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—
Chair

Mr. Bob Mills

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• (0900)

[English]

The Chair (Mr. Bob Mills (Red Deer, CPC)): If we could get started, I would let the committee know that Mr. Glen Murray is stuck in Calgary, probably much like all of us were on Sunday. We got to sit in an airplane and in Vancouver. Because of this global warming, it's minus forty degrees and snowing heavily. Anyway, Mr. Murray will not be joining us today, but I'd like to welcome our other witnesses who are here.

Just to review the procedure for you, each of you has ten minutes, and then our committee members will have the opportunity in a ten-minute round and then a five-minute round.

We'll begin with the Canadian Council of Chief Executives, and you, Mr. Dillon. Welcome.

Mr. John Dillon (Vice-President, Regulatory Affairs and General Counsel, Canadian Council of Chief Executives): Thank you, Mr. Chair. It's a pleasure to be here.

For those of you who may not be aware of it, let me just give you a brief introduction to my organization. The Canadian Council of Chief Executives represents 150 CEOs of Canada's largest companies. They're active in all sectors and regions of the country and are responsible for the vast majority of Canada's private sector investment, exports, and research and development. As such, our members will be affected by climate change and clearly believe they must be part of the solution.

Industry believes climate change is a serious issue that must be addressed. To the extent that there is a debate, it is about the means and the timeframe, not the overall goal of reducing emissions.

Mr. Chair, the record clearly shows that Canadian industry has acted. The major industry sectors are prepared to do more. They have worked and will continue to work with federal and provincial governments to develop targets that are reasonable and achievable. Indeed, industry is not opposed to regulation, as many of our critics have tended to suggest. In fact, most of the key sectors already are regulated with respect to air emissions, through provincial operating permits that usually incorporate the best technology to address emissions.

Let's take a moment to look at the issue in the context of the Kyoto Protocol, since Bill C-288 would compel the government to try to meet that target. We are barely more than one year away from the start of the Kyoto commitment period and our Canadian emissions are still growing. We are not the only country facing this kind of challenge. I'd refer you to pages 2 and 3 of my presentation, which

outline how various countries are doing in meeting their targets under the Kyoto Protocol.

Page 2 details the results for the fifteen members of the European Union. While those countries have clearly committed to do more, this chart shows their progress from 1990 to 2004. I would note that in the case of both Germany and the United Kingdom, which have the most impressive results to date, there are issues related to major economic restructuring in both of those countries. Indeed, their governments have had to admit recently that their emissions have actually been going back up in the last year.

With respect to a number of other countries that have commitments under the Kyoto Protocol, on page 3 you can see how Canada is faring relative to a number of those other countries. I think what's interesting to note about all of this is that of course the targets vary widely between countries, both because of the burden-sharing arrangement within the EU and because a number of countries that arguably have a very similar emissions profile to Canada were actually given an increase over 1990, whereas Canada's target was minus 6%. So Canada is clearly not alone in trying to meet this challenge.

That brings me to one of the main difficulties we see with Bill C-288. A real plan to deal with climate change is more than just a target, however ambitious that target may appear. Indeed, the current debate that we've seen in the last few weeks leaves me worried that we will devote far more time to discussing the next ambitious target and not nearly enough time to what we actually intend to do to start slowing the growth of GHG emissions.

On that score, the various plans that we've seen to date rely more on wishful thinking than on any solid analysis of effective long-term policies. Indeed, this was reinforced by the Commissioner of the Environment and Sustainable Development in her recent report. Previous government plans would likely have had to rely on large purchases of foreign credits, at a price tag of as much as \$4 billion to \$6 billion per year.

The challenge of dealing with this is I think amply illustrated by the numbers I've put on page 4 of my presentation. This outlines the history of the attempts by the federal government to estimate the gap between Canada's Kyoto target, which is of course 1990 minus 6%, and projected emissions for Canada in the year 2010, the mid-period of the Kyoto commitment. In 1998, shortly after the Kyoto Protocol was negotiated, the first estimate by the federal government tagged our gap at 140 million tonnes of greenhouse gases. The most recent estimate, produced in 2005 in *Project Green* and confirmed again in *Canada's Energy Outlook*, which was just published by NRCan, puts that more in the range of 265 million to 270 million tonnes, which is almost double.

Obviously, a lot has changed both in terms of how our economy and our society have grown and used energy in that time period, but clearly too, I hope, has our understanding of what it would take to try to close that gap. It is interesting to note the growth in it, along with our growth in emissions.

● (0905)

I would argue that a big part of the problem has been the tendency to treat climate change in isolation from the social and economic reality that surrounds it; that is, the fundamental relationship between greenhouse gas emissions and how, both here in Canada and around the world, we produce and use energy.

That's to some degree illustrated by the chart I've included on page 5 of my presentation, which looks at our consumption of energy from the period 1990 to 2004, which is the latest year for which figures are available. As you will see, our population has obviously grown during that period, and our energy consumption per capita has also grown. What is interesting, of course, is that our economy has grown significantly as well since 1990. We're actually doing reasonably well in terms of reducing the energy intensity of our economy, but not so well in reducing the energy emissions per capita.

It's important to note that many of us in the industrial sector acknowledge, as I said earlier, that regulation is coming and is appropriate. Indeed, my view is that regulations upon industry will come more quickly than most critics have suggested, and once they're in place there will be a very high degree of compliance.

But the question, I think for all of us, is where the rest of the reductions come from in Canada's overall GHG emissions. Governments have been preaching energy conservation for many years, with limited success. The challenge is to figure out how to affect and influence in a positive way the energy-use decisions that millions of individual Canadians make every day.

Chart 6 gives you just a snapshot, by no means comprehensive, of some of the challenges we face in trying to address GHG emissions, in terms of how the population is growing and energy use in households is growing in a way that more than offsets the obvious energy and efficiency improvements of appliances and efficiency within those houses.

Clearly, challenges exist in the transportation sector as well. The average commute time is higher now than it was in 1992, while the proportion of Canadians using public transit has stayed pretty steady across the years, regardless of various government policies to try to

change it. Of course, in the case of airlines, we've seen a huge growth in overall travel.

This really is a reality. Even if we were able to define effective consumer policies today, it clearly would take much longer to see their impact and begin to bend the trajectory we currently are on—arguably, much beyond the current timeframe of the Kyoto Protocol.

When it comes to Canadian industry, the question is whether we want to try to force incremental changes at the margin, which will come at a very high cost relative to the emissions reductions, or whether we can have a more far-sighted policy that better integrates climate policy with the technology investment and capital cycle realities of our most energy-intensive industrial sectors.

I want to finish the visual presentation with a chart I borrowed from Jay Myers of the Canadian Manufacturers & Exporters, who I think used it in his presentation last week. He gave you a fuller story on what the manufacturing industry has been able to do in the last few years.

I think what's important about this chart is that it shows very clearly that it's when industry is investing in new technology that emissions improvement really occurs. It is absolutely critical that we start thinking about that issue.

Investment planning and decisions for major technology changes take much longer. We need a fiscal and regulatory framework that encourages investment and the deployment of new technologies that improve environmental and economic performance.

In conclusion, I would like to briefly sketch how we can move forward effectively. This is by no means comprehensive, but these strike me as some of the key issues.

Clearly, we need concrete measures across all segments of society. More fundamentally, we need to build understanding and support for the changes and long-term transformational change that will be necessary. We need an honest dialogue with Canadians about what policies are effective and about what they will support that reinforces and builds on smart consumer choices over time.

We need real cooperation and coordination with the provinces—the important jurisdictions with respect to energy and natural resources, urban planning, and communities. Indeed, they own most of the electricity generation in Canada. Provincial coordination is essential, since industries already are regulated when it comes to air emissions, and in some cases greenhouse gases, through provincial permitting.

When it comes to a sounder framework for addressing industrial emissions, there are three essential elements. We need policies to support cost-effective energy efficiency opportunities; investment in renewables and other low-carbon energy sources; and a strategy to stimulate research, development, and deployment of leading-edge technologies such as biofuels, clean coal, and carbon capture and storage. This is not only essential for Canada, given our energy mix; these technologies can be used around the world in places where energy demand is growing even faster than here in Canada.

•(0910)

We were pleased to see the government's Advantage Canada strategy last week and the recognition that Canadian business pays some of the highest marginal tax rates on new investment among any of our competitors. We think it is essential to have an investment regime that allows firms to turn over capital stock on a timely basis, allows investments in new technology that have an environmental and productivity payoff, and grows leading-edge firms that can compete internationally from a Canadian base.

Lastly, Mr. Chair, we have to devote far more attention to the issue of adaptation, because it appears that global emissions of greenhouse gases are growing quickly, and even with aggressive policies, it will be some years before we can stop that growth, let alone achieve reductions on a global scale. Canada has some unique vulnerabilities to the effects of climate change, but also some important contributions to make in managing the adaptation to climate change.

Thank you, members of the committee. I look forward to your questions.

The Chair: Thank you very much, Mr. Dillon.

From the Canadian Chamber of Commerce, we have Nancy Hughes Anthony. Welcome.

Mrs. Nancy Hughes Anthony (President and Chief Executive Officer, Canadian Chamber of Commerce): Thank you very much, Mr. Chair. I'm very pleased to present the views of the Canadian Chamber of Commerce to this committee on Bill C-288.

[*Translation*]

The Canadian Chamber of Commerce has 170,000 members, including local chambers of commerce, SME's, and large companies representing all sectors of the Canadian economy in all regions of the country.

[*English*]

I imagine most of you have chambers of commerce or boards of trade in your ridings and know the kind of work we do. We are very pleased on behalf of our members to provide some comments. I believe you do have our brief; I just want to highlight a few of the important points.

First of all, the Canadian Chamber of Commerce recognizes that climate change is a serious and complex global issue that requires effective short-, medium-, and long-term strategies and actions. However, with little more than a year to go before the start of the first Kyoto compliance period, we are concerned about the timelines and reduction levels the protocol requires of Canada, as well as the methods for implementation.

We also believe that the fixation on targets has been counter-productive to developing a practical and effective domestic contribution to the global effort on climate change. The international community is engaged in a variety of processes to determine the future framework for international cooperation on action to deal with greenhouse gas challenges. This provides an opportunity for Canada and other countries to refocus the domestic and international climate change issue from a debate about national targets to a discussion of effective actions to improve efficiency and develop the technological

solutions required to bring GHG emissions under control over the long term.

Many of the members of the Canadian Chamber of Commerce have already taken action to reduce greenhouse gas emissions. We are committed to further efforts. We have been encouraging our members to participate in and enhance commitments to voluntary programs such as the Canadian Industry Program for Energy Conservation. These efforts have been working. For example, while Canada's emissions grew almost 20% between 1990 and 2000, industrial emissions grew by only 1%, and many sectors achieved significant reductions.

•(0915)

[*Translation*]

The Canadian Chambers of Commerce recognizes that climate change is a serious and complex issue that requires short, medium and long term action. Many of the members of the Canadian Chambers have already taken action to reduce greenhouse gas emissions and they continue to implement projects of their own creation. We continue to encourage our members to pursue their important work in the development of new technologies.

[*English*]

And new technologies are the key to the large-scale emission reductions that are needed over the long term.

Canadian industries are currently developing new technologies and new fuel sources, but many initiatives are in the pilot stage and will have to be scaled up to full projects and programs if they prove successful. Some examples of these technologies include the recovery and utilization of gas from oil wells that would otherwise be flared and improved animal waste management systems in animal feeding operations.

Unfortunately, while some development of these technologies has already begun to take place, in most cases it will not be feasible to have large-scale implementation by the 2012 Kyoto Protocol deadline. A longer-term focus is necessary to support full development and commercialization of these new technologies.

Another point, Mr. Chairman, is that the challenges of adapting to the effects of climate change have been largely ignored in the policy debate so far. It's clear that regardless of what actions are taken to reduce greenhouse gas emissions, no action will be enough to absolutely stop the effects of climate change; it can only slow those down. I think Canadians will need to anticipate the possible effects of climate change, take the necessary and practical precautions, and make changes in their lifestyles to make sure they are prepared. Obviously, individual companies and communities need to make their own decisions on how to best prepare for potential changes in the environment, but there is some useful research on adaptation being conducted within Natural Resources Canada, and that will be a key for companies and communities in their planning for climate change.

Governments in Canada have taken little action since 1997 to facilitate broadly effective energy efficiency improvement programs. While many industries have substantially reduced their energy use per unit of output—their energy intensity—the growth of the economy, as expected, has raised total emissions. There was serious doubt about the possibility of achieving Canada's Kyoto targets when they were announced, and more than eight years later, they are, in my view, virtually unachievable.

Irrespective of the mechanism used, industry broadly agrees that there must be a full review of greenhouse gas regulation policy before a legislative instrument is chosen. Furthermore, since provinces and territories are not only critical to moving forward on any approach to climate change but have jurisdictional responsibilities and policy priorities, it is essential that provinces and territories be fully consulted and fully engaged in this process. In addition, capital investment and the life cycle of capital is the key to reducing emission intensity, particularly in manufacturing, and those realities must definitely be taken into account in any plan going forward.

To conclude, we believe that Canada needs to develop a realistic plan to reduce greenhouse gases. But for it to be effective and practical, it must focus on long-term technology changes to achieve the desirable goal of environmental improvements in conjunction with sustainable economic growth and development. In addition, it must involve all Canadians, not only those who cause and create emissions but those on the consuming side as well.

The Canadian Chamber of Commerce asks you to vote against this particular bill and look at other approaches that will provide a realistic plan that all Canadians can participate in.

[Translation]

Thank you.

[English]

Thank you, and I'll be happy to answer questions later in the morning.

The Chair: Thank you very much, Ms. Hughes Anthony.

We'll go to Mr. Matthew Bramley from the Pembina Institute, please.

Mr. Matthew Bramley (Director, Climate Change, Pembina Institute): Thank you, Mr. Chairman.

Although this isn't the first time I've had the privilege of addressing the committee, I'll take a moment to introduce myself. I'm the director of the climate change program at the Pembina Institute, which is one of Canada's largest environmental NGOs. The Pembina Institute is a strictly non-partisan, not-for-profit organization focused on sustainable energy solutions. We work with any political or corporate leaders who want to take meaningful action on climate change. We're not afraid to criticize either, when we see a failure of leadership or responsibility.

I've worked full time on Canada's response to the climate change issue for the past seven years, and I believe I've participated in all the key federal and national policy discussions and processes during that period. I've published numerous analytical reports and opinion

articles on Canadian climate policy, and I've addressed the issue many times in the media.

● (0920)

[Translation]

I will continue my presentation in English but of course I would be most happy to respond to any questions in French.

[English]

There's abundant evidence that climate change is among the biggest threats facing the world, and perhaps the biggest. Tony Blair, to give one example, has called climate change “a challenge so far-reaching in its impact and irreversible in its destructive power, that it alters radically human existence”.

So this is an issue that goes far beyond the environment. We're talking about impacts on billions of people and economic costs that could be catastrophic. Responding adequately to this challenge demands extraordinary leadership and commitment from those who find themselves in positions of responsibility.

The Pembina Institute strongly supports Bill C-288, and I'd like to make three points today to validate that position. The first point is the urgency of implementing policies to begin cutting greenhouse gas emissions and the importance of Kyoto in making that happen. The second is that meeting Canada's Kyoto target is a legal obligation that cannot be treated as optional. The third is that Canada is certainly able to meet its Kyoto target at a reasonable cost if our government acts quickly and recognizes the value of the international Kyoto mechanisms.

First, then, on urgency, this committee has already heard very clearly from leaders of Canada's climate science community that there's an urgent need to cut greenhouse gases. They explain to you that the long time lags in the climate system demand action now to prevent future impacts. Mark Jaccard, one of Canada's most accomplished climate policy experts, told you that strong policies should be implemented immediately, precisely because long-lived capital stock is being replaced continually and we now have to start replacing it with less “greenhouse gas intensive” choices.

That brings me to my point. To start playing a responsible role in preventing climate change, Canada need an ambitious, legally binding, short-term target for reducing its greenhouse gas emissions total so that governments feel obliged to act immediately with strong policies. That's why Kyoto is so important, not because it's perfect or it is more than a first step or necessarily has exactly the right target, but if Canada abandons that target, the pressure will be off. Even if the Kyoto target is replaced by a different short-term target, it will be a voluntary one at the international level because other countries are not going to let Canada reopen negotiations on this, and we know that voluntary does not work.

I will turn to my second point. For nearly two years now Kyoto has been part of international law. Bill C-288 calls for the Government of Canada to do two things: first, to meet the emissions targets set by Kyoto by any combination of regulations or other measures that it chooses; and second, to be transparent about how it intends to do so.

I don't believe that opposition to this bill arises from the transparency provisions. Opposing it because of a belief that Canada cannot or should not meet the target is equivalent to saying that Canada cannot or should not obey international law. I think we need to be very clear about this because Canadians care about Canada being a good international citizen, about keeping our promises and meeting our obligations.

We also need to be mindful of the possibility that another country that is party to the Kyoto Protocol could pursue legal action against Canada on this issue.

Because our Kyoto target is a legal obligation, I believe the time has long passed since we could have a debate about the target as a "take it or leave it" option. Canada had that debate in 2002. It was a very vigorous one, and the government of the day decided to ratify the treaty. My understanding is that the present government has made a decision not to withdraw, so now we need to focus on meeting our legal obligations, not call them into question.

In my view, it is not only inappropriate but also unnecessary to call those obligations into question—and this is my third point—because Canada's Kyoto target is achievable. Achieving it will require the government to move as quickly as possible to implement a comprehensive set of regulations and financial incentives to drive energy efficiency and a switch to clean energy sources, but as you've heard, that will only get us part of the way to the target in the limited time that remains.

Canada will also need to embrace the option of financing cost-effective emission reduction projects in poorer countries. This option must stop being treated as something wasteful or shameful. We need to challenge the assumption that, as the quote goes, "sending billions of dollars abroad is necessarily a bad thing". Canadians constantly send billions of dollars abroad in exchange for goods or services. Why not for environmental benefits?

● (0925)

Kyoto credits from developing countries come from specific emission reduction projects that have to go through a rigorous, transparent process to show the reductions are genuine. It needs to be clearly understood that reducing greenhouse gas emissions in India, Kenya, or China has precisely the same benefits in preventing climate change in Canada as reducing emissions here, and there are opportunities for Canadian technology providers as well.

Richard Paton was simply wrong when he told this committee that buying credits will neither help our economy nor help our environment.

Jayson Myers claims that the total cost of credits to meet Canada's Kyoto target would be \$20 billion, but he's using a price of \$20 per tonne, which is considerably higher than current prices.

John Drexhage's estimate, \$10 billion plus, is more credible, although I still think it likely underestimates the domestic reductions that could be achieved if sufficient efforts were made with sufficient urgency.

These funds need to be thought of as a type of specially targeted official development assistance. The amounts are modest when they are viewed in that light. To take John Drexhage's figure, \$10 billion, to be spent between now and the end of 2012, would make \$1.7 billion per year. In 2005, Canada spent \$4.5 billion on official development assistance. If we had met the international standard of 0.7% of GDP, Canada would have spent \$9.6 billion annually.

Here's another comparison. In 2005-06, the federal government received \$33 billion from the GST. That means a cut in the GST of one percentage point is worth about \$5 billion per year, three times more expensive than what is being estimated for Kyoto credits. Parliamentarians might wish to consider the relative importance of cutting the GST by one percentage point versus keeping Canada's international promises, providing targeted and much needed assistance to poorer countries, and significantly reducing the emissions that are causing one of the biggest threats facing the world.

There's something else to consider here too. The financial liability that Canada faces as a result of sharp increases in our greenhouse gas emissions should not be borne solely by the government, but shared, where that can reasonably be done, by those whose emissions increased. For instance, one-third of the increase in Canada's greenhouse gas emissions between 1990 and 2004 came from the oil and gas industry. Nancy Hughes Anthony's numbers about emission increases cannot have included oil and gas or electricity. If regulated targets were in place for industrial emitters by 2008, when the Kyoto compliance period starts, those emitters could shoulder some of the costs of acquiring Kyoto credits. And these costs can be small compared to profit margins. The most efficient oil sands producers could reduce their net emissions all the way to zero for less than \$1 per barrel of oil if they acquired credits at \$12 per tonne, which is the current average price.

Overall, then, we need to view emissions trading as a bridge to enable a company or a government to take responsibility for emissions cost-effectively now, when its optimal opportunity to put in place new technology may be a few years down the road.

I'd like to conclude by reminding you of Kofi Annan's remarks at the UN Climate Change Conference in Nairobi two weeks ago. He said:

While the Kyoto Protocol is a crucial step forward, that step is far too small. And as we consider how to go further still, there remains a frightening lack of leadership.

In other words, Mr. Chairman, meeting Kyoto targets is a minimum and Canada needs to stay the course.

Thank you.

The Chair: Thank you, Mr. Bramley.

From the Sage Centre, Louise Comeau, welcome.

•(0930)

Ms. Louise Comeau (Director, Sage Climate Project, Sage Centre): Thank you.

Thank you for this opportunity to provide an overview of the recent outcomes of the Nairobi climate negotiations.

I am the director of the Sage Climate Project at the Sage Centre. Sage is an operating charity carrying out a number of projects that are focused on conservation, education, leadership development, capacity building, and social sustainability.

I have worked on climate change since 1990, attending my first international negotiation on climate change in 1991 in the lead-up to the Rio Summit in 1992, where the UN Framework Convention on Climate Change was agreed on. The 1992 convention established an operating structure, and further structures were then created, with the agreement on the Kyoto Protocol in 1997.

All of this can be confusing, so I have tried to provide you with some visual charts to help you understand what the structure is. The first chart lays out the actual operating structure that we have today within the UN system. I'll explain it very quickly.

In the centre, you have the convention and the protocol, where we have annual meetings of ministers. This is where the terms "conference of the parties" and "meetings of the parties" come from. Each of these bodies is supported by something called the "subsidiary bodies"; one is on implementation and one is on science and technological advice. Those bodies support both the protocol and the convention and meet each year in Bonn, in May, in the lead-up to these sessions.

But we have also created some very important additional structures out of Montreal. The Montreal action plan created the ad hoc working group on article 3.9, which looks at future obligations for developed countries and the dialogue under the convention that allows non-Kyoto parties and developing countries to explore options for post-2012.

I wanted to make sure you also saw that in the context of Nairobi, we also began a process looking at what's called article 9, which is the entire operation of the Kyoto Protocol. I'll come back to that in a moment.

That gives you a little overview on what it all looks like and how it all fits together.

The convention was ratified by 189 countries, and 168 have ratified the protocol.

It's an important point to make that China, India, and Brazil do have obligations. Under article 10 of the protocol, it's "shall". It's not maybe get to it when you think about it. It's a "shall" requirement that developing countries also develop action plans aimed at reducing emissions and report on those efforts.

In fact, key developing countries are making progress in that area and are reducing emissions, as has been noted. In particular, when we were in Nairobi, countries like China spoke quite explicitly to the fact that it's controlling greenhouse gas emissions in China, putting forward an objective of a 20% reduction per unit of GDP energy consumption over that of 2005 by 2010.

In his report, Nicholas Stern congratulates China for such an aggressive target. It's far in excess of what Canada is in fact achieving.

The Kyoto Protocol, through long negotiations, established a foundation not only for future developed country commitments but also for flexibility mechanisms like emissions and credit trading that will be important to any future agreement that broadens participation.

I think this is a critical point for the committee to understand. This foundation will be the basis for negotiating the next 2012 instrument, even if we don't know precisely how all those elements will formulate that new agreement.

Other venues, like the G-8 plus five climate change dialogue, Asia-Pacific 6, as well as a host of other partnerships through the World Bank, the OECD, and the International Energy Agency, are important and critical for consensus building and for implementation, but they are not the negotiating venue. In our view, that will take place within the UN.

As with any negotiation, and as is most certainly evident in Nairobi, a number of elements are now in play that will be critical to securing an agreement on the way forward post-2012.

It is the second chart that I've included in your package. This is very important, because if you actually keep this and we follow this over the course of the next few years, you will be able to see how all of this comes together.

I want to quickly review what is in fact in play here and how important it is. When I printed the chart, I eliminated some of the bars, but the blocks in the chart do in fact link and essentially form moving pieces in a unit under the convention and the protocol.

•(0935)

Let me just explain the elements that are in play there. Under the convention, you have, as I mentioned, the dialogue. It's simply workshops. No decisions are coming out of those, but two important discussions are happening under the convention with developing countries—one on how to reduce emissions from deforestation and one on how to improve our capacity with respect to technology transfer. These are critical discussions. It's critical that we achieve agreement in these areas if you are going to engage developing countries. We all agree that this is essential.

Under the protocol, though, you have the meat. Frankly, that's where the action really is and where it will continue to be. Canada needs to pay attention to that reality, that is, you have the ad hoc working group, as mentioned. In Nairobi we agreed to a work plan of activity for 2007 and beyond. We agreed, under article IX, the review of the protocol, to agree next year in Bali on a frame for a second review that will take place in 2008.

On the adaptation fund, we agreed on principles for how this fund would operate and how it would be governed. It's a very important fund that is paid for by levies through the clean development mechanism that many countries now agree would be expanded over time by having levies associated with all the flexibility mechanisms.

Then we have our proposal from Russia, which relates to creating a process to facilitate taking on voluntary commitments to join annex B in this case. It could be future annexes and so on. All of those pieces are in play, are active, and will form, over time, the elements of an agreement.

With respect to what happened in Nairobi, I want to focus in on targets, timelines, and money. Those, really, in the end, will be what constitutes our agreement. As I mentioned, the adaptation fund and the technology fund are the money issues. In Nairobi, Canada was clearly under instructions to commit nothing with respect to money, as were many other countries. The time for discussing money is not now. It was not in Nairobi. It will be as we get closer to finalizing a deal. Money will be on the table and it will be a factor. In that respect, Canada was essentially not exposed, if you will, at this time, and that's appropriate.

With respect to targets, the position of Canada as well as other countries was that there would be no discussion at this meeting of targets with respect to developed countries. Developed countries clearly wanted to advance discussion around developing country targets. We were therefore unable to secure an end date for the work of the ad hoc working group, which would have been an important signal to developing countries. We did, however, get agreement that the review of the entire protocol would come back in 2008, and that's particularly important.

With respect to developing countries, I just point to the fact that a number of important gestures are being made that I think, if we're smart negotiators, we will begin to recognize in the context of these discussions, particularly from countries like China, which stated very clearly in its high-level intervention that it is committed to targets and indicated the kinds of targets it would be prepared to take on—things like renewable energy targets and per unit of GDP reductions in emissions intensity. Those kinds of targets are definitely in play. Brazil is very active in proposing options for reducing emissions from deforestation. We need to be open to and welcoming of these gestures.

With respect to timelines, the most important issue from our perspective is the point that Matthew raised, and that is a serious lack of a sense of urgency. I hope you all have read carefully at least the executive summary from the Stern report, which clearly points out that if we are to avoid dangerous climate change, we need to have global emissions peaking in the next ten years or so. This is serious.

We need a mandate to negotiate, and that mandate to negotiate must happen at next year's meeting in Bali. It should be within a two-year timeframe that allows for parties to agree on a new instrument for post-2012 no later than 2008-09, to allow for ratification that meets the objective we set in Montreal, that stands behind this country's name—that's a Montreal action plan, not a global plan. We promised the world there would be no gap between commitment periods. We need to make sure that we put our efforts into making sure that occurs.

Finally, just a couple of words on, obviously, the change in the U. S. in terms of the congressional elections. It was very welcome. We're not clear yet, of course, how that will play. The point simply to be made here is that the aim is to negotiate an instrument that's flexible, that allows countries to join the regime as and when they are

ready, rather than wait for the U.S. administration to be able to come formally into the negotiations, which would lead to a gap between commitment periods.

● (0940)

Finally, I'll say a word on Canada. I would like the committee to be aware and to fully appreciate that despite the rhetoric in terms of Canada's position and how we essentially performed in Nairobi, we are alone in our approach to our target. All parties, whether they are off the mark at the moment, close to their target, or have beaten their target, are indicating strongly that they intend to put further measures on the table to meet their target. It is important for this committee and for Canadians to realize that Canada stands alone in its approach.

There are also I think important changes in how Canada was perceived in Nairobi. An important concern you should have is that in fact Canada is no longer trusted in the negotiations. It's not clear what we're saying anymore and what our interventions mean. This is an important aspect.

In closing, I would say that in order for Canada to properly prepare for post-2012, it's important that this committee seek a commitment from the government to engage something like the Academies of Science in doing a Stern-like analysis in Canada, for Canada, to help us understand the cost of the impact so we can relate that to the target we take on.

Thank you.

The Chair: Thank you.

Mr. Rodriguez.

[*Translation*]

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

Thank you to all of you for coming this morning. We have heard several interesting comments and perspectives.

My question is Mr. Bramley. There is currently a lot of discussions focusing on whether or not it is possible to achieve the Kyoto targets. The opposition parties and the government have different points of view on this.

The government would like to set long term hypothetical targets. Do you not think would be better to set short term targets that would point us in the right direction for long term measures?

Mr. Matthew Bramley: It is essential to have short, mid and long term targets. In fact, that is what the Commissioner of environment said in her report last September. We absolutely need to have short term targets in order to keep this issue at the top of the list of the government priorities. We need not only short term commitments, but also short term targets. Any business that wants to make changes sets goals and targets. The national government should do the same.

Mr. Pablo Rodriguez: Fine.

Ms. Comeau, you spoke about Canada's legal obligations under the Kyoto Protocol. If I understood you correctly, Kyoto is an international treaty that is binding on Canada because Canada ratified it and because a sufficient number of countries ratified it. It became international law. Canada is thus bound by the Kyoto Protocol.

If Canada states that it will not comply with the Kyoto Protocol, then it is openly stating that it will act illegally, that it will act outside the legal framework, that it will not obey the law. It is very serious when a government says that it will not itself obey the law.

My question is for Ms. Comeau or for Mr. Bramley. What are the actual or specific consequences of failing to comply with this international law?

[English]

Ms. Louise Comeau: Yes, it has two impacts. One relates to the compliance regime of the protocol, and of course there's already been a request for the compliance committee to consider Canada's situation. I think it is an international embarrassment that Canada would be the first country to be brought forward for a peer support group, if you will, under the facilitative branch of the compliance regime. I think that is an important aspect of the process. We will have to go through a process of review, and more than rhetoric, we'll need to legitimately show why it is that we simply haven't been able to achieve our objectives when in fact every other country has taken measures similar to what we've been saying for years that we should be taking.

But the more important thing I think is the implication for the post-2012 negotiations. Who will take Canada seriously in its attempt to argue for a weaker target, an intensity-based target, or a voluntary target, or whatever it is we're proposing we're going to do, when countries like China have moved in their areas, as I mentioned? Or take the case of Japan, or the U.K., or the European Union, more broadly. They look at us and say, "Well, hold on. We did regulations. We've done emissions trading. We've used all of the instruments available to us, but Canada has not done that. Why should we give you such a break in the second Kyoto Protocol period?"

I think it's been a bad negotiating tactic on our part. I think our objective is to prove to the world we're serious about this issue, to do everything we can to achieve that target. Then we will be in a better negotiating position for post-2012.

• (0945)

[Translation]

Mr. Pablo Rodriguez: You were in Nairobi and therefore you had an opportunity to see Canada's credibility questioned.

My question is now for Mr. Bramley. The government often states that Canada cannot meet its Kyoto targets. I do not think that issue is that it cannot meet them, but rather that it does not want to meet them.

Do you think we can meet those targets?

[English]

Mr. Matthew Bramley: I think I made it clear in my initial intervention that there's no doubt we can meet the target if we want

to meet the target. We have this full flexibility to combine domestic action and international action. We want to do the most we possibly can domestically, and when we've done that we can complete the rest of the job by using the international mechanisms. So there's no doubt we can meet the target. I think that was made clear in the testimony of John Drexhage and even of Jayson Myers.

I don't think it's a question of whether or not we can meet the target. There are some people who are not willing to contemplate the use of the international mechanisms, but I think we need to look at those mechanisms in a much more realistic way and recognize that they are ways of obtaining real emission reductions that benefit Canada's environment and actually have export opportunities for Canadian companies as well.

[Translation]

Mr. Pablo Rodriguez: Ms. Comeau, the government also often states that most countries that have specific targets under Kyoto will not meet those targets, and therefore why make any effort to achieve our own? I understand, however, that our situation is somewhat different.

What do you think?

[English]

Ms. Louise Comeau: Absolutely. In fact if you look at the demonstrable progress report that the UN published, in fact if you go through it carefully and not just cite certain aspects of it in terms of where countries are today with respect to their targets, every single country in their national communications has done three things. They've said this is where we are today relative to our target; some are below it, some are at it, and some are above it. Then they've indicated that these are the measures we currently have in place and where we expect to be by 2012. And then they have a third section that says these are the additional measures we intend to put in place to ensure we meet our target. Every country has done that.

That's what Canada needs to do. That's what the process of having ongoing plans and constant updates of our climate plans is all about. Every country is in the third or fourth iteration of their climate plans. That's absolutely appropriate, and Canada should be doing the same thing.

The Chair: Mr. Dillon, I believe you want to comment.

Mr. John Dillon: Thank you, Mr. Chairman.

It's a long and complicated answer, but I think there are a couple of points.

First of all, could Canada meet the target? Yes, if we were prepared to buy massive amounts of foreign credits, we could meet the target.

We could have a debate about how much that would cost. Matthew says the cost is much less than \$20 a tonne. That would depend on how many countries are out there buying credits when the time comes, if many of them are off their targets, as they appear to be. Many of the countries that have filed plans indicate that they may have to use international credits. Many of the countries in Europe are suggesting they will use carbon sinks, something they argued against Canada being able to include when the protocol was under negotiation. It's a debate about how much it will cost and whether that's the best way to spend the money.

[Translation]

Mr. Pablo Rodriguez: Thank you, Mr. Chairman.

Mr. Dillon, I am pleased to hear your say that we can meet the objectives, but that from now on this should mainly be achieved through foreign investment. But it is nevertheless possible to meet these objectives. Mr. Bramley said that there were some very good projects abroad which we could invest in and which would significantly affect climate change.

There is the issue of cost, which is evaluated at a maximum of \$20 billion over four or five years. It's a question of political will: is our future and that of our children worth it?

The government decided to reduce the GST by one percentage point. I'm not saying that it should have done this, but it could have, instead of reducing the GST, spent \$20 billion, which would have been more than enough, over four or five years to meet our Kyoto objectives.

You said that we may not necessarily have the means to achieve this, but can we afford not to act on climate change beginning today, given the costs contained in Mr. Stern's report and the other costs related to phenomena happening here in Canada?

• (0950)

Mr. Matthew Bramley: The Stern report's main conclusion was that it would be irrational, from a strictly economic point of view, not to act immediately to reduce greenhouse gases. Apart from every other environmental consideration, and from a strictly economic logic, it would be irrational for us not to begin making changes beginning now.

For us, the most important thing is to remain true to the Kyoto protocol.

[English]

Ms. Louise Comeau: Could I just add to that?

The Chair: Actually, your time is up. You'll get a chance to get that in, I'm sure.

Mr. Bigras.

[Translation]

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

Welcome to the committee. We have many interesting witnesses, who all hold different opinions, but who are contributing to the debate, which I believe is important.

My first comment is about the Canadian Chamber of Commerce. I find its brief rather depressing. I noticed that half of your brief deals with adapting to climate change rather than on ways to reduce greenhouse gases. It is as if you had thrown in the towel with regard to greenhouse gases. Let me quote from your brief:

It is clear that, regardless of what actions are taken to reduce greenhouse gas emissions or to meet our Kyoto target, no action will be enough to stop the effects of climate change—it can only slow down the changes.

So you are focusing more on changes to our lifestyle to address climate change. Don't you think it is a mistake to focus only on adaptation rather than to have an effective plan which establishes objectives to reduce greenhouse gases at the source?

I think that ultimately adaptation will cost us much more than taking significant and strong measures to address climate change. Don't you think that the price will be much higher in a few years if we adapt to climate change rather than beginning immediately to reduce emissions at the source?

Mrs. Nancy Hughes Anthony: Yes. Let's be clear, Mr. Bigras. Of course, adaptation is only one aspect of the action plan. There is no doubt that there must also be an action plan to reduce emissions. As I underscored in my presentation, the plan must set short-, medium- and long-term objectives. I completely agree with Mr. Bramley in that regard.

What I deeply regret, however, is that seven or eight years ago, the former Liberal government presented a plan which did not make sense and which did not focus enough on consumption. As you know, consumers contribute significantly to greenhouse gases and to the Canadian economy.

Instead of tightly regulating Kyoto deadlines, I would have preferred that this committee focus on a practical plan of action dealing with regulations. Several witnesses said today that initiatives to encourage new types of technology are absolutely essential. And I would say that adaptation is part of that plan.

You may be right, Mr. Bigras, when you say that my brief perhaps focuses more on adaptation. However, we cannot forget that it is important to have a practical plan which calls upon all Canadians, including industries which produce emissions, and consumers, who are often forgotten in this debate.

• (0955)

Mr. Bernard Bigras: On page 2 of your document, you say that:

Canadian industries are currently developing new technologies and fuel sources, but in most cases, it will not be feasible to have them in place by 2012.

If it is not feasible by 2012, when? I have been with the House of Commons since 1997, and we have been talking about climate change since then. We were told that it was not feasible in the short term, and you're saying that it still will not be feasible by 2012, and that we must have short-, medium- and long-term measures.

Do you think that it will be only feasible by 2050?

Mrs. Nancy Hughes Anthony: Not at all, Mr. Bigras. Of course, there has been a lot of progress. I can quote many examples. Let's think of the major challenges. Carbon capture and storage or hybrid vehicles are two things which will have an extraordinary impact on the world situation, and not only in Canada. However, the technology does not exist yet. Can it be encouraged by increasing investment? I say yes, absolutely. However, it is unrealistic to think that this will happen today just because we want it. Even if we want it, some technologies have not yet been developed. They are very promising, but we must be realistic. That's what I wanted to say in my presentation.

Mr. Bernard Bigras: Mr. Bramley.

Mr. Matthew Bramley: As far as carbon capture and storage is concerned, the technology is already available. The cost is evaluated at over \$30 per tonne of CO₂. This means that if the government wanted to immediately begin implementing a regulated system of targets with an emission right trading system for about \$30 per tonne of emissions, carbon capture would happen on a wide scale, and all this would begin immediately. This technology is already being applied on a large scale in Norway, in Algeria and in various other places throughout the world. It's already there.

Mr. Bernard Bigras: Would it not be to the advantage of your industrial sectors to implement this type of system? Are there not industrial groups, such as your association at the Chamber of Commerce, who would have a clear interest in this type of carbon market in Canada?

[English]

The Chair: I think Mr. Dillon wants to get in too, Mr. Bigras.

[Translation]

Mr. John Dillon: Thank you, Mr. Bigras.

[English]

There are at least a couple of points. First of all, the technology that we're talking about related to carbon capture and storage is being done on a demonstration basis in a couple of places right now. One of the key challenges is not just the capture technology; it's actually building a pipeline that will supply. In the case of the Norwegian project, as I understand it, they have all of that capability within one facility. There are still major technological challenges to getting that up and running on a consistent basis and a widespread basis across Canada. Clearly, as Nancy has said, we need to think about the policies that will stimulate those kinds of technology developments so that it is, but it's not realistic to think all of that can be in place by 2012.

It's not because there's a great argument about not doing it; we've been doing a huge amount over the last few years. The reality is that most of the major energy-consuming things we're talking about, whether it's the consumer or a business, all have very long lives. Consumers don't change when they're making decisions today about building houses, about buying vehicles, about buying appliances. Those things change over 10 to 20 years from now. It's the same issue for industry—we're talking about long-lived capital stock that doesn't change over every year or every couple of years. So we've got to think about a policy that over the longer term will produce these huge reductions, rather than spend a lot of money on very marginal improvements in the short term.

● (1000)

[Translation]

Mr. Bernard Bigras: I have a final question. I had a question for the round table, but it is not here. The following thing has been mentioned twice, first by the Commissioner for the Environment, and then at the round table. In their opinion, a modern policy on energy and climate change should focus as much on energy use as on energy production. This is basically what Ms. Gélinas said when she pointed out that we cannot really fight climate change without also addressing how energy is produced, used and distributed.

Since energy use, production and distribution happen at the provincial level, don't you think that the best way of fighting climate change is to decentralize powers relating to energy to the provinces, ? Is it not time, while maintaining national greenhouse gas reduction objectives for which Canada certainly bears responsibility at the international level, to move towards greater decentralization, which would more effectively reduce greenhouse gases?

[English]

The Chair: Who wants to take that one on? It's a tough one.

Ms. Louise Comeau: Well, I'm not afraid to take it on.

It's difficult, when you've been working on this issue so long, to hear the same things that we've been saying for 15 years. How much capital stock turnover do you think we've had in the last 15 years? It's always portrayed as the future, the future, the future. We've had a huge amount of capital stock turn over, so I would argue that in fact we need to do two things. One is that we have to understand the cost of this issue to this country. That's why adaptation is actually a value. By understanding the cost to this country, we start to understand the social cost and we start to impose regulation that takes us up to that price.

I think if we want to follow a route that looks at the question of establishing caps at a provincial level—that's what we did on acid rain—set your caps and let the provinces go. Establish a national emissions trading system. That's an option for going forward. It may not be the only option, but it's an option.

All I can say is I've heard John's speech and Nancy's speech. I could pull out the previous speeches from 10 years ago or 12 years ago. We really simply need to move now. Capital is turning over every single day. Set your caps, put an emissions trading system in place, a real one, a cap and trade system with no price assurance mechanism, ensure we can link, for liquidity purposes, to other regimes around the world, and let's go.

The Chair: John, do you have a comment?

Mr. John Dillon: I hesitate to wade into the federal-provincial domain, but I don't think there's a simple answer to your question, Mr. Bigras. The reality is that in many respects we do need to decentralize the decision-making down to the individual consumer, as I said earlier, down to the individual municipality, because that's where real progress can be made.

Frankly, all this debate about the federal government responsibility to meet the Kyoto target has taken us away from real discussions about what we're going to do at individual levels, at community levels, and at the level of business.

I worry about a plan that says let's figure out how to divide it up on a provincial basis. That adds a whole layer of complexity and complication that may get us into a debate that's not very helpful either.

The Chair: Mr. Cullen.

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

I wish we had this particular panel for another meeting. I'm finding this quite engaging.

A question for Mr. Dillon.

In terms of the responsibilities, you said there's individual, municipal, provincial. I imagine there is corporate responsibility in there as well.

Do you have a policy on the Kyoto Protocol? Is your organization in favour of it? Do you suggest that your companies respect it, that Canada should continue on with it?

Mr. John Dillon: Since the protocol was negotiated in 1997, we have said that we have serious questions about the achievability of the target. That does not in any way suggest that we are not serious about addressing greenhouse gases. If you look at our policy papers over the years, we have been involved in trying to suggest far-sighted and more innovative ways to get at this issue.

One of the reasons we have always questioned the Kyoto target, as I said earlier, is because we've never really engaged Canadians on what they need to do, what the overall impacts are going to be, what the costs are going to be, and how we're going to meet this ambitious target.

• (1005)

Mr. Nathan Cullen: So looking at reports like the Stern review, there comes a time when we can focus on the costs of achieving something like our Kyoto targets. There's also this unknown cost of potential damage and impacts. And we can walk through the insurance industry, or the forestry sector, the mining sector right now, huge, huge parts of our Canadian economy that are telling us at this committee, and other places in this Parliament, that climate change is affecting their bottom lines in a negative way, substantially so.

I guess my question to you is, is it possible to grow our economy and not grow our greenhouse gas emissions?

Mr. John Dillon: Yes, I believe it is, over the longer term. Not very easily in the short term, but over the longer term, absolutely.

That's what a number of our companies, both here in Canada and internationally, are trying to do.

Mr. Nathan Cullen: So the dynamic that gets presented that our emissions have gone up, but, lo and behold, our economy has grown as well is a bit of a false presentation. The suggestion that if we grow our economy in a certain way, particularly our GDP, if you want to look at the growth in GDP, particularly with the increase in energy, particularly with that increase coming from the oil and gas sector, that is a certain choice of growth. Our government, if you'll allow me this, used every mechanism possible—not every, but most mechanisms possible—to grow the tar sands in Alberta. It was a choice by the federal, provincial, and private sectors to grow that industry from what was a nascent industry 15 years ago to what is an absolute behemoth now. Those were policy choices. Is that true?

Mr. John Dillon: Yes.

Mr. Nathan Cullen: Is it not also possible, then, that using those same mechanisms, that same force of will from all those different levels of government and private sector, we can arrive at a place where our economy can both grow and our greenhouse gas emissions can in fact drop?

Mr. John Dillon: I think the question is whether we understand what those policy choices are today and whether government always make the right choice.

Mr. Nathan Cullen: Have we seen other industrial nations, our competitors in fact, do that?

Mr. John Dillon: The reality is that our economy, to a significant extent, has been based on the resources we have. We could make choices. We could say we're not going to develop some of those resources, but we'd have to figure out what parts of the economy we are going to use to replace that revenue. As much as we've had policies to support, for instance, the oil sands, or the growth of oil and gas production in this country, those policies have brought enormous employment opportunities and government revenues that we would have to replace somehow.

Let's face it, if we decided not to expand our production of oil sands and not sell that to the United States, some other country, whether it's Algeria, Venezuela, Mexico, or Saudi Arabia will sell that oil and gas to the United States. You have to ask yourself whether the global environment will be better off for that. Canada's GHG emissions may go down, but will the world's GHG emissions go down?

Mr. Nathan Cullen: Ms. Anthony, you talked about the importance of investment and about facilitating broadly effective energy efficiency improvement programs.

Was the cutting of the EnerGuide an intelligent choice, from your organization's point of view?

Mrs. Nancy Hughes Anthony: I can't really comment on how effective that program was, Mr. Cullen.

I think there is a need, though, when we are looking at any sensible plan, to make sure that the consumer understands what their contribution to this plan can and should be.

Mr. Nathan Cullen: I don't understand. Your testimony said, "Governments in Canada have taken little action since 1997 to facilitate broadly effective energy...." It sounds from your testimony that you lament that fact and that there hasn't been enough done on the energy efficiency programs. There was one in place, yet you have no comment on its removal. I'm confused by that.

Mrs. Nancy Hughes Anthony: I have no statistics before me to tell me whether it really made people throw out their refrigerator and buy a new one, or what the actual impact of that was.

Mr. Nathan Cullen: And no commentary from your members?

Mrs. Nancy Hughes Anthony: No. I think the difficulty there, on the consuming side, be it small business consumption or individual consumers who are heating their homes and driving their cars, is the issue that was raised by several people. We all may really want to make a difference by getting an energy efficient fridge, but we use our fridge for 15 years because that's what we can afford. If we can get all the old vehicles that are 10 years and older off the roads, and if we can get consumers to get rid of energy deficient appliances, obviously we could make a difference on that side.

Mr. Nathan Cullen: Does your organization believe in the cap and trade system that is being suggested and used in other jurisdictions?

•(1010)

Mrs. Nancy Hughes Anthony: Our organization would not favour, for example, Mr. Bramley's approach about purchasing international credits.

Mr. Nathan Cullen: To clarify the question, I mean the cap and trade system for greenhouse gas emissions for large final emitters, big polluters, in which, sectorally, there is a legislated cap on what an industry can pollute, and beyond that, there is some sort of emissions trading system that is encouraged.

Mrs. Nancy Hughes Anthony: That is domestic?

Mr. Nathan Cullen: Let's start with domestic and consider international.

Mrs. Nancy Hughes Anthony: I think the members would agree that having some kind of flexibility of that nature, on a domestic basis, could be something that would be looked at. I don't think there is any appetite for purchasing international credits that may or may not have any impact on actual environmental goals.

Mr. Nathan Cullen: It's interesting, Mr. Bramley. You raised this point. Some Canadian companies are now participating, it seems somewhat voluntarily, in a trade system, not a cap system. We don't have a cap in this country.

Is there not greater benefit for doing things primarily domestically, rather than going into the international market? In terms of just restructuring the Canadian economy, it seems if you go out and buy a lot of credits, you'll just have to go out and buy them again.

Mrs. Nancy Hughes Anthony: If I can go back to your first question, which I have been mulling over, on this whole question of making policy choices on sources of energy, etc., and linking it to Mr. Bigras' question about decentralization and the interests of

provinces and territories, I think there is more virtue to having some kind of a national strategy that thinks about, for example, our energy sources.

In Ontario, the premier campaigned on saying no nuclear energy, no coal energy. I'm not quite sure what's left that's going to actually provide power to the province of Ontario. We have had difficulties with respect to things such as linkage of an east-west grid. We had a serious blackout on the east coast.

To go back to those policy choices, my instinct says it would be better for Canada, as a country, to have a more cohesive debate and dialogue about those policy choices.

As I said, the place of nuclear and things like that, look at Europe and—

Mr. Nathan Cullen: We hesitate to talk about national energy programs too much in this Parliament, but I want to make sure we have Mr. Bramley's testimony as well.

Mr. Matthew Bramley: We absolutely need to have a domestic emissions trading system, with the ability for projects in Canada to create what are called offset credits, so that companies have a choice of investing domestically or internationally. In fact the previous government was developing a domestic offset system that was expected to begin to be in place during 2006, and I think it's unfortunate that hasn't happened.

An article published in *Le Devoir* on November 2 talked about a Canadian company called Biothermica, which has been forced to do landfill gas capture projects in El Salvador because there's no domestic offset system to allow credits to be earned in Canada from doing that.

The Chair: Mr. Dillon, you wanted to say something.

Mr. John Dillon: Mr. Cullen, emissions trading is an extremely complex area. I want to try to be clear here, but it's not—

Mr. Nathan Cullen: It was \$60 billion in the first three quarters of this year.

Mr. John Dillon: —easy to give a simple answer to your question.

The reality is that yes, as Nancy said, many of our businesses facing regulation would like to see the flexibility of some kind of an emissions trading regime. The reality is, though, that one can't answer that question without understanding what the targets are and how they relate to what's realistic and achievable for those industries. Otherwise, the previous schemes we've seen would largely—and the government has acknowledged this—mean that all major industrial emitters in Canada would be buyers. That's really a tax, not an emissions trading regime.

Mr. Nathan Cullen: It's a polluter pays principle, essentially.

Mr. John Dillon: At the end of the day it's about the flexibility to have emissions trading. Some of those companies are already voluntarily participating in both domestic emissions trading and international CDM purchases because either they have their own company corporate commitments to meet or they have provincial commitments to meet.

It's not that there's a yes or no answer to whether there should be emissions trading or not; it's about how we define those targets realistically and how we ensure those costs are not unreasonable, compared to what their competitors are paying in other countries.

The Chair: We will go to Mr. Warawa, please.

Mr. Mark Warawa (Langley, CPC): Thank you, Mr. Chair, and thank you to the witnesses for being here today.

My first question to each of you is for clarification. During the comments you've already made, you've made your positions very clear, but I want to repeat the question.

The government has been very clear that we will not buy foreign credits to meet those targets. Considering domestic achievements here in Canada on meeting our Kyoto target domestically, can we meet the Kyoto target reducing greenhouse gas emissions by 6% below 1990 levels, which is what this bill is asking for—

•(1015)

[Translation]

Mr. Pablo Rodriguez: I have a point of order, Mr. Chairman.

We are debating Bill C-288, which calls for these mechanisms. You cannot decide to debate a bill and remove part of its content. You must debate what is in front of you. Bill C-288 calls for a foreign credits purchasing mechanism.

[English]

The Chair: Do you want to carry on, Mr. Warawa, and try to keep to Bill C-288?

Mr. Mark Warawa: Bill C-288 is meeting the Kyoto targets by taking out—sending away—billions of dollars. Mr. Bramley, you've said you support that. Billions of dollars leaving Canada—if we kept that money here, if we keep those billions of dollars right here in Canada for investment, can we meet the Kyoto targets here in Canada? Yes or no, please.

Mr. Matthew Bramley: I simply fail to see the relevance of the question. Bill C-288 is about meeting the Kyoto targets—

Mr. Mark Warawa: That was a yes or no question, Mr. Bramley.

Mr. Matthew Bramley: —using all the mechanisms that Kyoto provides for. It's just an irrelevant question.

Mr. Mark Warawa: Mr. Bramley—

The Chair: Could you please direct it through the chair?

Mr. Mark Warawa: Mr. Chair, my question was a yes or no question. I don't want Mr. Bramley using my time, so if he's refusing to answer the question, that's fine.

Maybe we could start with Mr. Dillon, then. Can we meet those targets, yes or no?

Mr. John Dillon: No. Strictly through domestic measures, we can't.

Mr. Mark Warawa: Thank you.

Ms. Anthony, can we meet those targets?

Mrs. Nancy Hughes Anthony: I think under some estimates you could meet those targets if you reduced economic activity in this country by something like 30% over the next five years—

Mr. Mark Warawa: In a practical sense—

Mrs. Nancy Hughes Anthony: —if we closed down factories and power plants, etc.—

Mr. Mark Warawa: Ms. Anthony, I don't want to cut anybody off, but I was hoping for a yes or a no, okay?

Mrs. Nancy Hughes Anthony: The answer is no, not without serious damage—

Mr. Mark Warawa: Mr. Bramley, I don't think you wanted to answer that.

Ms. Comeau, can we meet those targets?

Ms. Louise Comeau: Yes, we can.

Mr. Mark Warawa: We can. Okay, how can we meet it in Canada? What's your opinion?

Ms. Louise Comeau: You set your target, you establish a proper economy-wide cap-and-trade system, and you allow the private sector, through its domestic and international opportunities, to meet its objectives. Yes, you can.

Mr. Mark Warawa: Okay. Thank you for that. Actually, you're the first one to say yes to the committee. We have had, to this point, a no from everyone I've asked that question to. We've had a couple of "I don't know's", but you're the first one.... So congratulations.

We actually had comments specifically regarding Bill C-288 from Claude Villeneuve, a professor with the University of Quebec. He said it would have been an excellent bill if it would have been introduced in 1998, and we're in 2006 believing that it's not relevant.

Actually, Mr. Bramley, I'm quite happy that you're here today. I was watching the news late one night and there you were. You made a comment that grabbed my attention and I wrote it down. I found it shocking and I found it dishonest. That's why I'm glad you're here, so that I can ask this question of you.

You said at that time, I believe, that Canada had abandoned the Kyoto Protocol. Is that correct? Did you say that?

Mr. Matthew Bramley: I've said many times that for practical purposes I believe the Government of Canada has abandoned Kyoto, because Kyoto is, above all, about meeting the emissions target. I believe the actions the government has taken and the statements it has made in the past several months make it clear that the government has no intention of meeting that target.

Mr. Mark Warawa: Okay, thank you.

You also said today that Pembina is non-partisan and you said that you strongly support Bill C-288. Are you speaking for yourself or for Pembina?

Mr. Matthew Bramley: No, the Pembina Institute and in fact—

Ms. Louise Comeau: All environment groups.

Mr. Matthew Bramley: I think all of the members of Climate Action Network Canada are strong supporters of Bill C-288. To suggest that is partisan—

Mr. Mark Warawa: You also said it needs strong leadership and we need to move as quickly as possible.

Mr. Matthew Bramley: Yes.

Mr. Mark Warawa: Have you made a comment on Bill C-30, the government's bill to deal with climate change, which would set targets to be announced in the spring of 2007? Would you have a position on that?

• (1020)

[Translation]

Mr. Bernard Bigras: I have a point of order, Mr. Chairman.

I don't think the parliamentary secretary's question has anything to do with Bill C-288, since he has just asked the witness a question about Bill C-30.

[English]

The Chair: Mr. Bigras, I think he's asking about targets and Mr. Bramley has stated he wants targets.

Can you answer regarding the targets?

Mr. Matthew Bramley: What I've said publicly on many occasions is that the notice of intent that accompanied Bill C-30 foresees Canada's emissions remaining above current levels until at least 2020, and possibly 2025, which, when combined with the government's refusal to purchase international credits, adds up to a refusal to comply with the Kyoto Protocol.

Mr. Mark Warawa: On Bill C-30, have you strongly come out and said a yea or a nay?

[Translation]

Mr. Bernard Bigras: Mr. Chairman, I have a point of order.

[English]

The Chair: Mr. Warawa, perhaps you could specifically try to relate that to Bill C-288. I think that's Mr. Bigras' point.

Mr. Mark Warawa: The point I'm making is that Pembina has presented itself as being non-partisan and they've come up and said they strongly support Bill C-288.

Do you strongly support Bill C-30?

Mr. Matthew Bramley: No, we do not. We have published an initial reaction to Bill C-30, which is available on our website. I invite all members of the committee to consult that.

Mr. Mark Warawa: I found the papers that you've written—actually Pembina, not you personally—on the oil sands, the tar sands, very interesting.

I visited Fort McMurray to take a look at them, bought the DVDs, and actually met with a representative from Pembina. I was really surprised about their involvement with the development of the tar sands, and I was surprised that they weren't opposing the oil sands, the tar sands; it is one of the major producers of greenhouse gas emissions. Causing the increase in greenhouse emissions, globally, right here in Canada, is our tar sands, and yet Pembina is actively involved in consultation and has not taken a position in opposition to that. I find that ironic.

I also found your comment that Canada had abandoned Kyoto as equating...honestly sharing internationally the condition that Canada finds itself in, saying that we are 35% above the Kyoto targets.... An honest statement reporting the conditions of Canada...because of, according to the environment minister, the lack of leadership—and you were asking for leadership—shown by the previous government. We ended up with a situation where we're 35% above those targets, which is basically what Bill C-288 is trying to reintroduce, a Liberal plan of inaction.

You're supporting this, and you're supporting, it appears to me, reporting honestly that we're above those targets, and that's equated to an abandonment of Kyoto, which is not the case at all, Mr. Bramley. Actually, what the government has done is we've been committed to the Kyoto Protocol right from—

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): This is not a question; it's a berating of the witnesses.

The Chair: We give quite a bit of latitude. People are on a time clock. I really think if the witness wants to answer... I certainly like to treat our witnesses with respect.

Mr. Bigras.

[Translation]

Mr. Bernard Bigras: Mr. Chairman, I have a point of order.

I believe we are here to study Bill C-288. It is unacceptable and irresponsible for our committee to prejudge our witnesses. I would therefore ask you to call the member to order.

[English]

The Chair: Mr. Warawa, if you can direct the question, Mr. Bramley is ready to answer. Let's try to keep the questions as related to Bill C-288 as we can. But if the witness wants to answer, we should listen.

Mr. Matthew Bramley: I think—

Mr. Mark Warawa: I have the floor, do I not?

The Chair: I think Mr. Bramley wants to get in a quick answer.

Mr. Mark Warawa: Are you going to use my time for him?

The Chair: No.

Mr. Mark Warawa: Okay.

Mr. Matthew Bramley: I'll be quick.

I heard three questions. As to my comments about the government abandoning Kyoto, I've already explained the practical purposes. I think the government has abandoned Kyoto because it clearly doesn't intend to comply with the target.

I don't see that Bill C-288 has anything to do with a particular government's plan. Bill C-288 is about ensuring that the Government of Canada—whichever government happens to be in place—complies with our international legal obligations.

On the oil sands, Pembina and ten other major environmental organizations issued a statement last December calling for a moratorium on further oil sands development until such time as certain frameworks were put in place, including a commitment to move toward carbon-neutral, emissions-zero oil sands by 2020.

That brings me back to the comments I made about emissions trading. We believe that through a combination of emissions trading and new technologies, including carbon capture and storage, the oil sands sector has the financial and technical capability to move toward zero emissions by 2020. So we're not calling for an end to oil sands development, but we are calling for that industry to take full responsibility for its emissions.

• (1025)

The Chair: Mr. Warawa.

Mr. Mark Warawa: The point I was trying to make was that this Government of Canada has not abandoned Kyoto. We are very committed to the Kyoto Protocol. We have been honest. We have the list provided by Mr. Dillon, but a number of other countries are having difficulty. We've been honest and have shared the difficulty Canada is having in meeting those targets. We have a clean air plan for the short, medium, and long terms. Those targets will be set out at the beginning of 2007.

It's unfortunate the previous Liberal government, through lack of leadership and inaction, put us in a mess. The Liberal plan would have taken us to 47%, as you all know, if we continued on that route. This government is committed to reducing greenhouse gas emissions, not allowing them to increase.

My question is on the impact of greenhouse gas emissions. The greenhouse gas emissions being put into the atmosphere now are going to have a growing impact over the next 20 to 30 years, so what we're experiencing in climate change right now has been impacted

by greenhouse gas emissions growing over the last 20 to 30 years. Would you not agree with that?

Where we are now is going to have a continuing impact on climate change. That's why I agree with your urgency. We need to take action now and move on. The bill that will meet that is not Bill C-288; it's Bill C-30.

I'd appreciate comments from all four witnesses.

The Chair: Perhaps we can have 30-second comments, please.

Mr. Matthew Bramley: If you or any other representative of the government were able to say clearly and publicly that the government intends to meet the Kyoto target, I would withdraw my remarks about abandoning, but I haven't heard a statement of that kind.

The Chair: Ms. Comeau.

Ms. Louise Comeau: I'll just speak to the importance of setting stretched targets and the reason why Kyoto is so valuable. John said on several occasions that we need realistic targets, as has the government.

I spent seven years working with communities across Canada and set up the Green Municipal Fund, which achieved significant emissions reductions from projects. That happened because we set a very high bar. We said, "Don't come to us if you can't look at achieving 35% reductions from your current performance." We did that because we wanted people to stretch. We have serious barriers of people not understanding what their potential is. We never had a case where people couldn't meet those objectives.

The challenge we face is that people lack confidence in their capacities. They don't understand how easy it is. Reductions are easier than you think, and we make money at it. That's why realistic targets are not enough. You need a stretched target that drives people to be more creative.

So I encourage the government to go beyond just looking at what we can do now and push industry to be creative and come into the system in a much more creative way, with real targets.

The Chair: We'll have Mr. Godfrey, please.

Hon. John Godfrey (Don Valley West, Lib.): I'm interested, of course, in how the business community is—

Mr. Mark Warawa: A point of order. Mr. Chair, you allowed 30 seconds to respond for each of the four witnesses and—

The Chair: We're at 14:22 in terms of the time. This topic is about Kyoto, so we have a wide range. It's to update us on Kyoto, so I think we can listen to everyone.

Mr. Mark Warawa: Mr. Chair, you allowed—

The Chair: They will have their opportunity, Mr. Warawa.

We're on to Mr. Godfrey, please.

Hon. John Godfrey: What I would like to do is turn to the business community, because it seems to me that if I consider the position over time of not only your organizations but others—the Canadian Manufacturers & Exporters, the Canadian Petroleum Producers Association—your position could be summarized as the following: you have moved from skepticism to despair without an intervening period of leadership.

You have in your paper, Ms. Hughes Anthony, both positions beautifully laid out. You have, on the one hand, repeated, I hate to say this, the old canard—it's really stale—that there is much controversy surrounding the science around greenhouse gases, climate change effects, and human activities. It is on page 4. But then you urge us, in the spirit of despair, to get on with adaptation, because it's clear that no action will be enough to stop the effects of climate change; you can only slow down the changes. There is on the next page a dispute about the science. So here we are, we've moved from one to the other.

In terms of lack of leadership, you refer, and you have done over the years, to the badly flawed Kyoto Protocol, the fatal flaws of trading systems, and so on. But you fail—you always fail—to come up with a credible alternative at the international level. I can remember a press conference you gave with this coalition for climate responsibility or something, some kind of a front organization you all set up and which has now disappeared into the mists of time. I don't understand, given the evolution of the science and the evolution of our understanding of the economic impact on the world of not getting on with it, of not mitigating, why you don't change the discourse. I don't see why you, as the business community, don't take a leadership role and get on with it, instead of asking for more broad reviews and consultations and all the rest of it, which has the effect of slowing it down and making it harder to meet our commitments under the protocol.

•(1030)

Mrs. Nancy Hughes Anthony: Mr. Godfrey, I think you may have taken liberties with some of the text in my presentation. I would disagree with some of your characterizations.

We don't argue about the importance of climate change. We totally agree with the importance of climate change and the importance of Canada doing something about it and being part of the international effort to do so. We do feel that way back when, Canada negotiated a set of targets and timelines without taking into account certain absolute facts, like the fact that at that particular time, Canada was at the beginning of an extensive expansion of its oil and gas, and particularly of its gas exports to the United States, which as you know, are counted in our targets, and that our economy was growing and so on. So I feel that we, for starters, at that time negotiated badly.

Now, that perhaps is irrelevant. The point is, we do need to make the effort. I have referred to, and I can give you detail on, what many, many companies have done in many sectors of the economy to reduce greenhouse gases. I think there is leadership there. I think the time is now to stop pointing fingers at each other, and the time is now to kind of get on with a positive plan that involves business, that involves governments at all levels, that involves the environmental

groups, and that should involve consumers. But it has to be something that is realistic enough for Canadians to get behind.

I don't go to meetings in Bonn, Nairobi, and Bali. I'm concerned about the competitiveness of businesses in ridings like yours, Mr. Godfrey. They have to know what the rules of the game are. I don't think, at this point, that anybody understands what the rules of the game are.

So I do take exception to your remarks, and I think it's the time for us to be coming together on a more practical basis, not poking fingers at each other.

Hon. John Godfrey: I'm simply reading from your presentation, where you say there's much controversy around the science.

I'd like to get a reaction from Mr. Bramley or Ms. Comeau.

The Chair: Very briefly, please.

Ms. Louise Comeau: Obviously the scientific consensus is strong, so I'm not going to get into that debate, but I would comment on the need to challenge this perspective or rhetoric that somehow Canada should not be participating in international negotiations.

It comes back to our security. It comes back to the comments made by Mr. Bigras around the issue of adaptation. This country will be hit hard by climate change, and it will hurt our economy. We can only protect Canada if we secure reductions from all countries in the world. That's why we have to show that we are serious about our targets, so that we can demonstrate leadership so that other countries will take on comparable targets.

That's why we'd better be in Bonn, that's why we'd better be in Nairobi, and that's why we'd better be in Bali.

•(1035)

The Chair: Mr. Vellacott, please.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): I have some questions for you, Ms. Comeau, about a paper written by Kathryn Harrison, a political science professor at the University of British Columbia. She said you were a co-author, along with the Martin PMO, of the widely discredited Liberal climate plan, *Project Green*.

Is Dr. Harrison's paper correct in that respect?

Ms. Louise Comeau: No, actually, and I can explain that very easily. Kathryn did interview me, and she has corrected her paper.

Sage is funded by foundations, just as a number of environment groups are in Canada. I was funded to develop a climate plan for Canada, which I did do. It has nothing to do with *Project Green*. It is available to anyone who wants it.

I did finally—

Mr. Maurice Vellacott: So you played no role in—

Ms. Louise Comeau: Hold on, I'm not finished.

I published my paper, with the IISD in fact, and that paper went into—

Mr. Maurice Vellacott: I need to jump in here. I only have five minutes.

Ms. Louise Comeau: Well, do you want the answer?

Mr. Maurice Vellacott: I want to know if you had any role in creating *Project Green*.

Ms. Louise Comeau: I provided a paper that went into the system, and I was consulted on some of the measures that were in there, as were other groups, such as Pembina and so on. Environment Canada and Natural Resources Canada developed *Project Green*. That is a government plan and not anything to do with our work.

Mr. Maurice Vellacott: Okay.

The Harrison paper—and maybe this is something that's suggested now—credits you with the idea of a climate fund to purchase emission credits. Is Dr. Harrison's paper correct in respect to that?

Ms. Louise Comeau: I had proposed the clean energy trust, which was similar to what I'd created with the green municipal fund. Samy Watson, the deputy minister at Environment Canada, created the climate fund, which does not in fact represent the proposal I made. I was proposing a carbon bank for Canada that would have financed projects in a variety of ways. What came out of the department was a project or a fund to buy offsets. That's not what was proposed.

Mr. Maurice Vellacott: Were you or your organization paid by the Liberal PMO or the Government of Canada to develop or implement any of those plans at all?

Ms. Louise Comeau: No, and I understand that—

Mr. Maurice Vellacott: So you received no government funding at all?

Ms. Louise Comeau: Absolutely not. Absolutely not. All of my work that is done in the context of my Sage work is funded by foundations. I have never been paid by any government under any regime.

Mr. Maurice Vellacott: Is it correct, as stated in the Harrison paper, that it was your idea, and I quote, “to rely almost exclusively on government expenditures to achieve the Kyoto goal”?

Ms. Louise Comeau: No. In fact, unfortunately, a series of bad government decisions, in my view, over many years—including Conservative governments, by the way, so let's just put this in the context of government generally—have made too many promises to industry that bound us to uneconomic approaches. The first one was that Canada would not use a carbon tax. The second one was that we would have this absurd price cap for emissions trading. When you

start to do that, you become more and more restricted in the policy options you can put forward.

So I would encourage this government to abandon promises of the past, including voluntary MOUs with the auto sector, to move to regulation for emissions trading with no price cap that is broadly based in the economy, and to regulate vehicle emissions.

Mr. Maurice Vellacott: So it was a voluntary subsidized action, if you will, the Liberal plan previously. That's basically what it was, a voluntary subsidized action.

Ms. Louise Comeau: No, I'm talking about my plan, which did not propose a lot of subsidies. My plan proposed regulation, a real emissions trading system, a standard in the tar sands, vehicle emissions trading, building code standards, and those kinds of things. Proposals for a fund for government to purchase offsets emerged from government departments themselves.

Mr. Maurice Vellacott: Okay.

Last question: do you know of or can you table any analysis that was used or was input into the system to come up with the minus 6% target?

Ms. Louise Comeau: I am very proud you asked that question. In 1996 the Climate Action Network produced a plan, the rational energy program, that achieved minus 6% by 2010. It was one year before the negotiation of the Kyoto Protocol.

I'm happy to table that very credible plan with the organization.

Mr. Maurice Vellacott: Can you table that with the committee?

• (1040)

Ms. Louise Comeau: Absolutely.

Mr. Maurice Vellacott: You will be the first group that even has offered. Nobody, not government or anybody, has offered an analysis.

Ms. Louise Comeau: You should have called me first.

Some hon. members: Oh, oh!

Mr. Maurice Vellacott: It leads me to believe that despite your modest protestations here, you had much more input into the Liberal plan, and here we have it even with respect to the minus 6%.

Ms. Louise Comeau: That's not a Liberal plan. That was done by the Climate Action Network in 1996.

Mr. Maurice Vellacott: What I'm saying is that maybe that's where they came up with their figures.

Ms. Louise Comeau: No, that's really an old plan, and nobody has it today. I can share it with you for historical interest, but the plan was actually analyzed in cooperation with the Department of Natural Resources Canada. It was a very good effort.

Mr. Maurice Vellacott: Do I have a minute left?

The Chair: You have about ten seconds.

Mr. Maurice Vellacott: Do you think that subsidies for corporations are a responsible way to go?

Ms. Louise Comeau: No, I don't.

The Chair: There's the ten seconds.

We'll go on to Mr. Lussier, please.

[Translation]

Mr. Marcel Lussier (Brossard—La Prairie, BQ): We can continue with Ms. Comeau. I believe that her 1996 plan was very interesting.

Was this a detailed plan and did it develop or set territorial objectives? Were these spread among the provinces and major polluters? Were the reduction objectives well thought out?

[English]

Ms. Louise Comeau: At that time, I don't think we set them at a provincial level, but I could go back and look. The analysis rolled out to certain provincial reductions. Obviously it shouldn't come as any surprise to you where the real reductions occur. They occur in the electricity sector and in the oil and gas sector, as that's where they're most cost effective. Provincially you get more cuts in Alberta than you do in Quebec. There is a certain logic there.

The main instrument we used at that time was a pricing mechanism, which we called an atmospheric user charge. Whether it's carbon trading or a carbon tax, it's essentially a metaphor for putting a price on carbon. We applied a price in the modelling effort that showed in fact that through regulation and pricing mechanisms, which were not in any way destructive to the economy, we could achieve our objectives.

At that time, we had no idea that minus 6% would be the number coming out of Kyoto. That was an absolute coincidence and not planned at all.

[Translation]

Mr. Marcel Lussier: Mr. Dillon, in your document you mention that public transportation had stabilized at 12%. It has not changed much between 1992 and 2005. In your opinion, did the tax measures which were introduced to encourage public transportation represent a good investment which will significantly reduce CO2 emissions?

[English]

Mr. John Dillon: Yes, in fact we made that suggestion in 1997, and contrary to Mr. Godfrey's assertion, we made the suggestion in 2002, when we tried to offer some alternative policies. In fact we have said all along that a much greater investment is needed to engage the consumer in reducing emissions.

Obviously there are some funds available now through the sharing of the gas tax and so on. Critically we need to make those investments in public transit.

I also mentioned in my slide that on average the commute time is obviously getting longer, not shorter, for Canadians. We need to have those kinds of investments that engage consumers in reducing their emissions.

We made a number of those suggestions over the years. Contrary to Mr. Godfrey's suggestion, this hasn't been a question of denial or

despair; this is talking about policies that will actually work. We made those suggestions over the years, and we're still making them today.

[Translation]

Mr. Marcel Lussier: Is that your only suggestion, namely to reduce the price of public transportation? If not, have you proposed other types of investment in public transportation?

[English]

Mr. John Dillon: We haven't put forward a detailed set of policies on transport, but we have suggested that a number of areas need to be looked at.

[Translation]

Mr. Marcel Lussier: Mr. Bramley, I would like to come back to the fact that Canada does not have a lot of leeway on the international scene. It is rather isolated due to its international policy on the Kyoto Protocol. In your opinion, what are the threats or penalties which may come as a result of Canada's international policy?

Mr. Matthew Bramley: In terms of formal penalties under the Kyoto Protocol, the most significant one would be the fact that Canada would have to make up for not bringing down its emissions sufficiently before 2012, and that number would be multiplied by a penalty factor of 1.3 in the second round. If Canada adopts, as we wish, a more ambitious objective for the second round to ensure that our emissions continue to decrease, we will face an even greater challenge, and the penalty factor will apply in the second round.

More importantly, however, is that we must take a step back and consider Canada's reputation or, as Louise said, Canada's influence in the negotiations. For instance, I heard the Environment minister say that China and India must commit for the period following 2012. I don't understand how Canada can even imagine it can convince developing countries to do better when we are not even respecting our own commitments.

• (1045)

Mr. Marcel Lussier: Do you think that...

[English]

The Chair: Mr. Lussier, we're at five minutes; I'm sorry.

Mr. Harvey.

[Translation]

Mr. Luc Harvey (Louis-Hébert, CPC): First, I would like to thank you for being here today. I truly appreciate the fact that I am hearing two very different points of view.

Mr. Bramley, as you know, Canada's objective was 6% under 1990 levels, and Mr. Dillon's document shows that some countries had set an objective of 27%. Do you believe that Canada's objective was analysed and assessed adequately when the -6% objective were set?

Mr. Matthew Bramley: To begin, I would like to say that I have been working in the field of climate change since 1999. I was not there when Canada's targets were set, but we heard Louise Comeau's testimony regarding the analysis which was carried out in the 1990s. So not only do we have the analysis Louise referred to, but there also was a national consultation process on climate change which took place in 1993 and 1994. The Kyoto Protocol called for conducting an economic analysis of the magnitude of reductions.

Does this answer your question?

[*English*]

The Chair: I think Mr. Dillon wanted to discuss that.

Mr. John Dillon: Thank you, Mr. Chairman.

I was in Kyoto in 1997. I've been to most of the COPs before and after that. I can tell you that there was never any analysis shared with the business community on what that target would actually mean and how it would be accomplished. I think the Commissioner for the Environment and Sustainable Development has confirmed that in a report.

There were a number of analyses done over the years that we had questions about. As you saw and as you mentioned, in my presentation I note the range of targets that apply within the burden-sharing arrangement in the EU. Clearly, we were out-negotiated in Kyoto. We allowed that wide variation in European circumstances without clearly recognizing what our own circumstances were and what that would mean for the future. Many other countries that have an energy-intensive economy got a better target than we did.

I've had a number of European officials say to me over the years—privately, of course—that they were surprised and never quite understood how Canada arrived at that target. They understood that our economy is different, our population is growing, our circumstances are different from theirs. We have an energy-intensive economy. They were quite happy that we chose to take on such an ambitious target and potentially put ourselves at a competitive disadvantage, but that's the reality. I'm not aware of any comprehensive analysis that was undertaken before that target was agreed to in 1997.

[*Translation*]

Mr. Luc Harvey: Mr. Bramley, you said that Canada had to play a leadership role. Given that fact, you also talked about short-, medium- and long- term objectives. What do you think the short, medium and long term reduction objectives should be compared to 1990?

Mr. Matthew Bramley: The answer is quite simple. As I indicated, in the short term, we believe that the Kyoto objective is the one we should keep; after all, it a legal obligation. And as for the medium and long term, about a year ago we published, along with the David Suzuki Foundation, a fairly detailed analysis on climate change science and what it tells us as far as the reductions which should be achieved by 2020 and 2050 are concerned. We recommend, for 2020, a 25% reduction compare to 1990 levels, and 2050, a 80% reduction, still compare to 1990 levels. Other governments have already adopted targets in this range.

• (1050)

Mr. Luc Harvey: Mr. Chairman, how many seconds do I have left?

[*English*]

The Chair: You have forty seconds.

Mr. Luc Harvey: Okay.

[*Translation*]

I read Mr. Suzuki's book. Indeed, he discusses climate change at length, but no solutions were ever really offered. I had hoped to find the miracle solution in M. Suzuki's book, since you mentioned it, but I still have not found it.

Mr. Matthew Bramley: If you read the report Entitled “Réduire radicalement les gaz à effet de serre”, which was published by the David Suzuki Foundation and the Pembina Institute in November 2005, you will find an entire section dealing with the technological and economic opportunities to help us reduce emissions by 80% by 2050..

Mr. Luc Harvey: Can this be found on the Internet?

Mr. Matthew Bramley: Yes.

[*English*]

The Chair: Excuse me, Mr. Harvey.

Mr. Cullen.

Mr. Nathan Cullen: There was a proposition earlier, in Mr. Bramley's testimony, comparing the choices government has—between, say, a 1% reduction in GST and investments to combat climate change.

Here is a question for Mr. Dillon. The government has promised to pay out approximately \$1 billion for the pine beetle epidemic in British Columbia, in community restructuring. That's one sector of the economy, and it doesn't actually do much for climate change in terms of mitigating.... We haven't talked enough about mitigation. That's the word that needs to be applied here; “adaptation” is a slippery slope.

The question is this. The government has this almost duplicitous notion right now that it is respecting Kyoto: we're staying within the protocol, but we're not going to do the targets. We're meeting our Kyoto obligations, I've heard the government say, but we're not going to meet the targets. Does your association understand that statement?

Mr. John Dillon: Yes, I believe so. I haven't had detailed discussions with government officials about it, but as Louise Comeau was pointing out, there are a number of other obligations under the protocol and the convention that Canada is obliged to undertake, and as far as I'm aware, we are doing so.

Mr. Nathan Cullen: Are not the targets the thing, though?

Mr. John Dillon: The targets clearly are the most important thing; there's no question about that. The issue is that Canada is being more honest than most other countries about the difficulty it is going to have in meeting that target. It relates, as I said earlier, to the fact that we've taken on an extremely ambitious target relative to what measures we've taken, and frankly, to the level of engagement and debate we've had with the Canadian public.

Mr. Nathan Cullen: In your reading of the protocol, are we obligated to meet those targets?

Mr. John Dillon: I'm not an international lawyer, but yes, that's my understanding. Matthew Bramley has indicated what the penalty is if we don't meet the target. That's the only target that's provided for in the protocol.

Mr. Nathan Cullen: The penalties that are described in the Kyoto Protocol are quite worrisome in terms of the health of the Canadian economy and the Canadian public accounts. Would you suggest that's true?

Mr. John Dillon: The penalty is a 30% make-up in the second commitment period. We have yet to negotiate that second commitment period. We have yet to determine what our target is and what other countries' targets are, and indeed how many other countries will not meet their target and therefore potentially have to apply that penalty to their future commitments.

Mr. Nathan Cullen: How many years have we had consultations with large industry around climate change, from the federal government?

Mr. John Dillon: I'm not sure—

Ms. Louise Comeau: We started in 1998, going into the convention.

Mr. Nathan Cullen: Maybe some of the other witnesses can comment on this.

Ms. Louise Comeau: We had consultations leading up to the negotiation of the convention itself. Those started in 1988. There was a whole series of what they called the international negotiating committee meetings that definitely were well in advance of 1992.

The Chair: Mr. Dillon, did you want to finish your comment?

Mr. John Dillon: Industry has been consulted with respect to the convention and the protocol. With respect to what precise targets industry would have to meet, those discussions started after the protocol was negotiated. We didn't have much input into what the target was. We were told what it would—

Mr. Nathan Cullen: When did those negotiations start? What was the year?

Mr. John Dillon: There was a series of tables first, through 1999, 2000, and into 2001.

Mr. Nathan Cullen: It is safe to say that of the many things lacking in Canada's response to climate change, consultations wouldn't necessarily be one of them.

Mr. John Dillon: Well, effective consultation and consultation about what we're really going to do, as opposed to debating the target....

Mr. Nathan Cullen: I understand. I suppose the frustration many committee members have in some of the testimony we've had, certainly from industry, is that we hear one thing: every industry that comes before us says it's not their fault; somebody else has done it.

If you took all—

Mr. John Dillon: That's not what we're saying, Mr. Cullen.

Mr. Nathan Cullen: Allow me to finish.

•(1055)

Mr. John Dillon: Both Ms. Hughes-Anthony and I clearly said we have a responsibility—

Mr. Nathan Cullen: Yes, and she said that industry was down 1%, I believe, in her testimony.

If we tabled all of the reductions that industries have done across Canada, we'd be 50% below our targets, according to the testimony.

Mr. John Dillon: No, that's not accurate.

Mr. Nathan Cullen: My point is this. It is no different from fundraising, or a company going out to try to acquire capital. In setting a target, in setting a goal, whether that goal is necessarily achieved or not, the market—in your instance—looks upon companies favourably that are able to achieve targets and are able to set proper goals.

For Canada to do that, is it not important that we at least make the most sincere and wide-sweeping effort we can and that is possible towards our Kyoto target? If we fail on that, what possible negotiating leverage do we have heading into the next rounds?

Mr. John Dillon: Clearly, none of us in business feel good about a target that's not achievable, and then an international obligation. But we have to go back to what we are going to do in the future. What are we going to actually do to start reducing our emissions, and what does that mean about our approach to the international negotiations?

As I said to you earlier, I and many of my business colleagues have been a part of virtually every delegation that has gone to these UN meetings, and we've argued consistently that we need to get broader engagement. The Kyoto Protocol right now covers about 30% of global emissions, given the countries that have chosen not to ratify. Clearly, then, we need an approach for the future that brings more countries in; that develops the technology base that's going to produce real reductions over the longer term; and that makes that technology and that approach and that skill set, if you like, available to people and to countries around the world that all have this challenge going forward.

The Chair: Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chairman. My question is going to focus on some of these international targets.

Mr. Chairman, you would know this. In Kyoto, I believe you were there with the Prime Minister of the day, Mr. Jean Chrétien. According to the knowledge and the information that I have, he was convinced not to ratify the Kyoto Protocol in 1997, until he arrived at the scene and was basically convinced—

The Chair: That was 2001, Mr. Calkins.

Mr. Blaine Calkins: Was it in 2001 that he was convinced not to ratify? Sorry, Mr. Mills. I got the convention dates mixed up with the ratification dates.

The advice was that, at the time, the Prime Minister of Canada wasn't going to sign the Kyoto Protocol, but then he arrived at the meeting and was subsequently convinced by other world leaders to do it. Basically, it was for political reasons and to give advantage to his government of the day, by making an announcement that, I think a lot of people would agree, was simply unachievable.

A lot of other countries have been caught up in the same situation. They've ratified and agreed to this protocol for political reasons, without having achievable results within their own countries. There are a lot of other countries that are having difficulty meeting these targets. You've clearly outlined some of the ones that are.

Ms. Anthony and Mr. Dillon, could you just provide me with some information on why you feel these countries—and there's a significant number of them—aren't able meet their targets? Have they made the same mistake that we made here in Canada, where we set a target that was based on no information? What's caused this problem for these other countries that are facing the same challenges that we are here in Canada?

Mr. John Dillon: I can't give you a whole lot of insight into what's happened in these countries. From some of the reading I've done and from looking at some of the numbers, though, my sense is that they are having many of the same challenges we have in the areas of consumer use of energy and in transportation. In many European countries now, those are the largest growth areas. In other cases, some of those countries made commitments to reduce or phase out the use of coal-fired electricity. They haven't been able to do so quite as quickly as they had planned—what's happened in Ontario is the same thing—because it imposes real costs on consumers and on governments when it comes to phasing out existing plants that have been operating for thirty or forty years.

As I said, I think one of the challenges has been that too much of the focus has been on ambitious-sounding targets and not enough has been on what this really means in terms of how we're going to change our use of energy on a day-to-day basis.

• (1100)

Mr. Blaine Calkins: Ms. Anthony, do you have anything to add to that?

Mrs. Nancy Hughes Anthony: Once again, I'm not aware of the specifics of other countries' initiatives, but I do agree with Mr. Dillon. When it comes to looking at substantial changes to, let's say, power generation, which is one of the largest emitters anywhere around the world, including in Canada, you have to go through a process of debating whether you are moving to a different technology. Could it be clean coal, could it be nuclear, etc.? These decisions take place within an economic framework and take a very long lead-up time.

To go back to some of the comments that were raised, it does behoove us to have more of a strategic focus on not only the greenhouse gas emissions problem, but also on looking at energy sources and involving provincial and territorial governments intimately in this discussion, because they are the ones making those decisions on big issues like power generation in their home provinces.

Mr. Blaine Calkins: I'm sure you're familiar with the Genesee power plant. Genesee 3 is in my riding of Wetaskiwin, in Alberta.

Genesee 3 just came online in 2005, I believe. It is probably one of the cleanest clean-coal technology, coal-fired electrical generators that we have in the country right now, if not in North America. I believe that project cost upwards of close to \$1 billion. The lifespan of this particular plant is going to be over the next forty or fifty years, yet it has managed to reduce the greenhouse gas emissions from Genesee 1 and 2 by about 50%.

EPCOR made that decision. It takes a long time to plan these things. You make the decision based on the technology of the day, you secure the financing, and you have to do your cost-benefit. This plant employs a lot of people. There were a lot of people employed in building and constructing it, and so on. Yet the other coal-fired plants in the area are still halfway through their life cycle.

If we take a look today, I believe EPCOR is pursuing even cleaner technology for when they do the coal-fired generation. This is an example of how responsible business can lead us out of the situation. But even now that this plant was drawn up, hypothesized, created, built, and has come online, it was a process that took many years. But the technology is now there, through various other advances and so on.

It's the same thing with NOVA, which is also in my riding, with their ethylene plants. The reductions they have for the Ethylene 3 plant that's there made sense from a business perspective because they just needed to become more efficient in their use of energy.

So I believe industry is going to take us there anyway, and these are people you represent, of course.

The Chair: Mr. Calkins, you're into six minutes.

Mr. Blaine Calkins: Oh. Well, I'm on a little bit of a rant here.

Just to sum up, then, based on the fact that new technologies have come on so quickly and are still advancing, does it make sense for us, as a government, to start driving this when the technology is not there for organizations like yours, for investors, and for business people? Does it make sense to buy today when, if we waited a few more years, the technology would be there?

The Chair: I'm sorry, I'm going to have to cut you off. You're way over.

Our time is up, obviously, and obviously everybody wants in. Mr. Scarpaleggia is still on my list, so I'm going to recognize him.

Mr. Scarpaleggia, can you ask your one question? We then have to end the meeting. I'm sorry.

Mr. Francis Scarpaleggia: Yes, Mr. Chair.

I don't have a question. I was looking forward to an insightful and fruitful exchange with the witnesses, but given the time, I would like to ask that the committee proceed to the consideration of Mr. Rodriguez's motions.

The Chair: Mr. Scarpaleggia, I'm going to excuse the witnesses.

Thank you very much for appearing. I think this has been very fruitful and everybody has had great questions, and we appreciate that very much.

I have looked at both of these motions. I believe that both of these motions have been dealt with previously. I could quote the sections. Certainly, the second motion is one that we have the rule set at 24 hours. It would require unanimous consent to change that.

The second one we dealt with on November 21. I could quote again what we decided at that point, so I am again ruling that we would need unanimous consent to accept this motion. Basically, I believe this meeting is over.

Mr. Rodriguez.

• (1105)

[*Translation*]

Mr. Pablo Rodriguez: As far as the second motion is concerned, Mr. Chairman, I do not mind if we do away with the 48 hour notice; I have no problem with that.

However, regarding the first motion, there have been no other motions to debate this issue. There were discussions which should not have been held on...

[*English*]

The Chair: Mr. Rodriguez, let me quote myself from Tuesday, November 21:

I hate to throw anything else out, but of course the minister has been asked to come and we have a committee that's going to be struck very soon to look at Bill C-30. All of these things that we talk about today might well get into trouble because of other decisions; but for the clerk's sake, I just think we need a decision right now. As I say, I would propose December 12, unless someone has a great deal of difficulty with that.

In other words, we moved everything forward by a day because of the Liberal convention. That was agreed to. No one opposed that, so we moved that one day forward.

I'm ruling, then, that without unanimous consent, your motion is a decision that has already been made.

Mr. Pablo Rodriguez: I challenge your decision, Mr. Chair.

The Chair: That's fine, and at the next meeting—

Mr. Pablo Rodriguez: No, why at the next meeting? There's a challenge to the chair.

The Chair: We need unanimous consent, though, don't we to—

Mr. Pablo Rodriguez: On what? On challenging?

A voice: No, not on a challenge. It's majority.

Mr. Maurice Vellacott: He's ruled it out of order and he doesn't get unanimous consent.

The Chair: I'm going to end the meeting, Mr. Rodriguez.

We can discuss this, but remember the reason. Mr. Rodriguez, the reason for doing this was because we have arranged witnesses, so the clerks and researchers can arrange the witnesses.

Mr. Pablo Rodriguez: No, you can't—

The Chair: I know that Mr. Silva has another meeting, I know that I have another meeting, so this meeting is now over.

The meeting is adjourned.

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