocopy or an e-mail?

**Ms. Johanne G elinas:** I do not know whether you have a copy of the report. Look at any chapter, for example chapter 1, on page 44. Under paragraph 1.122, there is a recommendation followed by the government's response. It is included in our report.

**Mr. Marcel Lussier:** So if all the responses have been sent in and included in the report, this material is in the public domain.

Ms. Johanne G elinas Yes, definitely.

Mr. Marcel Lussier: The responses are not secret.

**Ms. Johanne G elinas:** No.

**Mr. Marcel Lussier:** So you have already informed the government. Were you consulted regarding the drafting of the Green Plan?

**Ms. Johanne G elinas:** I would like to give you a very simple answer. No.

**Mr. Marcel Lussier:** That is very clear.

My next question is about the tar sands. I am looking at your figures and trying to understand them. When you say that by the year 2015, the production of greenhouse gases will double, does that take into account some of the steps oil companies will be taking to reduce these gases, or is it the extrapolated production expressed as greenhouse gases?

**Ms. Johanne G elinas:** First of all, that information did not come from us. My colleague will correct me if I am wrong, but I believe it is from the National Energy Board. The National Energy Board provided these projections which state that greenhouse gas production from the tar sands would double by 2015.

**Mr. Marcel Lussier:** Without mentioning whether any measures...

**Ms. Johanne Gélinas:** That does not take into account the reduction measures. It refers to the greenhouse gases produced by the tar sands, and does not take into account any measures to reduce emissions.

**Mr. Marcel Lussier:** I see.

In the course of the deliberations that have taken place since 1990, have you seen any documents that accurately predicted this huge increase in greenhouse gases from the tar sands? We signed an agreement to reduce greenhouse gases by 6 per cent based on the 1990 levels, but in the documents, in the various stages leading to the acceptance of the protocol and the international agreements signed by the government, did anyone see this increase coming?

**Ms. Johanne Gélinas:** I cannot answer with respect to the documents. I do not know whether...

[English]

David, are you aware if there is some information on that?

[Translation]

**Mr. Marcel Lussier:** In other words, has the Department of Natural Resources recently announced that tar sand production would double, causing a significant increase in greenhouse gases? Was this announcement made recently, or could this increase caused by the tar sands have been anticipated between 1995 and 2000?

[English]

**Mr. David McBain (Director, Office of the Auditor General of Canada):** When we were doing our audit we found a variety of sources of information that date back to the 1990s. When the government started the national process for consulting on how to deal with climate change, information came forward from industry and other participants.

Natural Resources Canada has also contributed projections—they call emissions outlook—and I believe in 2002 they came out with their last report. Then there's the National Energy Board itself, which does market assessments on a regular basis as part of their mandate. In this report we chose to cite the National Energy Board because it was the most recent information available to us.

• (1010)

**The Vice-Chair (Mr. Mario Silva):** Thank you.

Monsieur Harvey.

[Translation]

**Mr. Luc Harvey:** Ms. Gélinas, there is a ceiling in Europe. The cost of a tonne of CO<sub>2</sub> is about \$45. There are cycles, but that is more or less it. At one point, I even saw the price nearing \$65. It all depends on participation in the Kyoto Protocol. If it increases, there will be a greater interest in buying carbon credits. Given what I have just said, the previous Canadian government had guaranteed business, if I remember correctly, that it will never pay more than \$15 a tonne. Is that correct?

**An hon. member:** Yes.

**Mr. Luc Harvey:** So that means the Canadian government could buy approximately 200 million tonnes at approximately \$30, which would represent an annual expenditure of \$6 billion.

Is that how I am to calculate it?

**Ms. Johanne Gélinas:** Mr. Harvey, we did not do those calculations. Those calculations cannot be done sitting at the end of a table. However, I will correct what you said about the price of a tonne of CO<sub>2</sub>. We have absolutely no idea what the average cost of a tonne of CO<sub>2</sub> is. We have no other reference than the European market. Over a year, the prices have gone up and down. We had a graph that showed that. The price can fluctuate from one month to the next, going from \$15 to \$30, dropping to \$10, and going back up to \$25. So there is no number that can be used as a reference. This is a stock market, so there are fluctuations.

**Mr. Luc Harvey:** I fully understand that, but once the Kyoto Protocol truly comes into force, the price could be set at about \$40. It would be easy to...

**Ms. Johanne Gélinas:** No. First of all, Kyoto is in effect as we speak. Secondly, we have no idea, since it is a stock market. If it is a buyers' market, that will affect the market one way, whereas if it is a sellers' market, the effect would be different. It is the supply and demand principle. There is no price. No one can pull a number out of his hat and say that it would be the average price. The evidence shows that the \$15 amount was based on an analysis of what was happening at the time with the cost of a barrel of oil. But you know as well as I do how much the price for a barrel of oil fluctuates. So there are no guarantees.

**The Vice-Chair (Mr. Mario Silva):** Mr. Harvey, you were sharing your time with a colleague. There are only two and a half minutes left.

**Mr. Luc Harvey:** Okay. I am going to use my time.

To go back to the existing program, we know that approximately \$1.6 billion was spent for a one megaton reduction. Is that correct?

**Ms. Johanne Gélinas:** No. We examined three programs, which have to date made it possible to reduce by one third the objectives that had been set for them. The money that was spent was not spent under all of the programs we examined. We cannot make a direct link between the money that was spent and the reductions, because we did not examine all of the programs.

**Mr. Luc Harvey:** So we know that \$1.6 billion was spent, but we do not know exactly how much of a reduction there was in CO<sub>2</sub> emissions.

**Ms. Johanne Gélinas:** That is correct.

**Mr. Luc Harvey:** At present, it is about one megatonne. So, two megatons is more or less the maximum we achieved.

**Ms. Johanne Gélinas:** In other words, there has been a one-megaton reduction to date under the three programs we examined. That is all the information we can provide you at this point.

**Mr. Luc Harvey:** So we can calculate the rate of effectiveness at approximately \$ 800 per tonne at present.

**Ms. Johanne Gélinas:** You can calculate that, but I cannot. There again, you must be in a position to examine all of the programs and their effectiveness.

You are not the first to ask me that question. I think it would be a good idea for committee members to look at the results of the exercise undertaken by Treasury Board, which examined the programs on the basis of their effectiveness, to determine how they were performing. Treasury Board has the answer to your question.

• (1015)

[English]

**The Vice-Chair (Mr. Mario Silva):** Mr. Cullen.

**Mr. Nathan Cullen:** Thank you, Mr. Chair.

I was looking through your report trying to find the sentence that says 2012 targets are unachievable. Was that a conclusion that your group drew in its assessment?

**Ms. Johanne Gélinas:** We have said it was doubtful that we could get there.

**Mr. Nathan Cullen:** Based upon...?

**Ms. Johanne Gélinas:** Based upon the numbers, some targets, and also on the fact—I guess this was the key point—that the two biggest contributors, the transportation sector and the industry sector, were not up to the task.

**Mr. Nathan Cullen:** So based upon the then government's plans and their inability to address these two sectors, Kyoto was not achievable.

**Ms. Johanne Gélinas:** It would have been doubtful that Kyoto targets would have been achieved.

**Mr. Nathan Cullen:** But the suggestion is not made by your audit that a proper plan, a better plan, one that actually addressed those two large sectors, could achieve Kyoto.

Do you take any international scope in this? Does your office look at other examples of what governments have been doing or what other auditors are doing in assessment? Or is it entirely a Canada-only perspective?

**Ms. Johanne Gélinas:** The decision not to look at what was going on internationally and not to do some kind of comparison was made on purpose, because the bulk of the work was to cover federal programs and federal management of the climate change file. At the time, we couldn't cover anything broader than that, so we made the decision to put the international aspect aside.

**Mr. Nathan Cullen:** You said early on that there was no social or economic assessment made when we committed to our initial round of targets. Has there been any assessment made by government as to the actual cost of missing the 2012 target dates?

**Ms. Johanne Gélinas:** Not to my knowledge, but maybe Richard knows more.

**Mr. Richard Arseneault:** To my knowledge, there hasn't been any. I think the previous government was trying to implement its new Project Green and was hoping to achieve the reduction of 270 megatonnes that it calculated would be the target we needed to reach in order to comply with Kyoto. But for the new government, we haven't seen any analysis yet.

**Mr. Nathan Cullen:** So just for the committee's sake and for the sake of us all understanding this, to miss Kyoto, to miss the commitments Canada has signed onto under the United Nations, penalties are incurred by the country in terms of targets, and a limit is placed on the country's abilities to use trading systems and other mechanisms.

**Ms. Johanne Gélinas:** This is what we read when we look at the Kyoto agreement. As we were doing the audit, I asked the same question to my auditors who were doing the work in the departments. I have to say that it's not really clear what the impact of not achieving our Kyoto target will be. That will be a very interesting question to ask of the bureaucrats: if they have made any kind of analysis and report. We were talking about the cost of inaction, but in this case the cost of not committing to this target may have some financial impact for sure.

**Mr. Nathan Cullen:** You looked at one foundation. There are others. Why just one? Why not look at some of the other groups, the non-profits and foundations to which that money had been distributed, particularly under the light that money had been disbursed, not spent, and there was no accounting mechanism?

**Ms. Johanne Gélinas:** The main reason we looked at SDTC was that it was really the only foundation that had—and still has—a clear focus on climate change. Also, a lot of money was given to that foundation to achieve greenhouse gas reductions. Those were the main reasons why we decided to go with SDTC.

**Mr. Nathan Cullen:** Yet through the simple math of what's left over from what was distributed to these other organizations and groups, the other amount of money, when accumulated, is substantial. It's in the hundreds of millions, certainly.

I appreciate the scope of trying to find \$6 billion and only coming up with \$1 billion, and how, of that portion of \$1.7 billion, this is where a majority of it went. I guess my concern is that as the average taxpaying Canadian is looking at this, \$1 million or \$10 million is quite a bit of money. We'll be looking at estimates in the next couple of weeks. I'm wondering if we can rely upon your office to know where the budget lines were for money we have not done a proper assessment or analysis of yet.

I'm assuming your audit office was unable to reach a conclusion as to whether money distributed was spent well, so who does know that? Does anybody?

• (1020)

**Ms. Johanne Gélinas:** Treasury Board must be able to answer your question. On our side, we can send back to the committee some of the figures we have on how much money was given to other foundations with respect to climate change. We have that information in the office.

**Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC):** I will just lead off with a very simple question.

In terms of the shortfall in meeting the targets, the Kyoto objectives and so on, if there hadn't been a change of government, would you be saying that we need new targets? Would you still be making an assumption that there are new targets that need to be set?

**Ms. Johanne G elinas:** The assessment we made has nothing to do with who the government is; we look at the numbers. Based on the plan we looked at, you have to conclude that it would have been very difficult to achieve the targets.

**Mr. Maurice Vellacott:** So quite aside from whether the government changed, the new targets are needed. I mean, regardless, that stands uniform.

**Ms. Johanne G elinas:** That's absolutely right.

**Mr. Richard Arseneault:** But we did say there are transitions between governments and that this causes delays in implementing plans. We've seen this with the Chr tien/Martin government, and we obviously have another situation like this now.

**Mr. Maurice Vellacott:** Right. So even the transition from the Chr tien to the Martin government would have given you cause for thought.

**Mr. Richard Arseneault:** You know, there are always changes in the public service and changes in key people who are involved in the files. Transitions cause delays. It's well known.

**Mr. Maurice Vellacott:** The very fact that these types of domestic credits may account for some 20% of that Kyoto gap, which leaves approximately 80% of the previous government's projected Kyoto compliance to be met—I assume that means met by some system of international credits or by some trading across the seas—do you see anything that would have allowed us to meet those Kyoto protocols without that massive reliance on purchasing overseas credits? Is there any way we could have come close to meeting that major 80% gap?

**Ms. Johanne G elinas:** We have looked at the plans and measures that were put in place by the government. Based on that, it's clear that a big chunk of the reductions will come from buying credits in the international or domestic market.

**Mr. Maurice Vellacott:** The previous government considered buying Kyoto credits from some countries, eastern Europe in particular.

**Hon. John Godfrey:** No, no, no.

**Mr. Maurice Vellacott:** You referred to the U.S. just moments ago. Did the previous government demonstrate that they had looked at, for example, the U.S. model, the sulfur dioxide trading? That was successful, at least as I understand it. Did they look at that or did they focus solely on credits elsewhere—some would suggest in eastern Europe?

**Ms. Johanne G elinas:** We haven't seen the design of the emission credit system because it's still under construction, as I've said. I will assume that the bureaucrats have looked at what was available. They have certainly looked at that success story. They may have looked at what is going on elsewhere, such as in California, the U.K., Japan, and in the European Union, where they all have something.

One thing I have to clarify, though, and Richard will just specify, is that there was no commitment that we have seen anywhere where the government was planning to buy hot air.

• (1025)

**Mr. Richard Arseneault:** Actually, ministers of the previous and the current government have made public statements many times that hot air is not in.

**Mr. Maurice Vellacott:** Well, in chapter 1, on page 32, the point being made is that the previous government was considering buying Kyoto credits from eastern Europe. In fact, in the same chapter in your report, you criticized the eastern European...because, as you say, they don't represent sustainable emission reductions. Their country is in a surplus position only because of industrial decline after 1990. It would appear from those comments that you're not so inclined to think that those are the most favourable places to be buying.

**Mr. Richard Arseneault:** The government had created a climate fund and offset system and all that. The plan was to buy green and to have a system in place to assure ourselves under the Kyoto Protocol, or by other means, that what we were buying as credits was actually going to profit the environment, not to invest in places where it would not. That was the position of the previous government, and I think it's the position of the current government.

**The Vice-Chair (Mr. Mario Silva):** No more questions.

Mr. Scarpaleggia, go ahead, please.

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

Speaking of provisions based on lack of analysis, when the new government came into power it proceeded rather quickly to cut funding to some programs, such as the EnerGuide program, despite the analysis and recommendations of the public servants. Would you have a sense that some of the cuts or some of the decisions the government has made have been made mostly for symbolic reasons, to perhaps erase the legacy of the previous government?

**Ms. Johanne G elinas:** The only thing I can say with respect to the EnerGuide program—because that's the one we're talking about—is that it was performing maybe not as expected. There was still room for improvement, but based on our own analysis as auditors, this program was going in the right direction in the sense that it was achieving greenhouse gas reduction.

With respect to why the decision was made to cut this program in particular, I'm sure the bureaucrats and the minister will be more than happy to give you those answers.

**Mr. Francis Scarpaleggia:** To follow up on that, there was another program called C-CIARN, Canadian Climate Impacts and Adaptation Research Network, and it was slashed very quickly. In fact, it was benefiting some very good research at Macdonald College of Agriculture in my riding. Then subsequently I heard that it was reinstated. Again, I'm wondering whether this government is making decisions based on analysis or ideology or is responding to the latest pressure.

My second question has to do with the confusion that exists, not just in the public mind but even I think in political circles, between measures that have an impact on air quality—things like smog—and those that help reduce greenhouse gas emissions. There is a great deal of confusion around that issue. Without being overly partisan, I think the current government has tried to confound those two issues. Do you think we should have specific programs aimed at clean air improvement and separate programs focusing on greenhouse gas emissions, in order not to confound the objectives? Would doing so allow us to lay down the groundwork or the conditions for greater accountability so we could measure which program is achieving what?

**Ms. Johanne Gélinas:** As an auditor, I would say that what matters to me are the results. The government will get us there by having clear targets. You need targets to be able to report progress, so we need targets. If we can have clear targets, we can have a good system to report on progress. As far as I'm concerned, they can call it what they want; what we are looking for is greenhouse gas reduction, and that is really what matters.

A couple of years ago the government made a commitment to manage for results, so we should have in place within the federal government such systems that allow the government to report on results on performance and progress. Should we go with a clean air act? Should we go with CEPA? Should we go with something else? It's up to you to ask the questions about the rationale to go with this or that and figure out if it makes sense, but as an auditor, what I will always look for are clear targets and results.

• (1030)

**The Vice-Chair (Mr. Mario Silva):** Thank you.

Mr. Jean, go ahead, please.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, Mr. Chair.

My question deals primarily with the oil sands. I keep hearing about what's happening in northern Alberta. I am curious as to whether there has been any study or whether you have any knowledge as to what reduction in CO<sub>2</sub> there would be if a source of energy other than natural gas were found in order to produce the oil sands.

**Ms. Johanne Gélinas:** The short answer is that we don't do research and we don't do studies. We rely on what the government provides us with.

**Mr. Brian Jean:** I'm going to go further on that.

There have been a lot of stories in the news about alternate forms of energy. Are you aware of any studies that indicate what the reduction in CO<sub>2</sub> would be if an alternate source was utilized or indeed if you could eliminate CO<sub>2</sub> emissions entirely? For instance,

what if nuclear wind or hydro were to be put in place instead of natural gas? I think it's 1,000 cubic feet of natural gas for every barrel produced, or something in that neighbourhood.

**Ms. Johanne Gélinas:** I haven't seen anything myself, but I did not do that specific audit.

Do we have that type of information, David?

**Mr. David McBain:** We are aware of some studies. I don't have them with me. We could certainly dig up the ones that were outside the audit but that we became aware of in doing the audit work itself.

**Mr. Brian Jean:** Actually, I would appreciate copies of that.

That's my only question.

**The Vice-Chair (Mr. Mario Silva):** Thank you.

Do you wish to share your time with somebody else?

**Mr. Brian Jean:** Yes, I'll share it with Mr. Vellacott, please.

**The Vice-Chair (Mr. Mario Silva):** Mr. Vellacott.

**Mr. Maurice Vellacott:** I want to go back, Madam Commissioner, with respect to what I said before.

In your report on page 32, chapter 1, it indicated the government of the day was prepared to buy offset credits. That would have represented only about 21% of the estimated Kyoto gap.

As I mentioned before, if I do my math, and I'm not a math whiz, I guess the 80% is still a shortfall and there's a big gap. Do you know of any other way aside from international credits to meet that 80%? If all they were prepared to do was buy 20% domestically, is there another planet or something else that isn't in consideration here today?

**Ms. Johanne Gélinas:** You will have to keep your question for the minister; she can answer that question. I don't know. I've looked at what's there.

**Mr. Maurice Vellacott:** Have you come across any other options domestically and internationally?

**Ms. Johanne Gélinas:** As I said, even with respect to those systems, we haven't been able to put our hands on what it is. It's still not finalized, and it's a concept more than anything else. We cannot tell you the details of what the regulations will be, what the trading system will be, or who will trade.

**Mr. Maurice Vellacott:** I understand that. But according to your own report, you say that all they were prepared to buy was 20% in terms of domestic credits. You have an 80% shortfall. It can't be domestic. It obviously has to be international, which then gets into other countries. Your own report says you're not at all impressed with the eastern Europe scenario because it's not sustainable. That's what I understand from chapter 1 of your report.



To rephrase the question, if that's the only other option and it's not sustainable over there, why did the previous government demonstrate that they had seriously considered other models? If we're not using the eastern Europe one, were any other models looked at, as in the U.S. and the sulphur trading there? Was anything else looked at?

•(1035)

**Ms. Johanne Gélinas:** The emission trading system that the government was planning or is still planning to develop—it's a little tricky here—which is the emission trading system, is not very different from the one in the U.S. for sulphur dioxide. It's not that different. It's the same principle, with some differences. In our case, we were looking at an intensity target. In their case, it's an absolute number.

**Mr. Maurice Vellacott:** I understand what you're saying. But did it appear as if the government had looked at that model?

**Ms. Johanne Gélinas:** Of course, the government would have looked at that model, as I said earlier, and other models to build our own domestic emission trading system.

**The Vice-Chair (Mr. Mario Silva):** Your time is up.

Mr. Bigras.

[Translation]

**Mr. Bernard Bigras:** Thank you, Mr. Chairman. I would like to go back to the federal approach presented to date. I am at paragraph 1.49 which is on page 22 of Chapter 1 in the English version.

I must say that this is somewhat of a shock to me. It has always been said that if we want to meet our targets, the large industrial emitters must be in a position to deliver the goods. That is a prerequisite. What you are saying in paragraph 1.49 is that projections show that the large final emitter system, which aims to reduce emissions intensity, would not lower absolute emissions below 1990 levels.

You are telling us that the strategy... I have listened to what the government has said in recent days. The possibility of regulating the oil industry has not been ruled out. Again last week, Ms. Ambrose said that we had to face facts: the oil industry must be regulated.

You are telling us, on page 22, that this regulated market-based approach is only reducing greenhouse gas emissions. That does not allow us to reach 1990 levels.

I must point that out, because it leads me to another question. What are we going to do now to ensure that large industrial emitters can deliver the goods? If the approach that aims to regulate large industrial emitters does not enable us to meet our target, what are we going to do? Would you favour another approach?

**Ms. Johanne Gélinas:** You must make a distinction between the approach and the targets. The large final emitter approach is a regulatory one that would set targets. What we say in the two previous paragraphs, in paragraphs 1.47 and 1.48, and what I also stated in my opening remarks, is that targets for the industrial sector have been reduced continuously since 2002.

So it is the target that will enable us to meet the Kyoto objectives, and not necessarily the approach. One approach is as good as another, if we consider the pros and cons of each of them. The

government will make a decision as to its preferred approach, but what is important are the targets.

In 2002, the industry target was 55 megatons. It then went to 45 megatons, and now, it is probably about 30 megatons. Knowing that industry represents 53 per cent of emissions, it is clear, if we compare these figures with the overall reduction target, that we are a long way from meeting it.

**Mr. Bernard Bigras:** But for me, the approach is also important, because it dictates the means that we will be implementing to meet our targets. What we understand to this point, is that if the target for large emitters has gone from 55 to 45 megatons, and if we analyze the Green Plan, we see that it could even go down to 33 megatons. I would even go as far as to say that large emitters, in the last plan, have a 33 megaton requirement. These means are not adapted to this reality. I think that we might even miss the 33 megaton target. I think that is also important.

Since we are talking about targets, your comments have caused many people to react. I do not have the text in front of me, so please correct me if I am wrong, but you said more or less that if the government feels that it is not in a position to meet the Kyoto targets, it will present new targets and tell us how it intends to meet them. At the same time, you say that we have gone too slowly, that we must pick up the pace and show more determination. We must act more quickly and with more determination. We have been too slow to take action.

I want you to clearly understand that what you want is not a lower target, but a higher one. I am afraid that the government will present a green plan which will reduce greenhouse gas emissions by seven or eight per cent, but by 2025.

Can you tell us today that what you would like to see is a higher target, in other words, a more stringent target? I would not want people to understand that you are suggesting we postpone meeting the target, because, as Mr. Dion said during our meeting last week, that would be a very bad spin.

•(1040)

**Ms. Johanne Gélinas:** The main message in this report is that we must work more ardently. That means doing more that what we have done to date. Having said that, I am giving you the information that has been gathered over the past 18 months.

The other message that I am delivering is that if we stick to the Kyoto target, what we have now is not enough. Among other things, we will have to deal with the automobile and transportation sectors. If the government chooses — and that is its prerogative — to reduce targets, it is clear that it is no longer striving to meet the Kyoto objective.

My third message is this, regardless of the decision, we will need a clear plan containing new targets and measures to meet them.

**Mr. Bernard Bigras:** The government's decision...

**The Vice-Chair (Mr. Mario Silva):** Mr. Bigras, your time is up. You had almost six minutes.

Mr. Vellacott.

[English]

**Mr. Maurice Vellacott:** I would just put this question here. Back in the fall of 2005, there was a major conference, a Kyoto conference in Montreal. Did you audit how much money the government has spent on conferences related to climate change, especially the Kyoto conference in Montreal?

**Ms. Johanne G linas:** No.

**Mr. Maurice Vellacott:** You didn't even look at it?

**Ms. Johanne G linas:** No.

**Mr. Maurice Vellacott:** Why not? Is that not part of the ambit or the purview?

**Ms. Johanne G linas:** We developed this audit plan two years ago, and at that time, the decision had not even been made to have the COP meeting in Montreal.

**Mr. Maurice Vellacott:** Okay.

The IISD, the International Institute for Sustainable Development, spent taxpayers' money to do a bunch of round tables on hot air.

Did you do any queries with respect to that in your audit?

**Ms. Johanne G linas:** No.

**Mr. Maurice Vellacott:** So this falls entirely outside...?

**Ms. Johanne G linas:** It was not part of the design.

**Mr. Richard Arseneault:** It was not what we were looking for.

•(1045)

**Ms. Johanne G linas:** We asked three basic questions, and we had discussions with members of Parliament here way back then. We wanted to know if we were on the right path to achieving the Kyoto target, if we had work to do to get prepared for adaptation, and if the file was managed well and was well organized.

When you do an audit you set up your questions up front and you work toward concluding against those questions. You don't change the purpose of your audit in the course of what is going on in the environment.

Those were the three questions, and we came with the responses to those questions.

**Mr. Maurice Vellacott:** You have no way of knowing how helpful some of these rounds were, whether it was literally hot air, whether it was of any benefit to the reductions for Kyoto, whether it had any impact at all? We have no way of knowing?

**Ms. Johanne G linas:** Based on the information we got, there was no willingness to buy hot air anywhere, so we didn't look at something that was not in the plan. We are auditing commitments made by the government. There was not a commitment to buy hot air, so we didn't audit that.

**Mr. Maurice Vellacott:** It was taxpayers' money, though.

**Ms. Johanne G linas:** We have looked at where the money went, and we have come back to you. It's still the reality that a year from now, if there's no system put in place, nobody will be able to come and tell you how much money was spent and how much result has been achieved.

So this is a problem that was there way back then and is still here today, as we speak.

**Mr. Richard Arseneault:** For given programs, we've looked at the money in detail, and that's in chapter 3. But for the overall envelope on climate change, we were looking at systems: Do they know, do they have the systems to know, and are they credible and functioning systems?

We concluded the systems were not there yet. That's what we found.

**Mr. Maurice Vellacott:** I guess my point is simply that this is taxpayers' money, valuable money that is being spent with the so-called pursuit or intent of these objectives, and we have no way of knowing what—

**Ms. Johanne G linas:** Mr. Chair, I have to respond to that.

We have to be careful. We have looked at programs, and the government is able to talk about how much money was spent and what results were achieved.

The issue here is, broadly, how the federal government can gather the information, consolidate the information, and report back to Canadians about how their money has been spent. And money will be spent again a year, two years from now. Canadians still won't be able to have the answer to your question if you come back with that question two years from now if the system is not put in place. You may want to ask Treasury Board where it's at in terms of building that system, because you won't be able to answer that question in the near future.

**Mr. Maurice Vellacott:** Our audits are incomplete then, to some degree, if we don't get answers to our questions.

**Mr. Richard Arseneault:** That's not the question we were asking.

First of all, to try to get to the bottom of this through an audit would probably take having the whole Office of the Auditor General work on this for ten years. That's not what we were aiming to do. We were trying to find out what progress was being achieved on commitments, and that's what we're reporting.

In some cases we look at the dollars in detail, when we're looking at specific programs. We could not look at all of the money. What we wanted to know is whether the government has the system in place to know itself how it's doing, and the answer was no. When you look at individual programs, we get an answer, but it's a difficult thing to get that answer.

That's what we found.

**The Vice-Chair (Mr. Mario Silva):** Thank you very much.

Mr. Cullen.

**Mr. Nathan Cullen:** Thank you, Mr. Chair.

It seems there's an opportunity here. You talked about lessons learned and not losing those lessons, regarding my colleague's question about the ability to track the money and track the effectiveness. It seems it would be worth the committee's time to at least consider having you back once the government's new plan is in place—not as an assessment of the policy, but more as an assessment of the government's tracking ability.

I think the great threat we face is to repeat failures: lots of announcements, but not an accountable framework to track the money, as Mr. Vellacott suggested.

I'm wondering about a comment from before. Is NRCan not committed to coming to Parliament with a national energy plan of some sort by the end of this year?

**Ms. Johanne Gélinas:** The Minister of Natural Resources made that commitment before this committee last June.

**Mr. Nathan Cullen:** Was that part of your assessment or audit in any way? Or was this just out there as a commitment that was made?

**Ms. Johanne Gélinas:** In the course of the audit, we were told there was sort of an energy framework in the making, as it was also for wind power energy.

**Mr. Nathan Cullen:** Okay.

In terms of the assessment you folks engaged in, while the government was sometimes spending money—or at the very least promising to spend money—on green power and alternative fuels, at the same time it was sending subsidies to projects that contributed to greenhouse gas emissions, such as Mr. Jean's area of the tar sands. How was that reconciled within the government's own planning—that on the one hand we're spending tax money to lower greenhouse gas emissions and on the other hand we're spending tax money to encourage greenhouse gas emissions?

**Ms. Johanne Gélinas:** I don't know how much time I have. If I can, I will take one minute to ask my colleague, Kim, to tell you a bit about the petition we got on the subsidies in the oil and gas sector.

We haven't done work to reconcile and look at the two. It just happened that we received a petition dealing with that at the same time we were doing the audit. If you want to know more about how the government reconciles the spending and the subsidies, you will have to ask the Department of Finance to come back again, because they have committed to look more at those different tax systems to see how they impact on environment.

**Mr. Nathan Cullen:** Before we go to Ms. Leach's testimony, were you not able to find any place in government where an assessment of the overall strategy for climate change had been made, with subsidies on the one hand and subsidizing on the other?

• (1050)

**Ms. Johanne Gélinas:** Not to my knowledge; it would have been under Richard.

**Mr. Richard Arseneault:** In actual fact, we are calling to integrate the energy and climate change. The two appear to be going in different directions. How do you reconcile that?

**Ms. Kim Leach (Director, Office of the Auditor General of Canada):** This is exactly the subject of an environmental petition that was submitted to our office in October 2005. The petitioners

included Charles Caccia, Friends of the Earth, and the Pembina Institute, and they were represented by the Sierra Legal Defence Fund. The issue was the subsidies to the oil and gas industry and the federal efforts to address climate change—and how in fact that was reconciled.

We discussed the petition, and the response to the petition, on page 3 of chapter 5, "Environmental Petitions".

You can certainly find the petition and the response to the petition on our website, if you're interested. Those questions were posed by the petitioners, and responses were provided by the Ministers of Finance, Natural Resources Canada, Environment Canada, and Industry Canada.

**Ms. Johanne Gélinas:** I should add that once again, the petitioners were not happy with the responses given by the Department of Finance.

**Mr. Nathan Cullen:** This is the last question. Based upon these lessons learned, what is the single focus—specific to accountability—that any climate change plan must include?

**Ms. Johanne Gélinas:** What we said was that you need someone somewhere to play an oversight role. That's point number one. Point number two is the key players must be identified with clear roles and responsibilities, and a mechanism must be put in place so that the government can track progress and report publicly on the progress made and money spent.

**The Vice-Chair (Mr. Mario Silva):** Thank you very much.

Mr. Warawa.

**Mr. Mark Warawa:** Commissioner, I'm sure every member of the committee appreciates the time you've spent here, two hours of being grilled, and the encouragement to do something on this very important file. I'd like to read a paragraph and a half here and then ask for your comment. You said that:

For example, the transportation and industry sectors account for the majority of Canada's emissions—78 percent—but emission reduction measures we examined are not expected to bring emissions below 1990 levels. At best, they might only slow the rate of growth. Given Canada's strong economic growth, especially in energy production, meeting our Kyoto target would arguably have been a challenge even if bolder action had been taken earlier.

Ever-shifting responsibilities between federal departments and ministers, turnover of key personnel, and changes from plan to plan have caused delays and a loss of momentum. The government's weak handling of the many transitions that took place over the history of this file has hampered progress.

My question to you, and the challenge you leave with each of us on this committee, is how important is it that we work together for this file? We are in a political environment, which is often an adversarial environment. But how important do you think it is that we work together, that we create a momentum that will bring results?

**Ms. Johanne G  linas:** It's crucial. It's the key to success. I have said that climate change is upon us. Like it or not, that's a reality. We have to work towards solutions. One step would be to do a kind of lessons learned exercise collectively. You have a lot of questions, and here I'm talking to individual parliamentarians. You have a key role, as far as I'm concerned, to play in the future. You are the ones who can hold the government to account, keep the government's feet to the fire. We cannot afford to lose momentum again. A lot of questions are still without answers. Here again you can play a key role in asking some of those questions, especially to Environment Canada, NRCan, and TBS. We all know that there's a plan to come, but at some point we will have collectively to see how my recommendations and your recommendations...you have to remember that you came with recommendations to address climate change not too long ago. It will be important to get a regular report from the bureaucrats on how much progress has been made towards those recommendations and where we're going with the whole climate change file.

Let me just re-emphasize also the fact that we have talked about short-term goals. The Kyoto goal, is it achievable or not? It is up to the government to answer that question. But never forget that we can also establish long-term goals. As climate change will stay, we can go on a step-by-step approach and work towards objectives to reduce greenhouse gases in the near future.

You have a very important role, and I will always be more than happy to work with you collaboratively and to go beyond politics to address something that we will have at least to report back to our children a couple of years from now.

• (1055)

**The Vice-Chair (Mr. Mario Silva):** Thank you.

Mr. Godfrey, you have the last question, and then the meeting is over.

**Hon. John Godfrey:** Mr. Chair, I want to make one brief statement. There's been a lot of wilful disinformation about the subject of hot air, which is really a kind of short form for deindustrialization in eastern Europe. As the commissioner's team has confirmed, nobody on the government side ever advocated for a reduction of hot air as defined as deindustrialization in eastern Europe.

Secondly, it is illegal to do so under the Kyoto Protocol.

Thirdly, there is a wilful confusion between that hot air, which has this sort of connotation to it, and the climate fund, which was

designed, as the commissioner's team said, to deal with emission trading systems domestically and internationally. I note that the commissioner is nodding.

Fourthly, there is a different thing, the clean development mechanism, overseen by Kyoto, which is to assist developing countries reduce greenhouse gas reductions. Hot air is simply that, hot air. It never was part of the plan. It's never been audited. It doesn't exist.

I have the following question for you, Commissioner. You say that new targets have to be set. You say at the same time efforts have to be redoubled. Without telling us what the target is, what is the mechanism by which we set new targets, which takes into account that we're not doing business as usual but we're redoubling efforts? What is a reasonable strategy—I speak in the abstract—for setting a new target so that we will have a better chance of success?

**Ms. Johanne G  linas:** I don't know the answer, but if I could make a wish, it would be that the sooner we get those targets, the better we'll be able to get on with the job. And don't forget, I've also said that there are some good foundations. We're not starting from scratch.

So we have to build on what we already have, on what's been proven to work, and we have to improve where it's unclear if something is going to work or not.

**Hon. John Godfrey:** You've said that we have to do a whole bunch of things, but if we take any particular element and we redouble our efforts, what is a reasonable way of setting a target that isn't in la-la land and that takes into account the unforeseen?

I'm just asking how one...because we do this all the time. I mean, all of what you do is about setting targets and meeting them.

So are there things the government should be aware of when it sets the new target?

**Ms. Johanne G  linas:** It has to address the big chunk of emitters that haven't been taken into account—namely, the transportation sector and the industry sector. Otherwise, we will keep playing at the margins and we won't be able to achieve meaningful reductions.

**Hon. John Godfrey:** Thank you.

**The Vice-Chair (Mr. Mario Silva):** I want to thank the commissioner and her team for coming before the committee.

The meeting is adjourned.







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