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—
Chair

Mr. Lee Richardson

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• (1535)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): We'll now begin.

I'm very pleased to welcome today the Minister of Natural Resources, the Honourable Gary Lunn; his deputy, Ms. Cassie Doyle; and Richard Tobin, from the department.

Before we begin, I want to run over the schedule for today. I think the committee would like to hear opening remarks from the minister. Following his remarks, I think we will revert to questions, any questions the committee would like to ask, either on the remarks the minister is about to give on his estimates or on virtually anything within the department. I'm not going to hold you back from asking pretty much anything you want to ask.

I would suggest to the committee that we wrap up the session of questions by about 5 o'clock at the latest, if the minister could stay that long. We would then go through the estimates, not so much line by line, but there are half a dozen votes that we might take among the committee, if it's acceptable to the committee.

Very well. Without further ado, let me introduce the Honourable Gary Lunn.

Hon. Gary Lunn (Minister of Natural Resources): Thank you very much, Mr. Chair. It's my pleasure to be back before the committee. I think the last time I was here was in June, and I'm very pleased to be here to appear before the committee.

You mentioned Cassie Doyle, the Deputy Minister of Natural Resources Canada. She's been with us for four months now and she's been doing a great job. We've also got Dr. Richard Tobin, who is the assistant deputy minister of the corporate management sector.

With your blessing, I'll try to keep my remarks short, Mr. Chair. I'll touch briefly on a number of issues. I don't need the translation here myself—only if I speak French; then I need the translation to know what I'm saying. I'm going to talk about the Clean Air Act. I'm going to talk about energy efficiency and renewable energy. I'll briefly touch on renewable fuels. I want to briefly mention regulatory reform, science and technology, and forestry. I will conclude with a few comments on income trusts.

I'm looking forward to your questions, so I'll go through these areas briefly. Let me begin with the Clean Air Act, Mr. Chair.

Our government has, as you know, tabled the Clean Air Act, and I want to emphasize that this is a new approach. This is the first time in Canadian history that any federal government has ever undertaken

to regulate every single sector, from oil and gas to mining to forestry to the auto sector, on both pollutants and greenhouse gases. We believe this is a new approach. We think it's bold. We think it will have meaningful reductions in both the short and long term, and that's why we've taken this approach. I think it's important that we emphasize this.

I know there has been some discussion about the targets. I know there has been some criticism about the targets, about the fact there was a long-term target. I would like to bring to everyone's attention that in the notice of intent, there are also specific discussions on short-term and long-term targets, and that is worth emphasizing.

Of course we're all aware of the previous government's record. They set a target of 6%. The Commissioner of the Environment was somewhat critical of that because there was no plan attached, and in the 13 years they were in power, greenhouse gas emissions rose by 35% above that target.

But it's time to look forward, not backwards. Canadians want to know what we are going to do, so I want to stress to the committee that our government is consulting with every one of the sectors that I just mentioned. We genuinely believe they have to be part of the solution if this is going to work. We are going to consult with all of them. Consultations are going on now; in fact in one of the sectors, the electricity sector, there's another consultation tonight that I'm involved with after this meeting.

We have to consult with them. They have to be part of the solution. At the end of the day we have to come up with tough short- and medium-term targets, but they have to be realistic, they have to be achievable, and they have to be enforced. That is exactly what we're doing.

I just wanted to stress where we're going on the Clean Air Act. We think it's the right approach for this country. It's something we've never seen before.

There are other ways we are going to tackle the challenges facing our country, Mr. Chair. We all know the amount of energy we use as a country, the effect it is having on our environment, and the effect it is having on greenhouse gas emissions. I've said many times that one of the largest sources of untapped energy in this country is the energy we waste.

We are doing a number of things. In the industrial sector, we now have programs within our department through which we work with these companies and show them ways they can save. In some cases, a one-day workshop has resulted in up to \$250,000 in immediate energy savings for some of these companies, so there is some very good work going on.

We've introduced, as part of the Clean Air Act, changes to the Energy Efficiency Act. A number of household items...will be strengthened in the regulations. Some will be brand new; we will regulate them for the first time. There are very inefficient items; we will be able to create significant efficiencies in this area.

Another area the department is looking at, Mr. Chair, is labelling. A lot of us have bought appliances such as refrigerators. We see the energy efficiency rating on these appliances, but quite often when you talk to people, the numbers don't mean a lot. They don't pay attention to them. We're looking at making some changes in this area. We could actually make it very consumer friendly, so people could see immediately, for example, that this appliance would provide \$100 in energy savings annually over that appliance.

These are some of the areas we're looking at, but at the end of the day technology is really where we're going to win this battle. There are a number of technologies that are coming on stream, from very small items to very large items. We're very bullish on some of these technologies.

Let me share a few stories with you that you may not have heard. Group IV Semiconductor, a small company here in Ottawa in which we have invested a few million dollars, has taken solid state, not LED, and developed a way to turn it into lighting. The type of lighting they have developed is 95% light and 5% heat. The lights in this room right above us are 95% heat and 5% light. So what we're investing in this small company here in Ottawa will help them bring this to the marketplace and take it to the next stage of commercialization. This small company could actually revolutionize the way we light up North America. Right now, 5% of our total energy electricity consumption in North America is on lighting. So imagine if we could get our lighting to 95% efficiency instead of 5%. It doesn't take much to do the math.

I'm not sure if I've talked about the one-watt challenge. Many of the appliances in our homes, when put in standby mode, take 30 to 40 watts of power. There are technologies available today that can reduce that standby power to one watt. This is an area we're looking at.

So those are just a few items. We'll be very supportive of energy efficiency right across the board, from the consumers to the big companies, if there are ways we can help them. We believe it's in everyone's interest.

Let me now shift my focus to renewable energy. I'm very pleased to say that we are making significant progress. We're seeing wind energy increase at a very good rate in every corner of the country. We think this is very positive. There are lots of examples. I know that Nexen and GW Power Corp. have a 70.5-megawatt power project, and they will begin producing electricity in September. This will provide enough electricity, just from wind, for 25,000 homes.

But more importantly, this project's offsets will be 95,000 tonnes of carbon dioxide gases a year, and this is from just one wind farm.

From my conversations with many in the industry, they are approaching the point where they're commercially competitive on their own. So we think there are very exciting opportunities with wind.

As to solar, in August of this year our government supported the Horse Palace at Exhibition Place in Toronto. This is Canada's single largest solar installation. It will generate roughly 120,000 kilowatt hours of electricity, which is enough to power up to 35 homes. Again, it will reduce 115 tonnes of carbon dioxide annually. The really exciting thing about Exhibition Place is that you can go on their website and engage Canadians. You can see in real time how much energy is being created, and at the very same time see the offsets in greenhouse gases.

It's true that solar technology is expensive compared to the other forms of energy, but it's making enormous strides. We have plants right across Canada that are doing things. They're creating solar systems to light up airfields. I know the Kandahar airfield is lit by solar technology from right here in Canada.

I can see a day 15 or 20 years from now when we'll be putting solar systems in new homes, just as we put in heating systems today. I think there are exciting opportunities for solar in the years ahead.

Tidal is another form of renewable energy. I don't know if any members of the committee are aware that the Government of Canada is supporting a project where we actually lowered the first tidal turbine in North America and anchored it to the ocean floor right off the coast of Victoria. That was done last month. This tidal turbine at the Race Rocks research facility will allow them to completely remove the diesel generator in that facility. But more importantly, the people doing this project believe there is a great opportunity to do this on a larger scale.

● (1540)

There is an enormous amount of energy in the ocean, and if we can begin to harness that energy... Again, these are just other examples of renewable energy. Our government is very keen on this. We'll continue to support it.

Biomass is another area of emerging technology within the renewable sector. So there is a lot of excitement within the renewal energy field.

Let me just briefly touch on the renewable fuels. I know in the past you've heard us say that we're setting a mandate of a 5% ethanol content in fuel right across Canada by 2010. We also believe there is an opportunity to be looking at biodiesel. Again, this will take the equivalent of hundreds of thousands of cars off the road—and their emissions. These are tangible things that the Government of Canada is doing right now that will have a significant impact on the environment.

I should briefly mention, on regulatory reform, that this is an area that I think we need to look at. I've discussed it with my colleagues. It's on the drawing board. Right now, it's taking a long time to get a lot of projects approved through the regulatory approval process in a number of disciplines. I'm working with my colleagues at looking at how we can streamline this regulatory approval process. How can we put in defined timelines? We believe that by doing this you'll get a stronger result at the end of the day. By having a focused regulatory approval process that's very comprehensive, very complete, and by working with the provinces to eliminate overlap, we'll get far better results at the end of the day than by having a more patchwork approach.

There are some exciting things that are happening now. There have been pilot projects between various departments in the federal government, with some very positive results. We still believe there are opportunities to do even more, and that's an area on the radar screen.

Let me touch on science and technology. I said earlier that science and technology will be key. As many people on the committee know, we have a CO₂ sequestration facility at Weyburn, Saskatchewan, which our government supports. This technology is evolving at such a pace that we will have the ability to capture the majority of CO₂ gases from large final emitters. In the years to come, this technology, we believe, will be key to helping reduce some of these CO₂ gases. So this is something we want to invest in, in our research, to ensure that these type of projects go forward.

For example, clean coal technology is another area that has fascinating promise. Right now, they're looking at projects that can eliminate up to 60% of the emissions out of coal-fired generation facilities with the latest technology. Can you imagine if we can develop this technology here in Canada and can deploy it to places like India and China, where they use massive amounts of coal for their energy? If we can do that, we'll do more for the global environment than anybody could possibly imagine. That's why it's critical that we invest in these types of technologies and that we develop them right here in Canada. The benefits would be immeasurable.

On forestry, as everybody on the committee is aware, we've made a commitment of \$200 million to combat the pine beetle. I'm happy to update the committee that we're working very closely with the Province of British Columbia on looking at proposals. One thing that the department officials in both governments have agreed on is that we'll work together so that there isn't overlap and we're on one stream on how best to mitigate the infestation, on how we look at economic diversification. These are things we're looking at within the forestry. We also recognize that it is crossing over into Alberta. It is a priority for us to put in the dollars that are required to try to

control that spread. That's something that we believe is very important.

We're also investing heavily on the restructuring of the forest industry. Obviously, with the softwood lumber issue behind us with the United States, and the cheques starting to flow now and return to the industry, we think there are some opportunities for the forest sector. We want to be there to support them as they move forward.

● (1545)

Last, Mr. Chair, I think I'd be remiss if I didn't address the issue of income trusts. As you know, this was announced by the Minister of Finance on October 31. It has had an impact on the energy sector, but it's very important that we be straight upfront and forward with this.

We knew BCE and Telus were planning on restructuring their affairs as income trusts, which would have allowed them to avoid paying any corporate taxes at all. That was their sole reason. We also had information that led us to believe that there was such a potential in the financial sector and the energy sector as well, and it really put the government in an untenable situation. So we made a very difficult decision. We decided that it had to be done. There was no other option.

To offset those changes, Mr. Chair, we provided a four-year transition period for those existing income trusts, as you know. We also put forward a proposal to allow pension income splitting and also to raise the age exemption for taxation. These are a few areas in which we want to try to protect the individuals.

Clearly, we were not going to be in a position where we were going to allow the transfer of taxation from corporations to individuals. This was an issue of tax fairness between corporations and individuals. Clearly, we had no other choice but to act, and that is exactly what we did and why we did it.

With that, Mr. Chair, I would welcome questions from the committee members on any matter related to Natural Resources Canada, and I look forward to your questions.

Thank you very much.

● (1550)

The Chair: Thank you, Mr. Minister.

I would also like to thank you for the provision of additional material that has been provided to the committee. I'm going to ask the clerk to distribute that. This would be the material in response to requests by the committee. In Assistant Deputy Minister Howard Brown's recent appearance before the committee, he committed to a number of the members for specific detailed information. You have provided that today, Minister, so it is being distributed to committee members now. Thank you for that.

With that, we'll proceed with questions.

Just before we do, we are now going to revert to a format more formal than what has been occurring in the last few weeks. We have been having informal witnesses to educate the committee on the oil sands. However, we passed a motion earlier in the session to stick to strict time limits for the questions, so that everybody gets an opportunity to ask a question. We haven't had that happen in the last few weeks because we have allowed the questions to go too long.

I'm going to have to be pretty strict about limiting questions to five minutes each. That way, I think everybody will be able to get a chance to ask a question, should they so desire.

With that, I'd like Mr. Cullen to begin.

Hon. Roy Cullen (Etobicoke North, Lib.): Thank you, Mr. Chairman.

And thank you, Minister and Ms. Doyle and Mr. Tobin.

Normally, Minister, I'd find your comments sort of infectiously enthusiastic, but I must say, when I go through your estimates, my enthusiasm is dampened somewhat. I want to come back to that in a moment.

If you measure success as allowing the oil sands to grow the way they would like to without any constraints because the CO₂ emissions are going to be controlled on an intensity basis, then I suppose if that's your measure of success, the Clean Air Act does that. But I'm not sure that would be my measure of success.

Just to touch on the income trusts briefly, it's been reported that this is going to cause some consolidation in the industry, and then some Canadian companies could be the targets of takeovers. I don't know if you're going to stand by while the oil sands and the oil and gas companies are gobbled up like Inco and Falconbridge, but I hope you don't. I hope you stand up to the industry minister and say that our natural resource companies deserve some protection, or at least some public debate.

But I'd like to get into your estimates, Minister, because if you look at them, for a department that you would argue, I suppose, has some priority, the estimates to 2008-09 are reduced by some \$400 million, or by close to 30%. I'm wondering if you think that's the way the government sets its priorities.

Second, you talked about, and you have talked before about, energy efficiency and conservation and the importance of that. Of course, we know that the EnerGuide program has been scrubbed. We know that the wind power production incentive has been put on ice, or however you want to refer to it. In fact, in your own words, you talked about the industrial energy efficiency initiatives. I looked at your estimates, and those numbers have gone down from \$7.2 million to \$4.5 million in 2008-09. So I don't know if that's attaching a lot of priority to industry energy efficiency.

On CO₂ capture and storage, which you talk about often, Minister, I looked at your estimates, and there's a paltry amount of \$400,000 in 2006-07, which goes down to zero in 2008-09. I'm not sure that is reflecting that sort of priority.

You probably know, also, Minister, that in this committee we adopted a motion for the government to reinstate immediately the

EnerGuide program and the WPPI program. I'm wondering if you're going to do that.

I wonder if you'd comment on what I've just said. But also, when you came here last time, you said that the government would have an energy strategy or framework, or however you want to refer to it. We're still waiting, Minister, and the fall is just about over. I know you try to do things very comprehensively, very completely, but we're still waiting for the son or daughter of EnerGuide. We're still waiting for the son or daughter of WPPI. We're still waiting for the energy strategy. When are we going to see these things, sir?

• (1555)

Hon. Gary Lunn: Thank you very much, Mr. Chair.

Let me state this. You've asked a number of questions. Taking the last one, you're looking for the son or daughter of the WPPI or the EnerGuide program. The problem is that we're very unhappy with the parents of the previous program.

Hon. Roy Cullen: You shouldn't be.

Hon. Gary Lunn: Well, we are. We're evaluating a lot of things that happened in the past. There are a lot of them that didn't work.

The numbers clearly speak for themselves, Mr. Chair. When greenhouse gases under the previous administration rose at an alarming rate to 35% above their targets, you have to in fact challenge whether the programs they were doing were working. Were they effective? Were they efficient?

I will only say that we are looking at different areas where we believe we can invest in energy efficiency that will give the greatest benefit for the environment and for Canadians. That's where we're focusing our areas.

Mr. Cullen, with respect to the oil sands, you mentioned that they'll be allowed to move forward without any type of controls.

It's exactly the opposite. In fact, under the previous government there were no controls on greenhouse gas emissions. There was never any regulation of pollutants in the atmosphere. In fact, our Clean Air Act will regulate them for the first time in Canadian history. That is exactly why we brought in the Clean Air Act.

We're working with these sectors. We're coming up with tough regulations. These regulations will have to be achievable, they'll have to be realistic, and they will be enforced. I can assure you of that.

On CO₂ gases, you also mentioned there was a reduction from \$400,000 to zero. I can assure you that we'll be investing millions and millions and tens of millions of dollars in these types of technology.

Hon. Roy Cullen: Where is it?

Hon. Gary Lunn: Well, it may not be under some of your old programs, but you'll have to wait for this government.

I can tell you that in the nine short months we've been in office, we have launched the most aggressive and ambitious plan to regulate the industry on both pollutants and greenhouse gases in every single sector. Our government will be there to support these industries on energy efficiency. We'll be there looking at renewable energy.

We make absolutely no apology for planning to do things that are different from the previous government. We actually had some serious concerns on a number of areas in which the government was going. When we spend dollars, there will be accountability to ensure they deliver the results they're intended to deliver.

The Chair: Thank you, Mr. Minister.

Madam DeBellefeuille.

[*Translation*]

Mrs. Claude DeBellefeuille (Beauharnois—Salaberry, BQ): Thank you, Mr. Chair, and thank you, Mr. Minister.

Mr. Minister, the Minister of Finance has stood up to the oil and gas companies, as you mentioned, with regard to income trusts.

As Minister of Natural Resources Canada, do you intend to do your best so that the 100 per cent accelerated capital cost allowance tax incentive given to the oil and gas companies that are developing the oil sands is removed? This would help unlock some fiscal flexibility that could be invested in various ways in the renewable energy sector.

Don't you think that this incentive, which was implemented at a time when the sector probably needed it, is no longer appropriate, and that this measure, given the current cost of the barrel of oil, is a tax incentive that is very costly for Quebec and Canadian taxpayers? Don't you think that it's time for this preferential treatment to end, and for you to use your fiscal flexibility to invest more money in the renewable energy sector? For example, the forest industry wants to produce biomass and is facing a 50 per cent accelerated capital cost allowance, as for wind energy.

Mr. Minister, I think that the taxpayers from Quebec and across Canada who are watching us on television, have every right to wonder why your government is giving these oil and gas companies preferential treatment.

My second question is about the WPPI program. I've asked some questions to the Commissioner of the Environment and Sustainable Development. I was told that the program had been suspended, frozen, put on the back burner, that you were reviewing it, and that maybe, one day, it might be reinstated.

There are repercussions; you've seen them, as I have, or you may have read about them in the papers. Among others, one particular case in the Gaspé Peninsula has been going on for a year, and I will name one Gaspesian company, 3Ci. Murdochville was a single-industry mining town that has readjusted by creating jobs in windmill parks. According to this company:

This is an emergency. We have been waiting for nearly a year for a signal from Ottawa to continue the Wind Power Production Incentive Program. In our project preparation plan at 3Ci, we were supposed to be ready to go in the fall. It's now early November. Winter is on its way (...) If the program is not extended, it will imply a major overhaul of the third project's financing package.

Mr. Minister, our jobs and our economic environment are uncertain. The Gaspé Peninsula in Quebec, which is a region that needs to be revitalized, is a perfect example. Can you please tell me why you are delaying the re-establishment of the WPPI program? So I am asking you to tell the members of Parliament here when you plan on reinstating it.

● (1600)

[*English*]

Hon. Gary Lunn: Thank you very much, Mr. Chair.

Let me state at the outset, taking your last question first with respect to wind energy in Canada, I think wind energy will play a very important role in Canada's future energy mix. It's growing. There's enormous opportunity. Obviously it's a very clean form of energy; there are absolutely no emissions, so it's something we're very supportive of. I know you would love for me to suggest any kind of specifics, but obviously I'm unable to do that.

With respect to your capital cost allowance issue with respect to the oil sands, this was brought in, as you know, by the previous government in 1995. It was not even done for the entire oil and gas industry; it was only done specifically for the oil sands in the Fort McMurray region. It was done, as I understand it, to attract the investment dollars required to make those investments.

I've heard your representations. I will pass those along to my colleague the Minister of Finance. As you know, this is clearly a matter for the Department of Finance and the Minister of Finance as they move forward, so it properly belongs in the Finance pre-budget submissions or consultations. That's something I could not even offer a comment on. You would have to get that from my colleague, the Minister of Finance. It's clearly within his purview.

Thank you.

[*Translation*]

Mrs. Claude DeBellefeuille: Do I have any time left, Mr. Chair?

[*English*]

The Chair: Ms. Bell.

Ms. Catherine Bell (Vancouver Island North, NDP): Thank you, Mr. Chair.

And thank you to the minister and the deputy minister, etc., for addressing us today.

I have some concerns about one of the funding initiatives in the estimates. It has to do with chrysotile asbestos. As we know, chrysotile asbestos is known to kill people if handled improperly. There is what looks like an increase in funding to the Chrysotile Institute, which is an organization that is basically promoting a hazardous material.

We know in Canada that if it's handled properly there isn't a risk to people using it or handling it. But we know that this organization is promoting the export of chrysotile asbestos to countries that don't have the capacity to handle it in a safe manner. I would suggest that it's not responsible on the part of this government to fund an organization that is promoting such a hazardous material when we know that the World Health Organization, the ILO, and over 40 countries have spoken out against the use of chrysotile asbestos.

I want to ask why we're funding this, in the first place, and why we're increasing the funding, in the second place.

• (1605)

Hon. Gary Lunn: Thank you very much, Ms. Bell.

First of all, I don't believe we're increasing the funding. But that's something we can check and get back to you on. As far as I know, the funding was supposed to have remained stable. So if there is an increase, we will definitely get back to the committee and respond to you. But as far as I'm aware, the funding should be stable. There should not be any changes in the level of funding.

That funding is there because we promote the safe use of chrysotile. Chrysotile, as you know, is used in a number of products. It's not used loosely in any products. It's used in cement board or fibreboard to add strength. It's used in many countries for housing materials, where it works very well. It's a very inexpensive form for them to use in these types of building products.

Our government supports the safe use. We go through very strict measures in all of these countries where it's used to ensure it's handled properly and safely.

I've been out to the plant in Quebec. I've been through it. I've raised these concerns personally with the people in the industry. I went out and I've seen it first-hand. They package this material in packaging that, when it's used, goes straight into a machine that actually shreds the packaging in a contained area, so there's literally no dust, no fibres.

I appreciate that some of the ads out there might suggest otherwise, but they do take this very seriously. Our government believes it's important to put funding in place to support the safe use of chrysotile, and that's our position. That's been the position of this government for some time, and it remains unchanged.

Ms. Catherine Bell: Thank you for the answer.

Hon. Gary Lunn: We will get back to you on the funding increase. We'll respond to that.

Ms. Catherine Bell: Yes, in the estimates it appears to be doubled. I'd ask you to look at that.

Hon. Gary Lunn: Yes, we're happy to get back to you on that.

Ms. Catherine Bell: I'm still concerned about the use of it in other countries where they don't have the safety regulations that Canada has.

I have another question, and it's in regard to the offshore oil and gas moratorium, the 1972 moratorium on exploration of oil and gas on the west coast of British Columbia. I would ask you, simply, if you will be lifting that moratorium.

Hon. Gary Lunn: That's not something we're planning any time soon. Before a decision like that could ever be undertaken, there would have to be extensive consultations with the first nations, those people affected. So at this point in time, that's not something this government is considering.

Ms. Catherine Bell: Thank you.

The Chair: We will have another round today if we keep this schedule.

Mr. Allen.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Mr. Minister, staff, welcome.

I have a couple of areas that I want to push down on a little. One is more of a high level at the policy level, and the other is more at a targeted area in my riding, which affects the forestry industry.

The first one is with respect to energy policy and an allocation with energy policy development analysis. Electricity and petroleum resources are somewhere in the area of around \$20 million in 2006-07, and then that decreases over the next couple of years. With that trend in spending going down, do we expect that the policy development is going to be in such a state that we are going to have it well developed enough, from an energy policy standpoint, in the next year or so to make a good contribution to the integration of our energy policy with our environment policy? That's my first question.

• (1610)

Hon. Gary Lunn: Thank you very much. You've raised a very important point about the integration of Natural Resources Canada working closely with Environment Canada. Let's just say this is something that historically could have been a lot stronger, something that we're making a very conscious effort to do, at every single level—the ministerial level, the deputy minister level, and also within the department. It's been very well received, I might add, from the people both at Environment Canada and at Natural Resources.

With respect to energy, the two are integrated, and you have to deal with all of these issues in a coordinated approach. So I'm quite pleased with that really positive change that we've seen within the departments. Again, we believe it is absolutely necessary that this happen.

With respect to policy development, we'll put the required funds in. We're right now working with the various sectors—either the oil and gas or the electricity, the mining and the forestry—to ensure that we develop the policies that are in the best interests of Canadians. Where we need those resources, they will be put in place to develop these policies. Right now, we're comfortable with the numbers we have in front of us on policy development.

Mr. Mike Allen: I have a follow-on question to that. When the environment commissioner was here, she was talking about the past and she noticed in the report that there wasn't particularly one person whose rear end was on the pin to make sure the objectives and measurements were being achieved. This is for emissions, whether it be greenhouse or whether it be pollutants. Has that been worked out yet in terms of who is going to be the main go-to person for achieving the targets?

Hon. Gary Lunn: It's the responsibility of the entire government. The Minister of Transport is heavily engaged in consultations now with the auto sector, where we're going to regulate the auto sector for the first time. The Minister of the Environment is working closely with all the departments. This evening I'm meeting with the electricity sector, and I've met with the oil and gas sector.

All of these areas contribute to the greenhouse gases, and so I don't think the burden can fall squarely on one department. In fact, probably the worst approach is for the departments to work in silos. We need a coordinated approach amongst all of these departments, focused on the big picture, so that we have meaningful reductions in greenhouse gases and emissions, which we believe have a direct impact on people's health. That's where we're focused. The Minister of Health is heavily involved in all of these discussions, as we believe there is a link there as well.

Clearly there will not be a single person involved in this file. It's far too large for that; it's far too important a priority for our government. There are basically four lead ministers who are involved: the Minister of Transport, the Minister of the Environment, I am also involved, and the Minister of Health. Those are the four lead ministers who are on this file, as well as other ministers, because of the importance of this file.

I want to emphasize that this is the first time in Canadian history that any government has ever undertaken to regulate every single sector in this country on the reduction of both pollutants and greenhouse gases. This is a very bold, aggressive approach to the environment, and we're going to make sure it works. We're going to make sure we succeed on this file. That's why this government has placed such a high priority on it.

The Chair: Thank you. That's perfect timing.

Well done, Mr. Allen.

Thank you, Mr. Minister.

Mr. St. Amand.

• (1615)

Mr. Lloyd St. Amand (Brant, Lib.): Thank you, Mr. Chair.

Thank you, Minister, Ms. Doyle and Mr. Tobin, for your presence this afternoon.

Minister, I'll say this respectfully. Canadians are looking for leadership. They're not, if I may say this, looking for spin or a synopsis of what did or didn't happen over the last 13 years. Canadians are looking for leadership with respect to environmental issues, which certainly are part of your bailiwick as Minister of Natural Resources. You talked about ideas—laudable ideas—about wind energy, solar energy, etc., and every new home in Canada, 20 years hence, being heated by solar. But at the end of the day,

investors, manufacturers, and ordinary Canadians are wanting to know from you, as minister, what you actually have in mind with respect to developing our wind and solar energy sectors.

On the subject of sequestration, what actually do you have in mind with respect to concrete programs? Although you categorize your tenure as nine short months, they've been no shorter or longer than any other nine months in the calendar. So can you give us any guidance as to what you'll be doing in terms of programs?

Hon. Gary Lunn: I can only say, without getting into too many specifics, that obviously I know more than I'm telling you. It has to wind its way through various cabinet approvals, and it has to be developed. These are significant areas that we're looking at on the energy front that will have very significant impacts on the environment. We have to make sure we get it right.

We're looking at it. We're working with all of the sectors. I've had numerous meetings with my provincial counterparts. When you say they're not looking for spin and they're not looking for what happened in the last 13 years, it's very important that we evaluate what in fact happened. What were the things that actually worked? What are some of the things we can look at? What are some of the ideas that were not working?

Without question, we have a marked departure from some of the previous ideas of the last government. Clearly they were very supportive in allowing a carbon system where you could take government dollars and invest them in countries offshore. That's not something this country believes in. We want to see those dollars invested in technology in Canada, which we believe is the future.

Mr. Lloyd St. Amand: With respect, Mr. Minister, Canadians are resourceful—no pun intended. They're resourceful. They will have the ideas. They do have the ideas.

Hypothetically, a potential manufacturer of a solar energy unit, for instance, wants to put \$75,000, or whatever sum, of his own money into that. He wants to do it sooner rather than later, because time is wasting for him. What assurance can you give that you will be there as a government to help him out, to give him the figurative hand up? Or should he be looking to Finland, Norway, Germany, Austria—countries that are way ahead of us in terms of solar?

Hon. Gary Lunn: Again, we believe all renewable resources will play an important role in Canada's future energy mix, whether it be solar or wind. As I said, we're funding exciting projects now in tidal energy. We have research dollars. We have a lot of science work being done in these fields, both within government and within the private sector—in all of these areas—to ensure these technologies can develop and evolve.

As far as specifics regarding when someone can expect a cheque and how much that cheque will be—I think that's the question you're asking me—I'm not prepared to answer that today.

•(1620)

The Chair: Five minutes, Monsieur Ouellet.

[*Translation*]

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Thank you, Mr. Chairman.

Thank you, Mr. Minister, for agreeing to meet with us. Before I ask you a couple of questions, I wish to inform you that the light bulbs made with semi-conductors obviously represent an extraordinary breakthrough, but don't tell people that it will save on their winter energy bills. It doesn't save anything, because the heat emitted by ordinary bulbs helps heat buildings. Since people usually turn on the heat in the evening during the winter, you shouldn't say that. It doesn't work like that. I thought I would mention this in passing.

I was wondering if you were planning on being nominated as the greenest minister, just like Mr. Mulroney. When Mr. Mulroney arrived, he cut back on active and passive solar energy research. Some seventy-five researchers working in facilities on Montreal Road were dismissed. You yourself are cutting back on wind energy. We're wondering if you're doing this so that you can be acknowledged as an important minister in the field of energy.

To this effect, I would like to come back to the EnerGuide program. As far as I am concerned, the EnerGuide program was very important. As a matter of fact, it has not yet been buried. Based on my own professional experience, Mr. Minister, the EnerGuide program was efficient enough to save each household up to \$750 per year on heating bills, which provided this program with benefits over two-to-three years. This represents tremendous energy efficiency for any kind of building. So the 50¢ you claimed were to cover administrative costs were not really. Surely, you were misinformed because that's not what happened. I can understand the fact that you don't have much experience, but you were not properly informed.

Having personally worked in the energy efficiency of buildings, and nothing else, for most of my life, I can assure you that obtaining results in existing buildings is crucial, and that we need to assess the work prior to its execution and an audit of its accuracy after the execution. This is where those 50¢ went. Well, between 10¢ and 12¢ were for administration. Forty per cent of the costs were used for that. This is not a field where a visual inspection is enough. Specifically, you have to conduct leakage tests at 75 Pa, you need to have smoke tests near the openings, the baseboards, the floors, etc.; you need an infrared thermography test to see if the work has been done properly. All this has to be done to see if the work has been done correctly. This all costs money and is necessary. The industry knew that this cost 40c. on the dollar.

Furthermore, the program was very interesting for public housing where we provided up to \$500 000. In her report, the Commissioner of the Environment and Sustainable Development, Ms. Gélinas, talked about some program-assessment errors with regard to those 50¢ you mentioned. Your main deputy-ministers were of the opinion that the EnerGuide program had yielded good results. It was valid.

Mr. Minister, at this stage, can you announce a new similar or improved program, under a new name if you wish, before we let season after season go by, which will harm the energy efficiency of buildings, and more specifically, housing?

[*English*]

Hon. Gary Lunn: Let me try to touch on three points. Thank you very much.

First of all, when I gave you the example of the group from Group IV Semiconductor Inc. with the light, that's just one example of many ideas that are out there on technology, and an exciting one, when you can take lighting and get it to 90% efficiency. And that's just one little company that's doing something. Some of these are fascinating technologies, and I get quite enthusiastic when I see them because of the promise they hold.

Again, you've asked me if I can specifically announce a program. I told your colleague, with respect to wind...and you have to understand that obviously I cannot do that. It's not something I can do, so you'll have to accept that.

With respect to the specifics of the former EnerGuide program, it is true that just over 50¢ of every dollar went to the homeowner for actual retrofits to improve their energy efficiency. And you did talk about the audits, and the government supported those audits. The money going to the audits was outside of that money. The amount of just over 50¢ was specifically to the retrofits.

But of the people who had the initial audits done that the taxpayer was paying for, or partly paying for—they weren't paying for all of it, since it was a cost-sharing agreement—only 30% of them went on to actually get any type of retrofits done—only 30%. That number may have changed in the last few months of the program, but for the large portion of the program.... And I haven't seen the data. According to the latest data I've seen, of the audits done, only 30% of the people went on to actually get any type of retrofits. So with 70% of the money that we're spending on those other audits, not one ounce of benefit is going to the environment, not one ounce of greenhouse gas reduction is being done, because they didn't do anything. They only did the audit. So that is a fair point.

I think energy efficiency is very important, and for the consumer, and across all sectors. I absolutely believe the largest source of untapped energy in this country is the energy we waste, and there are many ways to look at how we can improve it. And I also think energy efficiency in the home and with the consumer is very important as well.

But I'm telling you that I believe it's very important. I'm the minister, but I can't tell you any more than that. I understand you would like to know, but unfortunately I can't say any more than that.

•(1625)

The Chair: Thank you, Mr. Minister.

That's seven minutes, so we're going to have to go to Mr. Trost.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

My questions are going to be a little bit scattered today, so forgive me. I've got specific interests in specific areas.

But let me commend you first, Mr. Minister, on two things. One thing is that, having sat on the previous committee when natural resources and industry were combined, I understand that the streamlining of regulations is very important. And as someone who has sat in mining camps where the senior geologist has spent most of his time working through regulations—not all with federal natural resources, we can go through 20 different departments to get something done—that is absolutely critical.

The other thing I wish to compliment you on is your emphasis on technology for clean coal and things like that. As has been pointed out before, only 2% of the human-induced greenhouse gases in the world are produced by Canada, so if all of Canada was wiped off the earth—forget just the oil sands, but all of our emissions everywhere—it would really do next to nothing.

But if we can develop technology, not only is it good for our economy and for exporting it, but it could help other countries that have challenges that are by a factor of 10 or 20.

Let me get into a few of my questions here.

First of all, I have a general question on the Geological Survey of Canada, and I believe I asked a similar question last year. For people not totally familiar with the geological sciences, it takes a very long time to get to be a very good geologist. I was wondering, is there a particular strategic plan? There are problems in the overall civil service with replacement, etc., but for some of the occupations in the civil service it is easier to train and attract talent that takes less time to mature than would be the case in the geological trades.

So I'm very curious. Is there any particular plan for renewal in the Geological Survey, not just for personnel, but looking at its vision again to see how it is, because it is really one of the gems of Canada? It cooperates with our provincial geological surveys and it is part of our infrastructure for our mining, which is very important to large portions of the country.

Hon. Gary Lunn: First of all, you talked about Canada's greenhouse gas emissions as being 2%. I want to make this very clear. We're taking this very seriously in our government. We absolutely are committed to reducing our greenhouse gases and pollutants in this country. It's a responsibility we feel is very important. You will see that. You've seen it. We launched our Clean Air Act. We believe regulation is the way to go. We are going to get tough on industry like it has never seen before. We are going to expect them to step up to the plate and make investments in technology to meet these new regulations like they never have before. We're going to regulate the auto sector, even though they would say they would rather have a voluntary agreement.

No, we are convinced this is the right way to go. This is only the beginning. This is just the beginning of our commitment to fighting greenhouse gases.

You asked specifically, Mr. Trost, about the Geological Survey of Canada. This is part of the earth sciences sector of our department. It has come up at the federal-provincial-territorial mines ministers conference. There is strong support for this across the provinces. It's something that we're looking at. I understand that this year alone, in

this year's budget, we've added \$800,000 to enhancing various initiatives, but primarily in post-doctoral fellowships and graduate student research. We recognize that if we want to have some of the very best geologists in the world, we need to make those investments now. That's just a small area, when you talk about some of the staffing levels, that we want to invest in. They can carry on to much higher levels in their education in pursuit of this.

I do acknowledge that the Geological Survey of Canada does some amazing work. We have a lot of scientists in our department who put a lot of effort into this. I've had discussions with a number of my provincial colleagues on how we can collectively work together to see that this is one area we can move forward in the future.

• (1630)

Mr. Bradley Trost: Thank you, Mr. Minister.

I have a very quick question, and then will follow up on the mining theme.

I believe on page 17 of part III of the estimates, page 60, it says, "NRCan will analyze and support improvements to the tax regime for exploration and development". That's very broad. There are things about deep tax credits for deep drilling. Could you expand upon that in any way as to what you're looking at?

Hon. Gary Lunn: The biggest win for the prospectors and developers in the mining industry was in this year's budget, when we gave a commitment to extend the super flow-through shares. This has allowed newer finds and, obviously, investments here in Canada. There are potentially 50 new mines on the drawing board right now in Canada. This is an unprecedented rate.

One of the benefits about these new mines is the enormous opportunity for employment within aboriginal communities. As you know, we face some human resources challenges within the trades in various sectors, and our department has invested, with some of the other provincial governments, on developing aboriginal tool kits—how we can include them in the front end, how we can get them involved in the mining association. In fact, I spoke this morning with the Canadian Aboriginal Minerals Association on their direct involvement.

So there are some really exciting things happening in the mining industry. The extension of the super flow-through shares is very good for that industry and will provide some really high-paying, good-quality jobs with the aboriginal communities, which we're very pleased with, and they've been very supportive.

I'm going to say the credit belongs to this association, the Canadian Aboriginal Minerals Association. They polled their members. They came forward with this and wanted to move this initiative forward, and it's been very well received.

The Chair: Thank you. We'll have to wait till the next round.

I want to thank the members, as we're moving along well. That completes round two of questioning, which is a remarkable—

Hon. Gary Lunn: Do I get any questions? Oh no, I have to give the answers.

The Chair: You're not going anywhere.

We're going to begin round three with Joe McGuire, followed by Mr. Paradis, and then Mr. Tonks.

Mr. McGuire.

Hon. Joe McGuire (Egmont, Lib.): Thank you, Mr. Chair.

I was going to ask about wind energy, seeing as how it's the only energy source in Prince Edward Island. It was one that was just beginning to be developed after many decades of hard work by some bureaucrats in the minister's department, in particular Raj Rangi, who spent 25 years going to North Cape. He finally gets a budget and some support from the federal government in developing wind energy, and at the very moment when it's taking off, the program is pulled. I know he's been asked that question three times already. I'll just move on so he won't have to not answer it again.

Go ahead.

•(1635)

Hon. Gary Lunn: For the record, it hasn't been pulled. As you know, when the previous government put out the Whitby funding, they had a limit on the amount of megawatts of wind energy that could be produced, and that program is fully subscribed. It actually hasn't been pulled. One could argue that it has been extraordinarily successful. Prince Edward Island is a great example when you look at the wind energy that they've been able to provide for their province. It has been quite remarkable.

Hon. Joe McGuire: That's right. We're almost able to catch up with Cap-Chat and Gaspé.

Anyway, I think that industry is very interested now, as the minister has said, and so were the provinces for the first time. I know Whitby was intended to be matched by the provinces. It never was, to my knowledge, but now Ontario and Quebec are matching.

Hon. Gary Lunn: The programs for wind vary from province to province.

Hon. Joe McGuire: But that's another reason why the program should be extended, because the province and industry are very interested in developing the industry.

I just took note that you were saying there was a tidal turbine project off Victoria.

Hon. Gary Lunn: Yes.

Hon. Joe McGuire: The Bay of Fundy has the highest, most powerful tides in the world. I'm wondering if there are any plans to continue to develop the turbine initiative in the Bay of Fundy.

Hon. Gary Lunn: One project in the Bay of Fundy that has been there for many years has a different technology, as I understand it. The tides come in and the project actually dams up the ocean water, and then it releases the water and creates the energy. It's not as efficient as some of the newer technologies that are coming on stream. Also, I understand it's not that environmentally strong. In fact, I talked to some of the people who were responsible for the environmental approval processes, and they said this would never get through an approval process because of the silting problems.

The latest technology that's coming on stream now is in tidal turbines. I actually went out to Race Rocks. They drilled 36 metres down into the rock and they grouted in a 36-inch-diameter column. It's in 20 metres of water and extends 7 metres up, and then there's a 5-metre-diameter turbine that's underwater. Catherine would know this, coming from Vancouver Island. It's in one of the most ecologically sensitive areas you could imagine, and the support that it has is phenomenal.

It's quite a new technology, and it's relatively economical. It's in almost the same range as wind, but it's based on tidal currents as opposed to the rise in the tides. These are in three-knot currents. The advantage there is that they're able to harness the energy going both in and out as the currents move. It's very efficient, very predictable energy, since the tide obviously moves twice a day.

I talked to the promoters who are doing this project earlier today. They were here from Pearson College, which is a partner in this project. They are producing electricity now and will be able to remove all the diesel generation on the Race Rocks research facility. It's quite exciting, and they believe they'll be able to do this in a larger scale in a commercial application in the near future.

It's something that I would encourage you to look into, because it's fascinating technology. The amount of energy in our oceans is just enormous, so if we have an ability to harness it in a way that does not leave any type of environmental footprint, that's quite exciting.

Hon. Joe McGuire: This is an entirely different question, so I'll save it.

The Chair: Just for the information of the committee and those millions watching on television, there was a noise audible over the network. It was simply a temporary bell. Debate collapsed and the vote was deferred. There's no need to move from here.

We will carry on with Mr. Paradis.

•(1640)

[Translation]

Mr. Christian Paradis (Mégantic—L'Érable, CPC): Good day, Mr. Minister.

Ms. Nash raised a question earlier with regard to chrysotile, and I would like to know the department's policy on this matter. I know a little bit about this file after having studied it. The department bases its position on the fact that there are various types of asbestos fibres, including chrysotile, and that studies indicate that this fibre may be used safely and in a controlled environment. These studies have been recognized all over the world for over 30 years. Peer reviews were carried out, and there is no comparison with the man-made fibres, whose impact on human health is not fully known.

The Chrysotile Institute is promoting its controlled usage globally, and especially in the buyer countries, namely through International Labour Organization's Convention 162. Personally, I am disappointed that these studies are said to be bought by the industry, when in fact, as I mentioned, there were peer reviews.

Is the Department basing its policy on these factual and scientific considerations?

Then, when it comes to Canada's Clean Air Act, unlike my colleague, I happen to share your enthusiasm. I think that it is a solid plan, and in my opinion, we are headed in the right direction. However, from what I hear, in the field, there are no short-term objectives. This is not how I interpret Canada's Clean Air Act, but it may be the case for part of the public and for some members from the Opposition.

So I would appreciate some more details from you on this issue, Mr. Minister.

[*English*]

Hon. Gary Lunn: Thank you, Mr. Chair.

I love it when your parliamentary secretary is the guy who asks you the toughest questions on chrysotile and targets. There's no holding back from him.

Just let me tell you briefly that on chrysotile—and you and I have spoken many times, as many committee members are aware, on this file—again, the position of the Government of Canada is that we promote its safe use. I'm aware of all the various studies. We have asked that a comparative analysis be done between the man-made fibres and chrysotile, because any decisions that we make will be made based on sound science. That's where we stand. We support the industry on its safe use, and that's our position as the government.

You also mentioned targets in the Clean Air Act and in the notice of intent. I think it's worthwhile to expand on this. Let me start off with the long-term target. We've heard a lot of people and our opponents say we won't do anything until 2050.

Mr. Chair, that is absolutely not true. Every single person in this room knows that if we're going to achieve those targets of 50% or 60% reductions, we must start today. You can't start in five years. You can't start in 10 years. These are ambitious, aggressive targets. You cannot wait.

So to suggest that nothing will be done until 2050 is absolute ludicrousness, Mr. Chair. It is happening now.

On the short- and medium-term targets, we absolutely will come up with targets. But we're not going to pull them out of thin air. We're not going to roll the dice and see if a six pops up and say that's

our number. We're going to consult with every single sector, from the automotive, to the oil and gas, to the mining, to the forestry, to the electricity sector. We're going to work with them, and we're going to come up with tough targets that they haven't seen before. They will be realistic, they will be achievable, and they're going to be enforced. You will see these targets come out in the next year, which is just around the corner.

It's kind of scary when you think how close Christmas is. My kids are reminding me of that every day when I call. That always signals to me that the end of the year is coming nearer.

We're almost into the next year, and we're consulting now. We are consulting on a regular basis at the official level and at the ministerial level. These targets will be real. There will be meaningful, aggressive greenhouse gas and pollutants reductions, something this country has never seen before in its history. We should be proud that we have a government that is prepared to take on every single sector and be ambitious.

I know that for political reasons some people like to suggest otherwise. As we saw when Mr. Mulroney brought in the acid rain treaty in the late 1980s, almost 20 years ago, the very same people criticized him. They said that he was doing nothing, that there were no targets, that it wouldn't work, that it wasn't fast enough. Those very same people who criticized him then gave him an award this year for being the greenest Prime Minister in the history of Canada, greener than Jean Chrétien, greener than Paul Martin. He was far more successful on environmental files than any other Prime Minister in the history of Canada. The same people are criticizing us with the same talking points they used to criticize him almost 20 years ago.

I can tell you that our government takes this file very seriously. You will see greenhouse gas reductions. There will be short- and medium-term targets, but they are going to be real. They're not going to be made up out of thin air. And they're going to be enforced.

● (1645)

[*Translation*]

Mr. Christian Paradis: Thank you, Mr. Chair.

[*English*]

The Chair: Thank you, Mr. Paradis.

Go ahead, please, Mr. Tonks.

Mr. Alan Tonks (York South—Weston, Lib.): Thank you very much, Mr. Chairman, and thank you, Minister, to you and your colleagues for being here.

Minister, I have two questions. One is in the forestry area and the other is in nuclear.

The estimates indicate that in the earth science and forestry area there is a 27% increase in the budget. You yourself referred to the mountain pine beetle, to which \$200 million has been allocated. I think the committee would be interested in knowing, because of the raging decimation of forests and the migration of the mountain pine beetle as it's impacting on the west, what amount of that is being put into research and, in terms of growing the limits of forest utilization that you have stated is a key goal, what is happening with respect to that whole issue around the mountain pine beetle.

Secondly, the estimates include \$10.7 million that has been added to the \$78 million for the Canadian Nuclear Safety Commission. I think the public generally is seeing some trends, especially in Ontario, with respect to nuclear energy and replacing the existing coal-fired plants with additional nuclear generation. Does this 14% increase indicate a policy direction with respect to a higher consideration for nuclear power within the general energy framework that your ministry is looking at?

Those are my two questions, one on the mountain pine beetle and the other on nuclear.

Hon. Gary Lunn: Let's start off with the mountain pine beetle. First of all, research dollars are going into mountain pine beetle, and some people believe it's been researched to death. We have our own scientists in the department. We have the Pacific Forestry Centre right in Victoria, where the scientists are doing research on an ongoing basis. One principle we have committed to on this is that we will not spend any of this money unless the Province of British Columbia's Ministry of Forests and Range and Natural Resources Canada both agree that this is in the interests and this is where we should be going.

There will be a number of key factors, and those discussions are ongoing and very positive. But research is being done now. The infestation in British Columbia is incredibly large. It's the size of the province of New Brunswick. In some sense, it's almost creating an economic boom in some parts, because as this wood is killed, it's still merchantable timber while it's still standing. So the forest companies need to harvest this timber at an accelerated rate because it's going to decay over time, and the longer you wait, the less value the timber will have. So that's one part of it, accelerating the harvest. There are ways we can support that.

One of the other problems we're looking at—and many of these communities will see a bit of an economic bonanza right now in the short term—is what's going to happen 10 years from now, when that timber is no longer valuable enough to be turned into merchantable timber. It's a serious problem. Then we could see a massive decline in the forestry in those communities. A lot of them are single-industry communities. So there's also a focus on economic diversification. Are there ways it could create new meaningful jobs? Those are some of the areas they're looking at.

I can give you some suggestions. It's been suggested we should be looking at the geosciences. Some work was done in certain areas where there was an extraordinary amount of new mining claims, where this geoscience work was done—very successful. So those are just some of the things that are happening. Obviously, fire suppression is an issue. In some of the communities surrounded by mountain pine beetle, there's a belief there will be a very high

increase in fire risk, and that we need to take down some of that timber surrounding some of these communities.

But I will say that regarding all the money, whether it's for research or these other initiatives, the province and the federal government are in absolute lockstep, working together in the best interests of the province.

Just quickly on nuclear, you raised it. I believe nuclear has a significant role to play. We're seeing a lot more activity. There hasn't been a new nuclear reactor built in this country for over 35 years. We're now hearing talk of two new nuclear reactors. For the Canadian Nuclear Safety Commission, yes, there was an increase in their funding. It's a regulatory agency. They will need more resources to do their work. I have to tell you that I think every single Canadian should visit a nuclear reactor. I was at Bruce Power and I was unbelievably impressed with what they're doing there. I found it amazing that this nuclear reactor provides, I believe, up to 25% of Ontario's hydroelectricity, and that all the nuclear waste in 35 years would have fit inside a hockey arena. Some of the research they're doing on the next generation of nuclear right now is to reuse spent fuel or take that nuclear fuel down to an even much lower radioactive level, so the storage becomes less of a problem.

So there are some very exciting opportunities. Nuclear obviously has no emissions, no pollutants, no NO_x, no SO_x, no greenhouse gases. It's a very clean form of energy. So I think the renaissance in the nuclear industry is coming back. I think it's very positive. I think there are opportunities—I'll say this—in the oil sands, for small nuclear reactors to generate the heat to recover the bitumen from the sand, which would have a significant reduction in greenhouse gases. So it's a very clean form of energy, and one that I'm very supportive of.

• (1650)

Mr. Alan Tonks: The genome people are here, Minister, next door. My question was motivated by something I saw in the research area with the genome institute. While you do have good researchers, I'm sure, I would suggest they might like to pay them a visit and have a look at what they're doing with the mountain pine beetle in the research they've brought.

Hon. Gary Lunn: Absolutely, and we are. We have researchers within the federal government, but we need to work in lockstep with the private sector. That's the same on the energy front. We want to support each other. I think partnerships with the private sector is the way to go, so our government scientists and the research that's being done within the private sector augment each other, so we find solutions more quickly.

I appreciate your comments. Thank you.

Mr. Alan Tonks: Thank you, Mr. Chairman.

The Chair: Thank you, Minister.

Thank you, Mr. Tonks. Those were very good questions.

We now go to Mr. Harris.

Mr. Richard Harris (Cariboo—Prince George, CPC): Thank you, Mr. Chairmen, Minister, and officials.

You probably would have thought my question would be about pine beetles, as I come from central British Columbia.

Hon. Gary Lunn: I'd bet a lot of money on that.

Mr. Richard Harris: I will say at the onset that it really is a tragedy, considering the pine beetle infestation was discovered in the early nineties in the Tweedsmuir Park area of British Columbia. Throughout the nineties, the previous government failed to recognize the clear and present danger and the imminent devastation that we're now facing in our forests in British Columbia.

Well, it's actually happened. Your assessment of the damage, Minister, is very correct. It has devastated the forests in British Columbia and the lodgepole pine.

There was some earlier talk about research. Notwithstanding all the research that has been done on this little critter, it still remains that the only way to stop it is to either freeze it or burn it. There've been a lot of scientific studies with pheromones to try to upset the natural progression of the life cycle, but it hasn't worked.

That being said, the pine beetle has pretty much had its way with the forests of British Columbia and, of course, has now moved into northern Alberta through the Whitecourt area.

What we are faced with now, Minister, is the term "mitigation". How do we offset the widespread damage the pine beetle has done, particularly in British Columbia, throughout Cariboo in central B.C., the southern part of the Rockies, the Kootenays, and the Kamloops area? The word "mitigation" has to be the main focus.

I want to be sure, Minister, that you and your department understand the latitude that is required when addressing the term "mitigate" for the pine beetle damage. These forest-dependent communities are going to need help in so many different ways, particularly to address the economic diversification but also to assist them. The rapid decline of the forest industry in a few short years is going to cause a huge reduction in the ability to maintain their communities and some of the basic needs of their communities.

Minister, I know the government has committed a great deal of money. Could you give us an update on the progress? Where are we now and where are we heading?

• (1655)

Hon. Gary Lunn: Thank you very much, Mr. Harris.

First of all, let me say that I am also from British Columbia. You said that when we knew there was a small contained area, it was actually right in the Tweedsmuir Park area. Every time I come home, my daughter still wants to talk about this. She's devastated by this. She's done some research in school, and she's in grade five.

Why didn't we cut down all the trees?

In fairness, it was the provincial government at the time. There was an ongoing debate in the early nineties. The provincial government at the time—it wasn't the federal government—refused to allow the harvesting of those trees in an effort to contain it.

But in any event, it was almost 15 years ago. Today is today, and we're faced with what we have. The government has made a commitment of \$100 million a year over the long term, as you know.

Containment or mitigation is an issue. We know it's so large that it's impossible to contain. If there are areas, especially up in the northeast corner, where there's a way to stop the spread into Alberta, because it's in Alberta now, it's obviously a priority. Fire suppression will be a priority. You cannot ignore the fact of economic diversification, as you've talked about, especially for some of the single-industry towns. Those are areas that we're focused on.

We're obviously looking at the accelerated harvest.

There are a number of pine beetle groups in British Columbia that comprise industry and community members, as well as a task force that the provincial government set up. Obviously, we're in close consultation with them.

The last thing we want to do is go out and invest dollars and not be in lockstep with the province. It's in their backyard. We want to be there to support them. I have regular conversations with the Ministry of Forests in British Columbia. As this moves forward, we're going to be there to support the province in the best way we can and to maximize every single dollar to help the people in these affected areas.

Mr. Richard Harris: Thank you, Minister.

The Chair: Thank you, Mr. Harris.

That does get us through three rounds.

Very quickly, Mr. Cullen.

Hon. Roy Cullen: What does that mean?

Thank you, Mr. Chair.

Minister, when you're limited to five minutes, I realize you can't answer all the questions.

• (1700)

Hon. Gary Lunn: Well, it's two minutes to five.

Hon. Roy Cullen: I didn't hear anything about the foreign takeovers of Canadian natural resources companies. I didn't hear anything about why your departmental estimates have been reduced by \$400 million or close to 30%. But the other thing that concerns me somewhat is this book, the estimates book.

We've heard from my colleagues in the Bloc; they mentioned some funding for the asbestos project, and you said you're not going to be doing that. I asked you about the carbon dioxide sequestration, and you said that even though you're reducing the budget in here, this is going to be a really important program for you. So I'm wondering if maybe when the department put this book together, you missed that meeting. That can happen.

Hon. Gary Lunn: They don't let me miss many meetings. I wish they did.

Hon. Roy Cullen: I guess the only point I'm making, Minister, is that the next time you come back, if that happens, could the book sort of correspond with the political priorities that you see? This book, which goes through to 2007-08 or 2008-09, doesn't seem to reflect that,

So I just put that point out there, but I'd like to ask a question, if I might, quickly, about the oil sands. Your assistant deputy minister of energy was here the other day, and I don't want to paraphrase him, but he seemed to leave the impression that the markets will solve many of the challenges up there, the problems—the social problems in Fort McMurray, the problems dealing with the water usage, the problems dealing with the highest and best use of natural gas—the environmental and social issues, that the market would sort all this out.

I know that as Liberals we don't feel that the market solves everything. We don't think the government solves everything. But could you comment on whether you support the departmental view that all the issues and challenges in the oil sands will be solved by the market?

Hon. Gary Lunn: First of all, I'm very confident. I know Mr. Brown well. I'm sure we'll have to check the record, but in all of my dealings, his department invests heavily in research on water, on the water shortages. We recognize the challenges we're facing there, and they partner with industry in the department in doing a lot of work. So there absolutely is a role for government and will continue to be. We seem to have gotten some wires crossed, but I don't believe that's the view of the department, nor of Mr. Brown. I'm quite happy to state that on the record.

You've asked a number of questions, as you did your first time, so it's hard for me to keep up to you, Mr. Cullen, on all your questions.

You talked about the decrease in the departmental budget. In fact, the budget this year in the department has increased by \$340 million, or 31%—this year over last year—so I'm not sure where you're getting all your numbers from.

Oh, I see where you're getting your numbers from.

The overall budget has increased, but virtually all of that increase in the departmental budget, I think, just for the record, is going through to the Newfoundland and Labrador agreement, and Nova Scotia, on offshore revenues. Basically, we collect them from the industry, and then we just flow them through to the province. So that's the reason for those numbers, if you actually see that.

What was one of your other questions?

Hon. Roy Cullen: Is the takeover of natural resource companies by foreign companies an issue for you? Do you worry about that at all?

Hon. Gary Lunn: Yes, it is an issue. We think publicly traded companies are an interest where we have to let the markets.... We've seen that with the whole Falconbridge and Inco process. The market is going to come up with the best conclusion.

But I think it's a very valid concern to be raised. If you're going to see a foreign state-owned company wanting to take over a company here in natural resources, that's very much worthy of a debate, and we should have a good, wholesome discussion on that. That's another issue that we haven't faced in this country, but I think it merits that we have a hard look at that, if we ever cross that road.

It's after five o'clock now, Mr. Chair. Perhaps I can leave the committee with one thought, because I know the committee is committed to doing some extraordinary work.

We have a couple more short questions? Sure. Why don't we do those quickly, then?

The Chair: Thank you, Mr. Minister.

I think I will ask for your indulgence. We did, for the first time, get to the fourth round; Mr. Cullen began. I think it's only fair to allow the others to complete their final questions. So can we keep it tight?

I'll ask Madame DeBellefeuille to begin.

[*Translation*]

Mrs. Claude DeBellefeuille: Thank you, Mr. Minister, for staying on a little longer in our committee. We don't see you very often, and so we would like to take advantage of your presence.

With all due respect, I found your reply somewhat simplistic, when you tossed the issue of the accelerated capital cost allowance tax incentives into the Minister of Finance's court. That's too easy. I expected a Minister of Natural Resources to influence the Minister of Finance in order to promote the renewable energy file and convince him that he could recover the funds. Normally, a Minister of Finance likes to recover poorly used funds. In the case of this tax incentive, it is obvious that the oil and gas industries that harness the oil sands no longer need this incentive. Various witnesses have told us that the oil and gas industries would not stop operating and investing if this incentive were removed. You're not very convincing, Mr. Minister, when you reply that it is none of your business and that you will send my regards to the Minister of Finance. On the contrary, I think that it is your job to demonstrate your leadership and convince him to recover these amounts.

Furthermore, you say that wind energy is important. You also state that you cannot make any announcement and that it is not your fault. You also claim that you cannot give us any indication on the possible continuation of the WPPI program.

Can you explain why you cut the Renewable Power Production Incentive, when this announcement had created very specific expectations in the industry, which was counting on this contribution to launch cogeneration projects, for example?

I think there is a difference between your wishes and your priorities, and the importance you are giving it in your budget. As a new member of Parliament, I am somewhat surprised, Mr. Minister, by the lack of coherence between your wishes and your desires and the money you are earmarking in various programs and in the budget.

• (1705)

[English]

Hon. Gary Lunn: Let me simply say that you're absolutely right. It's not that I'm trying to lay fault on—

[Translation]

Mrs. Claude DeBellefeuille: We rarely hear that from a Minister.

[English]

Hon. Gary Lunn: I'm simply saying it's a fact. You'll have to wait and see on some of these initiatives you've talked about.

With respect to the depreciation, what it really is on the oil sands is financial policy, and it's ultimately the decision of the Minister of Finance. Now, you may not like that; you may wish it was my decision. But it's the decision of the Minister of Finance. As you are fully aware, budgetary matters are held very tight. They're not released in advance. They can have impacts on markets. That's why I offered no comment on that.

The process is to make these presentations to the finance committee in their pre-budget consultations. They go away and write their report, and they make that presentation to the Minister of Finance. Then on budget day we find out the results of that. That's the way the process works.

I don't think it would be prudent for me to start speculating on any of those matters, one way or the other. As much as you would like me to, I'm not going to.

Thank you.

[Translation]

Mr. Christian Ouellet: Is there any time left, Mr. Chair?

[English]

The Chair: All right. Very short.

[Translation]

Mr. Christian Ouellet: In his report of 2006, the Commissioner for the Environment and Sustainable Development confirms the importance of leadership, and implies that the government should develop a clear sustainable development strategy.

Have you started preparing a federal sustainable development strategy, especially applicable to oil sands and striking a balance between your Department's global warming file and Canada's Clean Air Act?

[English]

Hon. Gary Lunn: Let's say that I have read the report of the Commissioner of the Environment as well, as you have. We take her recommendations in the report very seriously. As I said earlier, we have launched our Clean Air Act, which we think is a very bold and innovative approach, regulating every single sector on both green-

house gas emissions and pollutions, for the first time in Canadian history.

I don't think we should be minimizing the approach this government is taking and the potential impact it will have, but we're also looking at the other recommendations of the Commissioner of the Environment on a number of fronts. At the end of the day, we'll be held accountable for our actions. All of our decisions are focused on delivering results for Canadians, and that's exactly what we're doing.

• (1710)

The Chair: Thank you.

Ms. Bell is next.

Ms. Catherine Bell: Thank you.

I would like to go back to the chrysotile asbestos issue, because it was brought up again in between.

I have to let you know where I'm coming from on this. This is a hazardous material. All asbestos is known to cause cancer—not just chrysotile, but it is included. What I'm saying is that it's irresponsible of Canada to be funding an organization that is promoting this material to developing countries because it's cheap. You said it is a cheap source of building material, but it's mixed in with cement. It is in a powdered form. When it is used in these developing countries for building houses, in time it's going to deteriorate, and people don't know its toxicity. What I'm saying is that we cannot turn a blind eye to the health and safety of people in other countries just to have a cheap source of building materials.

We're not attacking the industry in Canada. In Canada we recognize that there are safety procedures that are followed. What I'm saying is that in other countries that's not necessarily the case.

I want to ask another question. You talked about sustainable development. For me sustainable development means there is something left for the future, for our grandchildren. What's happening with the forestry industry in British Columbia and across this country is that we're seeing the export of raw logs at an alarming rate. I know the federal government has jurisdiction over private lands with respect to the export of raw logs. Will Natural Resources Canada, with their commitment to sustainable practices and sustainable industry, commit to banning the export of raw logs and maintaining jobs for the future of Canada's forest industry in our communities?

Hon. Gary Lunn: Thank you very much.

First of all, let me touch on your first question concerning chrysotile. I think you asked me earlier about that, about the funding. It has not been raised, just for the record. The funding is \$250,000—\$125,000 of that comes from the Province of Quebec and \$125,000 is coming from Natural Resources Canada. So we provide \$125,000 a year, again in partnership with the Province of Quebec, to promote safe use.

I will just say this on chrysotile. Chrysotile is an asbestos fibre. There are six known asbestos fibres. Of the six known asbestos fibres, chrysotile—and the science is not disputed—is the least carcinogenic. There's also science out there that suggests that the man-made substitutes, which are produced primarily in Europe, are far more carcinogenic than chrysotile, and that is science that's out there. That is why we have asked for studies to be done to compare the two, because we want the absolute straight scientific evidence so we can make this decision based on science. There is a lot of research out there that suggests that.

That's the position of the government. And again, I can tell you that I have visited these plants in Quebec myself and have seen first-hand how it's done, how it is packaged, and I was very impressed.

We've also talked about when it's used by countries that do use it. I know that some people suggest that bags are ripped open and that people are digging it out with their hands. But I'm told that these entire packages go into machines where the bags and everything are shredded. The fibres are then put inside concrete and in various products in which the fibres are encased inside, that, I would submit, provide a lot of social good. They provide a lot of housing in countries where there may not be alternatives.

In fairness, there's science on the other side too. Mr. Martin knows that. I know that. But I think it's important that we get the absolute straight goods and that we ask for that information. We've asked the World Health Organization to do those comparative analyses, not us. We've asked for that information. Let's get the straight facts in front of us, and let's make these decisions based on science. That's the position of the Government of Canada.

Oh, I'm sorry, I said funds come from the Government of Quebec. It's another federal agency. So I apologize. It's \$125,000 from Natural Resources Canada and another \$125,000 from a federal agency, for a total of \$250,000 in federal dollars to promote safe use. Thank you for that.

On the issue of raw logs, I'm very much aware of this. I'm from Vancouver Island, as you know, Ms. Bell. I can let you know that I've had many conversations with the Minister of Forests and Range. There's provincial jurisdiction here. We were successful in negotiating language in the softwood lumber agreement with the United States so we can revisit this, and we have a side letter of agreement.

We believe that the lumber produced from these logs, which are coming primarily from private lands, as you know, should be exempted from the softwood lumber agreement, much as the Maritimes are. We think that would provide enough of an advantage that we could process those logs on Vancouver Island. We could keep the jobs for the forest industry on Vancouver Island. That's what we're all striving to do.

You have my commitment. We're aggressively pursuing this in the interests of the forest industry in British Columbia and on Vancouver Island, and hopefully, we can reach a satisfactory conclusion, because at the end of day, we're most interested in those workers on Vancouver Island and having those processing jobs stay right there.

Thank you.

• (1715)

The Chair: Thank you, Mr. Minister.

Mr. Paradis.

[*Translation*]

Mr. Christian Paradis: Mr. Chairman, thank you.

Mr. Minister, I see that time is flying by. Thank you for appearing before the Committee today. Before you leave us though, can you tell us how you feel about the Department's upcoming challenges?

[*English*]

Hon. Gary Lunn: I like to categorize them as opportunities. There are enormous opportunities on the technology front. Canada is emerging as an energy superpower. We're one of the largest producers of oil; I think we are the fourth or fifth largest producer of oil in the world. There's natural gas, we have uranium, and we have nuclear here. We have some of the most extraordinary sites for renewable energy such as wind. So it's very important that as we emerge as an energy superpower, we emerge as a country that delivers clean energy. It's very, very important.

So I think those are exciting opportunities as we pursue these—the development of clean coal technology, the development of CO₂ sequestration. These are exciting opportunities for our country. They could have enormous benefits on the global environment as we move forward, especially if we can deploy these technologies to other parts of the world that may not have them.

In conclusion, Mr. Chair, I would also like to invite the committee.... One area that I think could stand to have a lot of work done is regulatory reform. I know there has been work done, but I would be quite interested in seeing where the opportunities are in improving our regulatory approval process between federal departments, within the provinces. Where are the inefficiencies now and how can we get a stronger outcome that would in fact have better results for the environment as well? I would be quite interested to see if the committee ever had time to pursue something like that. I think that would be very useful for the government.

With that, I think time is short. I thank you for inviting me to the committee, and I always look forward to reappearing.

The Chair: Thank you very much, Mr. Minister. I do appreciate your staying to allow everyone to ask all the questions.

I think a number of the questions asked were related to the estimates. It is the last item on our agenda and I'm going to have to move quickly to that, having allowed these extra questions.

Thank you, Mr. Minister, for appearing.

Pursuant to the order of reference made on Monday, October 30, we have the supplementary estimates, Natural Resources.

Shall vote 1a carry?

Hon. Roy Cullen: Mr. Chair, I was just going to say that I don't know how we can cut more. They've already slashed it enough, so I'll be supporting that vote.

• (1720)

The Chair: All right.

NATURAL RESOURCES

Department

Vote 1a—Operating expenditures.....\$111,717,415

(Vote 1a agreed to)

The Chair: Shall vote 10a carry?

Ms. Bell.

Ms. Catherine Bell: I'd like to move that vote 10a be reduced by \$249,999 to bring it down to \$1.

The Chair: Ms. Bell has moved that vote 10a in the amount of \$21,661,710 be reduced by \$21,661,709.

Ms. Catherine Bell: No, reduced by \$249,999, and perhaps I can explain.

The Chair: Well, perhaps you'd like to.

Ms. Catherine Bell: It's to do with the line for the Chrysotile Institute, which is \$250,000. I understand I cannot make a motion to reduce it right down to zero. Anyway, regardless, I would not like to see the taxpayers' dollars flowing to an organization that is promoting the use of something that even the natural resources minister said is the least carcinogenic.... I believe we should not be promoting carcinogenic material in any form, and therefore I have made this motion.

The Chair: We had considerable debate on the question while the minister was here. Is there any further debate?

I shall call the question on Ms. Bell's motion, that vote 10a be reduced by \$249,999.

(Motion negated [See *Minutes of Proceedings*])

The Chair: Shall vote 10a carry in its original form?

Vote 10a—The grants listed in the Estimates and contributions.....\$21,661,710

(Vote 10a agreed to)

The Chair: Shall votes 15a, 20a, and 30a carry?

Atomic Energy of Canada Limited

Vote 15a—Payments to Atomic Energy of Canada Limited for operating and capital expenditures.....\$8,400,000

Canadian Nuclear Safety Commission

Vote 20a—Program expenditures.....\$10,671,756

National Energy Board

Vote 30a—Program expenditures.....\$724,597

(Votes 15a, 20a, and 30a agreed to)

The Chair: Shall I report the supplementary estimates to the House?

Some hon. members: Agreed.

The Chair: You just didn't get enough questions in today, Mr. Cullen. We'll start off with you at the next meeting.

You're all welcome back on Thursday. Thank you for your attendance and for your questions today.

The meeting is adjourned.

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