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Chair

Mr. James Bezan

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•(0935)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order

I want to welcome all of you here to continue our study of Bill C-33, a bill enabling the government to set up our mandate on biofuels.

I want to welcome to the table today Roger Samson, executive director of Resource Efficient Agricultural Production Canada, or REAP Canada; and from Rothsay we have Todd Moser. From the Canadian Vehicle Manufacturers' Association we have Mark Nantais; and from the Canadian Petroleum Products Institute we have Gilles Morel and Gene Carrignan. Welcome to the committee.

I ask that all witnesses make their opening comments in ten minutes or less. I will hold you to that, since we have a tight agenda today.

With that, I'll open it up to you, Mr. Samson.

Mr. Roger Samson (Executive Director, Resource Efficient Agricultural Production (REAP) Canada): Thank you very much, and good morning, everyone.

If you want to get out our brief, it's in the briefs that have been circulated to you. Actually, we have revised this and added some references, so a new brief will be coming to you.

Basically, REAP Canada is a research and educational organization that's been working since 1986 on sustainable agriculture and, more specifically, on biofuel development in Canada since 1991. We released the most recent report on greenhouse gas mitigation from biofuels in Canada last month, and that brief is called "Analyzing Ontario Biofuel Options: Greenhouse Gas Mitigation Efficiency and Costs". There were seven authors on that report, and we would like the committee to review it in detail to better understand the biofuel issues.

There are two things that make a good biofuel: that it's very efficient at displacing greenhouse gases, and that's its cost-effective for the Canadian taxpayer.

If you look at figure 1 in my brief, you'll see the life-cycle greenhouse gas emissions for production of bioenergy fuel technology by energy-use sector. We compared three sectors: the transport sector, the green power sector, and the green heat sector. You'll see that in terms of greenhouse gas emissions, the heating sector and the green power sector are more efficient at reducing greenhouse gases. They have lower emissions.

If you go to figure 2, you'll see that on a percentage basis. You'll see that corn ethanol, according to our report, is 21% efficiency in terms of a greenhouse gas offset and biodiesel is about 50% to 58%.

In Europe, they've created a biofuels standard where the EU must show that they generate at least 35% less greenhouse gas than gasoline and cannot come from land with a recognized high biodiversity value. So corn ethanol would not be eligible in the European Community, whereas if you look at green power and green heat, you have offsets of 80% to 90%.

So what makes a good biofuel? A very good offset makes a good biofuel, and the second criterion is its cost.

If you look at figure 3, you will see we've done the pricing. We examined the federal and provincial subsidies available in the province of Ontario, and we looked at the offset efficiency of those fuels. What we saw was that biodiesel is about \$100 a tonne in terms of mitigation costs and corn ethanol in the province of Ontario, with current incentives, is \$375 a tonne.

If you look on the right side of that chart, you'll see there are options available for about \$50 a tonne in quite a number of technologies, including one we've worked on, which is growing grass, pelletizing it, and using it as a thermal fuel offset.

If we scan through to page 9 of the brief, in table 1 we see our fuel analysis in terms of net greenhouse gas offset of renewable fuel. How can we use an acre or a hectare of farmland to offset greenhouse gases efficiently? We've shown the offsets here: about 900 kilograms from soybean biodiesel per hectare; corn ethanol, 1,500 kilos; cellulosic ethanol, 4,700 kilos; and switchgrass pellets, 13.5 tonnes per hectare, eight to ten times more efficient than corn ethanol as a strategy.

We're inviting anyone in the Canadian scientific community to challenge these numbers. We're very confident in these numbers, and we don't understand why the Canadian government isn't embracing more efficient offset technologies.

In our recommendations for the committee, we have three major concerns about this legislation. The first is that it won't appreciably reduce greenhouse gas emissions. We've been told that 4 million tonnes of offsets could be expected. If you run the numbers from our recent report, we find the numbers only come up to 2.1 million tonnes—almost half of what the government is saying to Canadians.

Secondly, we think a serious land conversion problem is going to occur, because Canada doesn't have the land base to grow that fuel. We're going to have to either import it or turn our grasslands into arable croplands, and that's going to release large quantities of greenhouse gases. Several scientific reports came out last month, and they talked about 50- to 130-year paybacks for that land. So this is not going to reduce greenhouse gas levels at the levels that are proposed. We do not believe that's going to happen.

● (0940)

Thirdly, it's not a made-in-Canada solution, because Canada largely will import the corn to make this ethanol. And in terms of biodiesel, it's just too expensive. Canola biodiesel today is \$1,000 a tonne, and it's \$1,300 a tonne for soybean oil. These do not make economical biofuels. The incentives that are available today for the federal government are not going to make it in terms of the 2% blend.

The legislation does not demonstrate fiscal responsibility. Carbon dioxide offsets, as you saw from the charts on corn ethanol, are in the order of six to ten times more expensive than other options.

We recommend three things that the government should do. The government should implement results-based management strategies throughout its research and incentive programs to ensure that the desired outcomes of greenhouse gas mitigation and rural development are achieved. We think the environment can be a winner, farmers can be a winner, and taxpayers can be a winner if we develop effective policy, but we don't have an effective policy framework today to address the carbon dioxide problem.

The second point is the government needs to embrace perennial energy crops and abandon the use of annual crops as biofuels. It should be recognized that there's a limited surplus arable land base in Canada, and the main opportunity for biofuels is from our perennial landscapes. Use our farmland that's marginal and grow biofuels like switchgrass for pellets.

The third point is that the government needs to embrace parity in terms of the way it's applying incentives to the biofuel sector. The Canadian government should not pick winners. There's a joke that governments pick winners but losers pick governments. Really, what we need to do is embrace carbon dioxide pricing as a means to create an effective strategy to reduce carbon dioxide. We would like to see Agriculture Canada expand its research in the use of whole-plant lignocellulosic perennial crops. Currently there's a deficiency in research funds in this area, and we would really like to see that strengthened.

Thanks very much.

● (0945)

The Chair: Thank you.

Now we have Mr. Moser, from Rothsay.

Mr. B. Todd Moser (Vice-President, Alternative Fuels, Rothsay): Mr. Chairman, members of the committee, thank you for giving me the opportunity to appear before you this morning to share my insights on Bill C-33, an act to amend the Canadian Environmental Protection Act, 1999.

I come to you today as someone with over twenty years' experience in the refining, supply, distribution, and marketing of conventional petroleum products in Canada and as vice-president of Rothsay, a proud member of Maple Leaf Foods and a pioneer in Canada's biodiesel industry. I trust that my practical and commercial experience in both conventional and alternative fuels will be beneficial in today's proceedings.

I would like to impress upon the committee two messages today: first, that alternative fuels like biodiesel hold many benefits for Canada and Canadians; second, and more importantly, that quick passage of Bill C-33 is critical if we are to realize any of these benefits.

Renewable fuels like biodiesel can benefit Canada and Canadians in three ways. First, renewable fuels can address the growing challenge of climate change. Climate change is real, and the environmental consequences of being addicted to carbon-based fuels are a key source of the problem. Renewable fuels like biodiesel can help address these issues by offering substantial environmental benefits over conventional carbon-based fuels. In the case of biodiesel, the environmental benefits are many.

According to Natural Resources Canada, biodiesel greenhouse gas emissions reductions are 70% to 95%, depending on the feedstock. Even a blend of 20% biodiesel with conventional diesel can reduce carbon emissions, on a life-cycle basis, by over 15%. Our Sainte Catharine's plant alone helps eliminate approximately 122,000 metric tonnes of greenhouse gases annually, which is equivalent to taking 16,000 light trucks or 22,000 cars off the road.

Biodiesel is as biodegradable as sugar, and is ten times less toxic than table salt. Biodiesel also has a very positive energy balance. In fact, a new analysis conducted at the University of Idaho in cooperation with the U.S. Department of Agriculture shows that the energy balance of biodiesel is a positive 3.5 to 1, which is to say that for every unit of fossil energy needed to produce the fuel over its life cycle, the return is 3.5 units of energy. This compares very favourably relative to conventional petroleum diesel, which yields less than one.

Second, renewable fuels like biodiesel help address the issue of energy diversity. The \$100 per barrel for crude oil is more than enough reason to look at renewable alternatives as a means to diversify our reliance on carbon-based fuels. Not only have crude oil prices climbed but product prices are also at record levels. Over \$3 a gallon in the U.S. and \$1 per litre in Canada is now commonplace thanks to an aging refining network, minimal spare capacity, and ever-increasing product specifications.

In their most current medium-term oil market report issued in July of 2007, the International Energy Agency, a well-respected source of energy information worldwide, forecasted increasing market tightness beyond 2010 due to OPEC's spare capacity declining to minimal levels by 2012.

In the same report, they indicate that energy demand is not receding any time soon. Expanding economies, particularly those in non-OECD countries—for example, in Asia and the Middle East—are forecast to grow their oil demand by 3.6% per year over the next five years. This is clearly a recipe for continued upward price pressure on both crude oil and petroleum products in the foreseeable future.

Renewable fuels like biodiesel can help diversify our energy supply by adding additional supplies and production capacity for clean, renewable alternatives that are fully compatible with today's engines, can meet the highest product standards, and can be easily integrated into our distribution infrastructure. What's more, these fuels are available now.

The third major benefit of renewable fuels is their positive impact on the Canadian economy. Our Sainte Catharine's facility in Quebec is proof positive of what even a modest investment can mean to local communities.

● (0950)

In terms of employment, we are proud to offer employment opportunities for professionals, skilled and semi-skilled individuals. We have over 25 people directly involved in our biodiesel business. We also spend over \$800,000 per year on local services to support our operation and over \$15 million will be spent acquiring domestically produced feedstocks.

Our plant contributes to the local tax base supporting municipal, provincial, and federal taxes. In 2007 we also completed a major capital upgrade of the facility and utilized local trades and services during the fabrication, construction, and commissioning phases of this project.

A strong domestic biodiesel industry establishes new markets and price stability for oilseed crops and animal by-products, while diversifying and strengthening rural economies. Clearly these three benefits—the impact on our environment, energy diversity, and the economy—are positive for Canada and Canadians. However, these will not be realized without quick passage of Bill C-33.

Bill C-33 is imperative if Canada is to foster a strong domestic renewable fuels industry and market. Make no mistake, Bill C-33 and a renewable fuel standard will not see appreciable demands in Canada for renewable fuels, which in turn will not contribute to the relatively small investment needed to our supply infrastructure to accommodate these cleaner renewable fuels.

We already see this now, with almost all of our 35 million litres of production from our Sainte Catharine's facility going directly to foreign jurisdictions that have much more developed renewable fuel programs. Today in Canada we have but two commercial-scale biodiesel facilities, while our neighbours in the U.S. have over 130, with another 37 under construction. What's worse is the significant gap that exists for consumers who want to use biodiesel. I'm aware of only two product terminals in Canada that can effectively blend biodiesel, and fewer than a handful of fueling facilities that actually offer biodiesel to consumers.

Quick passage of Bill C-33 will change this by creating the catalyst needed to secure investment in biodiesel plants and the necessary infrastructure to get this clean renewable fuel to consumers. Should Bill C-33 fail to pass, I'm certain that future investment in biofuels will be seriously impaired, if not outright abandoned. This is certainly the case for my organization, which would like to expand our biofuels business but is reluctant to do so, not knowing if a market will even exist in Canada.

In summary, I believe renewable fuels hold great promise and benefits for Canada and Canadians. They address climate change, improve energy diversity, and have an opportunity to add to rural development and Canada's economic growth. Quick passage of Bill C-33 will provide the catalyst needed to spur investment and to help Canada realize the many benefits renewable fuels have to offer.

Thank you for your time and attention.

The Chair: Thank you, Mr. Moser.

With the Canadian Vehicle Manufacturers' Association, Mr. Nantais. The floor is yours.

Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association): Thanks very much, Mr. Chairman.

Good morning to all the members of the committee. I want to thank all of you for this opportunity to address you today as it relates to Bill C-33.

The Canadian Vehicle Manufacturers' Association is the lead national association that represents Canada's light- and heavy-duty vehicle manufacturers, including Chrysler, Ford, General Motors, and International Truck and Engine Corporation. Together, these companies account for over 70% of all domestic vehicle production, 55% of all vehicle sales, and our member companies support 150,000 Canadian workers and retirees throughout their entire business operations.

Very quickly, I can say that I'm here to lend our unconditional support for Bill C-33 and call for its passage as quickly as possible. You may be surprised, but I think there are many organizations that feel the same way about the quick passage of this bill, and I'll tell you why. The CVMA strongly supports a comprehensive renewable fuel strategy that is backed by appropriate regulation. Efforts to expand the availability and use of quality blended renewable fuels in Canada provide an opportunity to significantly reduce greenhouse gas emissions from the vehicle fleet.

The government has rightly and justifiably acknowledged the advantages of renewable fuels from a life-cycle greenhouse gas perspective in its *Canada Gazette* notice on renewable fuels, in 2007. This is the first time that the government, under the Canadian Environmental Protection Act, is requiring that a component be added to Canadian fuels.

We believe that the real opportunity exists to ensure success in the marketplace by addressing both the fuel quality and consumer acceptance of these green fuels. Ensuring a seamless and successful deployment of renewable fuels in the Canadian marketplace is critical for the long-term confidence in and acceptance of these fuels by Canadians.

Furthermore, due to the innovative nature of the industry across North America and the Government of Canada's stated commitment to common North American vehicle emission regulations, it is important that the Canadian and U.S. approaches on renewable fuels be consistent, at least to the extent possible.

Since the 1980s, all gasoline-fuelled vehicles produced by CVMA member companies are capable of running on fuels containing up to 10% ethanol. Our members are also industry leaders in providing E85 flexible fuel vehicles. These are vehicles that can run on 100% gasoline, all the way up to 85% ethanol, which is totally transparent to the driver. In addition, our diesel-fuelled vehicles may also operate on biodiesel blends, per manufacturers' recommendations.

It is essential that renewable fuels, both the bio-renewable component and the conventional fuel component, meet appropriate fuel quality standards. Failure to assure fuel quality can result in potential negative effects relative to criteria emissions, suitability for use in extreme cold or hot weather, adversely affect the operation of the vehicle, or could affect the vehicle fuel and emission systems themselves. Accordingly, the bill needs to expressly stipulate the fuel quality requirements to ensure that appropriate and consistent biofuels are available across Canada where they may be offered.

It is also important to acknowledge and recognize the nature of vehicles and fuels as a fully integrated system. That's certainly a concept or a principle that is already acknowledged and accepted in CEPA itself, and now in Bill C-33.

The following issues need, in our view, to be addressed to ensure a successful implementation of renewable fuel regulation whereby it meets the government's stated renewable fuels objectives and environmental improvements. The first issue is fuel quality requirements as expressed in the context of a national fuel quality regulation; second, controls and management of implementation and transition issues related to ethanol storage, compatibility, tank cleanliness, and water management; and third, expansion of the

availability of high-level ethanol and gasoline blends, up to 85% ethanol.

I would also like to offer a few comments on the rationale for a federal fuel regulation. A national fuel quality regulation for conventional and renewable fuels would address the developing patchwork of provincial actions to date. We encourage the federal government to work closely with the provinces during the drafting of the legislation and the regulation to ensure consistency and one national approach for Canada covering both renewable fuels and the overall fuel quality, recognizing certain regional and seasonal factors.

It is our understanding that under section 140 of CEPA, the minister has the authority to make regulations that specify fuel quality parameters. CEPA 1999 indicates that regulations that are enacted related to fuels need to show that they do not adversely affect the environment, human life or health, or the operation, performance, or introduction of combustion and other engine technology or emission control equipment.

•(0955)

Therefore, in our view, a practical approach for renewable fuels would be to reference the fuel quality specifications contained in the applicable Canadian General Standards Board or American Society for Testing and Materials standards in a manner similar to that approach taken by the Province of Ontario in its regulation 535, which is their ethanol regulation. This will ensure consistency of fuel quality across the country and demonstrate the government's commitment to ensuring that renewable fuels are implemented in a manner that improves the environment but also avoids any adverse effects or impacts on Canadian vehicle operation, not to mention showing federal leadership in this area.

Although the Canadian General Standards Board, CGSB, is recognized as a credible standard-setting body, their fuel standards have not been consistently adopted or implemented as provincial regulatory requirements across Canada. Currently gasoline quality parameters developed by the CGSB are regulated by three provinces, I believe, quasi-regulated by another, and are partially cited by reference in another, so there is no provincial legislation requiring that all on-road fuels meet current applicable CGSB standards.

A further example of CGSB not being adopted and implemented across Canada is the gasoline detergent specifications. Environment Canada data on deposit control additives indicates that approximately 20% of Canadian gasoline does not contain any deposit control additives that are necessary to minimize fuel system deposits that can lead to increased emissions and affect vehicle performance. I might add that the auto industry and the oil industry are working together on this issue and making improvements in this area to ensure that there is total satisfaction for our mutual customers.

Given this, we believe that a national fuel quality standard as part of the renewable fuels regulation is necessary to address such shortcomings now and in the future.

I'd also like to comment on controls and management of the implementation and transition issues with ethanol storage, compatibility, tank cleanliness, and water management. The use of ethanol in gasoline is permissible at concentrations up to 10%. Due to the nature of ethanol and gasoline blending, the motor vehicle industry suggests that efforts need to be undertaken to minimize co-mingling effects with gasoline that could lead to increased fuel system vapour pressure, increased VOC emissions, and possible vehicle driveability issues.

Significant environmental benefits from high-level ethanol blends—that is, up to 85% ethanol, 15% gasoline—can be realized by taking full advantage of the E85 flexible fuel technology that my vehicle manufacturers have made available in Canada for nearly a decade. The NRCan GHG Genius model shows that E85 fuels, on a life-cycle carbon dioxide emissions basis, can be reduced by 47% to 55% compared to conventional gasoline. One way to minimize issues related to infrastructure, distribution, and management of ethanol blends is to mandate or incentivize a portion of the 5% ethanol objective to be supplied as E85 fuel.

In addition, if Canada is to aspire to increased levels of ethanol use in Canada, as have leading jurisdictions such as Sweden, the U. S., and Brazil, then this will require the use of E85 flexible fuel technology as well as the associated infrastructure that goes with it. Supportive government policy must be given serious consideration in this area. By expanding the availability and use of clean and renewable fuels, government can not only assist consumers but actually accelerate greenhouse gas reductions in Canada.

I'd like to offer a couple of more comments.

In 2007 the CVMA member companies announced and launched a realistic, integrated approach to accelerate greenhouse gas reductions in Canada. Our plan focuses on accelerating the introduction of green technology, expanding cleaner renewable fuels, removing older polluting vehicles from Canada's roads, greening environmental fleets, and changing driver behaviour.

While we are already making progress in some of these areas within the industry's control, we require the support of the federal government and provincial governments to achieve even greater success. For instance, we would suggest that we create a Canadian tax credit incentive similar to the United States alternate fuel infrastructure pump conversion initiative. The United States has a tax credit support model, which provides up to \$30,000 per retail pump conversion to E85. Second would be to reinstate the excise fuel tax exemption for E85 fuel. Third would be to continue to support the purchase and use of flex fuel vehicles by governments and private fleets. And the fourth is to continue the existing supporting mechanisms for conventional ethanol and provide additional focus on cellulosic ethanol production in Canada.

Mr. Chairman, I just want to summarize by saying that Bill C-33 is a critically important component to a broader integrated approach to reducing greenhouse gas emissions and achieving our environmental goals, and we hope it will be passed as quickly as possible.

Thank you.

• (1000)

The Chair: Thank you.

Mr. Morel and Mr. Carrignan. Who is leading off?

[*Translation*]

Mr. Gilles Morel (Director, Eastern Canada Division and National Office, Canadian Petroleum Products Institute): Mr. Chair, Members of Parliament, and to Canadians who have access to this hearing, on behalf of the members of the CPPI, thank you for inviting us to offer our perspective on Bill C-33, the statutory framework that will permit the enabling of a national renewable fuel regulatory framework in Canada.

Right away, like the three speakers before me, I wish to express our association's support for Bill C-33. As you know, the CPPI is the national association of major Canadian companies involved in the refining, distribution and marketing of petroleum products for transportation, home energy and industrial uses. There are three key points that we wish to highlight with you as you consider Bill C-33.

Firstly, CPPI believes that the only sensible approach to renewable fuel mandates is one that is national in scope. Secondly, CPPI has worked hard with the Canadian Renewable Fuels Association to develop a national approach. Thirdly, CPPI is dedicated to leading-edge research on fuel quality specific to the realities unique to Canada, such as weather and geography.

Canada is a country with immense geography, a relatively small population and an economy fundamentally linked to, and in our case, competitive with the United States.

• (1005)

[*English*]

Movement of product free of economic barriers has been the cornerstone of Canada's success, and as all levels of government focus on how to remove internal trade barriers it is regretful that policies in provincial jurisdictions regarding renewable fuels have had the effect of creating new economic barriers across Canada.

As can be seen on the chart presented in the document, a patchwork of regulation is emerging across Canada. The second chart shows where the main refining centres are located. What is not shown here is that as we speak, there are recent proposals from Ontario and British Columbia to follow in the footsteps of California and introduce further another layer of complexity called the low-carbon fuel standard. The goals are unclear.

One of the benefits of Bill C-33 is that a national framework will emerge, and we congratulate the Parliament of Canada on recognizing the importance of showing federal leadership.

Secondly, regarding the essential feature of a national policy on renewable fuel, CPPI understands the many motivations that underlie public policy attention to renewable fuels. More important, let's remind ourselves that this framework cannot achieve this on its own. While countries like the United States pursue renewable fuel policy based on energy independence and security, this is not the case in Canada, nor is it likely to be the case in the near term. Canada has an abundance of natural resources that with some stewardship and innovation will provide both energy security and value-added jobs and economic growth for the benefit of all regions of Canada.

A national renewable fuel strategy is also not a panacea for the challenge posed by climate change. It may be one day, but for the moment I think we can agree that scientists, engineers, health practitioners, and modelling experts are still working on the real solution to climate change, and we are ready partners in that research.

So why have a renewable fuel mandate? At the very least, it is instructive that the House of Commons has referred this very important piece of legislation to the Standing Committee on Agriculture and Agrifood. As stated in our jointly agreed policy framework with the Canadian Renewable Fuels Association, we have repeatedly taken the position that it is up to government to make the political decision to develop a renewable fuels policy that is in the best interests of Canadians.

[Translation]

Mr. Chairman, Bill C-33 is but one building block that will bring a sound renewable fuels framework to fruition. The agenda ahead, if we are truly to succeed, is laid out in our CPPI-CRFA framework, which is attached for your information.

Basically, the framework calls for five things: federal leadership; a competitive environment; technology advancement; policies that induce the ability of renewable fuels to drive down GHG emissions; and open borders.

I wish to inform parliamentarians that the federal government, in the budget, sent some very confusing messages about renewable fuels.

On the one hand, very generous programs will be in place as of April 2008 to provide production subsidies. One of the federal government's announcements concerned the ecoENERGY for Biofuels Initiative, which will invest up to \$1.5 billion over nine years to boost Canada's production of biofuels.

Unfortunately, in the 2007 budget, the Excise Tax Act was amended to repeal the tax exemptions for renewable fuels.

In fact, the government brought in a higher tax rate for biofuels. Over the same period of time as the ecoEnergy program, the government has cut \$1.5 billion that would otherwise have been used to keep the cost of bioblended fuels in line with regular gasoline and diesel fuel.

From where we stand, this translates into no net new investment in biofuel production.

• (1010)

[English]

As has been demonstrated in the U.S., a federal blenders' credit is the preferred method of supporting ethanol production. The equivalent of Canada's federal blenders' credit terminates on April 1 of this year, but in the absence of a comparable arrangement with our largest trading partner, we will fall short of expectations that renewable fuel in Canada will easily compete with the same product south of the border.

Mr. Chair, Mr. Gene Carrignan, chair of the national association, will now conclude our presentation.

Mr. Gene Carrignan (Chair, National Fuels Committee, Canadian Petroleum Products Institute): Mr. Chair, the last component of our presentation deals with real-time work on biofuels.

In meeting the needs of this policy, we are conducting leading-edge research. On January 22, 2008, Canada's largest cold-weather on-road demonstration of renewable diesel was officially launched in partnership with CPPI, the federal and Alberta governments, and a diverse multi-stakeholder group including Climate Change Central, the Canola Council of Canada, and the Canadian Renewable Fuels Association.

Over 60 trucks of various sizes have hit the roads throughout Alberta, because its climate poses some of the most extreme challenges to renewable diesel use. The demonstration will provide hands-on cold-weather experience for fuel blenders, distributors, long-haul trucking fleets, and drivers. We are proud to be part of this group of stakeholders, working to broaden the understanding of how best to maximize the benefits of renewable diesel in Canada.

In addition, we are working with Natural Resources Canada and Environment Canada on a second proposed biofuel research program. It is designed to understand and address issues with biofuel mixtures under specific Canadian climate conditions. Its design will include low-temperature operability of heavy-duty engines, fuel storage for multiple applications, and thermal and oxidative stability of heating fuel oil under seasonal variations.

The picture in our handout shows a unique cold-weather chamber in Sarnia that will be used in this work. In fact, from this meeting we'll be going directly to another to continue the design of that program.

In summary, Mr. Chair, we at CPPI have some bottom lines that are not negotiable. First of all, we are the face of energy providers at the consumer level. We've heard from producers; we are the ones who actually get the customer complaints if something malfunctions.

We make the necessary investments to meet the public policy objectives on a grand scale. At our core, our collective mission is to ensure that we provide to Canadians the fuels that perform as expected in a safe and reliable manner and that we cooperate actively with government and society to pursue science-based solutions to health and environmental priorities. Our track record in this regard is quantifiable.

Moreover, CPPI seeks to ensure that our collective workforce will convey respect to, and strive to earn the confidence of, the many constituencies members serve, and that Canadians will continue to enjoy the widest variety of fuel choices in a rigorous, competitive market.

As stated earlier, CPPI supports Bill C-33 and encourages its adoption by Parliament. In fact, we want the necessary renewable fuels regulations to be in place as soon as possible, so that we, as the companies that must comply with this policy, have sufficient time to implement the necessary changes to our operations.

We're happy to take your questions.

The Chair: Thank you very much. Thanks to all of you for staying within your time limit.

We have only about 15 minutes left, but I think we'll go around once; every party is able to ask one five-minute question.

Go ahead, Mr. St. Amand.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you very much, Mr. Chairman.

Thank you, gentlemen, for your presentations this morning.

I'm particularly pleased to see you, Mr. Nantais, to again spread the message that contrary to any perception or myth out there, Canadian vehicle manufacturers are leading; they are cutting-edge, and they have been manufacturing energy-efficient and environmentally appropriate vehicles for a considerable period of time. Thanks for coming today and reinforcing that message for us.

Mr. Mark Nantais: It's my pleasure.

Mr. Lloyd St. Amand: A few of you have spoken about it, but I will address the question to you, Mr. Nantais. It is about the need for federal fuel regulations to avoid a patchwork of regulations among the provinces and territories—a patchwork that, as I understand it, is happening now or is the case now.

You've alluded to the Province of Ontario and its recent regulation. Was that just a “for instance”, or is the Ontario approach something your association, and perhaps Mr. Morel's association, would be advocating?

• (1015)

Mr. Mark Nantais: I think it's both, Mr. St. Amand. I think it's an approach in which they were able to comprehend the need for fuel quality, as it relates to the biofuel component. So it's one we have used as an example, that it can be done.

There were some concerns at the outset about fuel contamination, which could cause potential driveability issues, which could represent a safety factor for a motorist who was, for instance, merging into high-speed traffic where, if you had bucking and

stalling—as a result of contamination of the fuel—that would pose a real problem.

I'm pleased to say that when we worked with the oil industry and the Government of Ontario, we were able to get over some of these issues, and to the best of my knowledge we have not seen any examples of fuel contamination that would result in a problem like that. So I would use it as an example.

Mr. Lloyd St. Amand: Mr. Morel and Mr. Carrigan, or anyone else, do you have any additional comment?

Mr. Gilles Morel: Let me just comment.

I support what Mr. Nantais has just said. I think at the end of the day, it is important that our association recognizes, as the Canadian Vehicle Manufacturers' Association recognizes, that we ultimately need to satisfy the needs of the customers. So it is important that we have essentially good, comprehensive fuel quality across the country that will be fit for the purpose of our members. So to this extent, the Ontario experience—and I could expand even to Saskatchewan, which has had a mandate for a while, and to Manitoba—are good examples where, with proper discussion, with good regulation, and with consultation with the industry, good things could happen and good things could be achieved. We certainly encourage those discussions—with the participation of Environment Canada—after the passage of that bill.

Mr. Lloyd St. Amand: If I may, do you pronounce your name “Moser”?

Mr. B. Todd Moser: It's Moser, yes.

Mr. Lloyd St. Amand: What is the reaction in your industry to the carbon tax imposed the other day by the government of Gordon Campbell in British Columbia?

Mr. B. Todd Moser: There were no elaborate discussions within the industry group. Certainly speaking for our operation, it is definitely an intriguing component of why we're potentially in this business, because it all links back to the benefits that can be accrued by using biofuels and trying to diversify our energy needs away from carbon-based fuels. It's really seen as another opportunity to accelerate how we get to that point.

Mr. Lloyd St. Amand: Lastly, I'll turn to Mr. Samson.

You spoke maybe less enthusiastically about Bill C-33 than some of the others. Would it be conceded by you, Mr. Samson, that Bill C-33 is at least a step in the right direction? Even if it's a baby step, in your view, is it not at least a step in the right direction?

Mr. Roger Samson: The trend is that everybody wants to see a greener environment. The question I have is is it necessary to go to two and five right away, or could we go to one and two, and then step up after that, go step by step?

I consider this to be risky from an ecological standpoint and from a food security standpoint, that Canada is potentially contributing to increasing food scarcity in the world, and that we have record prices for wheat today. We have, as I mentioned, soybean oil at \$1,300 a tonne and we have the lowest amount of grain we've ever had in stock to feed the population we have. It's 54 days. That's a record low. So why do we want to take a leap of 5%, 4.5 million tonnes of corn? We don't have the land base. Why not take a smaller step, and move the legislation ahead a little bit later? We'd be comfortable with that. But two and five? We'll have serious ecological problems, and I think it needs a scientific assessment that's more detailed. Then we need to go a bit slower than we're going.

• (1020)

The Chair: Thank you. Your time has expired.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Morel, I'm not sure it's such a good idea to come before the agriculture committee and tell us how fortunate farmers are, compared to others, to pay such high prices for their fuel. We hear from farmers every day and we know that they are feeling the effects of rising production costs, particularly fuel costs. I really don't think it is appropriate to say that farmers are fortunate to see fuel prices advertised at \$1.25 a litre, at a time when we are trying to further reduce our dependence on this energy source. In that respect, Bill C-33 has the advantage of developing a renewable energy framework.

You also stated in your presentation that providing subsidies for renewable fuel was not your preferred option. It is rather odd to hear this from a person representing an industry that received in the neighbourhood of \$1 billion in tax breaks in 2007. We know how much the Conservative government likes the oil companies. Your presentation was hair-raising, to say the least.

Mr. Gilles Morel: Mr. Chairman, I would like to answer the first question concerning the fact that we are here to support Bill C-33. We have the same concerns as farmers. Not only are they our clients, they are our biofuel suppliers as well. We believe that we must strive for maximum harmonization, so that distribution and production costs remain as competitive as possible, along with consumer costs. What I mean by this is that we need harmonization of standards and biofuels on a national level. Federal government leadership which this bill hints at is one of the main reasons why we are here today.

Regarding your second question, let's just say that I represent an association of downstream petroleum companies. The CPPI represents oil refinery operators and distributors, as well as marketers. As a matter of policy, we do not support subsidies. In our presentation, we made it clear that as a result of recent policies, only one transfer of funds was made to boost biofuel production, in contrast to the measures taken in the United States, for example. Consequently, the lack of comparable arrangements will make the job much more difficult in future.

Mr. André Bellavance: You represent the distributors. Many people working in the field of biodiesel and ethanol production have told us how hard it is to ensure that consumers have access to these alternative fuels at the pumps. Does your association genuinely have

the will to make that happen? Personally, I manage to fill my car's tank with ethanol, but I have to search around because not all service stations sell ethanol fuel. Does your association have a plan in place to make these alternative fuels available at the pump?

Mr. Gilles Morel: I cannot speak for every one of our members in every region because they have their respective policy directions. However, I would point out that the CPPI represents two of the three biggest producers and distributors of ethanol fuel in Canada, that is Suncor, which operates a very large ethanol production plant in Ontario, and Husky, which has plants in two provinces and supplies ethanol fuel to most service stations.

We want to stress that quick passage of Bill C-33 is critical because we must be in a position to make the necessary retrofits so that renewable fuels can be blended at service stations, distribution terminals and refineries. That is a relatively easy process in the case of ethanol, since automobile technology allows for up to 10%, and sometimes more, of the content of blended fuel to be ethanol. This objective, while not readily attainable, is feasible thanks to technology, our understanding of the process and science.

Regarding biodiesel fuel, there are a number of technical considerations that must be examined. That explains why we are working in conjunction with the Canadian Renewable Fuels Association, the Canola Council of Canada and associations like Climate Change Centre to establish parameters. As far as the consumer is concerned, we are the last step in the process. We need to ensure that the product sold at the pump meets consumer expectations and needs. A number of technical challenges stand in the way of that goal.

As Mr. Carrigan said earlier, we are scheduled to hear from NRCan and Environment Canada representatives in a few minutes' time to work on developing other scientific programs with a view to determining which components continue to be problematic and need to be addressed as quickly as possible. We have said that we support a reduction of between 2% and 5%, as well as the passage of the bill. I hope that answers your question.

• (1025)

[*English*]

The Chair: Merci. Time has expired.

Mrs. Skelton, the floor is yours.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Mr. Samson, I understand you're from Ontario. Have you been to Saskatchewan and talked to Saskatchewan agrologists lately?

Mr. Roger Samson: In fact, I'm invited to speak at the agrologists meeting next month. But—

Hon. Carol Skelton: I want a very short answer. My time is very small.

First of all, my constituents are not losers, sir. I didn't appreciate what you said, and I find it offensive that you did that. As someone who comes from Saskatchewan and has a large rural population, I find some of the statements in your presentation questionable. Most of our Saskatchewan farmers, because of erosion over the years, have gone to no till. Basically they're the best environmentalists in this country.

I see a lot of provinces with huge erosion problems. Unless western Canadian farmers have some rules and regulations changed, they are not going to be growing wheat. They will go to lentils, canola—all the other things that they can grow.

You know, if biofuels and ethanol become a success story, which means that farmers will become more industrial and become input suppliers, would you welcome this? Or are you attached to a cheap food policy and the traditional role of agrologists as food suppliers?

Mr. Roger Samson: Just to give you a bit of my background, I've worked for—

Hon. Carol Skelton: I understand; I've read your background. I want a very short answer.

Mr. Roger Samson: I'm just saying that I think farmers are winners for staying in farming, because it has been very difficult. When I made that comment, I was referring to the greenhouse gas offset costs at \$375 a tonne. You have to admit, that's a little bit high.

Hon. Carol Skelton: Well, I think, sir, that western Canadian farmers.... You talk about the shortage of wheat, saying it's going to ethanol and all that. There has been drought in Australia. There has been frost in China. Huge things have happened around this world. Saskatchewan grain farmers haven't had good crops for years. I mean, you made some statements there that are false. You're scaring people away from this industry.

I want to go back to congratulate the gentleman about the E85 and everything. In my city of Saskatoon, we have buses that run on E85 fuel. The mayor and the council are very excited about it. I'm really interested in hearing more about the diesel biofuel projects that are going on in Alberta.

Mr. Moser, in your summary you made some very valid points. I would really like you to give us those again, please.

The Chair: We'll start with Mr. Nantais first and then we'll go to Mr. Moser.

Mr. Mark Nantais: I have spent some time with the Saskatchewan government. They are very supportive of an appropriate ethanol program.

We have to be very careful in what we say about the feedstocks for grain ethanol as they relate to food prices and things such as that. There are just as many studies showing that it's not the case that it's been responsible for the increase in shortages of food. In some cases.... There's the infamous taco story from Mexico. My understanding is that it is more trade- and tariff-related than anything else.

We're suggesting that when you have an opportunity to reduce greenhouse gas emissions by half relative to gasoline and you have more than 100,000 of our vehicles out there now that can run on it, if we don't take advantage of it, this is a real missed opportunity. We've been talking with the provinces in the prairies about an ethanol

highway across Canada, where it makes sense to do so. It's the same with biodiesel. I'm driving a clean diesel vehicle now that can run on biodiesel, and it's great.

So I think there are real opportunities here. But we have to be very careful, because a lot of these feedstocks are feedstocks for livestock. You can create the ethanol from them and can still use the mash, if you will, for food for the livestock. But you can use the waste from it, through a cellulosic process, to create ethanol as well. This is where we have to go eventually: to all the opportunities that are showing themselves now—they're evolving—that relate to cellulosic ethanol.

Again, we have a real opportunity here. When you look at the global demand for vehicles and the energy that will be required to power those vehicles, we have to look to diversifying the fuel mix as well as we can.

Globally speaking, demand right now is 71 million vehicles. It's going up to probably 91 million vehicles in ten years. We have to find some way to power those vehicles in a clean and environmentally responsible way.

• (1030)

The Chair: Mr. Moser, if you can, answer in about 30 seconds.

Mr. B. Todd Moser: To sum it up, biofuels are good for Canada and good for Canadians. They help the environment and help the economy. It's just generally a great initiative, and we have the structure in place to make this work.

The biggest challenge faced.... I get calls every week in my office as a pioneer in this industry from consumers who want access to biodiesel. I tell them that if they can take a rail car full of it, then I have lots for them. But practically speaking, they're looking for a blend.

The sad reality in Canada right now is that there is very little infrastructure, which is why quick passage is necessary, as was alluded to by my friends at CPPI. They need to put in the infrastructure to make this happen.

The Chair: Thank you.

Batting cleanup today again is Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much for sharing your expertise, gentlemen.

I think one thing we have to understand is that from the point of view of agriculture, anything that helps farmers is a good thing, and there are aspects of this bill that will make life easier for farmers. However, this is not an agricultural bill; it's an environmental bill.

I just want, first of all, your comments, Mr. Samson, and hopefully we can get some reaction here. You mentioned that according to the research you've done, it won't appreciably reduce greenhouse gas emissions, and that it is evident that there is no solid scientific support that the four million tonnes of carbon dioxide anticipated by this legislation will be achieved.

We've seen recently—I believe this month or last month—that the U.K. has put a moratorium on biofuels. There are a dozen or so U.S. scientists questioning the direction in which the United States is going with its corn-based ethanol program.

I'd like some comment on that. We're saying that biofuels are environmentally friendly and that they reduce greenhouse gases. Yet your research and other research is saying that maybe when you take everything into consideration, this is not quite the case.

I'm going to make one more point, and then I'll open it up for some comments.

Your second point is that it's not a made-in-Canada solution, and that it will primarily support markets for U.S. corn growers, and also that we'll open up more LNG for intense corn ethanol processing.

Yesterday we talked about the idea that this bill could be an insurance for our farmers, that in times of trouble, at least there would be somewhere to go. I think Manitoba is setting aside 10% of their arable land for biofuels production from low-quality wheat, hoping to get farmers involved in this, especially when times are rough.

With the high prices for wheat and canola, it's possible that now farmers may not want to take advantage of the biofuel industry. So the question is, where do we get the feedstock? I'm wondering whether you foresee that we will in fact become importers of cheap feedstock, not only from the U.S. but from the southern hemisphere, where we've seen this to be devastating to forests and to farmers forced off their land.

The question is, can we keep the biofuel industry as a made-in-Canada solution? One of my amendments to this bill is that we keep it made in Canada. Any feedstock for the biofuel industry in Canada has to be Canadian.

I'll stop there and ask for your comments, and others can perhaps comment on what I've said.

•(1035)

Mr. Roger Samson: It seems to me that the drivers of the bill are greenhouse gas mitigation and rural development. Liquid fuels are not the only way to support farmers. We've worked on this for 17 years, longer than anyone in Canada, to see how to use farmland to mitigate greenhouse gases efficiently and support demand enhancement for the farm sector. We came up with a solution that's eight to ten times more effective than what Bill C-33 is focused on.

I would like you to look at these other options, and look at the budgets you have to spend on biofuels, and perhaps say that we should scale back the two and five to smaller numbers, develop biogas for power, and develop switchgrass pellets for commercial energy. Thermal energy is our biggest energy need in Canada, and it's the lowest-cost solution that we've found in that report.

Mr. B. Todd Moser: I'd like to respond if I could.

You asked two questions.

Is it an insurance for farmers? I can speak directly for our organization. The premise when we got involved with biofuels was quite a bit different at the time. We were dealing with the risk of BSE and some key markets for our animal by-products getting closed down. That was a major concern, because we exported a lot of that material. We had to because of the supply imbalance in Canada.

Biofuels provide our organization the opportunity for domestic supply, which is a much more stable environment for me and my products than is living at the vagaries of export economics. So yes, I think it is something of an insurance policy for both oilseeds and animal by-products in terms of what biofuels can do in establishing a domestic market.

Mr. Alex Atamanenko: Can we sustain our biofuel industry with domestic feedstock?

Mr. B. Todd Moser: I believe we can, particularly at the pace we're contemplating on going here, in terms of 5% ethanol, 2% biodiesel. The other programs that are in place.... It's important that we recognize when we put the policy framework in place that we want to develop a domestic business but we are exposed to a worldwide market.

I really applaud the federal government's approach in terms of the renewable fuel standard, particularly at the levels being proposed; the ecoENERGY for Biofuels program, which provides some financial assistance to get this business off the ground; and the ecoABC program, which provides the capital support. I think they've used a very logical approach to ensuring that we have a made-in-Canada solution.

The Chair: Thank you.

Time has expired. I know when you're having fun it goes by quickly. Anyway, we are going to wrap it up here and bring in our next group of witnesses. I want to thank all of you for taking the time out of your busy schedules to come in and provide us with your input.

With that, we're going to suspend for five minutes just to allow our room to switch around.

•(1035)

————— (Pause) —————

•(1050)

The Chair: We'll bring this meeting back to order and start our clause-by-clause.

Joining us, as witnesses, are Department of Environment officials. We have John Moffet, director general, legislation and regulatory affairs; Bruce McEwen, chief, fuels section—so this is his baby; and Rachel Baxter, counsel, legal services. Welcome.

We also have, from Agriculture and Agri-food Canada, Peter Neufeld, policy economist, strategic policy branch, and Greg Strain, acting executive director, food safety and quality policy.

Welcome, all of you.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Mr. Chair, before we start, I wonder if we could get a bit of a timeline as to how we're going to proceed, until when, and what you're thinking.

The Chair: I think we'll work at this until shortly after 12 o'clock, when we will suspend to join the young farmers for lunch on Queen Street, and if we need to, we will come back and pound away at this until it's done, or until the budget speech anyway.

Agreed?

Hon. Wayne Easter (Malpeque, Lib.): Yes, we agree.

The Chair: Let's get rolling then.

Mr. Atamanenko.

Mr. Alex Atamanenko: What's the timeline? When are we supposed to finish today?

The Chair: We're going to get this done today.

Mr. Alex Atamanenko: When are we going—

The Chair: That's up to you guys.

We shall work at this until around 12:15 so we can get over to the young farmers, and then we're going to come back and keep working. We have the room, and if we have to, we'll work through QP.

Mr. Guy Lauzon: We will work through QP?

The Chair: That's my opinion.

Alex?

Mr. Alex Atamanenko: I thought we were stopping at two o'clock. That's what my schedule says, and that's what I planned into my day.

The Chair: The ball is in your court as to how fast we can get through it.

Mr. Easter.

Hon. Wayne Easter: Mr. Chair, I think everyone was of the opinion that we would be at QP.

The Chair: That's at two o'clock. Let's see where we're at by QP, and we'll make a decision at that time, as a committee.

I'm going to call up clause 1 of the bill. Everybody has a copy of the bill to work from. We do have extra copies at the front if anyone needs them.

We don't have any amendments on clause 1.

(Clause 1 agreed to)

(On clause 2)

The Chair: Clause 2 is a little more difficult. We have a number of amendments affecting clause 2.

Just so you know, if we adopt Bloc amendment 1, the second Bloc amendment and the NDP amendment 1 cannot be moved. They'll be ruled out of order because they conflict with the first amendment brought forward by the Bloc.

If you go through Bloc number 1 and also read the Bloc amendment 2, there are too many line conflicts, which we can't have—one affects the other.

Wayne asked a question.

Hon. Wayne Easter: It would nullify which ones?

The Chair: BQ-2 and NDP-1, if we pass BQ-1.

As well, the vote on BQ-1 will apply to BQ-3. So by adopting BQ-1, you're also adopting BQ-3. BQ-3, if you look at it, is a minor amendment to recognize new subsection 140(1).

André.

[Translation]

Mr. André Bellavance: I do not quite understand your explanation about incompatibility. Is my amendment in order? Can we debate it? Even if the Bloc's amendment and that of the NDP are incompatible, I still would like us to debate and vote on my amendment.

• (1055)

[English]

The Chair: I'll let you explain it.

Mr. Marc Toupin (Procedural Clerk): The amendment to BQ-1

[Translation]

is in order. The fact is that amendments BQ-2 and NDP-1 amend the same lines as amendment BQ-1. If amendment BQ-1 is agreed to by the committee, then amendments BQ-2 and NDP will not be ruled in order.

[English]

The Chair: Go ahead, André.

[Translation]

Mr. André Bellavance: In actual fact, this is a subamendment to an amendment. My colleague from Saint-Hyacinthe—Bagot can add to my amendment the elements found in BQ-2, which arrived a bit late. These elements should have been included in BQ-1, but they can be presented as a subamendment, to round out the amendment.

[English]

The Chair: That would be the way.

I have Alex next, and then Guy.

Mr. Alex Atamanenko: When you see BQ-1, what exactly does that entail? What is that? Is it all this stuff here, or...?

The Chair: It's all that. What you see as BQ-1 is pages 1, 2, 3, and 4.

Mr. Alex Atamanenko: Okay, and when you say NDP-1, that's the first page that we have here? Is that what you're saying?

The Chair: Yes, page 6 is NDP-1.

Mr. Alex Atamanenko: So all of that is classed as NDP-1?

The Chair: Yes, it's pages 6 and 7 in your package, if you've got your package.

Mr. Alex Atamanenko: Okay, so that's page 2 and also page 3? Is that what—

The Chair: Well, don't get confused, because there are a lot of page 2s and 3s in here with all the different amendments.

Work off the package that was circulated this morning. They have the page numbers on the bottom. Do you have that in front of you? I think it's better if we work off the same package; then we're referring to the same pages.

Pages 6 and 7, which is NDP-1, are amending the same section we're dealing with in amendments BQ-1 and BQ-2. One would then pre-empt the other.

Mr. Alex Atamanenko: Okay.

What you're saying is if we adopt the Bloc amendment, then there's no chance that we can adopt my amendment? Is that what you're saying?

The Chair: Yes.

Once a committee amends a line, it's amended; you can't amend twice.

Mr. Alex Atamanenko: If we adopt my amendment, then there's no chance of adopting the Bloc amendment. Is that about right?

The Chair: Exactly; that's because it applies to the same lines.

Mr. Alex Atamanenko: So how do we decide who...?

The Chair: The Bloc motion was in first.

Mr. Alex Atamanenko: Pardon me?

The Chair: The Bloc motion was in first, so that's how we do it.

Go ahead, Guy.

Mr. Guy Lauzon: If we can't come a conclusion on it, I wonder if we could do the simpler ones and then come back and do the ones we might—

The Chair: Do you mean we can stand these and move to come back?

Mr. Guy Lauzon: That might be a suggestion. We could get the ones that we get agreement on, and then we'll concentrate on the ones that are more difficult.

The Chair: We're dealing with clause 2. We can stand the clause and come back to it.

Mr. Guy Lauzon: Would that be acceptable to the committee?

The Chair: I've got Alex next, and then André.

Go ahead, Alex.

Mr. Alex Atamanenko: I didn't hear what you were saying, Guy. Could you explain that point?

Mr. Guy Lauzon: I was just thinking that if we could get the ones we agree on out of the way, maybe that will help us to resolve some of the ones that we're having.... Maybe, as we go into some of the other ones, it will address some of the nuances.

Mr. Alex Atamanenko: So what you're saying is—

Mr. Guy Lauzon: Just stand this down.

Mr. Alex Atamanenko: You're not talking about the amendments, but about the clauses. Do you mean we'll get those that we agree on out of the way, and then we'll come back to the amendments?

Mr. Guy Lauzon: Yes.

The Chair: Go ahead, André.

[*Translation*]

Mr. André Bellavance: I have a problem with the fact that the amendments are incompatible. Amendment NDP-1 moved by Mr. Atamanenko infringes on provincial jurisdictions. That's a problem. I have moved my amendment and I would like the committee to debate it and vote on it.

[*English*]

The Chair: Okay.

[*Translation*]

Mr. André Bellavance: Even if we come back to this later, my position will be the same.

[*English*]

The Chair: Okay; let's deal with it.

Go ahead, Mr. Moffet.

Amendment BQ-1 is on the floor.

Mr. John Moffet (Director General, Legislation and Regulatory Affairs, Department of the Environment): Actually, Mr. Chair, I was going to respectfully request that for a different reason it may be appropriate to defer consideration of clause 2. It has nothing to do with the amendments that have been proposed, but the final provision in clause 2 would actually delete a provision that exists in CEPA.

The bill proposes to take that provision and consolidate it into another provision at the end of the act, and we do that in clause 5. We don't want to delete a provision that exists in CEPA until we know that we're going to move it somewhere else, and we won't know that until we deal with clause 5, so I was going to respectfully request that the committee consider staying the discussion on clause 2 until we deal with clause 5. That way we'll know the fate of this particular provision. Then we can come back to clause 2 and not delete a provision when we don't know what its fate is going to be.

Again, this has nothing to do with the various amendments.

• (1100)

The Chair: We have to be cognizant of the fact that Bill C-33 is amending the Environmental Protection Act, and we have to look at the act as a whole.

Mr. Easter.

Hon. Wayne Easter: Mr. Moffet, what specific section of amendment BQ-1 are you talking about? Is it where it says "subsection 140(3) of the act is replaced"? Is that the specific section you're saying would be problematic?

It's just a simple question. What part of that...?

Mr. John Moffet: It's the part that refers to subsection 140(3). That is amended in the government's bill as well as in the Bloc's amendment.

Hon. Wayne Easter: All right. Thanks.

The Chair: We do go all the way down to that, but it doesn't change subsection 140(3). If you look at subclause 2(7), the amendment moved by the Bloc only goes as far as... It ends after "replaced", so that "by the following" actually stays in, I believe, in the Bloc motion.

Mr. John Moffet: Yes, but... I'm sorry, let me.... Subclause 2(7) would actually replace existing subsection 140(3) in CEPA. It takes an entire subsection out of CEPA. In order to understand this, you actually have to look at CEPA itself. We've included the relevant provisions in the binder we circulated to members. It would eliminate that entire subsection. Both the government's bill and the Bloc amendment would eliminate that subsection and replace it with some entirely different text relating to an entirely different issue.

The reason we're eliminating it, again, is that we want to move that provision—the existing subsection 140(3)—and put it at the back of CEPA, so that we consolidate all of the similar administrative discrimination authorities in section 330. It's a drafting technique. There's no substantive policy issue concerning where it goes in the act.

The point I'm getting at is that both the government bill and the Bloc amendment would eliminate that subsection entirely. I would suggest to the committee that you don't want to do that until you have looked at the proposed amendments to section 330 of CEPA and determined whether you agree with those. Otherwise, you may inadvertently lose something out of CEPA.

The Chair: Mr. Easter.

Hon. Wayne Easter: I think you've explained it. Basically, the government bill itself is eliminating subsection 140(3) and replacing it with a regulation that may distinguish among fuels. Would that be the explanation?

Mr. John Moffet: Yes, sir.

Hon. Wayne Easter: All right.

Just on the point, though, Mr. Chair, about whether to deal with it now or later, I'd say that I'm concerned more about the principle of the Bloc amendment than the wording. The principle takes the authority away from the Governor in Council basically to make regulations, as is the normal business of the Governor in Council.

I may disagree with much of what the Governor in Council does sometimes, but the fact of the matter is that the Governor in Council needs the authority to regulate in changing times. If we hamstring the government as a whole in its regulation-making authority and force it to come back to legislation, we create huge problems down the road. We've seen that in some previous legislation when as MPs we thought we were doing the right thing in preventing government from making wild and woolly regulations, but then it became cumbersome.

I would just say that regardless of that subsection 140(3) and its elimination, I'm opposed in principle to taking the regulatory authority away from the government in this instance, regardless of some of the good points made in the amendment.

• (1105)

The Chair: Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: I understand that my motion will be defeated.

The purpose of this amendment is to give committee members the opportunity to examine regulations prior to their adoption. It would be very interesting to have the authority to do that. We want to be kept apprised of any technological advances in this relatively new field. It is important that we be able to review regulations and evaluate the relevance of the measures being proposed by the government. It is a matter of submitting each government request to the committee for review. Equally important is the environmental impact.

I will discuss the other amendments later, but I would like us to vote on the Bloc's amendment.

[*English*]

Hon. Wayne Easter: Before we go to the vote, I wonder whether the legislative counsel or the people who are here would explain how, from their perspective, this amendment.... Can they give us examples of how it complicates? I know examples in my own mind of where. I like the idea that committee would be involved, but I think it encumbers the ability of government to do its work, so I wonder whether some of the witnesses could explain what actually happens on the ground, so to speak, in terms of regulation-making authority.

The Chair: Mr. Moffet, do you want...?

Mr. John Moffet: Mr. Easter, the issue you raise goes to the heart of a fairly long-standing and fundamental constitutional principle regarding the separation of powers as between Parliament and the Governor in Council.

Essentially, a statute can, within the scope of the statute and within the constitution, provide authority to the Governor in Council to regulate; it can instruct the Governor in Council to issue regulations on a particular topic. However, the Bloc amendment would go well beyond that type of statutory authority and would explicitly limit the Governor in Council's discretion and actually start to stipulate the content of the regulation.

There we have a blurring of the distinction between the role of Parliament and the role of the Governor in Council and we have no precedent that we are aware of, in terms of statutory authority, that goes this far. Indeed, this issue has arisen in previous committee discussions, where there was more notice provided to government officials, and various Department of Justice officials from constitutional law have spoken about the nature of this constitutional provision.

Fundamentally, it speaks to the very issue you address, and the practical reason for that is the one you described. Parliament may want to provide authority and may want to say we must address this particular issue, but the details of how we address the issue are more appropriately dealt with by the authorities and discretion provided to the Governor in Council rather than being stipulated through statutory authority.

•(1110)

The Chair: Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: For the record, I disagree with what Mr. Moffet just said. When we discussed the Tobacco Act, we used the example of Health Canada as inspiration for moving this amendment, which called for the committee to examine the measures. This falls within the committee's purview.

[*English*]

The Chair: Okay. Are there any others?

I have Alex, and then Wayne.

Mr. Alex Atamanenko: Is the discussion we're having now on a part of the amendment?

The Chair: No, it's on the Bloc motion now. André put the whole of amendment BQ-1 on the floor, so we are discussing the Bloc—

Mr. Alex Atamanenko: So when we vote, we will be voting on...?

The Chair: We'll be voting on amendment BQ-1.

Wayne.

Hon. Wayne Easter: I just want to say that one of the concerns that I think a lot of us do have, as MPs, with regulations is that central bureaucracies in this town—it doesn't matter the department or the political stripe of those in office—are trying more and more to take authority into regulations. That does concern me. I just want to say that on the record.

In principle, we've had the discussion in terms of the authorities of executive council. But from my experience over a number of years and from that of a lot of others, I think there does seem to be a move for central authorities, through the Privy Council Office and other means, to have more regulatory decision-making than legislative decision-making.

I just want to point this out as a concern that I think a lot of us certainly have.

The Chair: Are there any other comments?

So amendment BQ-1 is on the floor.

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

The Chair: Now, amendment BQ-2 doesn't have a conflict, so it can be put on the floor. Amendment BQ-2 doesn't affect clause 5, which we were talking about earlier, so we have the go-ahead.

Okay, BQ-2 is on the floor. Are there comments?

[*Translation*]

Mr. André Bellavance: Thank you, Mr. Chairman.

I believe everyone will be pleased and satisfied, because this amendment broadens the scope of the regulations, thereby giving more powers to the minister and to the government. I guess that is good news. In essence, we want the government to be able to regulate the submission by fuel producers, importers and retailers of information on the environmental impact of their biofuels. Since there is nothing about this in the bill as it now stands, we are adding some clauses that would allow the government to request the

submission of information regarding the environmental and energy balance sheet, the life-cycle analysis, and the social and environmental impact of fuels to be subject to regulations. These provisions are aimed quite simply at allowing the government to demand that companies proposing an alternative fuels project submit information on the environmental impact of their project if it were carried out.

[*English*]

The Chair: Mr. St. Amand.

Mr. Lloyd St. Amand: I'd appreciate hearing from the departmental officials. One might suggest that as well intentioned as this amendment is, it's a little bit superfluous or just a restatement of what's already contained in subparagraph 140(1)(g)(iii). I just wonder if my thoughts in that regard are simplistic.

The Chair: We'll put that question to the witnesses.

Mr. Moffet, Ms. Baxter? Anyone?

Mr. John Moffet: Thanks, Mr. Chair.

I would make two comments with respect to this proposed amendment.

First of all, indeed, some of the authority that would be added here we believe would already be covered in subparagraph 140(1)(g)(iii), which would authorize the Governor in Council to issue regulations that would require proponents of fuel to submit information about the adverse health or environmental effects. And those adverse health or environmental effects could indeed relate to any point in the life cycle of the fuel. So that would cover proposed subparagraph (iii.2) and part of proposed subparagraph (iii.3), which refer to environmental impact. So I would respectfully suggest that part of the amendment is superfluous, to use your words.

I guess there are two other concerns. One is that some of the terms used here are somewhat vague, and I appreciate that they're intentionally broad. For example, the term "environmental balance sheet" is not a term of ours that officials in the Department of Environment would be used to, nor is it sufficiently precise that a potential regulatee would know that they might be subject to this provision, which is sort of a fundamental principle of drafting.

A third concern has to do with the final amendment here, which would give the Minister of the Environment and the Minister of Health the authority under CEPA, which is an environmental protection statute, to recommend regulations regarding social impact. Again, I would echo the comments made by Mr. St. Amand. While this is undoubtedly well intentioned and is potentially well within the purview of this committee, I would request that the committee keep in mind, when dealing with all these provisions, that we are dealing with amendments to CEPA, not to an agricultural statute and not to a trade statute. These are amendments to an environmental and health protection statute. So the scope of that statute is very clearly constrained to protecting the environment and health and not to addressing social objectives or economic objectives. Certainly we have no history of using CEPA to collect social information or economic information, and one might argue that this amendment would go well beyond the scope of the statute the bill is amending.

●(1115)

The Chair: I have Mr. Atamanenko and then Mr. Bellavance.

Mr. Alex Atamanenko: So if I understand correctly, with this second amendment—after line 33 on page 2—there's no conflict with my proposed amendment. Is that correct?

The Chair: Yes, that's correct.

Mr. Alex Atamanenko: So in other words, if I vote for this and it's passed, we can still discuss my amendment.

The Chair: I believe so, yes.

Mr. Alex Atamanenko: I just want to clarify that.

The Chair: Go ahead, Mr. Bellavance.

[Translation]

Mr. André Bellavance: Mr. Moffet, we are not to blame if a bill to amend the environment legislation is before the Standing Committee on Agriculture and Agri-food. The government opted for this course of action.

In terms of the social and environmental impact, I think we can look to other countries for examples. Heaven help us if similar things happen here in Canada. Clearly, there are social and environmental repercussions when countries decide to cut down forests to plant crops that will be used to produce biofuels and when entire populations are displaced. The entire ecosystem is thrown off balance by decisions like this. I'm not saying that this catastrophic scenario will play out here, but our party is asking that the government be allowed to go a step further when projects are proposed. It is critical that it have a idea of all possible repercussions if questions were to arise.

The current bill is vague. This amendment, however, clearly spells out the types of requests that the minister can make. I think it is an advantage for any government. I will never be the federal agriculture and agri-food minister, but perhaps some of my colleagues at the table will hold that office one day.

[English]

The Chair: Maybe you will in Quebec some day.

Mr. Easter.

Hon. Wayne Easter: I wonder if André might be able to explain the reason the Bloc wants the additional points added. He alluded to it in his last point on damage elsewhere, clearing forests, or whatever.

While he's thinking about that, Mr. Moffet, you raised a point about this bill being here, which we raised at the first meeting. I believe I said at the time that this bill was maybe somewhat misplaced at this committee, because it was here perhaps more for the political purposes of the minister than to deal with the legislation.

Is that what you're implying in your statement? We wonder why it is here as well. The minister gave a wonderful speech in his presentation. To me, it seemed more for political purposes than legislative, but that's not unusual from that crowd across the way.

I wonder if you have any comment.

●(1120)

The Chair: Let's not get too political with our comments. We're here to try to do some work.

We'll hear from Mr. Moffet, and then I'll go back to you, André.

Mr. John Moffet: I certainly won't comment on why the bill is here or whether it ought to be here, and I apologize if that was the way my comments were interpreted. I was simply asking the committee to remember that the amendments that are before you are amending a statute that has, as its particular purpose, the protection of environment and health.

The committee may be perfectly suited to look at those amendments. I'm simply saying you need to look at them and interpret them in the context of the statute that is being amended in the first place.

The Chair: Mr. Bellavance, are you going to respond to Mr. Easter?

[Translation]

Mr. André Bellavance: I've commented on this. As Mr. Moffet just said, this bill must take into account environmental impacts. I believe my amendment does just that. Therefore, I think we should proceed to vote.

[English]

The Chair: Mr. Lauzon.

[Translation]

Mr. Guy Lauzon: With all due respect to my colleague, I think the aim of the bill is to change the regulatory framework, not the government's policy on the environment.

[English]

I think what we're trying to do here is change a regulation, not reflect or change environmental policy. As my colleague across the way says, maybe we're reading more into the regulations change than what's really there.

The Chair: I have one question on this for Mr. Moffet.

I'm a farmer. I represent a large group of farmers. Here we're talking about fuel. By making this amendment here, when you start talking about the environmental and energy balance sheet, life-cycle analysis, social and environmental impact, can those be applied, if this is carried, to more aspects of our day-to-day lives than just fuel? If you guys want to use the Environmental Protection Act to start regulating more of our agriculture practices, would this then apply outside of the issue of fuel and mixing of fuel?

Mr. John Moffet: No.

The Chair: Okay, so we are still talking only about fuel.

If there any no other comments, I'll call the question.

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

The Chair: NDP-1. Alex, do you want to move it?

Mr. Alex Atamanenko: I'd like to talk a little bit about this. Can I do that? I would just explain—

The Chair: Put it on the floor, and then you can start—

Mr. Alex Atamanenko: I move that Bill C-33 be amended in clause 2 by adding after line 40 on page 2 the following subclause (6.1), regarding section 140 of the act....

Do you want me to read through this, Mr. Chair?

The Chair: You can dispense. You don't need to read it in. Everybody has a copy.

Mr. Alex Atamanenko: Now, can I talk a little bit about why I want to do this?

I feel we have to exercise a precautionary principle. I think the compromise we can arrive at is that by adopting this bill, if we build in some checks.... What we're saying here is that the Governor in Council may make regulations in respect of biofuel production in Canada, and in particular shall within six months after this subsection comes into force make regulations. Then you'll see that the last amendment, the second one I have, is to have a review of this.

It's important.... We've discussed and we've heard from witnesses with regard to genetically modified grains. What I'm proposing is that we prohibit the use of genetically modified grains, oilseeds, or trees for biofuel production, except for those that are already in existence.

This is not just something on which we have received information from organizations that have been studying the aspect of health; this can be costly to farmers. It can be costly because of contamination. Farm Update, a document that was prepared in regard to genetically modified crops in Ontario, says that:

Contamination events can cost farmers and industry billions. For example: In 2006 and 2007, two unapproved GM rice varieties were found in 25 countries including Canada. The rice contaminated foundational seed in the U.S. and resulted in bans and restrictions on imports of U.S. produced rice. The rice was grown in U.S. field trials in 2001 but the U.S. government has not tracked the exact source of contamination. The Canadian Government now only approves a GM crop for growing if it is also approved for human consumption. This measure was taken after Starling corn, approved in the U.S. for animal feed but not for human safety, widely contaminated the world's food supply resulting in product recalls in an estimated \$1 billion cost to the food industry.

That's just an example I use to show that by exercising precaution, we can move ahead in the industry, but let's not use the industry as a means of introducing more GM technology. Specifically I'd like to look at wheat. As you know, whether or not we agree on the marketing, we know we have a very good quality of wheat and durum that is renowned in the world. If we were to allow, for example, for the sake of expediency the introduction of a brand of wheat that is genetically modified for biodiesel, for ethanol, then the strong possibility exists, if we look at what has happened with rice in the United States, that the wheat we grow now for food consumption and production could be contaminated.

Then we can see the costs and we can see ourselves trying to catch up. That's the main reason for including proposed paragraph 140 (2.1)(a). As for prohibiting the use of lands protected by federal legislation and other sensitive biodiverse lands and protecting biodiversity, we have to ensure...

Biodiversity...refers to the variability among living organisms. It includes diversity within species...and ecosystems.... Biodiversity is important for its intrinsic value, but also for the priceless ecosystem services that it provides, such as clean water, clean air, maintenance of critical nutrient cycles, flood control, pest control, pollination of crops, compounds for new medicines, and seeds for new crops.

This is taken from a document from Environment Canada; it's not some organization away out there trying to talk about this. It may look as if it doesn't say much, but it says that we do preserve our biodiversity in Canada as we advance in this industry, once again applying that precautionary principle.

•(1125)

Paragraph (d) is self-explanatory. I do not feel and my party does not feel we should be importing feedstock for the biofuel industry in Canada. We heard from witnesses—and the gentleman who talked about canola today felt we can sustain ourselves—that we can provide that feedstock for the biofuel industry in Canada.

If we don't have a clause that prohibits this, then we open up our industry to cheap fuel feedstock coming in, not only from the United States but from all other parts of the world. The southern hemisphere, where we have seen this, has contributed to devastating the agriculture industry and small farmers. This is vitally important. If we have a biofuel industry, let's get it off the ground correctly. Let's ensure our farmers benefit, because if we allow importation, that allows prices to go down because of competition with, for example, subsidized corn from the United States.

I think this is a very practical measure, and it's an integral part of my amendments.

I apologize for taking time. I want to make the point clear. I'm trying to be as concise as possible.

The whole idea of criteria for environmental sustainability of biofuel production in compliance with internationally recognized best practices is important as we embark upon this. I've just been reading a document from the OECD that we conform to international standards. We cannot be seen as a country going in our own direction, maybe following the lead of what's happening south of us and not respecting international standards.

There are concerns. They're saying it is more likely that land use constraints will limit the amount of new land that can be brought into production, leading to a food versus fuel debate. That's the other point we have to address as we look at the whole idea of conforming to international standards. We have to look at what they're saying at the OECD, for example. They're saying other conventional biofuel technologies typically delivered greenhouse gas reductions of less than 40% compared with our fossil fuel alternatives. When such impacts as soil acidification, fertilizer use, biodiversity, and loss of toxicity of agricultural pesticides are taken into account, the overall environmental impacts of ethanol and biodiesel can very easily exceed those of petrol and mineral diesel.

We've heard from Mr. Samson today on the reasons he wants us to be very cautious and wants this bill not to go forward. From the point of view of the environment, what we're proposing is not efficient. In the study he has done, the thick one that I read, the most efficient use for the environment are pellets for energy sources, for example.

We're going to do this, but as we do this, we have to try to meet and conform to international standards. That's why, by having this clause in the bill, we can do that.

Paragraph (f), the last point, is on establishing restrictions on the use of arable land in Canada for biofuel production. I think we could quite comfortably follow the Manitoba model where they've set aside, according to the natural resources minister I talked to, 10% of arable land for biofuels. In other words, farmers can benefit from that by growing crops that are not used for food production.

In conclusion, I will try to generate support, and I am sure everybody will unanimously vote for my amendment, just as there was a full house last night in the House when I was speaking.

Those are the concerns I have. They should be noted. We can do a good bill and introduce those amendments.

• (1130)

The Chair: Thank you.

Mr. Lauzon first.

Mr. Guy Lauzon: Thank you very much.

Mr. Chair, I appreciate my colleague's passion, but I'm just wondering if this isn't outside the scope of what this bill is trying to do. We're getting into trade issues, etc. I don't know who should answer that question, but is this outside the scope of what this bill is about?

The Chair: Would any of the witnesses care to comment whether this is outside the scope of EPA?

Mr. Moffet.

• (1135)

Mr. Brian Storseth (Westlock—St. Paul, CPC): On a point of order, Mr. Chair, you're the one who decides that, and you've already allowed that by allowing the amendment to be brought to the floor.

The Chair: Yes, it is in order. It was definitely written in order as an amendment. You're talking about policy, though.

Mr. Guy Lauzon: Yes, areas of countervailing. I think this is outside the realm of what this bill was really supposed to be about.

The Chair: Mr. Moffet, do you have any comments?

Mr. John Moffet: Just on this general point, the bill that the government introduced amends certain regulatory authorities in division 4 of part 7 of CEPA. That division is focused on regulating fuel quality for the purpose of preventing or reducing air pollution, and I would draw your attention to subsection 140(2) of CEPA, which states that the Governor in Council may make a regulation under subsection 140(1) if the Governor in Council is of the opinion that the regulation could make a significant contribution to the prevention of, or reduction in, air pollution.

That's the focus of the existing statutory authority, and it is within that focus that the government's amendments are constrained. So the

government's amendments remain within that focus of addressing fuel quality for the purpose of reducing air pollution, and their amendments address this at ensuring that we can address biofuels as well as other fuels, but they're strictly for that purpose of addressing fuel quality and air pollution.

The Chair: Mr. Bellavance, and then Mr. Boshcoff.

[*Translation*]

Mr. André Bellavance: Thank you, Mr. Chairman.

I merely wanted to congratulate my colleague on his spirited defence. It was excellent. The problem with his amendment—and I would like the other parties in Parliament to lose this bad habit—is that it infringes on areas of provincial jurisdiction. Consider, for example, proposed paragraph (2.1)(c) which reads as follows: (c) preserving the biodiversity of lands used in biofuel production".

I have to say that this amendment, like all of the others, is quite laudable. I don't disagree with the objective. However, the targeted area falls directly under the jurisdiction of the Commission de la protection du territoire agricole du Québec. It is not interested in having the federal government meddle in this area. For that reason, the Bloc Québécois will, unfortunately, not be able to support this amendment.

I simply wanted to make that clear. Colleagues may want to think twice in future about proposing measures that infringe on provincial jurisdiction, and especially on Quebec's jurisdiction.

[*English*]

The Chair: Mr. Boshcoff, Mr. Easter, and then back to Mr. Atamanenko.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): I also really like the intent of the amendment. I think it reads well and it shows how smart Mr. Atamanenko is, and I'm grateful for it, because it has to be stated. I guess our issue is whether we put something in a bill that wouldn't help the bill.

I've heard the formal response, but I don't know if some of these things couldn't be more helpful in either a preamble or something like that, where we could see that the general direction would be to accommodate these things and reflect some of the things we have heard from the witnesses. So I'll thank the mover for that.

The Chair: Mr. Easter.

Hon. Wayne Easter: Alex's amendments raise a number of points that are legitimate concerns. That's what you hear when you are in the country. The gentleman from REAP raised the issue this morning of whether there are more sensible ways of reducing greenhouse gases. So they are legitimate concerns.

There's certainly concern—I heard it in Saskatchewan last week—about cattle prices and where they're at. People are going into cattle, tearing up marginal land, and putting in higher-value crops. There are some concerns there, but as André says, they are more provincial jurisdictions.

I have a couple of questions for the witnesses.

Based on the points that Alex's amendment raises, on the inputs to ethanol itself—and maybe you can answer them and maybe you can't—what are the restrictions on corn coming in from the U.S.? We hear that American subsidized corn is coming into the Chatham plant in Ontario, and around 80% of the production base in that plant—I think it's around there, Larry—is coming from the United States.

Is there any way to prevent that? I know we can prevent it if it's considered dumping, but what are our protective measures there for our producers?

Second is the importation of ethanol from Brazil. In Brazil they're producing ethanol very cheaply from sugar cane. If a tanker of ethanol comes up the St. Lawrence—which is quite possible—do the subsidies that the government has in place apply to that ethanol? Could we be in a situation where we are subsidizing ethanol in Canada that was produced in Brazil?

• (1140)

The Chair: Who wants that one?

Mr. McEwen.

Mr. Bruce McEwen (Chief, Fuels Section, Department of the Environment): On the question of subsidies, currently an excise tax exemption exists for ethanol used as road fuel, regardless of where it comes from.

In last year's budget the government announced that it would be dropping that excise tax exemption effective April 1, and it would be replaced by what is called a producer incentive that goes to Canadian producers of renewable fuels.

Hon. Wayne Easter: That's effective April 1?

Mr. Bruce McEwen: That's correct.

The Chair: Mr. Moffet.

Mr. John Moffet: Perhaps I should respond to Mr. Easter's first question, on existing statutory or regulatory restrictions.

Certainly there are no restrictions on imports under CEPA, which would only have the authority to restrict for the purpose of protecting the environment or health. To my knowledge there are no such restrictions at the moment under agriculture statutes either.

Hon. Wayne Easter: That's unless we can prove dumping under trade law.

The Chair: Mr. Atamanenko is next, and then Mr. Miller and Mr. Lauzon.

[Translation]

Mr. Alex Atamanenko: André, I was curious as to whether the amendments satisfied your criteria for consultations...

[English]

In other words, if I were able to change that to say “in consultation with the provinces” would it solve the jurisdiction issues in regard to your concern?

The Chair: Mr. Bellavance.

[Translation]

Mr. André Bellavance: No, because this is an area over which the provinces and Quebec have jurisdiction. Even if provision were made for consulting them, ultimately, it would still be a case of

“Ottawa knows best”. Ottawa would consult with the provinces, but still impose whatever measures it wanted. We have seen this happen far too often. We will always stand ready to wage this battle. Most likely you have seen our recent ads. The federal government has intervened directly too many times before, so that even if consultations were to take place, it would not work.

[English]

The Chair: Okay.

Mr. Miller, Mr. Lauzon.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thanks, Mr. Chairman.

I just want to respond briefly to Mr. Easter's comments about the corn company. Of course nobody's more opposed to the dumping of corn in here, if that was the case, than I am.

I think a point that needs to be given—and I think Mr. Steckle will agree with me and back this up—is that Ontario is a net exporter of corn, and whether that corn comes into an ethanol plant or it comes in and goes directly to our feedlots.... If the corn is coming in from the U.S., if it is going to the ethanol plants, basically what that means, in simple terms, is that more of the corn that's being bought out of local elevators is going into feedlots and other uses—starch mills, that kind of thing. I just thought that needed to be brought up.

On the bill itself, I respect Mr. Atamanenko's philosophical view and his party's on this, to a degree, but the bottom line is that where this amendment is going is not appropriate in this bill. It may be a debate on another day, on another issue, but I think it's irrelevant here. If you want to go on and then carry it, without genetically modified, which seems to be the term they want to use, today we'd have 60-, 70-bushels-an-acre corn, but frankly, we wouldn't even take the time to turn the cattle in Ontario any more. Those are the advancements that have come.

We want our farmers to compete around the world, and no one's ever become sick on something that's been modified that I'm aware of—and I think Mr. Steckle pointed that out yesterday. So I think we need to save that debate, Mr. Chairman, for another day. It's just not appropriate here. It's a well-written amendment, but not what we need to see in this bill.

• (1145)

The Chair: Mr. Lauzon.

Mr. Guy Lauzon: Paragraph (d), the one that prohibits the importation of grains or oils for the use in biofuel production, I wonder if that would be trade-distorting. I don't think we want to go there. I see you nodding your head. I'm assuming I'm correct in assuming that.

The Chair: Mr. Moffet.

Mr. John Moffet: Thank you.

Indeed we have concerns about both paragraphs (a) and (d) with respect to the potential violation of Canada's international trade obligations. Under those obligations, which exist under the WTO GATT agreement and under NAFTA, Canada is free to impose restrictions on imports, but only for specified purposes, and one of those narrow purposes would be for the purpose of a scientifically justifiable health or environmental concern.

By comparison, these two provisions—and I'm reading the words "shall make regulations"—would oblige the Governor in Council to prohibit all genetically modified grains, oilseeds, or trees produced after 2008 and would oblige the Governor in Council to prohibit all importation, whether there's an environmental or health concern or not. This is in stark contrast to the way in which Canada currently regulates seeds, and indeed all genetically modified products, which have to go through a market pre-assessment administered by CFIA under the Seeds Act, on a case-by-case, feed-by-feed, seed-by-seed, substance-by-substance basis to determine whether there is a specific environmental health risk that warrants, for example, the imposition of a trade restriction.

The Chair: Just to get that straight, then, in proposed paragraph 2. (1)(a), probably 85% of canola grown in Canada is GMO, so all our genetically modified canola would be banned for use in...?

Mr. Alex Atamanenko: It says before 2008, as of now.

The Chair: As of now, but no varieties would be allowed to be developed—

Mr. Alex Atamanenko: According to the bill.

The Chair: So we would tie the hands of our plant breeders and our farmers. I just wanted to get that clear.

Are there any other comments? Seeing none, I call the question.

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

The Chair: The amendment is defeated.

As I said earlier, Bloc motion BQ-3 was tied to Bloc motion BQ-1. The vote on motion BQ-1 applies to motion BQ-3, so it was defeated.

That takes us right down to amendment NDP-2.

Alex, I'd ask you to move NDP-2 onto the floor. That is on pages 9 and 10.

• (1150)

Mr. Alex Atamanenko: What this motion is basically saying is we need to put something in place to have a comprehensive review of where we're going. I'm proposing that "within six months of when this comes into force and every two years thereafter, a comprehensive review of the environmental and economic aspects of biofuel production in Canada shall be undertaken...". You can read the rest of it.

This is an environmental bill. It touches, obviously, the economy, which touches farmers. It would be prudent on our part to at least have this in, as in any worthwhile project or program, to have a review. That is why it would be very wise on our part. That's the reason I would like to encourage my colleagues to put this in. You voted against my other motion, but the way the bill stands, regardless of what was there or what could have been there, I think it should have provision that we can review the policy. That is key.

The Chair: I have Mr. St. Amand, then Mr. Miller, then Mr. Easter, then Mr. Lauzon.

We will start off with Lloyd.

Mr. Lloyd St. Amand: Thank you, Mr. Chair.

Mr. Atamanenko's earlier motion made sense but was fraught with some practical difficulties of the encroachment into provincial jurisdiction, etc. This motion on pages 9 and 10 seems to me quite sensible, Mr. Chair. I'd like to hear the officials' comments about it.

The only concern I would have, and maybe this is the way the phrasing has to be, is that it's unclear as to whether the Senate or the House of Commons would initiate the study. It reads as if, by some collaborative process, the Senate and the House of Commons would decide between them who would take the lead in the review. Maybe that's always the case. I would think that more precise wording would be required to say that the House will take the lead, or the Senate.

The Chair: I'll let Alex clarify it first, before we turn it over to Mr. Moffet.

Mr. Alex Atamanenko: This was the language proposed to us by the legal people, so I'm not sure if that's what happens usually. They ran with it, and that's what they came up with.

The Chair: Okay, Mr. Moffet.

Mr. John Moffet: Thanks, Mr. Chair.

There are a few issues I'd like to bring to the committee's attention with respect to this amendment.

Again, I apologize for sounding a bit like a broken record, but in the context of an environmental protection bill, there may be some concerns about the breadth of this provision, which requires a review of both the environmental and economic aspects of biofuel production. That's one concern that I would suggest the committee consider.

A second is a fairly minor technical one, and that is, essentially we would be inserting an obligation on Parliament to conduct a review in the middle of what is otherwise a regulatory authority in a statute. Perhaps that's just an inelegant architecture issue, as opposed to a substantive one.

The third one, and I say this with all respect to the committee, you can do this already. You don't need statutory authority to do this. Indeed, this committee's jurisdiction, as I've emphasized, goes well beyond the environmental protection compliance of CEPA and would be perfectly well suited to take upon itself at any time this sort of review.

The Chair: Mr. Miller.

Mr. Larry Miller: I think Mr. Moffet may have answered my question. Basically, the committee could ask for a review of this at any time. With any legislation or policy change or direction, I think it's obvious that the committee, even the MPs responsible for that, are going to be—whether it's agriculture or environment—monitoring the thing. If there's something in there that's not working, that's going to trigger somebody to bring forth and request a review.

I think that Mr. Moffet's comments certainly reinforce my thinking. It's not that I have any opposition to a review at some point, but I think that to have this in there... It can be done at an appropriate time, if necessary. I think this amendment is just unnecessary.

• (1155)

The Chair: Mr. Easter is next.

Hon. Wayne Easter: Although I agree that we, as a committee, have the jurisdiction, if we decide in the future to do this kind of a study, we all know around this committee how often the pressures of the day take over. Therefore, you perhaps don't look at what Alex is suggesting in his amendment.

I have a couple of questions, Alex. I'm certainly leaning towards supporting this motion. The minister did send this bill to this committee, and we do look at it from a somewhat different perspective from just the Environmental Protection Act itself.

What are you asking for in terms of the environmental and economic aspects of biofuel production? What is specifically your intent? If this passes and then someone has to look at it down the road—a committee has to abide by this requirement—just what is your intent? What are you asking that committee to review, more specifically?

Mr. Alex Atamanenko: I'll give you a couple of examples. Before I start, I'd like to say that I look upon this as a form of insurance. Once again, I think we can never be too cautious. It doesn't hurt to have some insurance to ensure that there is review.

I would look at it from the environmental point of view. I think we have to reassess or look at the whole idea of greenhouse gas emissions, because we are moving in that direction as a country. We should be looking at the impact on land and land use. Has it proven to be an economic stimulator in our rural communities, or has a large company taken over, which provided a few jobs but, as Dr. Klein pointed out in his caution, have other jobs been lost in the agriculture sector, for example?

I don't know. I think by having this, we can look at, specifically for me, the economic benefit to rural Canada. If the economic benefit isn't there, then we may have to do some modifications. Ideally, and we're all hoping, it will be.

This is just insurance to do studies of that nature. As time goes on, as we have the feelers out in our communities, there may be something, Brian, in Alberta for example, that's triggering a specific point that the people you talk to might want to have reviewed. I, or others, might hear something.

I don't think it impedes the bill coming into effect. All it does is say let's look at it under these two aspects and see what the evaluation is at a specific point in time.

The Chair: Mr. Lauzon.

Mr. Guy Lauzon: I had the same question as Mr. Miller, but I just wonder, wouldn't this be the same as how we review PMRA—is it every six months? I'm not so sure....

I would prefer that if the committee, sort of being masters of our destiny.... If you put it in there, sometimes when it's obligatory it gets a fast shuffle, rather than if we decide we want to do the study. Maybe then we would do it a little more comprehensively.

I would suggest that maybe it's redundant. I don't think it's necessary. As Mr. Moffet said, why would we want to stick another requirement into parliamentary procedure?

• (1200)

The Chair: Mr. St. Amand is next and then Mr. Bellavance.

Mr. Lloyd St. Amand: I don't want to tinker unduly with a motion that I think makes sense. I don't know if Mr. Atamanenko would be receptive to a friendly amendment in line four to delete “and economic” so it would be a review of the environmental aspects of biofuel production. Perhaps that's too dramatic a departure from the intent of the motion and he'd rather stick with it as is.

The Chair: Mr. Atamanenko.

Mr. Alex Atamanenko: I think if we left it at “environmental” we might not address potential hardships for rural communities—we're hoping there won't be—or farmers. By leaving “economic” in there it will give us a chance to look at the whole aspect, not just the environment, and exactly what it's doing to our rural communities.

The Chair: Despite the fact that Mr. Atamanenko is a nice guy, he doesn't like friendly amendments.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: I'm pleased to see that Alex is standing by his amendment as it is now worded. Personally, I think it is a very sound amendment. I disagree very much with what Mr. Lauzon said, based on what Mr. Moffet said as well.

Mr. Moffet said that the government has the latitude it needs to conduct studies. The committee also has the latitude it needs to hear from witnesses and to conduct in-depth studies. We know that putting this obligation in legislation will make a big difference. It will create an obligation not only for the government in office, but for successive governments as well. Moreover, this field is constantly evolving. In many cases, we're dealing with new, thriving technologies.

Therefore, it is important to establish benchmarks right away. In my view, this amendment allows us to consider all of the implications in greater detail. Making this step mandatory is not an impediment. On the contrary, I think this would be a big advantage for any government.

[*English*]

The Chair: Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): I've remained mostly silent on the amendments, but on this one there is a precedent that this committee set about two years ago with the PMRA. It took the action to call before that committee, every six months, a review of progress being made by the PMRA. For eight or nine years there was no progress. Only in the last two years have we seen the PMRA actually stepping to the plate and some real progress moving forward.

Alex is suggesting it be within the first six months, but thereafter every two years. I see nothing unreasonable about it. There are many issues that will come before the committee, and I don't think we need to create work, but in fairness this is something I can live with. It may be in the best interest of a lot of people concerned down the road.

The Chair: I have Guy, Carol, and then Brian.

Mr. Guy Lauzon: For all intents and purposes, it would be almost redundant or unnecessary to do it after six months. Maybe you would agree to a friendly amendment to do it every three years or something. Of course, if we saw issues in the interim we could call them at any time. As we said, we're masters of our own destiny. Why do we need to have this rigid timetable?

The Chair: Do you have a friendly amendment?

Mr. Alex Atamanenko: We sort of said every three years. If it's in six months or a year and then two years after that, I could probably live with it. But just to say in three years, I wouldn't be in favour of that.

• (1205)

The Chair: Brian.

Mr. Brian Storseth: Thank you very much, Mr. Chair.

Mr. Atamanenko, you raise a good point. Mr. Steckle raises a good point about the PMRA, but I don't believe it says that the committee "shall meet on a certain date with the PMRA". Our last meeting with the PMRA was almost nine or ten months in the making. I think we could have some flexibility in taking out the "shall" on that. It would give more flexibility to the committee and wouldn't tie the committee's hands.

I don't believe we should be doing it within six months after the bill is passed; it should be within the year this bill is passed. On the other side, if you are going to do this the committee should look at it every year thereafter, not every two years.

On the last thing you should look at, Mr. Atamanenko, when you say "a comprehensive review of the environmental and economical aspects", that's a very large thing for one committee to do. Maybe you should give the option to several different committees—perhaps the environment committee and the agriculture committee. I would look at tightening this up a little while still giving the committee the time and flexibility it needs. Then I could support it.

The Chair: Are you willing to take a friendly amendment from Mr. Storseth?

Mr. Brian Storseth: It's more a suggestion.

Mr. Alex Atamanenko: As I understand what you're saying, after the implementation or the passage of the bill, a review would be taken within a year, and after that, every year, you're saying.

Mr. Brian Storseth: Yes.

Mr. Alex Atamanenko: I could live with that.

Mr. Brian Storseth: I think it's important that we give it flexibility and take "shall" out of there. Otherwise it will be similar to what we had with the PMRA. If the committee gets busy, it needs to be 13 months. But if we pass the motion as a committee, and you get unanimous consent, it is setting the precedent that we need to be doing this within a certain time.

Mr. Alex Atamanenko: No, I understand.

The Chair: I'll tell you what I'm thinking here, guys. We're after noon, and we have the young farmers.

Mr. Atamanenko, if you're open to working with Brian or others and reworking the wording to some degree, when we come back after lunch we can put that on the table, if that's all right with you.

Mr. Alex Atamanenko: Maybe Brian and I could change that and come to an agreement.

The Chair: With that, we'll break. We'll shoot over to the corner of Queen and O'Connor and be back here for 1:30.

Alex.

Mr. Alex Atamanenko: That leaves us only half an hour after we get back.

The Chair: Actually, after we get back, there's only one amendment left and then the other clauses that weren't amended. I'm hoping that things will move fairly quickly.

Mr. Brian Storseth: I may have some amendments from the floor, Mr. Chair.

Mr. Guy Lauzon: And he may not.

The Chair: So we're okay with that, guys?

With that, we shall suspend.

• (1205)

_____ (Pause) _____

• (1330)

The Chair: I call us back to order.

Because we're missing some committee members and in particular two who were working on clause 2, the NDP amendment 2, we will stand that, if everybody consents, until Alex is back. So let's stand the discussion on clause 2, and we'll move on to clause 3.

André, since Alex is not here, we are going to stand his until he comes back and we'll continue with the clause-by-clause consideration.

(Clauses 3 and 4 agreed to)

(On clause 5)

The Chair: Okay, clause 5. We have BQ-4 as an amendment.

Monsieur Bellavance, if you wish to put that on the table....

[*Translation*]

Mr. André Bellavance: Thank you.

You may see some similarities here with the amendment to clause 2 that I moved earlier. However, I think it relates more to clause 5. I am confident that committee members will appreciate the relevance of this amendment.

As it now stands, the bill allows for fuels and biofuels to be treated differently, based on different criteria, such as emission levels, the amount of raw materials used or the chemical composition of these fuels.

In our view, the proposed amendment to clause 5—again, it is a case of giving some power to the government, which should please you—calls for different handling of biofuels, according to much broader environmental criteria.

With respect to my amendment which calls for an environmental and energy balance sheet, a life-cycle analysis and consideration of the social and environmental impact, earlier a number of arguments were voiced. I have no problem with people arguing their case, but I would like to reiterate my position. As far as I'm concerned, it is important for the government to ensure that biofuel production is a safe process and that means allowing it access to more in-depth analysis of the potential impact of biofuel production.

• (1335)

[English]

The Chair: Just for information for those of you who came in late, we started right at 1:30, so we stood your amendment, and we'll come back to it as soon as we get through the rest of the stuff. We just thought we'd get on with our work.

So we're on BQ-4 on clause 5, and those were the comments from André. Any other comments?

Mrs. Skelton.

Hon. Carol Skelton: I'd like to ask Mr. Moffett for comments on this, please.

The Chair: Mr. Moffett.

Mr. John Moffet: Thank you, Mr. Chair.

I would make the same comments that we made with respect to the previous Bloc motion, BQ-2. I'll just repeat them, if I may have your indulgence.

Amendment BQ-2 is about reporting. These provisions would be added to the various considerations that the government could take into account when developing regulations. So they are not mandatory by any means. Nothing in section 330(3) would be mandatory, but they would be factors the government could take into account. So the Bloc amendment would add three additional considerations, and I'll just speak to each of them.

The first one is proposed paragraph 330(3.2)(j), the environmental and energy balance sheet. The concern that we have as officials has to do with the vagueness of the terminology used here. There's no principled opposition, but I'm frankly not sure what this would add to the legislation, given that environmental balance sheet is not a term of art. As for energy balance sheet, we're not sure what the precise considerations would be that this would enable the government to account for.

If the objective is to allow the government to account for the full range, for the full spectrum of possible environmental implications, then we already have that authority in CEPA. Indeed, the essence of CEPA is to provide the government will a full range of authority to address environmental and health impacts of products, including fuels.

I would make the same comment with respect to proposed paragraph 330(3.2)(k), with a similar comment, although life-cycle analysis is becoming a clearly understood environmental term of art. Again, I would emphasize that CEPA already provides clear authority to regulate throughout the life cycle of a product.

I would make the same point with respect to proposed paragraph 330(3.2)(l) when it refers to environmental impact. That's exactly

what CEPA is focused on. So it's not clear to me that this provision would add anything to the act. Indeed, by adding these provisions here you might raise an issue of statutory interpretations, in the sense that if it's necessary to add this clarity here, perhaps in some way this implies that this authority does not exist already in CEPA elsewhere. It would be our position, and it has been since CEPA was first drafted in 1988, that this full life-cycle approach is implicit in the act.

The final point I would make is with respect to the word "social". Again, CEPA as an environmental protection statute does not currently, nor is it intended to, enable the government to establish different regulations based solely on social considerations. Indeed, one might argue that at least some parts of CEPA—for example section 93, in part V, the toxics provisions of CEPA, which this provision would affect—are premised on the criminal law head of power. I think it is fairly clear that one wouldn't be able to establish a criminal law based on a regulation that differentiates among regulatees strictly on the basis of social considerations.

So just to reiterate, I think there's a potential redundancy with respect to most of the proposed amendments here, some vagueness, some possible confusion that they would create with respect to the authorities that are already implicit in the act, and certainly with respect to the word "social". I think the amendments would take us well outside the existing scope of the statute.

• (1340)

The Chair: Thank you, Mr. Moffet. I had asked a similar question on amendment BQ-1. Now in this case this applies beyond just fuel as well. We are talking other substances and other activities, which could include farming, as far as the CEPA is concerned.

Mr. John Moffet: Absolutely. Indeed, this amendment would amend section 330 of CEPA, which in turn refers to regulations made under four different parts of CEPA: section 93, the toxics provision; section 140, the nutrients provision; section 167, international air; section 177, international water; and then also the fuels provisions. So this would have broad implications. It does not add new regulatory authority. So it is not extending the regulatory authority of the government. That regulatory authority already exists in the statute. What this does is add a number of considerations that the Governor in Council may take into account when regulating. So it's not new or expanded regulatory authority; it's just clarifying the nature of that regulatory authority.

The Chair: So when you talk about nutrients and water, manure-spreading would definitely be affected by what we're discussing here in amendment BQ-4.

Mr. John Moffet: Yes.

The Chair: Are there any other comments?

Go ahead, Mr. Atamanenko.

Mr. Alex Atamanenko: From a technical point of view, if this is voted upon and passed, does that negate my amendment, which comes under the same...?

The Chair: Not at all; there's no conflict between the motions.

Go ahead, Mr. Moffet.

Mr. John Moffet: Mr. Chairman, I'm sorry; I've misspoken. I apologize. Section 140 in fact is of course the fuels provisions that we're actually talking about today. The amendments, both from the Bloc and in the government bill, would not in any way affect the existing regulatory authority for nutrients. I apologize for misleading the committee on that point.

The Chair: Are there any other comments?

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

(Clauses 5 and 6 agreed to)

The Chair: Now we're going back to clause 2. We were debating the NDP-2 amendment, and I believe there is a friendly amendment being proposed.

Go ahead, Mr. Storseth.

Mr. Brian Storseth: Thank you very much, Mr. Chairman.

I'm not sure if you can accept it as a friendly amendment, but I would put an amendment to the motion.

The Chair: This is a subamendment.

Mr. Brian Storseth: It would read:

(6) Within one year after this subsection comes into force and every year thereafter, a comprehensive review of the environmental and economic aspects of biofuel production in Canada should be undertaken by such committee of the Senate, of the House of Commons or of both Houses of Parliament as may be designated or established by the Senate or the House of Commons, or by both Houses of Parliament, as the case may be, for that purpose.

(7) The committee referred to in subsection (6) should, within one year after a review is undertaken pursuant to that subsection, submit a report on the review to Parliament, including a statement of any recommendations that the committee makes in respect of biofuel production in Canada.

Basically, Mr. Chairman, this amendment amends from six months to a year after the legislation comes into place, and then every year thereafter. It does go from "shall" to "should"; it is still being forceful in setting the precedent, but it is not binding the hands on that exact date and time. It is much the same as what we have with PMRA at this point in time.

The Chair: Can you table that, then, so that we can have that copy?

Mr. Brian Storseth: It's not in both official languages.

The Chair: That's all right.

Okay, we have a subamendment to NDP-2 on the floor from Mr. Storseth. Is there discussion on it?

Go ahead, Alex.

Mr. Alex Atamanenko: I just wanted to say that we did go back and forth on this, and I agree with that subamendment.

The Chair: Go ahead, Mr. Lauzon.

Mr. Guy Lauzon: With all due respect, I still think it's rather redundant. Could our officials give us an opinion on it very briefly? Do you really think this is necessary? Is this going to add to...?

•(1345)

The Chair: Would you comment, Mr. Moffet?

Mr. John Moffet: I have two quick comments.

First, I will repeat the observation that this committee has the authority to conduct such review. It doesn't need statutory authority to do so.

The second point I would like to make, if I may, with respect to the proposed amendments, has to do with the use of the word "should", which would be highly unusual language to find in a statute. Typically one would either use "may", which would imply discretion, or "shall", which would imply that you must. I'm not familiar with the word "should" being used in a statute.

The Chair: Go ahead, Mr. Storseth.

Mr. Brian Storseth: Thank you very much, Mr. Chair.

Mr. Moffet is right in saying that you don't generally find it in statutory language, but if you look under general international policy when dealing with international guidelines on many treaties, the word "should" is often used in order to be a stronger word than "may", which can oftentimes be seen as still waiting for direction or for an answer to something.

After listening to the concerns of Mr. Steckle, Mr. Easter, and Mr. Atamanenko on the desirability of having something like this without tying the hands of the government on the actual timeline, I believe "should" would be perfectly reasonable.

The Chair: Mr. Miller.

Mr. Larry Miller: I have a suggestion for the mover, and obviously with discussion with Alex. What about if the intent of this basically said "shall have a review after one year and may have a review every year thereafter"? So you have that flexibility. What it's doing is holding out the first one, the first year of something being done, and then after that...

The Chair: It's pretty much saying that right now with "within one year". It's demanding it now.

Mr. Brian Storseth: Mr. Chair, if you guys let me keep kicking their butts, I'd be more than happy to.

"Shall implement" is that it has to after the first year, which is honestly probably the most... It's the years thereafter that we're probably more concerned about, because it's going to take some time for this policy to really get up and running and implemented. Therefore, I believe that we should leave it as stated as "should". It leaves more flexibility for the committee and still sets a precedent that we feel that it should be done.

The Chair: Are there any other comments on the subamendment?

It's actually changing four words.

Guy.

Mr. Guy Lauzon: Our discussion really just makes the point—why don't we let the committee itself decide what we're going to do with this? That's our responsibility. We have the authority to do that. We have all the power to be able to do that. I really believe that this is just...

With all due respect, Alex, I know what you want to try to do, and we want to do the same thing, but let's not get caught up in "shall do", "shall not". Why don't we just go on the faith of the committee. You can bring that up at any time in this committee. You can bring it up in a month's time or six months' time or a year's time. As people mentioned, we all believe in agriculture, so we'd all vote for it naturally, if we thought there was anything being done to the environment. So I really think it's unnecessary.

The Chair: Mr. Easter.

Hon. Wayne Easter: I agree with changing the six months to one year. But why would you go every year rather than two? And I agree with the comments made on "shall" or "may". We have to go with either one. Why go annually? Why not go every two years after that, which would be appropriate?

Mr. Brian Storseth: I'm fine with every two years after that.

Discussing with Mr. Atamanenko, do you like that suggestion?

The Chair: You guys are okay with that, if we go every two years?

An hon. member: I'm happy with that.

Mr. Guy Lauzon: Could I just make one point, Wayne?

Wouldn't it be better for this committee, for agriculture and for everybody, if we had the option that if we wanted to do it in six months or eight months...? We're going to get tied up to this and we're going to give it a quick shuffle. We're not going to do what we're supposed to be doing.

The Chair: Paul.

Mr. Paul Steckle: Well, what happens, Guy, is say, for instance, the opposition decides yes, but there's a majority government and they don't want to do it? There's no way that they can ever get a review. That's why you need this in there, and I think that's why I would support it. But there comes a time.... Right now we hold the power. Right now you couldn't even do that if you wished to do it, if we decided against it. So I think you need that compulsion driven by part of the act allowing that.

• (1350)

The Chair: First of all, I think that we're acceptable to making it every two years after the one-year review. We're okay with that.

There's the other thing, on the word "shall" versus "should" or "may".

Hon. Wayne Easter: "Shall".

Mr. Brian Storseth: Mr. Chair, I would just say once again to the committee that when you say "shall", you are binding it, unlike what we have with PMRA right now. PMRA does not say "shall", and we would have been in breach of the statutes already, because we went nine months. By saying "should" you are being more definitive. The department doesn't like it because you're being far more definitive on what should be done, but you are still giving flexibility to the committee in not tying its hands if an issue of the day comes up. And that's the real issue here.

The Chair: You can ask for that.

Mr. Guy Lauzon: We're all over the map here. Could we just take a two-minute recess and maybe pull back a bit?

Hon. Wayne Easter: I have a suggestion, Mr. Chair: that we defeat the amendment, change the original six months to one year, and leave it as is.

Mr. Brian Storseth: I would suggest we take a vote on—

The Chair: Yes, we have to first deal with the subamendment. We have a subamendment on the floor. We don't have any move to make a friendly amendment beyond that it's two years. Mr. Storseth wants to leave it as "should" rather than "shall".

I'll read the subamendment to you one more time. You know that both "shalls" should be "should". It will say "within one year after the subsection comes into force, and every two years thereafter".

(Subamendment agreed to)

The Chair: Now we're voting on NDP-2 as amended. Are there any further comments?

(Amendment agreed to) [See *Minutes of Proceedings*]

The Chair: Go ahead, Mr. Moffet.

Mr. John Moffet: I'm sorry to barge in. I would like to draw the committee's attention to the point that in drafting this bill, we've overlooked one fairly minor point, but there is—

The Chair: Is it in clause 2?

Mr. John Moffet: Yes, sir.

I actually don't know how your documents are paginated, but I'm looking at proposed paragraph 140(1)(k).

The Chair: That is associated with line 39 on page 2.

Mr. John Moffet: Right. It says "the submission of reports on the quantity of fuel produced or sold for export".

The Chair: Yes. It's in the bill, guys. Go to the bill, page 2, lines 39 and 40.

Mr. John Moffet: This provides regulatory authority regarding reporting on fuel that is produced in Canada and on fuel that is sold for export. Since drafting the provision, we've subsequently realized that it's conceivable that somebody could drive a truck into Canada—in other words, import—and then export, and not be subject to these provisions.

We obviously want to capture that kind of activity. So what we would like to respectfully suggest is the addition of the word "imported" after the word "produced". We're just trying to close all loopholes. When we drafted this we weren't thinking craftily enough, I guess, and we're just trying to close some loopholes here.

The Chair: We have a suggestion here from Mr. Moffet.

Mr. Brian Storseth: Mr. Chair, if the committee would accept it as unanimous consent to make this a government amendment, I would move it as such.

The Chair: Mr. Storseth moves that we add the word "imported" after "produced" in proposed paragraph 140(1)(k).

Mr. Brian Storseth: It would say "produced, imported".

The Chair: Yes, it would change to "produced, imported, or sold for export".

Are there comments, questions, or debate?

(Amendment agreed to)

(Clause 2 as amended agreed to)

• (1355)

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill as amended carry?

Some hon. members: Agreed.

The Chair: Shall the chair report the bill as amended to the House?

Some hon. members: Agreed.

The Chair: Shall the committee order a reprint of the bill as amended for the use of the House at the report stage?

Some hon. members: Agreed.

The Chair: It is five minutes to two.

Good work, guys and girls, ladies and gentlemen. With that good work, the meeting is adjourned.

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