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—
Chair

Mr. Bob Mills

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• (1540)

[English]

The Chair (Mr. Bob Mills (Red Deer, CPC)): I call our meeting to order.

Our first item of business will be to look at the report of the steering committee. Everybody should have a copy of that in front of them. That report was from our meeting of March 12. You can see who attended and the subcommittee's report, and also a calendar of events that was agreed to by the steering committee.

Mr. Cullen.

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

Just as a brief explanation to committee members who weren't present, the tone and meter of the meeting were quite good. We were able to establish a way forward. We were able to make concessions and have agreement. I think our offer of an olive branch to the parliamentary secretary to attend the subcommittee and be a part of that conversation and bring the intelligence of what the government is about and up to was beneficial, and we were able to establish what I think committee members can see here is a reasonable schedule. with some very interesting and important topics.

I think it is essential for us to get into the substance of Mr. Layton's bill as quickly as possible and hear the comments and arguments so that we can move on and realize these other ambitions that I hope all committee members share, which is to delve into the issues of the environment that are gripping this country today—consistently some of the most important issues that Canadians face and that they tell us, as parliamentarians, they want represented here in the House.

I'm sure all members have seen the minutes of the meeting, have seen the results of the meeting, which I think was quite productive, and that we can bring it to a vote and carry on with the business we are all elected to do.

The Chair: Are there any other comments? Everybody's had a chance to look at these proceedings. Are there any comments?

Mr. Warawa.

Mr. Mark Warawa (Langley, CPC): Thank you, Chair.

I too found the meeting very productive, which was a pleasant surprise. I appreciated the willingness of everyone at that meeting to work together to come up with an agenda.

From that meeting, the *Minutes of Proceedings* that we each have lists a recommended schedule of meetings, and today's listing there is completing clause-by-clause of Bill C-377. Then starting April 2, this Wednesday, we'd be starting on Bill C-474. It would be nice if we could do it that quickly. I'm not optimistic that we will be able to complete Bill C-377 today. Now, if we do, that would be great, but at this point it might be a little bit of a tight push.

We could possibly have April 2 also for clause-by-clause on Bill C-377 and then, starting April 7, beginning the process of Bill C-474. So that would just be moving everything back one meeting, and I hope there would be agreement by committee to do that. We'd just delay everything by one meeting, so we would start Bill C-474 on April 7, and today and on April 2 we would have clause-by-clause for Bill C-377.

That's my suggestion, and I hope there will be acceptance of that.

The Chair: Are there any comments?

Mr. Bigras.

[Translation]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Chairman, until now, it seems to me that the opposition has acted in good faith toward the government, so much so that it has agreed to involve the Parliamentary Secretary to the Minister of the Environment in its work leading up to the study of bills. We discussed the matter and the aim of involving the parliamentary secretary was precisely to avoid discussions. I honestly believed that adopting this new schedule today would be a mere formality, but I see that this is not the case. I will refrain from getting into the gist of the matter right now. Instead, I will ask my colleagues Mr. Godfrey and Mr. Cullen to state their positions, since we are talking about major changes to the study of Nathan's bill. Indeed, if we alter our course of action, the two bills will be directly affected.

I thought that the approach we agreed upon would make our job easier. However, I get the feeling that it is complicating matters quite a bit.

[English]

The Chair: Mr. Godfrey.

Hon. John Godfrey (Don Valley West, Lib.): One of the great advantages of having the parliamentary secretary on the steering committee is that he can convey to the committee the government's reaction to certain pieces of legislation, as well as how much time they wish to spend on them. So having him here helps us to know what the government's intentions are.

If the parliamentary secretary is saying that we may require extra time to discuss Bill C-377 and we can't do that today, an alternative strategy would be to schedule an extra meeting tomorrow to complete the task. That way we can maintain the schedule the steering committee agreed to. We may not even get to that point, because we don't know what's going to happen today, but we could use that as our safety valve and keep to the schedule for witnesses who have been lined up.

• (1545)

The Chair: Thank you, Mr. Godfrey.

I can let you know that the clerk, with my instructions, has gone ahead and planned according to this, and we do have witnesses lined up. That has been done. That, of course, can be undone, but I'm just letting you know that is the case.

Mr. Cullen.

Mr. Nathan Cullen: I appreciate the comments so far.

I think the decisions we made regarding timing have built in Mr. Warawa's concerns already. We agreed to finish this bill first because—let's be frank—this bill has been delayed and talked out and the clock has run out, and we don't want to return to that. There has to be a re-establishment of trust in order for us to establish any kind of calendar. That was the element of trust that I and, I think, other members at the subcommittee required: that we not keep delaying the bill at committee meeting after committee meeting. We want to actually see the bill done.

The parliamentary secretary's concerns are actually satisfied in what we decided to do in—I think—our best collective intelligence, which was to see the article today. I remind committee members that we're almost done. The bill is on the edge of being finished. We've moved through most of the substantive clauses. We've worked hard on amendments, and there are only a few to go. I think it would behoove us to start into this and accept what the subcommittee has already offered us.

If at the end of the meeting there are real substantive problems that people still want to work through, negotiate, and deliberate on regarding amendments, then we'll be open to that conversation. But I think we've already taken into consideration any unforeseeable problems. We've been with this bill for months. This bill is not new to us. I think that anything else will be a breaking of that trust rather than a re-establishment of it.

The Chair: Mr. Warawa.

Mr. Mark Warawa: Thank you.

I appreciate the comments that have been made. I believe goodwill was established at our meeting on March 12, and I appreciate being involved with that.

Mr. Godfrey's suggestion is, I think, quite wise. If we proceed and we do not complete today—though we might—then we could meet tomorrow to keep the schedule intact. Then on Wednesday we would begin Bill C-474. I think that's a good suggestion. And we could meet for as long as we would deem necessary on Tuesday.

I have a question for you, Chair. Would we have access to a meeting room?

The Chair: I expect that we could find a meeting room if we needed one tomorrow.

Mr. Mark Warawa: That looks like a good suggestion.

The Chair: I think probably we should go to a vote. We've had the suggestion.

I believe, Mr. Godfrey, you've made that suggestion.

Hon. John Godfrey: Sure.

I have one other suggestion that might help. I know we are all implicated in a vote at 6:30 tonight. I don't know if other people have commitments at 5:30, but if we get to 5:30 and find that other people are able to stay on until 6:30, then that would be an additional proposal.

So I think there are two different ways in which we could deal with this problem if indeed it occurred.

The Chair: I think we should vote on this steering committee report and then be prepared to move on and get started with Bill C-377. At 5:30, we'll see where we are, and then one or the other of our two alternatives will be available to us.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Is that a formal motion?

The Chair: No, not a formal motion, a suggestion that we re-evaluate at 5:25. I think I interpreted that correctly.

Mr. Warawa.

• (1550)

Mr. Mark Warawa: I'm okay with that. Going tonight won't work for me, but my day is somewhat flexible tomorrow. If necessary, we might tomorrow, but maybe we'll wait and evaluate it as we're closer.

The Chair: Let's vote on this and then at 5:25 we'll re-examine where we're at, if we've not finished, and move from there.

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

The Chair: We will proceed with Bill C-377. Just to bring us up to date, I believe we are on clause 10.

Mr. Cullen, I think you moved NDP amendment 5 on page 16.

Is there any further debate on Mr. Cullen's motion, NDP-5?

Mr. Cullen.

Mr. Nathan Cullen: Thank you, Chair.

This clause seeks to have the minister make a clear and transparent statement to Canadians. It establishes the correct baseline, and the minister has to be transparent about that baseline. We've talked about this issue before.

Too much of the discussion and debate in Canada around climate change has been government trying to massage or obscure numbers. Therefore we seek clarity through this amendment. It's very straightforward, and we look forward to its passage.

The Chair: Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

We're speaking to Mr. Cullen's amendment on clause 10, is that correct?

The Chair: Yes, NDP-5 on page 16.

Mr. Mark Warawa: I believe the NDP had six amendments. Basically what we have seen in the amendments is a rewriting of the bill. It reads:

(c) the level of Canadian greenhouse gas emissions in each of the following ten years to be used as a baseline to quantify the reductions referred to in paragraph (b).

I'm not going to spend a lot of time on this, but I think it's important that we focus on reducing greenhouse gas emissions. We heard from the witnesses that there's not enough policy attached to this that will actually see reductions. There's no mechanism to make sure this is happening, and I don't believe Bill C-377—and this is just one part of it—will accomplish this. In the end, Canada needs a plan that will actually see reductions in greenhouse gas emissions.

We also need to cost the plan. We have that in Canada's *Turning the Corner* plan. We don't see that in Bill C-377, and we heard that from witness after witness.

So that will end my comments on this amendment. Again, I have some serious concerns about Bill C-377. Canada has a plan, and Bill C-377 will not accomplish anything. We heard that from the witnesses too.

I will not be supporting this amendment.

The Chair: Thank you.

Mr. Vellacott.

Mr. Maurice Vellacott: I was going to remark that in respect to some of the comments I was going to make, they were actually said by Mr. Warawa.

But I think some of the things we see in this one and in the subsequent clauses as well are things that are actually covered off by our government—actually, fairly well—and that's the important thing. A number of the clauses that are coming up now were in our *Turning the Corner* plan. We've actually dealt with that. We've made the kinds of commitments to deal with this stuff. In our *Turning the Corner* plan we're delivering some of those measures, those very things that were requested by Mr. Cullen and that I guess others from the NGO communities have suggested as well.

Regarding the polluter-pay principle, our plan recognizes that all Canadians, not just businesses but individuals, have to fight against climate change, and that, without question, industry has to do its part.

So for some of the things we're moving into now, where we are proposing some things that are already being done or will be done in days ahead, I don't see the point of it. I think Mr. Cullen, in reading more carefully some of the details of the *Turning the Corner* plan, would recognize that too. That's what I would submit to him and ask him to look at some more. Some of the very things he aspires to do, through his leader here, are issues that are already covered off.

Those are my remarks at present on this bill.

• (1555)

The Chair: Thank you, Mr. Vellacott.

Mr. Watson.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

I'm not going to belabour the point on this one, but I'm looking at clause 10. The mention of “spending or fiscal incentives, including a just transition fund for industry”—I think I know where that comes from. I think it comes from a Canadian Labour Congress proposal. But there's not a lot there that discusses what the just transition fund in fact will be, what it will look like, how it will be used. I do recall that it was a just transition fund for workers, not for industry specifically as well, so the language is exclusive to that.

At our meeting of Wednesday, February 6, we had economists here. We not only had the Canadian Council of Chief Executives represented, but the Canadian Gas Association was here. The one who was actually an economist, Mr. David Sawyer with EnviroEconomics, talked about significant economic dislocations, and he modelled some costs for the benefit of the committee. I think he said that Bill C-377 would be somewhere around \$200 a tonne in terms of the price of carbon.

I did ask some questions about some of the fiscal incentives, though, some of the other things that were not present in the economic analysis. I asked about income replacement costs, which is what I suspect the just transition fund is all about, and whether or not the cost of that was addressed in the carbon price he had set. He said, “We don't have numbers for lost income, but you could look at the burden on households, and you could look at the burden on the various income strata”, and then policy could be used to address that.

I just want a clarification. Is the just transition fund intended to address income replacement? Is it for capital investment? I'm not entirely sure what he means by “just transition fund”. It's the only one of the fiscal incentives that's actually specifically mentioned. I'd like him to be specific about what that would entail with respect to the government. It's more of a question than a....

The Chair: Mr. Cullen, do you wish to comment on that?

Mr. Nathan Cullen: The measure Mr. Watson is referring to is one of the options put forward to the government. Just transition measures have been used by governments in the past consistently when allowing transition from one type of work to another. Governments have cited them in resource-based economies that have made the shift. The government's own billion-dollar announcement for primary resource economies mentions just transition funds. It's a common use.

It's not prescribed in the bill, and I'll remind government members that if they're looking for prescriptive details of what each portion of the reduction should be, this bill never sought to do that. The criticisms are unwarranted, because the bill never sought to do that. The bill sets the framework for the targets and the establishment of those targets and offers government the use of its own intelligence, resources, and knowledge, a portion of which will be adjusted by this.

So the just transition fund is mentioned as a mechanism that government may or may not choose to use. There's no prescription in it. It's relying on a great wealth of intelligence within this government.

•(1600)

The Chair: Mr. Watson, is that acceptable?

Mr. Jeff Watson: Thank you very much.

The Chair: You heard your answer.

Mr. Harvey, please.

[Translation]

Mr. Luc Harvey (Louis-Hébert, CPC): We've been at this for two years. Last year, we really focused on CO2 and emissions. We dealt with Bill C-30, and now we're dealing with C-377. Last week, the governments of Alberta and Ontario announced major initiatives aimed at dramatically reducing GHG emissions.

For the first time since the signing of the Kyoto Protocol in 1997, provincial governments are taking concrete steps to reduce GHG emissions. For now our efforts are focused on CO2 emissions, but it is also important that we do some studies on CH4, or methane, and on gases such as SO3 and SO4. When I think about water quality and the presence of blue algae, I can't help thinking that despite our spirited efforts, we are missing the boat to some extent.

We have asked the leader of the NDP to cost out his bill, but he has yet to give us any figures. We're told that this is similar to the Grand Trunk project in that it cannot be costed. Yet, the figure mentioned in some studies is 99% of the GDP of certain provinces. I am not talking about 9% or 10%, but about 99%. That would not have just the effect of a recession, but the effect of an atomic bomb. The NDP continues to shy away from examining the costs and maintains that this initiative is similar to the Grand Trunk project. I am sorry, but I think we have a very serious problem on our hands.

All of the proposals that have been put forward during the study of this bill deserve to be considered. Asking how much it will cost to implement this bill is not asking too much. The cost should factor into the decision that each party and each member will have to make. It is all well and good to draft a bill that is feasible in principle, but its provisions must be realistic. We have repeatedly requested a cost estimate, but each time, we are told that it would take too long to provide one. Yet, we think this step is absolutely necessary.

Even if we do act very quickly, expenses now being incurred in Alberta will not apply before 2017, since the feasibility studies still need to be done. Even if we already have an idea of what it would cost to build a nuclear power plant, it will still take four years to carry out these studies. This bill not only affects energy production, but the manufacturing sector, heavy industry and the automobile industry as well. It is all well and good to want to get 35 miles to the gallon, but the reality is that Canada is not about to develop its own automobile engine. Once again, it will depend on efforts at the global level. We will not be the solution, but merely a part of the solution. We are fooling ourselves with theoretical ideas that are not practicable.

On numerous occasions, we have asked to see the plan and to know the costs associated with implementing this bill, but all we received were vague answers. It's getting out of hand. I am trying to keep an open mind and to convince myself that we are promoting environmental issues, but the reality is that I am not at all convinced that this is our objective. I do not think that we are really trying to

resolve the problem. Instead, I think we are looking for an opportunity to say that others have failed to achieve these targets.

•(1605)

Last month, an article on climate change appeared in *Science & Vie*. The article was neither left-leaning nor right-leaning, but rather more scientific in nature. Some interesting broad principles may be expounded, but when the time comes to examine the ramifications of a decision, we realize that these may go against stated aims.

A good example of this is methanol produced from corn or other grains. In some Third World countries, the cost of grain has doubled or even tripled. As a result, famines have occurred. Where this type of farming has been carried out, blue or green algae has become a problem. Water table levels have fallen sharply due to the higher volume of water needed to grow these grain crops. What are the overall repercussions?

While 10% of the crops are used for ethanol production, serious famine conditions have been created in certain countries. It is important to weigh the situation, Mr. Cullen. This may not be an important principle to your way of thinking, but I see that you are paying close attention to what I am saying. The important thing here is to know what direction we want to take. It is not simply a matter of saying that we will reduce emission levels. We need to have a clear picture of the costs and repercussions.

Before tabling this bill, the NDP should have made sure that what is was proposing was feasible and should have had the supporting figures in hand. It has asked the government to do studies on its own bill and subsequently, it has pressured the government to pass the bill even before these studies have been completed. The NDP and the other opposition parties may still have some work to do in this area.

[English]

The Chair: Thank you.

I believe, Mr. Warawa, you are next.

Mr. Mark Warawa: Thank you, Chair. I have, through you, a couple of questions for Mr. Cullen.

Mr. Harvey touched on the costing. The concern we've heard from the Conservative members is that this hasn't been costed. The fact is that the first meeting of Bill C-377 was with Mr. Layton, the sponsor of the bill. The first question I asked was whether they had costed the plan. He said it was up to the government to cost the plan.

My question, through you, Chair, is to Mr. Cullen. Mr. Layton wants the government to cost the plan. As every witness group has recommended, it should be costed. When does the NDP want this to be costed—before this bill is adopted or after the bill is adopted? When in the process would he support having it costed before it moves on from this committee?

•(1610)

The Chair: Mr. Cullen, did you get the gist of the question?

Mr. Nathan Cullen: Yes.

As I mentioned earlier in our conversation today, to clarify for the government members—because it doesn't seem to be getting through yet—the objective and essence of Bill C-377 are to lay out the framework, to allow for greater accountability, in terms of what the government plans to do and what the government has actually performed on. I know that when these members were in opposition, this was a great concern they had. As far as the planning and the actual costing of the measures taken by government go, we hope the government would do so in the most efficient way, because they claim to be one of accountability and efficiency.

The bill was never presented as having within it the actual detailed plan. The parliamentary secretary continues to talk about the costing of the planning in Bill C-377 when he has heard time and time again that Bill C-377 never attempts to seek that. But Bill C-377 very clearly lays out finally in law...so that governments cannot weasel out, can't change baselines, can't misreport to Canadians, must tell the truth about climate change, and must tell the truth about what their plans are with respect to climate change. This is the effort.

Mr. Mark Warawa: Unfortunately, Mr. Cullen didn't answer my question. I'll change the terminology and maybe we can get an answer from Mr. Cullen.

Every group was asked if the plan should be costed, and every witness group, and Mr. Layton, said yes. Maybe now Mr. Layton is reconsidering. The last group of witnesses we heard from used the term “impact analysis”, and they said, yes, Bill C-377 should have an impact analysis. They recommended that Bill C-377 not go forward until an impact analysis is done.

I'm looking for a report that I had here, or actually a statement, from the Commissioner of the Environment, Madame G  linas. She was referring to previous failures on the environment and she was referring to the Kyoto target. She said:

We expected that the federal Liberal government would have conducted economic, social, environmental, and risk analyses in support of its decision to sign the Kyoto Protocol in 1998 [...] we found that little economic analysis was completed, and the government was unable to provide evidence of detailed social, environmental, or risk analyses.

This is the Commissioner of the Environment, and she is warning indirectly in her words, if we heed her wise words, that it didn't work before. What Mr. Cullen is proposing didn't work before, and it won't work with Bill C-377. We've heard every witness group say that Bill C-377 needs to have this impact analysis, just as the former Commissioner of the Environment recommended should have happened before but didn't.

My question again, through you, Chair, to Mr. Cullen, is why is the NDP resisting what the witness groups are saying, that we need to have an impact analysis? If he doesn't want to use the term “cost analysis”, the term “impact analysis” is much greater, much more in-depth.

Why is he resisting having that done?

The Chair: Mr. Cullen.

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

This criticism has been raised by the government members time and time again. We've answered it time and time again. They are unsatisfied with the response. That's fine.

All four government members have now spoken to this particular amendment. I suggest that we move on. There is no suggestion of any amendment brought forward by government. They clearly don't like this particular clause. They don't like the bill. That's fine. That's their choice and purview, and they will express that, I imagine, in their vote.

I've answered the question.

Mr. Mark Warawa: I have a follow-up question for Mr. Cullen. I wish he would answer the question, because again, he's suggesting that Bill C-377 proceed without the impact analysis, which is against every bit of advice we've been hearing.

We heard from witnesses some serious concerns about the constitutionality of Bill C-377. The bill would give sweeping and unlimited powers over the provinces. There were these jurisdictional issues. They said there was no meat on the bones, so to speak. There were targets set without any costing, without any plan.

I believe it was a Bloc member who said that Bill C-377 needed to be rewritten. If wasn't the Bloc, then it was some member of the opposition who said, when we were hearing from the witnesses on, I believe, the jurisdictional issues, that Bill C-377 basically needed to be totally rewritten.

Now, if the sweeping amendments that we're seeing are all passed and we have a new, rewritten Bill C-377, would Mr. Cullen be willing to have the witnesses come back and share with this committee whether or not Bill C-377 addresses their concerns, particularly on the jurisdictional issues? The NDP is resisting doing any costing or impact analysis, but would they be willing to have the constitutional experts come back and say whether or not, with the amendments being proposed, their concerns with regard to jurisdictional issues have been dealt with? Would he accept that?

• (1615)

The Chair: Mr. Cullen.

Mr. Nathan Cullen: The parliamentary secretary knows better. He understands how the committee process actually works. The order is as follows: we hear the bill; we hear witnesses to the bill; committee members do their homework; they create amendments based upon the evidence to address the concerns raised by witnesses, as the NDP, Liberals, and Bloc have done but the government has chosen not to do; and then we vote upon those amendments. That is the process.

Mr. Mark Warawa: Mr. Chair—

Mr. Nathan Cullen: Chair, he has chosen not to bring a single amendment to the table. He has this long list of concerns that do more to run out the clock than they do to actually improve the bill.

As they have chosen not to do the homework, I would suggest to the government members that they express their concerns, repeat them as they do, and that we then move to the vote. Otherwise, it is breaking and eroding that simple trust factor that we had. If the work is serious, if the intention is serious, then I would imagine there'd be some papers with the words “Conservative amendment” written on them here today, and there are not. To go back and revisit witnesses and prescribe some new process of how to deal with legislation, while perhaps novel, is not instructive.

The Chair: Thank you, Mr. Cullen.

Mr. Warawa, I think your point has been made. There are several other speakers, so could you just get right to it?

Mr. Mark Warawa: I have a closing comment. It's unfortunate, and I'm disappointed with the response from Mr. Cullen.

I believe he was elected at the same time I was, so we've been around these tables a similar amount of time. I've never heard witnesses say, as they did in critiquing Bill C-377, that there was a bill so poorly written that it would not stand a constitutional challenge. The same people who wrote the bill in the first place have now written amendments, but he does not want to hear from the witnesses again to say whether or they got it right. He wants to have it move on from this committee and go to the House and then, if passed in the House, go to the Senate without any sober second thought, without any critique.

It's unfortunate. I don't believe in Bill C-377. I think it's a poorly written bill. But it would be necessary to take a different look or a different approach to Bill C-377 if the witnesses were coming back and saying it was now a good bill. So we now have Bill C-377, a poorly written bill, rewritten by the opposition, and they don't want it critiqued. They don't want anybody to look at this new and rewritten bill, which is disappointing. Again, I believe it's a bill doomed to not succeed.

Thank you.

The Chair: Mr. Vellacott.

Mr. Maurice Vellacott: Thank you, Mr. Chair.

What we have from Mr. Cullen—or I guess more indirectly on Bill C-377 it's from Mr. Layton, his leader—in asking the implication basically.... I think our main concern with the amendment, if he's not quite understood that yet, is that by way of what he has here, measured progress would be tied to a projection based on a set of assumptions that have quite an impact on the actual level of greenhouse gas emissions projected.

What this is doing is working off projections rather than what we would suggest, which is that they should be measured against actual emissions recorded in the national inventory report. Our plan uses the 2006 baseline. The international standard is 1990. Ours is different. The fact is that there really is, in some sense, no international standard, because some countries have used 1990, others have used 2000, others use 2003, others use 2005. So there's no agreed-upon baseline there.

When our government, the Conservative government, came into office back in 2006, we were really not able to take responsibility for the inaction and failure of the previous government, the Liberals, to cut greenhouse gas emissions in the previous regime. But we have to take responsibility from this point on, so that means using an actual baseline as opposed to the projections that are included in the clause we have before us now.

I know some have criticized us and have chastised us, so to speak, for talking about an intensity-based plan, this kind of rhetoric, that it allows emissions to grow forever. But we made very clear our commitment to Canadians to cut those greenhouse gases and to do it by an absolute 20% by the year 2020. Those are absolute targets based on the baseline of 2006. It's not something rather vague; they're actual targets, not intensity based, and regulations that

actually—as in fact Mr. Cullen would know—will force industries to massively reduce the greenhouse gases they release for each unit of production. That's part of the plan for meeting that goal, and our plan forces industry to get more efficient each year, as the years go on, so that greenhouse gases go down even as the economy grows.

As opposed to this particular baseline requested here, our plan actually forces industry to get more efficient each year, so that those greenhouse gases go down, and it will even, at the same time as the economy is allowed to grow, require industry to get significantly more efficient: 18% more by the year 2010 and then 2% more efficient each and every year after that.

So the math is really pretty straightforward. The math is quite simple here. The Canadian economy, in terms of a pattern here, grows by 2% to 3% a year. If we require industry to get 18% more efficient, total emissions will go down even as the economy grows. That's just how the math works out. As Mr. Cullen would know, Canada's total emissions under our plan will go down as early as 2010 and no later than 2012, even as the economy grows.

So we don't believe that our country, our environment, is well served by simply closing factories down and by shipping jobs off to countries like China and India that have lower environmental standards than we do. That would actually mean that Canadians would lose jobs and that we would end up importing products, bringing products in from abroad, produced in dirtier factories that pollute the world with even more greenhouse gases. So the kind of baseline here, where we're actually measuring against projections instead of actual solid figures as reported in the national inventory report there, is the concern we have.

Our plan is actually going to do something fairly significant in terms of the oil sands projects. It will allow some 38 new oil sands projects to proceed. They're really one of Canada's greatest resources out in provinces in the west, but they're a major engine for our economy, and as a government we do have a great responsibility to the generations ahead to ensure that they are developed in an environmentally sound way.

● (1620)

We have that plan. We have that tougher regime for the existing oil sands projects and for oil sands projects under construction, as was clear in our budget—tough measures for planned oil sands projects as well. They'll have some very tough regulations. Existing ones will have tough regulations to reduce their emissions by 18% by 2020 with an additional improvement of 2% every year after that.

Oil sands projects under construction between 2004 and 2011 will not only have to meet the tough standard of 18% and 2%, but additional tougher emission standards to drive adoption of cleaner fuels and technologies. Those new oil sands projects will have the toughest standards of all. Oil sands projects built in 2012 and later will have to use carbon capture and storage or other green technology to cut their emissions.

Those three measures are some of the toughest regulations in the industrial world. We're basing it on actual figures, as opposed to the projected baseline Mr. Cullen is suggesting in the clause that's before us now.

We don't believe, as some appear to, in a moratorium on new construction. We believe it would be possible, and that it's irresponsible to shut the door on the creation of more good jobs in Canada.

We have made that commitment to Canadians to cut greenhouse gas emissions by 20% by the year 2020, and the *Turning the Corner* plan is very specific in terms of how we go about doing that, using tough measures to put us on a path to meet those commitments.

Also, I think what's important to know—and members across the way would be somewhat aware of this, or should be—is that we believe in the polluter-pay principle. Our plan recognizes that all Canadians have to fight climate change and that industry has to do its part; and it will, as things stand.

Our regulations will apply to all big industry, as we said, the oil sands and any of the other oil projects as well, in terms of a solid baseline from 2006. All the way from smelters to pulp and paper mills, all industry has to do its fair share, because oil sands and dirty coal are two of the biggest emitting industries.

Electricity plants have requirements to meet. They're going to carry the brunt of this. That plan requires, as we said, banning the construction of new dirty-coal electricity plants and requires all those new ones to use carbon capture and storage or other green technology. And that's happening in my own province.

So again, using the 2006 baseline, by these means and by carbon sequestration, we will meet those goals and we will maintain very tough regulations with respect to that.

Companies will have to choose. They'll have to find the most cost-effective way to meet their emission reduction targets from a whole range of options. These include in-house reductions. They can make contributions to a technology fund or domestic emissions trading. Companies that have already reduced their greenhouse gas emissions prior to 2006 will have access to a limited one-time credit for early action.

But we have to keep coming back and emphasizing the point of using 2006 as a baseline. I think it's much more realistic to start there, and we will press forward on that basis, unlike the failed approach of the previous government.

We're taking a more balanced approach. I think that's what the economy requires, and it's what the Canadian public requires, because making the reductions is practical and gets the job done.

It's a focused approach toward an absolute reduction in greenhouse gases of 20% by the year 2020. It protects our environment while growing our economy at the same time. It moves Canadians forward on a low-carbon economy, using a proper baseline instead of the one that's proposed here, where we've got these projections instead.

It's a challenge, admittedly. Canadians have to share, and there will be a cost, but we believe that together, as we partner and join

hands on that, the cost is manageable. Industry will do a significant part of it, but as individuals, we can as well.

• (1625)

What is significant, and what we should all note today and have on the record in respect of this bill, in respect of this clause, is that our plan includes some real tools—practical tools, I might add—to help Canada cut its greenhouse gas emissions. These include more than \$9 billion in ecoACTION initiatives for home retrofit grants, for renewable power, for biofuels, and for public transit. We've also delivered other means, such as a carbon market, an offset system, and most importantly, some tough regulations to force industry to cut its emissions, again based not on projections, as in clause 10, but on using 2006 as the baseline.

We know that Mr. Dion and the Liberal Party didn't get it done when it came to cutting our greenhouse gas emissions. But we really are moving forward with some practical plans here.

Some people have said that our plan gives a free pass to some of these areas. Some have said that our plan would hurt the economy. Actually, by cutting emissions to the extent we are, our plan is in fact going to impose some real costs on Canadians. We believe, however, in the commitment, the ingenuity, and the willingness of Canadians and Canadian industry to tackle that climate change challenge.

Our plan works by getting industry cleaner and more efficient so we release less greenhouse gas for every item we produce down the road. It's realistic. Again, using that 2006 baseline, it'll allow us to cut by an absolute 20% by 2020. This is not intensity-based so much as it is absolute, and that's what I think Canadians want.

Due to the inaction, unfortunately, of the previous government—they had lots of time to get at this—Canada is 33% above Kyoto targets now. That's why we have to use a 2006 baseline. The Liberals talked and talked. There was a lot of hot air, if you will, about cutting our greenhouse gases, but they allowed them to soar. So we have to be realistic as we approach it now. We can't allow projections, as in clause 10; rather, we need to use something more realistic by way of 2006, which is the commitment we have. That's what we'll follow through on.

We're already into the target period of 2008 to 2012. Meeting those targets by 2012, something virtually every Liberal environment minister admitted we could not do, would take Canada into a pretty deep recession, with major job losses and a significant decline in incomes for Canadians. Taking that kind of drastic reaction, using the wrong baselines, would create some real problems for our country. It would be irresponsible at the best of times. In the uncertain economic times in which we live—we're all watching it carefully and seeing what the subprime real estate stuff does to Canada—we have to be prudent about it.

It would be irresponsible to take some of the measures being suggested by members opposite. In particular, the Liberal lack of action in the past has exacerbated that. So we pursue, as we've said here in respect of the baseline and in respect of the practical actions, a balanced plan that stops the increase in Canada's greenhouse emissions and cuts them by about 20% by the year 2020.

We hope to get industry to be significantly more efficient, as we said: 18% more efficient by 2010 and 2% more efficient each and every year after that. We will, as a result—you do the math, you do the calculation—become 18% more efficient. Thereafter, total emissions will be going down, even as the economy is growing at its average rate. In fact, Canada's total emissions, using the 2006 baseline and the practical parts of *Turning the Corner*, will go down as early as 2010 and no later than 2012, even as the economy grows for us.

• (1630)

Our plan, make no mistake—Mr. Cullen will possibly be pleased to hear this—will impose real costs on the Canadian economy. But we believe that as Canadians together, we can jointly do that.

I guess there are some other myths that come up over time. I know this because out in my part of the country, in Saskatchewan, on the border and over toward Alberta, and so on, some people are clearly negative. They use the rhetoric in terms of the oil sands projects out there. But surely some creativity, innovativeness, and new technology can take care of that, get at that, and help us to actually get some good results in that area.

Some have said that our plan gives a free pass to the oil sands by allowing emissions to double, but that's absolutely not true. If we did not take action, emissions from the oil sands would quadruple by 2020, and that's not acceptable. We cannot allow that to occur.

Our plan imposes the toughest environmental regulations for the oil sands in our history. New oil sands facilities will be required to use carbon capture and storage, or other green technology as well, to massively reduce their greenhouse gas emissions. So you use that 2006 baseline as opposed to—

• (1635)

The Chair: Mr. Cullen has a point of order.

Mr. Nathan Cullen: Thank you, Chair.

The point of order I raise is that we heard from the government at the beginning of this meeting that we were to enter into the substance of this work and do our collective best to achieve results. It is coming up on 50 minutes of talking about the first clause, with no substance or amendments moved by the government whatsoever.

It is very difficult to believe the government's prerogative when they tell us they are sincere and wish to book more meetings to accomplish the work this committee has been commended to do, when after 50 minutes the government has continued to filibuster this bill, after a number of days of filibustering this bill. There is no coherent logic to the government's tactics or approach, and there is no willingness on the government's part to formally demonstrate to the opposition, particularly us, that trust can be re-established at this committee.

If on the very day that the government brought forward a commitment and a plan was agreed to that we all voted on together to get work done, and then 50 minutes of filibustering presented no sincere options and not a single amendment...this is a ridiculous waste of taxpayers' dollars. The government knows they're doing it and must explain to Canadians why they resist any progress on climate change, any progress on the work this committee's been commended to do.

It's ridiculous that the government members present themselves seriously at this table without having one slip of paper—not one amendment to their criticisms in the month we've had this bill—and then pretend some serious concern with the legislation.

The Chair: Thank you, Mr. Cullen.

I think he has certainly expressed his point of view and everyone has heard it.

Mr. Warawa.

Mr. Mark Warawa: I'm replying to the point of order.

I asked Mr. Cullen if he would be willing to have his plan costed or have an impact analysis done, and he said no. We also asked if he would be willing to have some of the witnesses come back to deal with just the jurisdictional issue, because the bill was severely criticized for that. Amendments were made, presented by him and others, and we have a poorly written bill.

I'm not going to fix up his poorly written bill, but he's refusing to have it critiqued. We have a number of members speaking, and we have some serious concerns about the bill.

As for his wanting to move forward, we want to move forward with Bill C-377. I hope we can finish with this amendment, vote on it, and go to the main motion. But he's refusing to have his bill critiqued. Those are the facts.

The Chair: As we all know, this bill will go back to the House. We'll have report stage, and amendments can be made and debated. Of course, it will go to third reading and be debated and ultimately voted on. So there are other opportunities for many members to have input.

Mr. McGuinty can speak very briefly to this point of order. Then I'd like to move on to finish this. I will certainly take Mr. Warawa's suggestion, after Mr. Harvey, that we vote on the clause 10 amendment, vote on clause 10, and get on to clause 11. That would be a delightful thing to do.

Mr. David McGuinty (Ottawa South, Lib.): Definitely.

I think the government members should come clean and tell the Canadians who are watching this committee today whether they've been instructed to deliberately filibuster this bill. I think they should stop betraying their responsibilities here. If they intend to filibuster this bill for weeks on end, Mr. Chair, then why don't they just have the courage to tell Canadians the truth? Why are they wasting our time and taxpayers' money, and why are they acting as if they had a majority government when they don't?

If you want me to go to the merits of the two tests Mr. Warawa has just put to this committee—the first being that there's no costing—I have asked this government and these members to table the economic modelling that they used for their own plan, the government's plan. I've asked for the econometric modelling. Not a single piece of analysis has been put to this committee that we can apply to this bill. It is a facade. It's a ruse, Mr. Chair.

Secondly, with respect to this question of constitutional aspects, why didn't the government put forward a single constitutional expert to deal with this issue earlier? Where are their constitutional amendments? It is so transparent as to be laughable.

I think the government members should have the courage to tell Canadians what they're up to. If they're trying to block this bill from arriving back at the House of Commons, if they're trying to block this committee from doing its job, then just say so. Stop wasting my time. Stop wasting my constituents' time. Tell us the truth, and if that's the case, let's move on to other business. If that's exactly what's at play here—well, come on, we're not children—we need to know. If you have amendments, put them forward. If you don't, then get to the merits of the bill. Get to the amendments we want to deal with. Let's get down to business and do some work. If somebody else is calling the shots—and I feel for my colleagues if a minister's office is telling you what to do—then you should say so.

As far as I'm concerned, you're individual members of Parliament, and if you want to deal with business and get on with something positive for the country, we're here.

That's my only reaction, Mr. Chair. We're all waiting here to get down to business. All of us here are waiting to get down to the amendments. We have all the text ready to go. We've pre-negotiated much of it. These members of the government agreed to the work plan right here that we signed off on just two weeks ago, saying we would dispose of this bill expeditiously and responsibly. But if you're going to do this, just tell us the truth so we can get on to other business. Then you can take it to the Canadian people and tell the Canadian people why you're doing this, and we will govern ourselves accordingly. But stop wasting our time.

• (1640)

The Chair: Thank you, Mr. McGuinty.

My only comment would be that we do have a list of witnesses who've accepted. Some of them are very notable people, and I was surprised that the clerk was able to get them nailed down. I really do hate to see that abandoned and our possibly not getting these excellent witnesses for Bill C-474.

I advise all members that this has been done in good faith. Norm has put a lot of work into this, and hopefully we can get on with this.

Is this about the same point of order? It's the longest point of order, I think, probably—

Mr. Jeff Watson: Mr. Chair, I'll be very brief.

The Chair: Mr. Harvey, you're speaking to the amendment. This is a point of order that we're still dealing with. I think everyone's had their say, and hopefully we can then move on and ultimately get to vote.

Go ahead very briefly, Mr. Watson.

Mr. Jeff Watson: I'll keep this very brief, Mr. Chair.

First of all, Mr. McGuinty is not the only member of Parliament with privileges here. We will exercise our privileges accordingly, and one of those is to debate. That's what the rules facilitate.

Secondly, more to the point of this whole exercise in terms of the point of order, I don't believe that a point of order was actually raised here, and Mr. Vellacott should have the floor back.

The Chair: It's actually Mr. Harvey's turn, I believe.

Mr. Jeff Watson: I think he was finished.

The Chair: You were finished, were you not? No?

I'm sorry, Mr. Vellacott.

Mr. Maurice Vellacott: You seemed to accept that as a point of order.

The Chair: Go ahead, yes.

Mr. Maurice Vellacott: Exactly.

I'll be fairly brief here, because I think, for most of us around this table and even the members on the opposite side were the roles to have shifted here and they were to be unfortunately on this side, it's quite possible to actually look at a bill and say that it's just irredeemable, it's unsalvageable. So why would it be incumbent upon any member around this table to figure that then they have to rectify it and put together something that's just so shoddy, from the NDP?

I was talking to another member today who has bought a cabin up at a lakeside property, and his dilemma these days, considering that the construction is faulty and it's problematic in terms of the design and so on, is whether to go ahead and try to renovate, try to improve that, whether it's worth doing that. Are you going to build and, at great expense, add these different things and features on something that is fundamentally flawed from the get-go, from the very beginning? That's the dilemma we are faced with.

So I don't take any chiding from Mr. Cullen, because he put something pretty shoddy, an old ramshackle kind of cabin, here on the floor, and we're supposed to help in his renovation project. That hardly makes sense. In fact, most people know, in those cases, you have it set aside, you bulldoze it, you do whatever you need to do, but then you start afresh with something from the ground up in terms of soundness from an engineering point of view, from a construction point of view, in terms of the materials that you use to build, that meets your present-day zoning code, and so on.

So I don't take any chiding from Mr. Cullen in terms of actually having great obligation or onus, and the Canadian public understands that too. With something that's shoddy and flawed, sometimes it's just not possible to redeem it and bring it back to anything of coherence, anything that's cohesive for the Canadian public.

So we'll make those choices. He can have his suggestions, of course, and we will act accordingly, based on a very flawed bill.

They have to recommend to this committee all kinds of amendments to their very own bill, to change it. So they didn't do the homework to begin with. I mean, sometimes you get amendments from the other parties, but in my almost eleven years now I've never seen this kind of thing happen, where somebody brings a bill forward and then has to amend their own bill in a major way. This is somewhat unprecedented, and I think it speaks to the nature of the bill that's before us, as well.

• (1645)

The Chair: Mr. Harvey, and then Mr. Bigras.

We're beyond our point of order, Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras: Is that a point of order?

[*English*]

The Chair: He was just finishing his comments.

So I'm going to go to Mr. Harvey quickly, and then to Mr. Bigras, and then hopefully we could vote on the—

[*Translation*]

Mr. Bernard Bigras: I want to speak to the point of order, while Mr. Harvey would like to speak to the substance of the amendment. May I speak to the point of order?

[*English*]

The Chair: Okay, go ahead.

[*Translation*]

Mr. Bernard Bigras: I'll make it quick. I disagree with my colleague Mr. Vellacott. I too have been a Member of Parliament and a member of this committee for 11 years. Often bills are poorly drafted. They are amended at length in committee. In essence, they are rewritten. You may recall Bill C-30 which was virtually rewritten by a parliamentary committee at the time. Yet, it went on to be endorsed by the committee. If we were able to accomplish that feat with Bill C-30, then we can certainly do the same with Bill C-377.

I am disappointed by the government's attitude. I felt that in the days leading up to our Easter break, we had extended an olive branch to the government by inviting the parliamentary secretary to sit on the steering committee, so that we could get off on the right foot, and work and plan our agenda for the sake of greater efficiency.

We were also acting in good faith during the discussion that just took place. I was surprised to see that the government is prepared to schedule an additional meeting tomorrow to dispense with this bill as quickly as possible. As I see it, the government is stalling to disrupt the committee's business, when in fact we have other matters to attend to.

The government still has 45 minutes to refocus on the basic principles at issue here so that we can move forward and improve the bill. If it has any amendments to propose, then it should do so, by all means. I had some reservations about the bill. I acted as a parliamentarian and proposed these amendments. We debated them and voted on them.

Mr. Chairman, I therefore invite the government to show a little more civility, to stop resorting to stalling tactics and to focus instead on studying the bill.

[*English*]

The Chair: Thank you, Mr. Bigras.

Mr. Harvey.

[*Translation*]

Mr. Luc Harvey: I think we can all agree that when Mr. Layton presented his bill to the committee, he stated that a cost study needed to be done. My question will be short and to the point. A simple yes or no will suffice, Mr. Cullen.

Should a cost study be done in the case of the bill now before the committee?

Mr. Nathan Cullen: That is not a question.

Mr. Luc Harvey: I can repeat the question for you.

Mr. Nathan Cullen: I refuse to answer a stupid question.

A bill is before the committee, Mr. Harvey. If you table an amendment, or something substantive, then I am prepared to listen to you.

Mr. Luc Harvey: Should a cost study be done, yes or no?

Mr. Nathan Cullen: Mr. Chairman, I am not here as a witness, but rather as an MP defending proposed legislation.

• (1650)

Mr. Luc Harvey: This is your party's bill.

Mr. Nathan Cullen: I am prepared to discuss an amendment or an initiative. If there are no amendments, then let's get on with it.

Mr. Luc Harvey: Should a study be done before or after the bill now before us is adopted?

[*English*]

The Chair: Mr. Harvey, could you address your questions through the chair, please.

[*Translation*]

Mr. Luc Harvey: It is a simple question. Does the NDP, the party that tabled this bill, feel that a cost study should be carried out before or after the bill has been adopted? Can the NDP spokesperson answer that question?

[*English*]

The Chair: I do believe he's given that answer at least once.

[*Translation*]

Mr. Nathan Cullen: Mr. Chairman, Mr. Harvey's question may have something to do with clause 10. The focus of this discussion is amendment NDP-5. If Mr. Harvey wishes to move a subamendment to an amendment, then I'm prepared to hear what he has to say.

Mr. Luc Harvey: Moving along then, that means there will not be any study, either before or after the fact. It seems then that we will be taking a similar course of action as was taken during the study of the Grand Trunk railway initiative during the 1850s.

In your opinion, is the study that Ms. Donnelley presented to the committee sound, yes or no? Clause 10 and all of the resolutions passed are based on that study.

Mr. Chairman, I'd like the NDP spokesperson to answer the question, that is, of course, if he can.

[English]

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Mr. Chair, I think Mr. Harvey has created his own measure of fiction and fantasy as to how this process actually works. If Mr. Harvey would like to show up at committee having done his homework, having presented any amendments that he wishes to discuss with the committee or any observations, that would be welcome. He is participating in a filibuster on behalf of his government, for reasons he knows not. That is his choice. I will not aid or abet this waste of taxpayer dollars and assist Mr. Harvey in some fantastical discussion that he would like to embark upon.

The Chair: Thank you, Mr. Cullen.

Mr. Harvey, if you wish to continue, I think you've had the answer or non-answer, however you want to interpret it. Just carry on.

[Translation]

Mr. Luc Harvey: I am being accused of filibustering when in fact all I've done is ask some very brief questions. My turn to ask questions came up about three minutes ago. I had five questions in mind, and I've already asked four of them. They were the type of questions that required answers such as "yes", "no", "before" or "after". Is putting a simple question to the party sponsoring the bill a case of filibustering? I did not put the question to my Liberal or Bloc colleagues, but to my colleague who represents the party that sponsored the bill now before the committee.

Certain statements were also made by his party's leader. I asked him whether or not he agreed with what his leader said. If he does not want to answer the question...

This is looking more and more like the bill tabled by the Liberals around the time of the Kyoto Protocol. They have since admitted publicly that they drafted the bill on a paper napkin while on an airplane and that in every respect they had improvised. Today, the NDP representative is showing us just how much his party is improvising, perhaps with some help from the opposition. I am pleased that the record will show that this bill is seriously flawed. Perhaps these proceedings are being televised as well.

According to Ms. Donnelley's study, 99% of Saskatchewan's GDP and 56% of Alberta's GDP would be affected. How can we say that there will not be a problem and that everything will be the same as it was in the case of the Grand Trunk railway initiative? If 56% of Saskatchewan's GDP is affected, that is worse than a nuclear bomb. A 5% hit already means a serious recession. I don't know if there are any scenarios on the books for a hit of over 50%. That scenario is unfathomable! I have a hard time believing that for the sake of an ideology...

The Conservative party has often been criticized for being an ideological party. I asked if a costing should be done, yes or no. They refused to answer my question. I asked if such a study should be done before or after the bill is adopted. Again, no answer was forthcoming. I asked if Ms. Donnelley's study was sound. Again, no response. What's going on here? When rather serious questions are raised about this bill, no one wants to answer them.

Mr. Chairman, I'm wondering if perhaps there is some way to force my colleague to answer these questions so that we can move forward and establish what is reasonable, and what is not. I think

these questions are reasonable. It is reasonable to want to know how the Canadian economy will be affected by this bill.

When the spokesperson for David Suzuki testified before the committee, I asked him what benefit there was to the environment to produce aluminum in China, when seven tons of emissions were produced per ton of aluminum produced, whereas in Canada, the figure was four tons of emissions per ton produced. I was told that it was important for China and all emerging economies to be a part of this initiative. That is exactly what our Prime Minister is saying. That is precisely what the Minister of the Environment has been saying for the past six months. The NDP, the Bloc Québécois and the Liberals have refused to acknowledge the fact that it is important for everyone to be involved in this initiative.

I believe in a clean environment. We must bequeath to our children the best possible environment we can, but not at any cost. We need to have something left over after reductions of 52%. What is the NDP calling for today? It wants to see GHG emissions cut by 52% by the year 2020. That is a formidable challenge in that in 13 years, our colleagues have made the situation 27% worse, instead of improving it by 52%.

My Liberal colleagues who support this bill are being a little hypocritical. I appreciate that the Conservative Party is very efficient, that it keeps its promises and generally does what it says it will do, but to cut emissions by 52% is to take on responsibility for someone else's mess.

• (1655)

It is outrageous, to say the least, that 13 years after the signing of the Kyoto Protocol, we're discussing targets that are 33% higher than the original ones set.

Asking that we hold off until impact and cost studies are done before approving Bill C-377 is almost akin to moving a friendly amendment. The 99% figure mentioned by my Saskatchewan colleague warrants further consideration. We need to look at what we can do to help them deal with this. The situation may not be quite as serious in Quebec, where the figure mentioned is only 9.8%, but beyond 5%, we're already looking at a major recession.

Mr. Chairman, I would like my colleague Mr. Cullen to consider the following friendly amendment asking that we wait until a cost study has been done before we adopt Bill C-377.

[English]

The Chair: We do have the question of the NDP amendment, and that's not really an amendment to this particular clause, so I cannot accept that amendment at this point. We can accept it after we deal with the amendment we're facing. We're looking at NDP-5, and we need to vote on that and then proceed.

Mr. Harvey, all I would say is that you will find in planet Ottawa that there are many more questions than there are answers.

So that everyone is clear, NDP-5 would add a paragraph (c).

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

• (1700)

The Chair: We're now looking at clause 10 as amended.

I'm not sure who had their hand up first.

Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

As I was listening to my colleagues, who share a similar concern that I have, I was going over the need for an impact analysis or a cost analysis. The first person who was asking for that was Mr. Layton. When Mr. Layton came on December 11, he said he wanted the government to do an impact analysis. He also went on to say that "Matthew Bramley will be your next witness...and he will be describing his research and this report". He also shared that Mr. Bramley had been consulted and helped write Bill C-377.

Mr. Bramley was asked about whether or not it had been costed. It was actually Mr. Vellacott who asked him this, and he said:

Mr. Bramley, does your report do any economic modelling that specifically focuses on Canada? In your report, "*The Case for Deep Reductions*", do you have any economic modelling that focuses on Canada?

It was a very clear question. Mr. Bramley's answer was:

We cite a number of economic modelling studies but none that relate specifically to meeting the target we advocate for Canada in 2050. To my knowledge, that hasn't been done, and it needs to be done.

So what we have here, right at the beginning, on December 11, is Mr. Layton and Mr. Bramley—

The Chair: Mr. Cullen, on a point of order.

Mr. Nathan Cullen: I'm looking at the same testimony. This has been consistently read into the record by Mr. Warawa, but he's absolutely got it backwards in terms of the actual testimony that came from Mr. Layton. I'd like to give him the opportunity to correct himself.

Mr. Warawa asked him to keep his answers short and Mr. Layton abides by that. The testimony of December 11 says this: "So at this point you have not costed your plan? So you're asking the government to cost your plan." As the testimony given before says, "This is a set of targets." That is Mr. Layton's testimony.

The parliamentary secretary continually misspeaks himself and presents the testimony as otherwise.

These are Mr. Layton's words: "It will be up to the governments of the day to advance plans and figure out how we achieve these targets." That is exactly the testimony.

He can continue talking about other people's testimony, but that is exactly what Mr. Layton said, that "It will be up to the governments of the day to advance plans and figure out how we achieve these targets." He said, "This is a set of targets."

The Chair: Mr. Cullen, I think that clarifies the point. I'm sure Mr. Warawa will take note of that testimony and make any necessary corrections.

Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

That's on page 8 of the evidence. My first question is, have you costed your plan? The response from Mr. Layton is that this is a set of targets, and that it will be up to the government of the day. That's this government. Bill C-377 is being considered right now. It's up to

the government of the day to advance plans and figure out how we achieve those targets. He's saying it's up to the government to cost it. So it's absolutely accurate.

This is the question that keeps coming up: has it been costed? Mr. Layton said to cost it. It needs to be costed by the government. Mr. Bramley said it needs to be costed.

I went to the testimony of Vicki Pollard from the EU and Mr. James Hughes from the U.K. They recommended that an impact assessment be done before Bill C-377 move forward.

We've heard from every witness group, even the sponsor of the bill, even the person who helped write the bill. I think the question Canadians have is, what has changed? Mr. Layton is saying to do an impact analysis, a costing. And now Mr. Cullen is getting different directions from Mr. Layton. Mr. Layton began by saying to do a costing, and now he's telling Mr. Cullen to tell this committee not to do one. He's telling us not to do one now, to move forward with this bill without knowing what it's going to cost. Well, that's not the way to do things. You need to know whether it's feasible, whether it's been costed. It's very important. This is what we've been advised even from the EU, even from the U.K. Both have recommended an impact analysis.

Mr. Cullen is asking us to move an amendment. I think the analogy that Mr. Vellacott used of trying to build a house on a bad foundation was a good one. I've built a number of houses, and you have to start with a strong foundation. The footings have to be built on solid ground. You dig down to hard pan, or you put in pilings, but you have to have a solid foundation; otherwise it won't stand. We've heard from witness group after witness group that Bill C-377 does not have a good foundation. That's why I'm not moving an amendment on Bill C-377, because it's a badly flawed bill.

The Liberals have provided a number of amendments, as have the Bloc and the NDP. I trust they made those motions in good faith, but we have to get the witnesses back to find out if they came up with a bill that's going to be effective. We don't know that. They want us to move forward without all the information. That's very dangerous.

We have right now Canada's *Turning the Corner* plan, the regulatory framework on emissions. It is a plan that has been costed. It's a plan that will be effective. It will reduce greenhouse gas emissions by 20% by 2020.

We also have absolute reductions in the *Turning the Corner* plan—60% to 70% by 2050. These are definitely the toughest targets in Canadian history and one of the toughest in the world.

If we had had a plan like this in place by a Conservative government back in the mid-nineties, we definitely would have been able to meet international targets. But we took over in 2006, and we ended up 33% off target. So we have a lot of making up to do. But this government is committed to absolute reductions in greenhouse gas emissions.

•(1705)

Commissioner Ron Thompson was here a couple of weeks ago, and the NDP made the startling admission that the opposition's focus has been on trying to make sure the government fails. A comment was made by the NDP, admitting that this is what they've been trying to do, to cause the government to fail. But this government is not failing. The government is moving forward with absolute reductions of greenhouse gas emissions. Why? Because it needs to happen. We cannot permit greenhouse gas emissions to continue to climb in Canada or any other country in the world, and that's why we've taken strong leadership and have a plan that has been costed, that has policy, and that will reduce greenhouse gas emissions.

Canada's new government launched an ambitious and realistic agenda to protect the health of Canadians, to improve environmental quality, and to position Canada as a clean energy superpower. The proposed framework is comprehensive and includes mandatory and enforceable reductions in emissions of greenhouse gases and air pollutants. It also engages all Canadians to take significant measurable action at home in Canada.

The reason we focus on both greenhouse gas emissions and pollutants is that pollutants are the cause of death of one in twelve Canadians. Poor air quality has a major impact on the health of Canadians, costing billions of health care dollars and causing a reduction in quality of life, but also one Canadian in twelve dies. That's why our plan includes greenhouse gas reductions but also aims to clean up the air Canadians are breathing.

Climate change is a global issue of major concern to Canadians. Human activities continue to increase the concentration of greenhouse gases in the atmosphere, producing changes in the climate that are already apparent. And they are. Being from British Columbia, I've seen the mountain pine beetle kill.

Very serious problems are being caused already in Canada by climate change. These changes include altered wind and precipitation patterns and the increased incidence of extreme weather events, droughts, and forest fires. In addition, glacier melt and warmer oceans could lead to significant rises in sea levels. The changes could imperil the way of life in vulnerable communities around the world and here in Canada. The changes would also result in significant economic costs.

It is critical that Canada do its part to address its own contribution to global climate change, and we are doing that. After many years of our not doing what we should be doing—and the Commissioner of the Environment sadly said there were a lot of announcements made but very little action, and we saw our emissions continue to climb, and climb, and climb, which was very embarrassing to Canada internationally—those days are over. We've now moved from voluntary action to mandatory regulatory action to reduce greenhouse gas emissions.

Air pollution is a significant threat to human health and the Canadian environment. Each year smog contributes to thousands of deaths. There are other air pollutant problems such as acid rain and threatened biodiversity in forest and freshwater ecosystems. In order to address the real concern of Canadians suffering from the health effects of air pollution and to clean up Canada's environment, the

government must act to reduce emissions of air pollutants—and it's doing that.

Addressing these challenges in a coordinated way will require nothing short of a complete transformation in the capital stock of energy-producing and -consuming businesses and households across Canada. While cooperation among all sectors of government will be required, the Government of Canada is uniquely situated to provide the leadership on this issue that will be required to meet the challenge in a cost-effective manner, in order to ensure the continued competitiveness of the Canadian economy.

We need to have a healthy economy, but we also need to have action on the environment, and that's what we're seeing now. This transformation will not be achieved through the sum of different and potentially conflicting provincial plans or by setting up rules for industry that vary from one area of the country to another. The government's clean air regulatory agenda, along with other initiatives to reduce emissions of greenhouse gases and air pollutants, will provide a nationally consistent approach.

•(1710)

We've recently had the report *Turning the Corner—An action plan to reduce greenhouse gases and air pollution*. The report was just released. It says:

Climate change is a global problem that requires global solutions. Canadians have long known that serious action is required. Previous Governments set ambitious goals for reducing greenhouse gases, [yet] emissions increased year after year.

Why was that, Chair? Members of the opposition have admitted that when they were government, they really did not have the commitment to reduce greenhouse gas emissions. But that's different. Things have changed, and this government is committed to seeing those reductions, but with a realistic plan, a concrete plan that will see those reductions come. They are dramatic, Chair: 20% by 2020 and 60% to 70% by 2050.

Today our greenhouse gas emissions are more than 25% higher than they were in 1990, putting Canada more than 32% above its Kyoto target. That's today. Without immediate action, Canada's greenhouse gas emissions are projected to grow a further 24% by 2020 to reach about 940 megatonnes or 55% above the 1990 levels. That is unacceptable, and that's why we said it is time to turn the corner, and we are turning that corner.

Our government is committed to stopping the increase of Canada's greenhouse gas emissions and dramatically reducing them. I was reading a little out of our *Turning the Corner* plan. Last April we released the high level framework of our *Turning the Corner* action plan for reducing emissions. It's a real plan. It's a plan that will achieve the results of absolute reductions in greenhouse gases, a plan that was costed, a plan that will reduce greenhouse gases.

Since then we have consulted with the provinces. We've consulted with environmental groups and industry to develop the details of our plan, which include forcing industry to reduce its greenhouse gas emissions. Forcing industry is huge. That's because we've moved from voluntary to mandatory.

Our plan includes setting up a carbon emissions trading market, including a carbon offset system, to provide incentives for Canadians to reduce greenhouse gas emissions. We're providing industry with the tools it needs, the tools of a domestic carbon market, and we're also establishing the market price of carbon. We've heard from industry, we've heard from environmental groups, and we've heard from our international partners that these are necessary parts of the plan, and they are now part of a plan.

Our plan to cut greenhouse gas emissions in Canada is a responsible plan. It's a responsible path to reduce greenhouse gas emissions and to address the global threat of climate change. The Government of Canada has established the national target of an absolute reduction of 20% of greenhouse gas emissions from the 2006 levels by the year of 2020. That's a reduction of 330 megatonnes from projected levels. That's huge. The previous plan was that emissions were going up and were going to continue to go up. We are now seeing a dramatic reduction of greenhouse gas emissions—330 megatonnes. This is equal to eliminating the combined greenhouse gas emissions of Alberta, Quebec, and Newfoundland and Labrador. It's a huge accomplishment.

With the *Turning the Corner* plan, the government is taking action and putting into place, for the first time in Canadian history, one of the toughest regulatory regimes in the world to cut greenhouse gases. Our *Turning the Corner* plan requires reductions in emissions of greenhouse gases by big industry. Greenhouse gas emissions by the industrial sector will be reduced by 165 megatonnes from projected levels by 2020, an amount greater than the combined emissions by the provinces of British Columbia, Saskatchewan, Nova Scotia, and Prince Edward Island. Existing facilities in all industrial sectors will face tough requirements to improve their emissions performance every year. Plants that began operating in 2004 will face even tougher requirements to force them to use cleaner fuels and greener technology.

• (1715)

New oil sands plants and coal-fired power plants coming into operation in 2012 or later—those that are now on the drawing board—will face the toughest requirements of all. The oil sands are one of Canada's greatest natural resources and a major engine to our economy, but we have a responsibility to this generation and future generations to ensure that they are developed in an environmentally responsible way. Without additional action today, emissions from the oil sands would grow dramatically in the coming years, and we can't allow that to happen.

The Government of Canada will require that all oil sand plants meet a tough new emission standard. Plants that began operation in 2004 or after will face even tougher standards based on the use of cleaner fuels. Plants starting operations in 2012 will be required to meet the toughest targets that will effectively put action into place for a new carbon capture and storage technology. It's a wonderful new technology.

When I was in Berlin, Germany, for the G8+5 conference—and Chair, you were there with me—it was wonderful to hear that the world is counting on carbon capture and storage. We also know that the biggest carbon capture and storage facility in the world is in Weyburn, Saskatchewan. What they do is this. In North Dakota, about 300 kilometres south, you have a synthetic coal gasification plant where they create natural gas out of gasifying coal, and from that they create electricity. The carbon dioxide from that plant is shipped 300 kilometres north to Weyburn, Saskatchewan, and it's pumped into the ground for enhanced oil recovery. An oil field that wasn't producing anymore now is because of that technology.

The world shared with us in Berlin, and there were some of us in this room who were at that meeting—the chair, I myself, and there was a member from the Bloc, Mr. Cullen was there, and Mr. Godfrey was there. We heard the importance of carbon capture and storage. The world is hoping that approximately 25% of the reduction of greenhouse gas emissions globally will be reduced because of carbon capture and storage.

So it's a very important technology, and who has that technology? Who is the world leader? Canada. That's why we saw, in Indonesia and Bali, one of the people who were down there as part of the Canadian delegation sharing that technology with the world. We are world leaders, and that's why we're requiring the new plants in the oil sands will have to use that technology, where you capture the carbon dioxide and it's pumped back into the ground. It can be stored there, and it has a less than 1% chance of escaping over a 5,000-year period. It's very safe. It solidifies as it's pumped into the ground, and it also can be used for safe storage, but it also can be used for enhanced oil recovery.

It's expensive technology, but that is what the world is counting on, and that's the leadership that Canada is providing. The leadership is requiring that the Canadian oil sands will have to use that.

Also, Canada must reduce emissions from the dirty coal-fired electricity generation—carbon capture and storage again. The new coal plants that are going to be built in Canada have to use carbon capture and storage.

So it's a very good-news story. I'm sure, Chair, it's something that excites you, because you've been aware of it for a number of years, and it's good news for Canada, but it's also good news for the world.

Many Canadians are not aware that in many provinces much of the electricity we use at home and at work is generated by coal-fired power plants. The Government of Canada believes it is simply irresponsible to keep building dirty coal-fired power plants. Coal-fired plants will have to meet a tough new emission standard. We'll also bring in regulations that will effectively end the construction of dirty coal-fired plants starting in 2012. This is all part of our regulatory *Turning the Corner* plan. Utilities that want to build coal-fired plants in the future will be required to meet targets based on the use of clean technologies such as carbon capture and storage.

• (1720)

These tough regulatory requirements will reduce greenhouse gas emissions from the oil sands and electricity sectors by about 90 megatonnes, or 55% of the total expected reductions of the 165 megatonnes from industry, by 2020. This will be challenging for those sectors, but the government is confident they will step up and meet the challenge. It will happen.

All together, our government's industrial regulations will achieve half the reductions required to meet our national target of 20% reduction by 2020. These regulations will change how Canada produces and uses energy and will impose a price on carbon that will rise over time, and they will impact the entire economy. As such, they will provide important new incentives for innovation and new opportunities to develop Canadian green technologies.

Chair, I was at the GLOBE conference two weeks ago. At the trade show, it was wonderful to see what was happening in the technologies here in Canada.

We saw Iogen, a company that creates ethanol from waste product, from straw. They break it down using an enzyme to create alcohol, and it's 100% alcohol. It's like a big still. They mix gasoline with the alcohol to create ethanol, and it's called E85. Minister Baird arrived at the GLOBE conference in an E85-powered vehicle.

When I fuel up, there are gas stations already in British Columbia where you can buy ethanol. It's rated up to 10%.

But this is where the government, through a mandatory regulation—no longer voluntary—is moving forward with cleaner fuels and cleaner technology. In the end, we end up with absolute reductions of 20% by 2020. And we set a good example. We also end up with cleaner air for healthier Canadians.

The Government of Canada is taking further action that will cut greenhouse gas emissions from transportation and from buildings. These actions include mandatory renewable fuel content in gasoline, diesel, and heating oils. A moment ago, I mentioned what we saw at the GLOBE conference. It was very interesting.

For the first time in Canadian history we will have tough new fuel consumption standards for cars, light trucks, and sport utility vehicles. These are some of the toughest targets in the world and definitely in Canadian history. The vehicles—cars, light trucks, and sport utility vehicles—will have to burn less fuel and become more energy efficient.

New energy efficiency requirements for a wide range of commercial and consumer products such as dishwashers and commercial boilers and new national performance standards that'll ban inefficient incandescent light bulbs are actions the government is requiring with our *Turning the Corner* plan.

But we can already do that. We already have that technology and we are moving forward. These are minimum standards—20% reduction by 2020—but Canadians can already start doing that.

Chair, I've had the great pleasure of buying new fluorescent-type light bulbs as replacements and I've seen my electricity bill drop significantly. It's a nice light, and you can get different types of fluorescent lighting, all using much less energy. Instead of a 60-watt bulb, it's an 11-watt bulb. If you replace all the bulbs in your house, all of a sudden you're saving a lot of electricity. But there is different lighting. Some of the bulbs have a soft glow and some are very bright.

We are implementing ways of reducing our carbon footprint and cleaning up the environment.

Our government has also launched a broad suite of ecoACTION programs that will complement our regulatory initiatives and stimulate the growth of renewable energy and fuels: energy-efficient homes and buildings, fuel-efficient cars and trucks, and increased public infrastructure.

• (1725)

The Chair: Mr. Warawa, could I interrupt you for a minute to advise everyone, as I said I would at 5:25. Obviously we're not going to complete the bill, so I will be suspending and asking everyone to return immediately after the vote, and we'll carry on.

The bells will begin. We will suspend at that point and we'll return here right afterwards and carry on.

Mr. Warawa, the floor is yours.

Mr. Mark Warawa: Thank you.

So we believe that the federal initiatives to reduce greenhouse gas emissions—making our cars, our homes, and our industries much more efficient in their energy use—can achieve greenhouse gas reductions of 65 megatonnes from projected levels by 2020, equivalent to taking more than 16 million cars off the road, or eliminating the combined emissions of New Brunswick, Nova Scotia and Manitoba. So these are very large numbers.

These tough federal regulatory and other actions are expected to result in greenhouse gas reductions of 230 megatonnes from projected levels by 2020. That is a huge number, Chair. Yet even with these tough new federal regulations and the promises of some provinces to close dirty coal-fired power plants and to increase their use of renewable and nuclear energy, the emissions from electricity generation are projected to be 90 megatonnes in 2020—still the single largest source of greenhouse gases in Canada.

The Government of Canada wants to achieve additional emission reductions from the electricity sector of 25 megatonnes by 2020—and that's in only 12 years from 2008. So in this very short period of time, there will be an additional 25 megatonnes in reductions from the electricity sector, equivalent to closing seven large coal-fired power plants. We're therefore setting up a clean electricity task force to work with the provinces and industry to meet this goal. If required, the Government of Canada is ready to use its regulatory powers to ensure that these cuts are achieved.

Provincial governments are already committed to targets that would require achieving greenhouse gas reductions of as much as 300 megatonnes by 2020. Over 200 provincial initiatives have been developed to date to begin achieving those great goals. While some of these initiatives overlap with federal actions, it is estimated they will provide an incremental 40 megatonnes in emission reductions by 2020. Most provinces have indicated they're planning to do even more to meet their own targets.

The Government of Canada has provided over \$1.5 billion in new funding to the provinces and the territories to support their climate change initiatives. That's good news. I want to thank the Liberal members for supporting that. Unfortunately, the Bloc and the NDP voted against that \$1.5 billion in initiatives to fight climate change.

We're convinced it's realistic and achievable for provinces and territories to take further action in the areas where they have important responsibilities, such as building standards, public transit, and urban planning. This is very important: public transit will not be successful if you do not have well-planned, sustainable communities.

We expect that the provinces will introduce new measures that will result, at minimum, in an additional 35 megatonnes of reductions in greenhouse gas emissions. These will enable Canada not only to meet but, potentially, also to surpass its national target of a 20% absolute reduction in emissions from 2006 levels by 2020.

Canada will play an important role in negotiations to develop a new international agreement on climate change, with contributions from all the major emitters, including the United States and China and India. We should be seeking to ensure that global emissions are cut at least in half by 2050. The Government of Canada has committed to achieving a 60% to 70% reduction in Canada's emissions by 2050.

• (1730)

At home, we will stop the dramatic growth in our greenhouse gas emissions and cut them by 20%, in absolute terms, between now and 2020, as I pointed out, which is only 12 years away. This will require all of us to do our part: the federal, provincial, and territorial governments; municipalities; industry; and individual Canadians.

Together we can meet our target. In doing so, we as a country will put in place large-scale carbon capture and storage and other existing technologies; we'll generate 90% of our power from sources that do not emit greenhouse gases; and we'll increase electricity from renewable sources, like wind and wave power, by 20 times. These are examples of this government actually getting it done. We'll cut greenhouse gas emissions from coal by more than 50%. We'll increase average fuel efficiency in new vehicles by 20%. We'll improve Canada's energy efficiency by 20%. That's our national energy efficiency.

These and other actions will change the path of Canada's greenhouse gas emissions. Canada will move from rapid growth to achieving absolute reductions of 20%, based in 2006 levels, and a reduction of 330 megatonnes from projected levels in 2020.

The challenge to meet these targets by 2020 is great. It's a big challenge. However, the Government of Canada believes in the commitment, ingenuity, and willingness of Canadians to tackle the challenge of climate change while continuing to grow our economy. Together we are ready to face the challenge and to win.

Chair, we need to win. We need to reduce the amount of greenhouse gases that each of us is responsible for. There are lots of opportunities and lots of ways to find out how we can reduce our carbon footprint. And it's fun to do. As I mentioned earlier, I replaced all my light bulbs, but I also bought a new hot water tank and found out that the new hot water tank was a lot more efficient. Also, when I leave the Hill, I turn my hot water tank off. Why heat water when we're not here? So I've done that. At home, I've reduced the temperature of the hot water tank. I have a new efficient hot water tank and efficient light bulbs.

What's also good is that I'm not the only one doing it and that it's fun; we have a lot of Canadians doing it. With more and more energy-efficient light bulbs available, the prices have come down. And we have a way of disposing of the light bulbs, because you don't want to just take the fluorescent bulbs and dispose of them in the regular garbage. You want to bring them back to where you got them. They will collect them and dispose of them in a safe manner, because the fluorescent bulbs have mercury, and you do not want to just throw them away and have them break and release the mercury.

That brings up another point, Chair. The government is very concerned about the mercury content in our environment. That's why we have a new program requiring vehicles that are scrapped to have the switches taken out of them to capture that mercury. We do not want it released into the atmosphere. The days of using our atmosphere as a dumping ground for greenhouse gas emissions, for mercury, and for pollutants are over. This government is very serious about reducing the amount of greenhouse gases we're putting into the air.

Our regulations will have real, tangible health and environmental benefits for Canadians. These benefits, in turn, will have positive economic effects. A robust regulatory system will also promote technological investment and innovation in Canada, yielding long-term economic benefits from enhanced productivity, improved energy efficiency, greater competitiveness, and more importantly, the ability to sell Canadian products and know-how abroad.

● (1735)

When I was at that global conference, it wasn't just Iogen that I saw there. I saw energy-efficient vehicles. I saw solar technology. I saw a technology for operating rooms. The gases coming from the anesthetics that are provided in operating theatres have 12,000 times the impact of carbon dioxide, so capturing those gases and having them brought down and managed in a safe manner is very good for the environment: 12,000 times carbon dioxide from the operating theatres.

Instead of having methane, which is a natural gas but is 21 times stronger than carbon dioxide, you capture that from landfills, from animal waste, and just by flaring it, it becomes carbon dioxide, but you can capture that and use that as a commodity to run vehicles. It provides a balance within our system. Instead of pulling more fuels from below the earth, we recycle what we already have above the earth. It provides that technology not only for Canadians but for the world.

We saw that at the trade show. It was exciting that a lot of that technology is happening right here in Canada. We're sharing that with the world too.

We also saw Iogen. As well, we saw other waste products, cellulose waste, trees. They can take trees, or waste product from trees, and make fuel from it too, which I think is a better way than taking food stock. We use cellulose technology to create the ethanol, and you can then run your cars and vehicles in a much more environmentally friendly way.

Each of us needs to do our part, but a lot of the world-leading technology is right here in Canada. It's very exciting.

Strong regulations will inevitably come at a cost, and those costs will be borne, at least in part, by every individual Canadian and his or her family. Consumer products, including cars and home appliances, could become more expensive. Electricity and fuel prices will rise. All Canadians must be prepared to bear this extra responsibility in order to get the job done. This government is committed to doing that, and I know Canadians are too.

In implementing the clean air regulatory agenda, the government will work with provincial and territorial governments, industry, environmental health groups, scientists, municipalities and communities, and individual Canadians. These partnerships will ensure that all segments of Canadian society have the opportunity to reduce their emissions and achieve a cleaner, healthier Canada for current and future generations—other examples of this government setting the example and getting it done.

As a side note, we have now hydrogen-powered buses on the Hill. The typical bus that we see running around on Parliament Hill is a green bus, and there are some white buses for the Senate. But we also now have hydrogen-powered buses. They're burning hydrogen,

and the only thing coming out of the exhaust pipe is water. It's very exciting, another example of Canadian technology.

The government is also taking other action. In the last Speech from the Throne, the government committed to take measures to achieve—

● (1740)

The Chair: I'm sorry.

Mr. Bigras, on a point of order.

[*Translation*]

Mr. Bernard Bigras: Mr. Chairman, for the committee's benefit, can you tell me which document the parliamentary secretary is alluding to?

[*English*]

The Chair: Mr. Warawa, could you inform us of the document you're reading, please?

Mr. Mark Warawa: This is called the *Regulatory Framework for Air Emissions*. This is the *Turning the Corner* plan.

I think it's important for members of the committee who are supporting Bill C-377 to remember what witnesses have told us, namely, that the bill is missing substance, has jurisdictional issues, and is poorly written. The opposition has tried to rewrite it, but it's a flawed bill. Canada now has a *Turning the Corner* plan. And this plan will achieve what the committee wants, which is absolute reductions in greenhouse gas emissions.

If the committee supports Bill C-377, they obviously are not aware of the good plan that Canada now has. And that's why I was providing some of the highlights of it for the committee.

The government is also taking other action. In the last Speech from the Throne, the government committed to take measures to achieve tangible improvements in our environment, including reductions in pollution and greenhouse gas emissions.

Back in 2006, the budget allocated \$1.9 billion to initiatives to reduce greenhouse gas emissions and clean up the air Canadians breathe. It included a 15.5% tax credit for the purchase of monthly public transit passes. This was meant to encourage individual Canadians and their families to leave their cars at home and take more environmentally sustainable modes of transportation. There was also \$1.3 billion for public transit and capital investments.

It's unfortunate that in the last two budgets the Bloc and the NDP voted against providing billions of dollars for public transit, which was quite surprising. I would have thought that they would support those wonderful environmental incentives. But no, they voted against it.

In December 2006, the government announced two key environmental measures. The first was the new chemicals management plan. It was there when we launched it. It was a very exciting day. The plan takes immediate action to regulate chemicals that are harmful to human health or the environment.

Canada was the first country in the world to categorize 23,000 legacy chemical substances. This action has allowed the government to move forward to ensure that chemical substances are handled safely. The government has challenged industry to provide the government with information on how they are safely handling 200 high-priority chemical substances. The government has committed \$300 million over five years to implement the chemicals management plan, which is already having positive results.

The government also announced that it would require fuel producers and importers, by 2010, to have an average annual renewable content of at least 5% of the volume of gasolines that they produce or import. There are already gas stations that sell an ethanol content in their fuels, and it helps protect the environment. I encourage people to look for gas stations that sell gasoline with ethanol in it.

Upon successful demonstration of renewable diesel fuel use under Canadian conditions, the government will require an average 2% renewable fuel content in diesel fuel and heating oil by no later than 2012. That's only four years away.

The government also announced funding of \$365 million to bolster the development of biofuels and other bio-products. Unfortunately, the Bloc and the NDP voted against this.

These actions will significantly reduce air emissions from the fuel Canadians use to travel, transport goods, and heat their homes. To complement the clean air regulatory agenda, the government will also use targeted incentives and programs that will allow industry and consumers to reduce emissions of greenhouse gases and air pollutants.

• (1745)

The ecoENERGY initiatives are there to help Canadians use energy and fuels more efficiently, to boost renewable energy supplies, and to develop cleaner energy technologies. These include programs to offer support and information on retrofits to homeowners and small businesses and organizations—good news—to encourage the construction and retrofit of more energy-efficient buildings and houses, and to accelerate energy savings investments within Canada's industrial sector.

In addition, the Minister of Natural Resources and Alberta's—

The Chair: Yes, Mr. Regan, go ahead on a point of order.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Chair, my honourable colleague seems to be reading a document that's totally unrelated to the bill and to the amendment in question. I'm wondering if that's proper procedure.

The Chair: Well, Mr. Regan, I'm afraid that we're talking about the amendment; we're talking about climate change. The area is pretty broad. It is rather difficult. I would ask the member to try to zero in on the amendment that's here.

I've been here only 15 years and I must admit I've never seen anything quite like this. We are just reading, but I guess that's what we're doing. I'm afraid we do have to look at the amendment. I would like to be referring to the amendment and deal with that one. I would ask the member to at least try to refer to the amendment occasionally in his reading.

We're on clause 10.

• (1750)

Mr. Mark Warawa: Yes, we are, thank you.

Clause 10 says:

10. (1) On or before May 31 of each year, the Minister shall prepare a statement setting out

(a) the measures taken by the Government of Canada to ensure that its commitment under section 5 and the targets set out in the target plan are being met, including measures taken in respect of

(i) regulated emission limits and performance standards,

(ii) market-based mechanisms such as emissions trading or offsets,

(iii) spending or fiscal incentives, including a just transition fund for industry, and

(iv) cooperation or agreements with provinces, territories or other governments; and

(b) the Canadian greenhouse gas emission reductions that are reasonably expected to result from each of those measures in each of the next ten years; and

(c) the level of Canadian greenhouse gas emissions in each of the following ten years to be used as a baseline to quantify the reductions referred to in paragraph (b).

That's exactly what I'm speaking to, Chair, and that is clause 10.

The Minister of Natural Resources and Alberta's Minister of Energy have commissioned a Canada-Alberta ecoENERGY Carbon Capture and Storage Task Force. The task force is made up of CEOs from the oil, power, and pipeline industries, as well as a member of the academic community. It's been tasked with examining the opportunities for the large-scale application of carbon capture and storage technology in Canada. Based on that examination, the task force will provide a comprehensive set of options describing how government and industry can work together to take advantage of those opportunities. In carbon capture and storage technology, Canada is the world leader.

When we were in Germany, I asked if there has been a mapping of geological formations globally. We were told, no, each country is going to be responsible for that. But Canada has taken that leadership in carbon capture and storage, and we have that model in Weyburn, Saskatchewan. It's very important that we not continue to dump carbon dioxide into the atmosphere. We need to capture it. That's going to be happening on new projects in the oil sands, and it will also be required for new coal-fired electric generating plants.

We also look forward to Ontario shutting down those coal-fired plants and building these new electric-fired plants with carbon capture and storage, and I'm sure Mr. McGuinty is looking forward to that too.

On March 19, 2007, just a year ago, our government further demonstrated its commitment to environmental action to provide health and environmental benefits to Canadians by allocating \$4.5 billion in budget 2007 for initiatives to reduce greenhouse gases and their pollution, as well as water conservation enforcement initiatives. These initiatives included the following: \$1.5 billion for the trust fund for clean air and climate change, a new national trust fund that provides financial support for provincial and territorial government projects that will result in real reductions in greenhouse gas emissions and air pollutants. Did the Bloc support that? No. Did the NDP support that? No.

It included a rebalancing of the tax system to encourage investments in the oil sands and other sectors in clean and renewable energy, while phasing out the accelerated capital cost allowance put in by the previous Liberal government for the oil sands development. Did the Bloc support that? No. Did the NDP support that? No.

It also included an extension to 2020 for existing tax incentives for clean energy production and an expansion of the eligibility to cover wave and tidal energy, as well as additional solar energy and waste-to-energy technologies. Surely the Bloc would have supported that. Did they support it? No. Did the NDP support that? No.

• (1755)

We also funded performance-based rebates on vehicles according to their fuel efficiency, with levies on fuel-inefficient vehicles beginning with the 2011 year. Did the Bloc support that? No. Did the NDP support that? No.

We funded \$36 million over two years to support programs to get older high-emitting vehicles off the road. It's a good plan. When you get the older vehicles off the road, people then will buy new energy-efficient vehicles. Did the Bloc support that? No. Did the NDP support that? No. They do support Bill C-377, though, which is a bill with no plan and no costing.

Our plan included \$2 billion over seven years to support the production of renewable fuels—\$1.5 billion for operating incentives for producers of alternate low-emission fuels and \$500 million for investing with the private sector in establishing large-scale facilities for the production of next-generation renewable fuels, such as Iogen here in Ottawa—

Mr. David McGuinty: It's in my riding.

Mr. Mark Warawa: It's a good-news story.

Did the Bloc support extending the public transit credit to different types of public transit, enhancing public transit? No. Did the NDP support that? No. We have a very serious trend here, where the Bloc and the NDP are not supporting environmental programs.

We provided funding to protect Canada's natural heritage, including \$225 million for conserving ecologically sensitive lands and \$110 million for protecting species at risk. Surely the Bloc would have supported that. They didn't. Did the NDP support that? No.

Our plan included \$22 million over the next two years to strengthen environmental enforcement. You can make laws, but if you don't enforce them you are not going to have an effect. Volunteerism only works to a point. You need to have mandatory

regulatory framework and it has to be enforced. Did the Bloc support enforcing the environmental laws of Canada? Did the NDP support that? No.

We provided \$92 million over two years to improve the water that Canadians drink, to clean polluted water, to protect ecosystems, and to ensure the sustainability of Canada's fish resources. We included over \$200 million in funding to renew the Canadian Coast Guard fleet and support fisheries, science, and research. Again, the Bloc and the NDP did not support that. Canadians wonder why not.

These initiatives will deliver real results while industrial regulations are developing, and will promote the technology innovation required to support upcoming regulations. In addition, these initiatives include the regulations to set Canada on the road to making real progress toward its Kyoto commitments to reduce greenhouse gas emissions. The real reductions in emissions that will be drawn by the regulations, coupled with the impact of both the non-regulatory actions above and the ambitious new initiatives being taken by provincial and territorial governments, mean that Canada's greenhouse gas emissions from all sources are expected to begin to decline as early as 2010. My colleagues brought that to the committee's attention. It's already happening. The environment is already cleaning up. We're getting it done.

I think it was Mr. Cullen who said that their focus has been on trying to get the government to fail. It's not working. The government is moving forward. We have a regulatory plan, a *Turning the Corner* plan that is already seeing results. Therefore absolute emissions continue to decline.

The government is committed to reducing Canada's total emissions of greenhouse gases by 20% by 2020, and by 60% to 70% by 2050. The government supports the Kyoto process—I think I'm hearing an echo here—and actions at home that will be the basis for Canada's participation in future international cooperative efforts to reduce greenhouse gas emissions globally. We've seen our minister, John Baird, do an incredible job making sure the post-Kyoto negotiations were successful in Indonesia.

We all need to do our part. Greenhouse gas emissions are affecting Canada. We're already seeing the results of a warming climate in Canada, but we're also seeing it globally. Canada is doing its part and taking that leadership that was not there for a number of years. We're also encouraging all the international major emitters to reduce greenhouse gas emissions.

• (1800)

At this point, 30% of the major greenhouse gas emitters are part of the Kyoto agreement. We need everybody to be willing to reduce their greenhouse gas emissions, and that's what we're pushing for. Wouldn't it be wonderful to see everybody signing on and agreeing to a post-Kyoto target that included all the major emitters agreeing to reduce their greenhouse gases? And Canada is providing that leadership.

Significant long-term progress on greenhouse gases and air pollutants will be realized only through the development, commercialization, and employment of new, cleaner energy and transportation technologies, and through the active participation of all Canadians and all aspects of Canadian society. The government recognizes the need to work with all consumers, with industry and the provinces and the territories, to move forward to implement this aggressive plan. All Canadians will need to do their part to reduce greenhouse gases and air pollution to help protect their health and their environment.

On October 21, 2006, our government published a notice of intent that imposed an integral, nationally consistent approach to the regulation of greenhouse gases and air pollutant emissions in order to protect the health and the environment of Canadians. Because greenhouse gases and air pollutants share many common sources, the coordination of requirements will allow firms to make cost-effective decisions to maximize synergies in reducing their emissions. As you reduce the amount of greenhouse gases being emitted, you often are reducing the pollutants that are also going in the air, for the benefit of the health of Canadians. And in our *Turning the Corner* plan, we have a reduction in air pollutants in half by 2015—a very short period of time. These are huge, aggressive targets that will be achieved for the health of Canadians.

The government has signalled its determination to address greenhouse gases and air pollutants from key sources and has outlined a regulatory agenda for industrial sources, and transportation and consumer and commercial products, for more stringent energy efficiency standards and improved indoor air quality. The government is committed to these targets of a 20% reduction by 2020, and 60% to 70% by 2050.

Environmental protection is an area of shared jurisdiction between the federal and the provincial and territorial governments. The federal government has clear jurisdiction to regulate air emissions in order to protect the environment and the health of Canadians. The government recognizes the importance of endeavouring, in cooperation with the provinces and territories and aboriginal peoples, to achieve the highest level of environmental quality for all Canadians.

The provinces have taken important action to reduce air pollution emissions in their own jurisdictions. However, national consistency is necessary to provide a minimum level of air quality for all Canadians to ensure a level playing field and to protect the competitiveness of our Canadian industry in different regions by avoiding a patchwork of different regulations being applied to the same industrial sectors.

My colleague Mr. Harvey has brought up the point a number of times that the production of one tonne of aluminum produces four tonnes of carbon dioxide when it's produced in Canada, but in China it's seven. And with growing technology, my hope is that the four tonnes will be reduced more and more. So we need to make sure it's Canadian technology, the very best of technology, being used for aluminum too.

An integrated, nationally consistent approach will enable firms to reduce their emissions in an efficient and cost-effective manner. Again, Canada has to stay competitive. We don't want jobs leaving Canada; we want jobs in Canada. We want Canadian technology

used to benefit the world globally for greenhouse gas emission reductions. The federal government has never—never—regulated emissions of greenhouse gases or air pollutants across industries before. This is the first government in Canadian history to do this.

• (1805)

For industrial sources, the October 2006 notice of intent to regulate indicated that the government would introduce a framework for short-term targets and compliance options by the spring of 2007. In the transportation sector, the Prime Minister reaffirmed, in his speech on February 6, 2007, that for the first time ever Canada's new government would regulate the fuel efficiency of motor vehicles, beginning with the 2011 model year. That's three years from now.

There's currently a memorandum of understanding between the auto industry and the government with a target of 5.3 megatonnes of greenhouse gas emission reductions by 2010. That will be regulated for the 2011 model year, and the memorandum of understanding will end. The government will build on this agreement to establish an ambitious regulated fuel efficiency standard for the 2011 model benchmarked against a stringent dominant North American standard. That's good news. We need to have a level playing field, we need a clean environment, and it needs to be by regulation, and that is happening.

The government is also developing and will implement regulations to reduce smog- and acid-rain-forming emissions from vehicles, engines, and fuels. It will take action to reduce emissions from other modes of transportation, including rail, aviation, and marine. I live on the west coast, and marine is a very big contributor to greenhouse gas emissions and air pollution, and our government is taking action on that.

The government is developing regulations that strengthen energy efficiency standards and labelling requirements for consumer and commercial products. The government is also developing, for the first time, a comprehensive regulatory agenda that will address indoor air quality—the first government to do that.

The goal of these actions is to improve significantly and measurably the health of Canadians and the environment by reducing greenhouse gas emissions and air pollutants.

Since the publication of the notice of intent in October, work has been ongoing on each of these priorities. The process you go through to end up with regulations has begun, and it began in October 2006. Two draft regulations in the transportation sector to reduce smog-forming pollutants from vehicles and engines have been published in the *Canada Gazette*. Work has also begun on a series of amendments to the energy efficiency regulations.

As I indicated in the notice of intent, an integrated approach to reduce emissions of greenhouse gases and air pollutants has been taken to maximize the benefits to the health of all Canadians and to the environment. In the notice of intent, the government committed to develop and implement an integrated, nationally consistent approach to the regulation of industrial air emissions.

As you can see, Chair, what I am speaking to relates directly to clause 10 of Bill C-377. In November and December of 2006, extensive consultations were undertaken with the provinces and territories, industry, aboriginal groups, and health and environmental groups on elements of the proposed approach and the development of the regulatory framework. A companion document was published to further elaborate and present elements and options for consultation. These consultations and the public comments received in response to the notice of intent have informed the development of the regulatory framework.

The regulations will mandate reductions in emissions of greenhouse gases and air pollutants from the following industrial sectors: electricity; electricity generation produced by combustion; oil and gas, including upstream; oil and gas, downstream; petroleum; oil sands; and the natural gas pipelines.

• (1810)

Chair, we have a vote happening. I have much more that I'd like to share, and that's why I didn't believe we would complete today. I think we could complete it in another day.

At this point I would move that we adjourn.

The Chair: We have a movement for adjournment, which is non-debatable. Our options basically, as everyone knows, would be to suspend when the bells go and then return, or hold the vote. We are now going to hold the vote on adjournment.

(Motion negatived)

The Chair: We will suspend when the bells begin, and we'll be back here as soon as possible.

Are you carrying on, then, Mr. Warawa?

Mr. Mark Warawa: Thank you.

For greenhouse gases, the framework sets a 2010 implementation date for emission intensity reduction targets. For air pollutants, the framework sets fixed emission caps that will enter into force as soon as possible between 2012 and 2015.

In order to minimize cost to industry and the impact in the economy, the framework contains compliance mechanisms intended to provide industry with flexibility in meeting its regulatory options.

The framework also requires rigorous monitoring and reporting in order to ensure compliance, assessment, and transparency.

These are all ingredients that are missing in Bill C-377. There is no costing. There is nothing on the framework. There are just international targets, with no costing and direction as to how Canada can achieve those targets.

As you can see, the *Turning the Corner* plan does include that—a costing, a framework, consultation, and a realistic plan that is already seeing positive results.

The short-term targets are expressed as reductions from the 2006 levels. To support the development and implementation of regulations, comprehensive and consistent baseline data for 2006 will be required from facilities in the regulated sectors. To this end, the government will require that facilities in those sectors that will be covered by the regulations report 2006 emissions and other relevant data under a notice issued under section 71 of CEPA 1999. That is also at work, and industry is required to report by the end of May of this year.

This is another example of the regulatory process happening. It's exciting, Chair, to see it actually happening. After years of inaction, this government is getting it done.

Are the bells ringing?

• (1815)

The Chair: Yes, Mr. Warawa.

We will suspend, then, and we'll return immediately afterwards. If everyone could come back and get their food, we'll carry on.

We're suspended until the vote is over. There is one vote, I believe, so it should be pretty quick.

• (1815)

(Pause)

• (1855)

The Chair: Yes, Mr. Warawa.

Mr. Mark Warawa: I have more points to make.

The Chair: The speaking order I have is Mr. Warawa, Mr. Harvey, and then Mr. Watson.

Mr. Warawa, the floor is yours. We are carrying on from our meeting.

Mr. Mark Warawa: Thank you so much, Mr. Chairman. It's always good to talk about the environment.

Mr. Rodriguez is here. We have some new faces.

Anyway, the government will validate the benchmarked air pollution targets over the next several months. The government will work with industry, the provinces and territories, labour, and environmental and health groups during the validation process. The regulatory framework for air pollutants—that is, the targets, the compliance mechanisms, and the timetable for the entry into force of the regulations—will be finalized in the fall of 2007, which it was, and after the government has validated the benchmarked air pollutant targets.

While this validation process is under way, we've developed sector-specific regulations for the general provisions and those related to greenhouse gases, leading to publication of the draft regulations in *Canada Gazette, Part I*, in the spring of 2008. The regulations will be revised to incorporate the air pollutant provisions a few months later, following normal regulatory procedures.

So it takes time for a regulation to be implemented, and that whole process has begun. For those who weren't here, it's a process that is already having positive effects.

What's being proposed by Bill C-377, we know, will not have effects. It is, again, one of those announcements with no substance. Yet the government, with our *Turning the Corner* plan, does have a regulatory process that will see absolute reductions of 20% by 2020, and 60% to 70% by 2050—the toughest in Canadian history and one of the toughest in the world.

The government will monitor the evolving regulatory framework as the regulations are developed and implemented over the two years and will make adjustments as needed.

In addition, the government is committed to reviewing the regulations on industrial air emissions every five years in order to assess progress in reaching medium- and long-term emission reduction objectives. The first such review would take place in 2012. The review would entail an assessment of the effectiveness of measures taken to reduce greenhouse gas emissions and air pollutants, and of advances in industrial technology—energy production, industrial processes, and pollution abatement—in order to determine the potential for further emissions reductions consistent with the goal of continuous improvement. The review would also examine the state of air quality and possible changes in the Canadian industrial sector mix, including regional changes, that could affect the goal of achieving tangible benefits for the health of Canadians and the environment.

The federal government will set stringent national standards and will work to reach equivalency agreements with those provinces that set provincial emissions standards that are at least as stringent as the federal standards. We're already seeing that happening. Equivalency agreements will allow provincial leadership, while ensuring a national level of health and environmental protection—again, strong federal leadership.

You don't see that in Bill C-377. You see, again, the whole structure, as Mr. Vellacott said, built on a very shaky foundation. You see now, with the *Turning the Corner* plan, a very clear, strong mandatory regulatory framework that is already having positive effects for Canada's environment and for the global environment. As the proposed federal regulations are developed, the government intends to work with provinces and territories to avoid, as much as possible, any duplication and to ensure consistency in the way in which regulations are applied, again respecting provincial jurisdiction. We heard from the witnesses that Bill C-377 would give broad and unlimited powers to the federal government over the provinces.

• (1900)

Now, I was quite sure that the Bloc would then not support Bill C-377, but they did. They've made some amendments, but they do not want to hear from any witnesses to find out if their amendments are effective. Of course, our government wants to respect provincial jurisdictional responsibilities and authorities. In our regulatory framework of the *Turning the Corner* plan, it's very clear that we are proposing a plan that does respect provincial jurisdiction. It's already happening. It's already having a positive effect, and Bill C-377 would take us far from that. That's what many of the witnesses were indicating.

Most provinces restrict the emissions of air pollutants; however, standards vary considerably across the country. Alberta has also recently released draft regulations to reduce industrial greenhouse gas emissions in its territory. Since the federal government recognizes the important role played by the provinces and territories and their management, work will be undertaken with interested provinces and territories to make the best use possible of equivalency agreements. When an equivalency agreement has been reached, the Governor in Council can suspend the application of the specified CEPA 1999 regulations in the signing province so that only the equivalent provincial regime applies. That's good. The federal Minister of the Environment remains responsible for reporting annually to Parliament in the administration of the CEPA 1999 provisions that permit these equivalency agreements.

Again you have the minister reporting directly to Parliament—another good part of *Turning the Corner*. CEPA 1999 authorizes the minister to enter into an equivalency agreement with a province, territory, or aboriginal government if the minister and the other jurisdictions' governments demonstrate that there are provisions in force in that jurisdiction that meet or exceed the equivalent level of environmental protection mandated by the federal regulations in force, and include rights similar to those prescribed in sections 17 to 20 of CEPA 1999—the right of citizens to request an investigation of alleged offences under the other jurisdictions' legislation. We see this missing in Bill -377—sweeping powers, unlimited powers over the provinces, which is not in the provincial interest—and also we heard clearly that there would be a constitutional challenge. Yet we have already in place a respecting of those provincial jurisdictions in the *Turning the Corner* plan.

And clearly we have taken action already with the toughest targets in Canadian history, and that is very preferential to Bill -377, which we have heard is actually a hollow and phony bill.

Provincial enforcement certificates of approval, or permitting, or licensing systems can be recognized as a basis for an equivalency agreement. Once an equivalency agreement is negotiated, the Governor in Council may make an order declaring that the provisions of CEPA 1999 regulation that are the subject of the equivalency agreement do not apply in the jurisdiction of a particular province, territory, or aboriginal government with which the agreement has been negotiated. The result is that the regulation, or a portion of it, would stand down, leaving the subject matter of CEPA 1999 regulation to be governed by the laws of the province, territory, or aboriginal government with which the agreement was negotiated.

Regarding short-term emission intensity targets, the government has put in place a short-term emission intensity reduction target that will come into force in 2010. These targets will result in absolute reductions in emissions of greenhouse gases from industry as soon as 2010 and no later than 2012.

• (1905)

The Chair: Yes, Mr. Cullen.

Mr. Nathan Cullen: I would remind the parliamentary secretary, in his efforts to illuminate the committee on the issue, that repetition of the same point again and again is actually not allowable in debate.

Chair, I know it's difficult to follow the drone, but the parliamentary secretary and all committee members need to confine themselves to not only staying on topic but also not just continually reintroducing something. Referring to the government's so-called *Turning the Corner* plan again and again is actually not adding anything of substance to the discussion or the debate. It is just repetition for the sake of wasting time.

If it is the parliamentary secretary's intention to talk the clock out, he at the very least must refer to new topics and new ideas rather than just repeating the same one. Otherwise in this debate, we could simply read over the same page again and again, which is essentially what's been happening.

The Chair: Mr. Cullen, I agree with you.

I would ask the parliamentary secretary to stay on topic. We are talking about clause 10, and we hope to get that to a vote. I would also ask that he not repeat himself. It is difficult to pick up repeated sentences, but I will attempt to do that.

Thank you, Mr. Cullen.

Mr. Mark Warawa: Thank you, Chair.

I am speaking to clause 10. What I said for a second time was not to repeat but to emphasize the importance of the fact that we need absolute reductions. And you phase in absolute reductions, starting with intensity, with very severe, tough intensity targets. This is all missing in Bill C-377.

Clause 10 says that....

Mr. Chair, I want to explain the relevance of clause 10. Do I have your permission to read clause 10 again?

The Chair: If you feel it's necessary.

Mr. Mark Warawa: I think it's quite—

The Chair: Everyone has clause 10 in front of them and they know what it says. I would rather that you deal with the issue.

Mr. Mark Warawa: It is clause 10. I'm sharing the importance of having targets that are realistic and that are achievable. The difficulty we've had with Bill C-377 is that there are targets that haven't been costed.

We've asked Mr. Cullen if he would accept a motion, but we haven't made a motion. I was just testing the waters: would he accept having it costed, as recommended by the witnesses? The instructions he has from his leader now are not to have that, which is disappointing. The Commissioner of the Environment advised that there be an analysis. This is what we heard from every witness group. Of course, the NDP, after introducing the bill and recommending that it be costed, is now suggesting that they don't want Parliament to be making a decision based on facts; they want emotional targets.

We agree that we need to set the toughest targets in Canadian history, and we have done that. Our *Turning the Corner* plan does that. It builds on intensity targets, and within a very short period of time, by 2012, we have absolute reductions coming. By 2020 we'll have absolute reductions of 20%, again the toughest in Canadian history.

We heard from the witnesses previously that intensity isn't bad; what's important is how tough those intensity targets are. Of course, they are mandatory, concrete intensity targets that will result in absolute reductions, which is good news for Canada and good news for the world. The targets will also make a vital contribution to the government's commitment to reduce the national absolute greenhouse gases by 20% by 2020.

The government is introducing the toughest action in greenhouse gases ever proposed by a Canadian government. The government's emission intensity targets are 6% more stringent, at 18%, than the emission intensity targets proposed on July 16, 2005, at only 12%. Unlike the 2005 proposal, our *Turning the Corner* plan also requires annual improvements in emission intensity of 2%, meaning that by 2015, a 26% emission intensity improvement will be required under this plan. It's huge.

Short-term mandatory reductions in greenhouse gas emissions by sector are defined in terms of reductions in emission intensity from their emission intensity in 2006. That's the base year.

Each country has its own unique circumstances. Globally, everybody needs to reduce greenhouse gas emissions, as we all agree, hopefully; some may not. The reality is that everybody has to do their part globally or greenhouse gas emissions will continue to rise. We need to get all the major emitters, including the United States, India, and China, reducing their emissions too.

Greenhouse gas emissions per unit of production are capped under our plan. We don't hear any details in Bill C-377. It's unfortunately missing any details. We heard that from the witnesses. All they are, are targets, with no idea how they are going to be achieved. The NDP leader, Mr. Layton, equated it to building a railway, with no idea how he was going to do it, but he had a dream.

Our plan, the plan, which will be effective and is already being effective in reducing greenhouse gas emissions, has the units of production capped. The regulatory release limit for individual facilities within a given sector that will be needed to achieve this overall percentage reduction will be determined as part of the process to develop the detailed regulations.

● (1910)

The emission intensity approach ties targets to production. This means that firms will not be able to claim emission reduction credits by shutting down production for environmental reasons or obtain credits for moving production out of Canada. Rather, credits can only be earned through cleaner production. More importantly, these rigorous targets will yield absolute reductions, even as the economy grows. As the World Resources Institute noted in a 2006 report, "For environmental performance, what matters overall is that targets are set at reasonably stringent levels and subsequently are met. This may be achieved with absolute or intensity targets."

Again, this is what we see missing in Bill C-377—no details, no direction, no substance on how their targets can be achieved, no costing, and no impact analysis.

The approach for determining the emission intensity targets for each sector in the *Turning the Corner* plan is based on an improvement of 6% each year from 2007 to 2010. This yields an initial required reduction of 18% from 2006 levels in 2010, the year the proposed greenhouse gas regulations would come into full force. Every year thereafter, a 2% continuous improvement on emission intensity would be required. By 2015, therefore, a reduction in emission intensity of 26% from 2006 levels would be mandated. This basic approach will be applied to existing facilities in each industrial sector.

The 18% emission intensity reduction calculation applies only to combustion and non-fixed-process emissions. Regulatory release limits per unit of output for existing facilities would reflect this.

Predefined fixed-process emissions would have a zero percent reduction in emission intensity from 2006 levels in 2010. Fixed-process emissions are emissions tied to production for which there is no alternative reduction technology. The only way to reduce these emissions is to reduce production. Processes that are currently considered fixed may not be considered fixed in the future if technologies or processes are developed that could reduce or capture and store the emissions. At the sectoral level, the share of total emissions that are fixed-process emissions varies. For each sector, the basic approach will be an 18% reduction from the 2006 levels in 2010, with continuous improvement in emission intensity thereafter.

Fixed-process emissions will have to be determined on the basis of the characteristics of firms and sectors. To provide sufficient time for the facilities to reach normal operating levels, new facilities will be granted a three-year grace period before they have to meet an emission intensity reduction target. After the third year, the initial greenhouse gas emission intensity target will be based on cleaner fuel standards. New facilities will also be required to improve their emission intensity by 2% each year, as do existing facilities. New facilities are defined as those whose first year of operation is 2004 or later.

The three-year grace period means that no improvements are expected in the first three years of operation, and no target will apply during these years. Targets begin to apply in the fourth year of operation, even if that year is before 2010. For example, a facility that began operation in 2005 will begin to face a target in 2008, based on its emission intensity performance in 2007 and on the application of the cleaner fuel standard. A flexible approach to implementation will be taken in those special cases where the equipment used in a plant facilitates carbon capture and storage or another technology offering significant potential for emission reductions.

•(1915)

The approach I've just described is the one that will be applicable across the full range of industrial sectors. Specific sectoral issues will be considered in developing the regulations, but all resulting emission reductions must be equivalent to those resulting from the general approach.

The continuous improvement of 2% in a sector's emission intensity would be applied through 2020. As I noted, there would be a review of the regulatory framework, including targets, every

five years. The first review would take place in 2012. This is what's missing in—

The Chair: Mr. Cullen.

Mr. Nathan Cullen: As much as it grieves me to interrupt the parliamentary secretary in this oration, the simple reading of the government's own propaganda document about their plan does not speak to the article we're dealing with right now.

We have voted on the amendment. We are establishing whether this clause should pass, and that is the debate we're incurring. Reading the government's plans is both off topic and a repetition of what has already been said.

If the government member would like to refer us to some other concern he has with this piece of the bill, then we'd look forward to that debate. But I respectfully submit that repeating the government's plans and intentions, as they've told us a number of times over the last five filibusters, is not on topic and is a repetition, both of which are meant to be out of order for the discussion.

•(1920)

The Chair: Mr. Warawa, I again ask you to try to be as relevant as you can and stay on topic.

We are all awaiting the food. It hasn't arrived yet, but possibly food will help the debate work more successfully.

Mr. Warawa, you want to speak to that, but I would rather you just carry on with your—

Mr. Mark Warawa: Yes, thank you.

I appreciate Mr. Cullen's comments, but in fact I am speaking specifically to clause 10. I'm not going to read clause 10, because we've already done that and we all have clause 10 in front of us.

What we see definitely missing in Bill C-377 is the absence of what I'm presenting. Canada has a regulatory framework called the *Turning the Corner* plan, and this is missing in Bill C-377. We heard from the witnesses that it won't accomplish anything, because there's nothing there to accomplish.

In Canada, we already have the *Turning the Corner* plan, which sets the toughest targets in Canadian history. Mr. Cullen has asked for the target. So I'll remind him that it's 20% by 2020, which is the toughest target in Canadian history, and 60% to 70% reduction, absolute reduction of greenhouse gas emissions, by 2050. It's never happened before. We've never had such targets in Canadian history, but it's happening now.

The first review will be in 2012. Under the proposed greenhouse gas regulations, firms will have several options to take in meeting their legal obligations. Ideally, firms will reduce their own emissions through abatement actions such as energy efficiency measures, improved energy management systems, and deployment of carbon capture and storage or other emission-reducing technologies.

Are we seeing any of that in Bill C-377? No, we're not. In the *Turning the Corner* plan, there will be limited access to other compliance mechanisms. First, firms could meet their compliance obligations through contributions to a technology fund. That's good. Bill C-377 mentions the technology fund, which already exists in the *Turning the Corner* plan.

Secondly, they will have access to emissions trading, including inter-firm trading, emission reduction credits for non-regulated activities, and qualified credits from the Kyoto Protocol's CDMs, or clean development mechanisms. This is missing in Bill C-377. They have a bit about market-based mechanisms such as emission trading and offsets, but we already have that in Canada's *Turning the Corner* plan. So Bill C-377 is redundant. The few tools the bill mentions are already in the *Turning the Corner* plan. Maybe they're copying the plan.

Also, there will be a one-time recognition of firms that took early verified action between 1992 and 2006 to reduce their greenhouse gas emissions. Is that in Bill C-377? No, it's missing and it shouldn't be missing. Well, maybe it should be, because maybe we don't need Bill C-377.

Finally, linkages to the North America emissions trading system will be actively pursued. Over time, as the international carbon market becomes more developed and robust, and as emissions verification and reporting systems evolve further, government will consider further international linkages. All this is missing from Bill C-377.

It's important to have a plan that will be effective. This is the warning that the witnesses were giving us about Bill C-377. I'm going into details that may seem a little long, but details are important in a plan that will be effective. You can't just have ineffective targets like those of the Liberals—13 years of not getting it done. But we now have a plan. It has all changed. We have a plan that is effective in reducing greenhouse gas emissions. It's an effective plan. But we all have to actively participate and do our part and not come up with phony bills that aren't going to do anything. That's what we heard from the witnesses.

Over time, as the international carbon market becomes robust, you will see Canada taking an active part. Canadian business and industry will actively participate in trading in the carbon market, which will begin in Canada. We're glad it's going to be based in Montreal. I think Mr. Bigras is happy about that too. Canadians are. It's the market that's decided where that's going to be. It's in Montreal. It's part of our regulatory framework. Canadians need this dependability to be able to begin the trading regime. And it began because we have a *Turning the Corner* plan.

•(1925)

Bill C-377 would turn the clock back. It's a plan with no substance, no meat on the bones, and it would destroy the good inertia to clean up the environment that we now see in Canada. Bill C-377 is definitely a bad idea.

Technological advancement and innovation are critical to achieving significant long-term reductions in greenhouse gas emissions. New technologies, both under development and ready for deployment, provide a means to transform Canada's industrial

production and thereby significantly reduce emissions. I'll refer again to Mr. Harvey's example of the number of tonnes of carbon dioxide that are created by producing a tonne of aluminum. One tonne of aluminum in Canada produces four tonnes of carbon dioxide; in China it's seven tonnes. So where should the aluminum be made if we're seriously concerned about the environment? With Canadian technology, those four tonnes of carbon dioxide will be reduced, and I believe reduced substantially.

That's just one example of one manufactured product that needs to be developed with the cleanest technologies, and that's why we need to get all the major emitters as part of the solution. Canada is doing its part, and those technologies are being developed in Canada.

Under the *Turning the Corner* plan—not under Bill C-377, which is missing all these details—firms would be able to meet part of their regulatory obligations to reduce greenhouse gas emissions by contributing to the technology fund. This fund would provide more than just a compliance mechanism for industry; it would act as an important means for promoting the development, the deployment, and the diffusion of the technologies that reduce emissions of greenhouse gases across the industry. Again, that is missing from Bill C-377.

A third party entity would be created to administer the technology fund. Is that in Bill C-377? No. This would be an independent, not-for-profit entity administered by a board of directors composed of individuals originating from industry, federal and provincial governments, and other stakeholders. It would operate under a federal mandate. Again, it's missing with Bill C-377. Is it an important tool that needs to be part of an effective plan that will see absolute reductions in greenhouse gas emissions? Absolutely, but it's missing in Bill C-377. It's not part of any of the amendments either. It's missing in clause 10 of Bill C-377.

The process of determining the allocation for funding to projects and the legislative authority, governance, and administration of the fund has to be developed, and it is being developed. The design of the fund will respect two basic principles: no inter-regional transfer of wealth and no government control. These are very important items, and again there are no details of anything like that in Bill C-377. It's missing a very important tool for industry.

Before finalizing the structure of the fund, the government will work with the provinces and territories, as well as the sectors, to determine the appropriate disbursements of the fund, taking into consideration the development and employment of technologies that would be used by sectors with facilities across the country and provincial initiatives that support the development of technology to reduce greenhouse gas emissions and potentially the air pollutants as well. Again, there are the dual benefits. Does Bill C-377 talk about those dual benefits? No, it doesn't. Should Bill C-377 talk about dual benefits for the health of Canadians and the health of our planet? Yes, it should, and they're missing. It's a big mistake and it's one of the problems with Bill C-377.

Again with reference to the technology fund, other funds that meet all necessary requirements could be certified to qualify as part of the regulatory framework. In particular, provincial funds that are consistent with the federal fund could be recognized as equivalent through working with the provinces. It's very important to have that.

• (1930)

The fund would primarily be used to fund investments that have a high likelihood of yielding greenhouse gas emission reductions in the short term. The primary focus will be funding technology deployment and related infrastructure projects. Carbon capture and storage is one of the most promising technologies for reducing greenhouse gas emissions associated with a broad array of industrial activities, and I don't want to go over again the importance of carbon capture and storage, but I believe the other country that has that technology is Norway. The amount of carbon it captures and pumps into a geological formation in the water from a platform is, I believe, about half as much as at the Weyburn, Saskatchewan, plant. We've had our plant in Weyburn pumping carbon dioxide into geological formations for the longest time of any plant in the world. It's the biggest in the world. It's about twice the size of that in Norway, I believe.

What happens is that carbon dioxide can be stored. It becomes limestone over the years. It solidifies into the rocks. When you first inject it into the strata that are holding the oil, it creates an increased viscosity for the oil. The oil is not in a big pool; it's impregnated in the rocks, and as you inject the water and the carbon dioxide into that strata, the viscosity of the oil is increased. So oil fields that weren't active anymore, like those in Weyburn, now become productive oil fields again. That carbon dioxide and water is recovered then and reinjected back in along with the enhanced oil recovery.

The Chair: Yes, Mr. Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): I just had an e-mail here, and I don't think the audience at home is picking this up. Maybe our system is not quite loud enough. Maybe the people looking after it could pick up the voice of the speaker.

The Chair: Maybe, could you speak closer to the mic...

Mr. Mark Warawa: Do you want me to speak a little closer?

Hon. Charles Hubbard: Because the people at home are having trouble picking it up?

Mr. Mark Warawa: Does that help now a little bit?

Hon. Charles Hubbard: Well, I'll check again with the e-mail.

The Chair: Okay, carry on, Mr. Warawa.

Mr. Mark Warawa: So with carbon capture and storage, I was sharing with you that as one injects the water and carbon dioxide mix into that geological formation—and Canada has an ideal geological formation in Alberta, up along the Rockies—we would be able to put that carbon back where it came from, below the earth. Carbon capture and storage is a technology that the world is hoping will accomplish about 25% of the problem.

So along with the efficiencies and cleaner fuels, the technology that is showing the biggest promise is carbon capture and storage. It is a great technology in Canada, and it's part of what we're proposing. Are these kinds of details in the plan of Bill C-377? No, they are not; they're missing. Again, there are general targets set,

with no substance attached to how these targets are going to be achieved. There's no costing, and there are jurisdictional problems. So what it is important to realize is that Bill C-377, if it were to move forward and be supported by the Liberals and the Bloc—who would be supporting the NDP's bill—is a good bill in principle, but it is missing all the details.

Bill C-377 is missing a fund, yet the fund in the *Turning the Corner* plan would support critical infrastructure—for example, carbon capture and storage, including a pipeline in Alberta for carbon dioxide transport. We have the plant at Weyburn, Saskatchewan, that pumps the carbon dioxide from North Dakota, 300 kilometres north, and it's very effective. So we need to be able to come up with a pipeline that would be able to move the carbon dioxide. You purify it and condense it. And you have to have a program where we get the dollars where they are needed.

So you should build that technology, and it won't happen just by having Bill C-377. Bill C-377 won't accomplish that, whereas the *Turning the Corner* plan—what we have in Canada now—will accomplish that and is supporting that.

Now, I want to thank the Liberal members for their support of our *Turning the Corner* plan. They have supported that, but unfortunately the Bloc hasn't supported it and the NDP has not supported the funding of this great technology.

Our technology fund could also support an east-west electricity grid linking markets from Manitoba to Newfoundland. As a way of meeting part of our regulatory obligations, firms could contribute to the fund at a rate of \$15 per tonne of carbon dioxide equivalent from 2010 to 2012, and \$20 a tonne in 2013. Thereafter the rate would escalate yearly at the rate of growth of nominal GDP. This rate structure would be reviewed every five years as part of the general review of the regulatory system.

Do we see these details in Bill C-377? No, we don't. They're all missing. Yet in the *Turning the Corner* plan, it is very clear. Contributions to the deployment and infrastructure component would be limited to 70% of the total regulatory obligation in 2010, falling to 65% in 2011, 60% in 2012, 55% in 2013, 50% in 2014, 40% in 2015, and 10% in 2016 and 2017. The contribution limit would fall to 0% by 2018.

So what we see is a plan that will achieve an absolute reduction in industrial sectors, a plan that will begin to help industry to reduce their greenhouse gas emissions, a plan that they can buy into. But they can't continue to emit greenhouse gases; they have to clean them up. Every year they have to get cleaner, and they need the tools to put money into a technology fund to buy down their carbon. They cannot continue as they are. Eventually, by 2018, it's zero. These are very clear details that provide very clear direction to industry.

• (1935)

To the different industrial sectors now, in May they would provide their targets. They realize there's a carbon market now forming and they realize their targets are fixed. They report their 2006 targets, and their targets are fixed, and then, within a very short period of time, they have to provide absolute reductions. They have to. It's not voluntary; it's mandatory.

Those kinds of details are absent from Bill C-377. With those details being absent from Bill C-377, will Bill C-377 achieve what it says it would like the government to? No, it won't, and that's what we heard from the witnesses.

The *Turning the Corner* plan gives clear direction to industry, it gives them the tools to reduce their emissions, and it also lets them know it will be done. And there's a rationale that protects the environment and protects the economy and sets these high standards. Bill C-377 is missing all of this, which would then tell us very clearly that it will not achieve anything.

One would even question, what is this bill trying to accomplish if it's not going to accomplish a reduction in greenhouse gas emissions? Going back to what the commissioner said—and I will not reread that at this meeting—you've got to have a plan that is realistic, that is achievable, and that has had social, economic, and environmental assessments. If those are missing, which they are in Bill C-377, the end result is a phony bill that tries to make a party look like they care about the environment, a party that has had every opportunity to vote for the environment, for funding for the environment, that has a legacy of voting against the environment, against the environment, and against the environment.

Even in British Columbia—and I encourage people to come out and visit British Columbia, because I think it's the most beautiful province in Canada—we have the Great Bear Rainforest. It was protected, and the NDP even voted against protecting that very sensitive area and the \$30 million that was funded.

So one would ask, what is the real purpose of Bill C-377 when it's not going to accomplish anything?

On the other hand, the government's plan will explore the option of providing credits to individual companies for government pre-certified investments on specific projects. This option would allow a company that invests in a transformative technology that would incrementally reduce future emissions to receive credits from the government for that investment. These credits could be used towards its regulatory obligations. Criteria for such investments would be determined in advance by the government in consultation with the industry and other experts, and that takes time. But it's good.

Imposing a mandatory requirement for investments to be made in specific infrastructure products and a smaller component of the fund limited to an additional five megatonnes per year from 2010 to 2017 would help finance research and development projects aimed at supporting the creation of transformative technologies that are expected to achieve emission reductions in the medium to longer term.

Emissions trading is very important. It'll be an important component, and it is now the government's market-driven approach for reducing greenhouse gas emissions.

What detail do we have about market trading? We have eight words: "market-based mechanisms such as emissions trading or offsets", with no details. Well, details are needed, and they're missing in Bill C-377.

Well-designed emissions trading systems can reduce overall costs associated with regulatory compliance by allowing firms with a high

cost of emission abatement to fund lower-cost emission reduction projects at other firms. In addition, emissions trading systems create an economic incentive for companies to do better than their regulated targets and bring innovation to bear on the challenge of climate change.

• (1940)

The emissions trading system that will be part of the regulatory framework for greenhouse gases will have a number of components. Inter-firm trading, through which regulated firms may buy and sell emission credits among themselves, will be the centre component. A domestic offset system will allow regulated firms to invest in verified emission reductions outside of the regulated system. There will be no limit on firms' access to domestic emissions trading and offsets.

In addition, Canadian firms will have limited access to certain types of credits from the Kyoto Protocol's clean development mechanisms, or CDMs, for compliance with the regulations.

Potential linkages with regulatory-based trading systems in the United States will be actively pursued. In particular, the government will examine the flexibility of linking with such emissions trading systems as the western regional climate action initiative and the regional greenhouse gas initiative, as well as with other systems as they become established. Over time, as national and regional carbon markets become more mature and the market becomes more global in nature, with robust emission reduction verification systems—and you have to have verification systems—Canadian firms will have increased access to international trading markets for purposes of compliance with Canadian regulations. Canadian firms will not, however, be allowed to use hot air credits, which do not represent real emission reductions, for compliance with Canadian regulations.

It's important that you have a verification system. Is that in Bill C-377? No, it's not. It's missing. Will it achieve greenhouse gas emissions? Will it achieve a supportable carbon market? No, it won't. Do we need that? Yes, we do. Does industry need to have a carbon market? Yes. This is missing in Bill C-377, and yet we already have that with the *Turning the Corner* plan.

Recognizing the opportunity offered by emission trading, Canada's exchanges have been positioning themselves to launch trading when the regulatory framework is finalized. We've already seen now the good news about a carbon market being headquartered out of Montreal. The Government of Canada will not purchase credits or otherwise participate in the carbon market. It will not be happening with the Government of Canada; it will be industry-driven.

The central component of the emissions trading system for greenhouse gases will be a baseline and credit system. For each firm, the baseline will be its emission intensity target. Firms whose actual emission intensity in a given year is below their target will receive tradeable credits equal to the difference between their target and their actual emission intensity, multiplied by their production in that year. These credits could be banked for use in future compliance years or sold to other parties through an emissions trading market established by the private sector.

Is it important that you have those kinds of details? Yes. Are they in Bill C-377? No.

The emissions trading system would also include domestic offset credits. Offsets are emissions reductions that take place outside the domain of the regulated activities. Offsets credits, which regulated firms could use towards their regulatory obligations, would be issued for verified reductions in greenhouse gas emissions that were incremental to what would have happened without the regulatory system or other governmental programs.

• (1945)

An offset credit would represent one tonne of verified greenhouse gas reduction or removal achieved by a given project, measured in carbon dioxide equivalent. The credit would be recognized in the regulations as tradeable and could be used to meet the obligations of the regulated facilities. Offset credits would be issued for those activities where emission reductions could be accurately quantified and verified at a reasonable cost. Examples of possible offset project types include the capture of methane from landfill gas that is then used to generate electricity, energy efficiency projects, and projects that store carbon in agricultural land.

To lower the cost of participation, pre-approved quantification approaches would be provided and the aggregation of small projects would be encouraged. The framework for the offset system would be built on the experience gained in three Canadian pilot initiatives and on project-based crediting systems in other countries.

In addition, considerable work on the development of a framework has taken place in Canada, with the provinces and the private sector playing leading roles. Canada's private sector would play a major role in the offset system, including verifying emission reductions achieved from eligible offset projects and providing infrastructure and services required for the trading of the credits.

The offset system would start prior to the entry into force of the regulations in order to provide adequate time for projects to generate emission reductions. Credits would be issued to those verified emission reductions. These credits could be sold to regulated entities for use for compliance purposes.

Do we see that in Bill C-377, a clarification on an offset system, the mention of an offset system? No, it's not there. Have we heard mention from witnesses? Yes, we have. Is it deliberately missing from this, or is there an omission because the bill is poorly written? I would suggest that the bill was rushed. It was not well thought out and it probably needs to go back and be totally rewritten and reintroduced to Parliament because it's missing so much.

It's also missing mention of CDMs, clean development mechanisms. Generally speaking, an emissions trading system with a broader scope will provide more opportunities for cost-effective emission reductions.

Over the past five years a number of subnational, national, and regional greenhouse gas emissions trading markets have been implemented or proposed for implementation in the near future. The most comprehensive of those is the EU's emissions trading system, which began as a pilot phase in 2005, and it is moving to a more complete system starting in 2008. The experience of the EU trading system has provided valuable insights in developing

Canada's regulatory system for greenhouse gases, and the government intends to continue discussions with the EU on what Canada can learn from the EU's experience with emissions trading.

Notwithstanding these developments, the international carbon market is still fragmented and in its infancy. As the global market develops and matures, there will be additional opportunities for Canadian firms to participate in it.

When we were in Berlin, Mr. Cullen, I myself, Mr. Godfrey—and I forget the member from the Bloc—heard clearly that carbon markets need to first develop domestically and mature before you go into international trading, and that's exactly what's happening with our *Turning the Corner* plan.

The government intends to start modestly by allowing Canadian firms limited access to certain types of credits from the Kyoto Protocol's CDMs for the purpose of meeting their regulatory obligations. The government will determine which types of CDM credits should be eligible for regulatory compliance in Canada.

• (1950)

Mr. Harvey has talked a number of times about Madam Donnelly and her experience in CDMs internationally. We heard that there is a limited number of CDMs, and not all CDMs may be good for the environment.

Mr. Luc Harvey: Yes, HCFC-22.

Mr. Mark Warawa: So we have to be very careful, and that's why the government will determine which are good and appropriate for Canada.

Is there any mention of the CDMs in Bill C-377? No, it's missing. How much is missing? It seems that everything is missing from Bill C-377, and that's what the witnesses have said. There is nothing there.

Access to CDM mechanisms under the *Turning the Corner* plan, credits for compliance, will be limited to 10% of each firm's total target.

A number of U.S. states are currently considering implementing regulatory regimes with emissions trading to reduce emissions for greenhouse gases. The Western Regional Climate Action Initiative intends to establish an emissions trading system for greenhouse gas emissions from industry in five western U.S. states. Starting in 2009, the Regional Greenhouse Gas Initiative will implement a regional emissions trading system in nine northeast and mid-Atlantic states that covers carbon dioxide emissions from power plants in the region. Several other greenhouse gas emissions trading initiatives have been proposed at the state and federal levels in the United States.

Canada will actively work with U.S. partners to explore opportunities for linking Canada's emissions trading with regulatory-based emissions trading systems at the regional and state level, and with any that may be established at the federal level. Canada will also actively explore cooperation on emissions trading with Mexico. Bill C-377, again, is silent on all of this.

The government will monitor, under the *Turning the Corner* plan, the development of an international carbon market. As this market becomes more fully developed and robust, and emissions monitoring, verification, and reporting systems evolve further, the government will consider full linkages that could allow a broader range of international credits to become eligible for compliance with Canada's regulatory system in place. An essential condition is that any international credits used towards compliance with Canadian regulations represent real and verified emission reductions—again, the importance of having a plan that is working, in which you can verify the reductions in greenhouse gases. Do we see that in Bill C-377? No, we don't.

I wish I could share what good there is in Bill C-377, but it's missing all the fundamentals of a plan that will achieve reductions in greenhouse gas emissions. We don't see that, but we do in Canada's *Turning the Corner* plan, which is already taking action.

There needs to be credit for early action, and that's what we see in the *Turning the Corner* plan that Canada now has. Firms in a number of sectors have made efforts over the last decade to reduce emissions, and we applaud those. There would be a one-time allocation of credits to those firms covered by the proposed regulations that took verified action to reduce their greenhouse gas emissions between 1992 and 2006. A maximum of 15 megatonnes would be allocated, with no more than 5 megatonnes to be used in any one year.

Firms would be invited to make a one-time application where they would submit evidence of changes in processes or facility improvements they undertook that resulted in incremental greenhouse gas emission reductions in the specified timeframe. There would be eligibility criteria to determine which emission reduction activities would be considered, and evidence of emission reductions would be audited.

Once all applications were received, the reserve would be allocated to all qualifying applicants on a *pro rata* basis. The maximum allocation for emission reductions would be one credit for one tonne of carbon dioxide equivalent reduction. If the total tonnage of the emission reduction applied for were to exceed the 15 megatonnes, the credits would be distributed to individual firms in proportion to their contribution to the total emission reduction achieved.

• (1955)

So there is recognition for early action. Is it important that we do that? I think so. The government has recognized the importance of recognizing early action. Do we see any mention anywhere in Bill C-377 of giving credit for early action? No, you don't. Why not?

Under the *Turning the Corner* plan, the availability of different compliance mechanisms will provide industry with the access to emission reduction opportunities it needs to meet the regulatory

obligations at a reasonable cost and will support the development of a functioning emissions trading market system. That said, the government recognizes there may be concern about the level of market liquidity in the trading system, both at the start of the system and over time. The government will carefully monitor the evolution of the emissions trading system and other aspects of the compliance mechanisms in order to determine any modifications that might be required. It has to be a system that works, and we're committed to that. And I'm happy, again, that the Liberals supported that plan.

The emission reduction targets for a given air pollutant will specify a maximum level of that pollutant that can be emitted from a given sector in a given year. These targets will represent national reductions from the 2006 emission levels for each pollutant.

Fixed emission caps will be set for the following air pollutants: nitrogen oxides, sulphur oxides, VOCs, and particulate matter. Fixed emission caps for certain other air pollutants from specific sectors, such as benzene from natural gas production and processing, refineries, and iron and steel, and mercury from electricity generation and base metal smelting, will also be set. As more information becomes available and regulatory development is undertaken, the government will consider whether the regulations for specific sectors should include targets for other air pollutants not already identified—for example, benzene from the oil sands.

Do we see any mention of that in Bill C-377? No. One would ask why not. Why is Bill C-377 void of all these important components?

I'll continue. Sectoral emission caps will be set for each air pollutant of concern in a given sector. Whether a cap is set for a specific pollutant in a given sector will depend on whether the pollutant is emitted in significant quantities from facilities in that sector. In some cases, caps will not be proposed for an air pollutant in a sector if the measures to reduce another air pollutant will significantly reduce emissions in the first. How the sectoral caps will be allocated among the facilities will be determined during the process of developing the detailed regulations. The targets will come into effect as early as possible, between 2012 and—

• (2000)

The Chair: Excuse me, Mr. Warawa, could we suspend for just a few minutes?

Hon. Charles Hubbard: Mr. Chair, we wouldn't suspend, we're

The Chair: I know you're excited, Mr. Hubbard. Take a minute, and we'll be right back.

Mr. Mark Warawa: Thank you, sir.

• (2000)

(Pause)

• (2005)

The Chair: Carry on, please, Mr. Warawa.

Mr. Mark Warawa: Could I make a motion that we suspend for five minutes so I can eat?

The Chair: It's a filibuster. I couldn't suspend, except that I had to go out and pay for the food, so you have to keep talking.

Mr. Mark Warawa: Oh, that's what that was for. Okay.

The Chair: Really, you had a break you shouldn't have had.

Mr. Mark Warawa: Thank you.

Mr. Chair, again, the problem with Bill C-377 is that it's void of substance, and it's quite shocking that members would support a bill that is void. Yet you have a plan, the *Turning the Corner* plan, which is a good plan that actually has the details, and we're actually seeing improvements already.

We need to have fixed sectoral emission caps, and that's what the *Turning the Corner* plan has, which Bill C-377 does not. The emission trading targets for a given pollutant will specify a maximum level for the pollutant that can be emitted for each sector every year, and that's missing from Bill C-377.

You also need to have benchmarking. In the notice of intent, the government made a commitment to develop emission targets that are at least as rigorous as those in the U.S. or other environmental performance-leading countries. To achieve this end, a benchmarking exercise was undertaken. The exercise began by researching existing regulatory regimes' environmental performance, technology, and operating practices, and the most stringent provincial operating system permits in Canada, Canadian jurisdictions, and other countries such as the United States, Finland, Sweden, and Germany. It also included taking into consideration the factors underlying those regulatory regimes, such as the size and composition of the sectors, the concentration of the facilities across the jurisdiction, and the availability and quality of feedstocks and other raw materials.

From this exercise, environmentally leading requirements were benchmarked by sector and by pollutant. Concurrently, information was gathered on Canadian sectors in which regulatory limits exist in other regulations, for example, the pulp and paper and electricity sectors. Actual Canadian regulatory limits and performance were compared with the regulated limits from the leading jurisdictions. In some sectors, regulatory limits are typically set through provincial certificates of approval or operating permits or licences for individual facilities—for example, petroleum refineries or chemical production facilities—which can have processes and/or products that vary significantly from one facility to another.

In these sectors, the actual emission performance of Canadian facilities was compared with the reported or required performance in different jurisdictions, both in Canada and internationally. This involved deriving the emission intensity values and comparing the performance of similar Canadian and foreign facilities. For other sectors—for example, aluminum smelting in iron and steel—emission performances both in Canada and abroad, as well as regulatory limits in other jurisdictions, were reviewed. In other cases such as conventional upstream oil and gas, the approach was to benchmark against other facilities in the sector as a whole.

Finally, for the oil sands sector, which is unique to Canada, there are no comparable regulated sectoral emission limits in other countries that would enable a comparison with other jurisdictions. In this case, sectoral targets were established using a multi-step approach. This included an evaluation of performance for similar activities, equipment, and processes at similar sources of emissions in other jurisdictions—such as heavy oil refineries—examination of

the potential for reductions using selected emission control technologies, and a comparison of emission intensity performance of individual oil sands facilities within Canada.

● (2010)

In some sectors, analyses carried out in recent years were also taken into account when carrying out the benchmarking exercise. Work done jointly by government and industry was already under way to determine how to adapt benchmarked standards to Canadian circumstances in the pulp and paper sector through the Pulp and Paper Air Quality Forum, in the refining sector through the Canadian Council of Ministers of the Environment national framework for petroleum refinery emission reductions, and in the base metal smelting sector through the base metal smelting pollution prevention plan.

The objective of the Pulp and Paper Air Quality Forum was to design a 10-year overall multi-faceted air emissions management regime for the pulp and paper industry that would include short-term air pollutant targets at a level that would ensure consistent requirements for all facilities. These proposed air pollutant targets were derived from benchmarking analyses that compared world-leading international industry performance and the most stringent provincial limits.

The approach of the Pulp and Paper Air Quality Forum ensures that a consistent level of achievable control technology exists among similar facilities and is in application elsewhere, and that the overall economic impact of achieving these limits remains realistic. It also facilitates the establishment of equivalency agreements with the provinces and territories, which is very important.

The complexity of the existing regulatory system for petroleum refineries makes it difficult to define a single regulatory emission standard within Canada and other jurisdictions. For this sector, the approach used to determine the cap on emissions was based on the methodology developed through the CCME refinery framework established on May 25, 2005. This framework established an approach to setting facility-level annual caps for a range of air pollutants based on benchmarking Canadian emission performance to comparable performance in the United States. Benchmarking was updated to reflect changes to the U.S. requirements.

A notice requiring the preparation for pollution prevention plans for the base metal smelters and refineries and zinc plants was published in the *Canada Gazette, Part I*, on April 29, 2006. This notice was the result of extensive work involving stakeholder consultations, and five years of analyses of existing standards, performance, and sulphur capture efficiency of smelters around the world. The targets identified for consideration in the pollution prevention plans would be the basis for air pollutant caps for the base metal smelting sector.

In some sectors, regulatory limits or emission performance levels from leading jurisdictions were adapted to take into account characteristics specific to those sectors in Canada. Characteristics taken into account varied from sector to sector and included the financial situation of the sector, potential impacts on the economy, and the quality of the feedstocks and other raw materials relative to the benchmarked jurisdiction.

The technical feasibility of meeting the most rigorous limits was also considered in establishing emission reduction target options. In some sectors, technically feasible options were evaluated to determine expected reductions in emissions and their costs in dollars per tonne. National emission caps were established by adding together the sectoral emission caps for each pollutant of concern, taking into account an allocation for growth of each sector by 2015.

● (2015)

Is there any mention of this analysis within Bill C-377? No, there's not. There needs to be. There is with Canada's *Turning the Corner* plan, which is already having a positive effect on the environment, but in Bill C-377 it is missing. It needs to be there but is not.

Under the *Turning the Corner* plan, there would be a domestic cap and trade emissions trading system for SOx and NOx. The method for allocating credits under the system, including the method by which new facilities would be accommodated within the overall cap, would be determined during the regulatory development process.

There would be separate credits and compliance assessments for SOx emissions and for NOx emissions. Firms would be required to submit credits each year equal to the emissions from their facilities for that year. If a firm is in an area where the quality of the air does not meet national air quality objectives that have been set in advance by the government, restrictions would be placed on the use of credits from outside that area. The feasibility of the use of offsets, in combination with the cap and trade emissions trading system for SOx and NOx, would also be assessed.

The United States and Canada share cross-border airsheds and therefore have a shared responsibility for and interest in reducing air pollutants for all sources that contribute to air pollution. Is there any mention of protecting the air quality of Canadians within Bill C-377? No, there's not. Should there be? I believe there should be. There is in the *Turning the Corner* plan.

Addressing air pollution on only one side of the border does not make environmental or economic sense. The Canada-U.S. Air Quality Agreement was signed in 1991 to address transboundary acid rain. An annex to the agreement was added in the year 2000 to address ground-level ozone, a key component of smog. Under the agreement, Canada and the U.S. must reduce domestic emissions that flow into the other country and contribute to acid rain or ozone.

Canada and the U.S. recently agreed to start negotiations for an annex to the agreement to reduce transboundary flow of particulate matter. This is very important; recent scientific analysis has shown that joint strategies are needed to address these pollutants. The annex will result in reductions of particulate matter as well as of many of the chemicals that contribute to other air quality issues of concern, such as the acid rain, regional haze, and visibility in the communities along the Canada-U.S. border. Serious action by Canada to reduce its

own emissions will make it easier to work jointly with the U.S. to reduce overall emissions.

As part of its ongoing work with the U.S. to address transboundary air pollution, the government will expedite discussions with the U.S. on a cross-border SOx and NOx emissions trading system. Having caps in Canada and in the U.S. of similar stringency would facilitate the development of cross-border trade. Such trading would provide additional flexibility for regulated sources by allowing the most cost-effective emission reduction to be made. A joint Canada-U.S. study published in July 2005 demonstrated the feasibility of cross-border trading of SOx and NOx for the electricity sector.

It is important, Chair, that we have this detail in a bill that's going to be taking Canada post-Kyoto and would be even now taking action on the environment. But Bill C-377 is dealing primarily with post-Kyoto, with no substance, no plans, no details, nothing. It has targets that were set internationally—and we agree with setting international targets—and then each country has unique circumstances. We heard from Mr. Bramley that no details specific to Canada were made, no costing, and he said we need to cost, as did Mr. Layton.

● (2020)

On Bill C-377, again we have another example of the importance of air quality. We have it in the *Turning the Corner* plan. We end up with cleaner air for Canadians to breathe and we reduce greenhouse gas emissions. We have that now with Canada's *Turning the Corner* plan—details of how to do it, details about the Canada-U.S. Air Quality Agreement, details of focusing on SOx and NOx and particulate matter, and creating this annex with that Canada-U.S. Air Quality Agreement. We don't have any of that in Bill C-377.

CEPA 1999 has a number of compliance and penalty provisions. Failure by regulated entities to meet any of the requirements set out by CEPA 1999, or the regulations made under it, is an offence.

Enforcement officers verify compliance with the act and its regulations. If a violation is confirmed, action is taken using one or more of the enforcement tools provided under CEPA 1999, such as warnings, directions, tickets, and orders of various types, including environmental protection compliance orders, injunction, or prosecution.

Action taken in response to any failure to comply with regulatory requirements will be predicted and will correspond to the seriousness of the non-compliance. When prosecution is undertaken, such offences may be prosecuted by either summary conviction or indictment. CEPA 1999 includes maximum fines of up to a million dollars a day for each day an offence continues, imprisonment for up to three years, or both. Corporate directors and their officers have a specific duty to take responsible care to ensure that corporations comply with the act, its regulations, and any orders of establishments issued by enforcement officers.

As the members are well aware, enforcement is an important part of the government's plan. Did the NDP support that? No. They voted against enforcement. How about the Bloc? They must have supported it. No, they did not support enforcement of Canada's environmental laws. Now, did the Liberals? Yes, they did.

Thank you very much to my members opposite.

We have to have enforcement. It's like not having police officers enforcing the traffic laws of Canada. People would be speeding if there was never anybody enforcing the speed limits. Canada would be a much less safe place if we didn't have our police officers protecting and keeping Canada safe.

It's the same thing with the environment. You have good environmental laws, which we have with the *Turning the Corner* plan, and you have them enforced. What's being proposed by the NDP is a bad bill that is vague, with no details of how they're going to achieve anything, so it's not achievable. It will create jurisdictional problems and court challenges, constitutional challenges, with no enforcement options and no enforcement officers. It's no wonder the NDP will never have a real bill that will actually see positive results for the environment.

The air quality has to be part of the objectives of any good bill for the health of Canadians and for the coming generations. Health risks to Canadians from air pollution are associated with direct exposure to ambient levels of particulate matter and ozone, the main components of smog. The relationships between actual emissions, the levels of smog, and their effects on human health are complex. However, health science indicates that even at very low levels, air pollutants affect human health. They also have negative impacts on the environment, on human health, and on environmental health.

• (2025)

The government will set air quality objectives for particulate matter and ozone that will specify a target concentration for ambient air based on an assessment of the health and environmental effects associated with exposure to these air pollutants in Canada. A decision on air quality objectives will be made after an analysis of benefits and risks over a range of concentrations in the air we breathe.

Chair, we need to provide an analysis in modelling to determine the health and environmental benefits and the economic impacts of proposed regulations to reduce industrial air emissions. We need to directly address questions of central importance to Canadians. How will actions improve the health of Canadians and the health of the environment?

Does Bill C-377 address that? No.

How will these actions affect Canadians and the Canadian economy? No, C-377 doesn't address that.

Does the *Turning the Corner* plan? Absolutely. The impacts of the *Turning the Corner* plan were systematically traced through several models. All parts of the analysis started with an estimate of what would happen in the absence of the proposed regulations, the business as usual case. The proposed regulatory system and emission targets were then introduced in the model and assessed in terms of established reductions in emissions and changes in economic activity. Reductions in emissions are also translated generally into improvements in key air quality parameters. These improvements, in turn, have associated health and environmental benefits.

The modelling work to date has been complex but provides reasonable, albeit preliminary, general results. Work to generate more refined estimates of the impacts is ongoing.

The economic impacts reflect an integrated assessment of the industrial greenhouse gas and air pollutant regulations. On the benefit side, the modelled impacts reflect improvements in air quality resulting from reduced air pollutant emissions only. It is clearly recognized, however, that climate change has long-ranging global economic, environmental, and social impacts with significant associated costs. These costs are not included in this analysis but are an important consideration in the assessment of the cost-benefit impacts of the regulations.

What happens to air pollutants released to the atmosphere from human-related activities as well as natural emissions, as simulated by Environment Canada's regional air quality modelling system? It describes the physical process such as transport, mixing, the deposition of the air pollutants, and the chemical transformations that air pollutants undergo in the atmosphere. The model provides the concentrations and geographic distributions of primary air pollutants, those directly emitted to the atmosphere, and of secondary air pollutants, those formed chemically in the atmosphere from reactions involving the primary pollutants to which humans and the ecosystems are exposed. The effects on human health and the environment from exposure to these air pollutants are then estimated by impact models. The results are based on these models.

If one goes to Environment Canada's web page, one will see a figure that provides an indication of the reductions of NOx emissions that are expected from the proposed regulatory system and targets, assuming they're all in place by 2015. Reductions in emissions are expected in the major urban centres and throughout the western provinces. That's good news.

● (2030)

The predicted improvements in air quality resulting from the proposed reductions in air pollutant emissions are also illustrated as percentage reductions in annual levels of particulate matter and in summertime ozone levels, again assuming the regulations are implemented by the year 2015. Improvements in ozone levels are shown only for the summer, as the formation of ozone increases with the amount of sunlight; as a result, ozone is not an issue in the winter months.

In addition, in order to highlight the impact of the proposed regulations on Canadian quality, transboundary emissions of air pollutants from the U.S. were assumed to be constant in the model. If one looks at figure G.2, preliminary results indicate that full implementation of the industrial regulations would decrease ozone levels by approximately 5% to 15% in large portions of Alberta, Saskatchewan, and Manitoba; in localized areas in British Columbia, Ontario, Quebec, and the Maritimes; and by 1% to 5% in the rest of the country. Decreases in levels of ozone are also seen in neighbouring U.S. states.

In figure G.3, the preliminary results predict annual reductions in PM_{2.5} of between 5% and 50% across a large portion of the country, with large reductions of 15% to 50% in PM_{2.5} across the prairie provinces and reductions of 5% to 15% for southern Ontario.

Improvements in both ozone and PM_{2.5} levels are largest in western Canada, where marked reductions in emissions would result from the proposed regulations. Improvements in eastern Canada—although smaller in magnitude, due to the large influence of long-range transport of air pollutants—provide benefits for the large populated areas that are more than often affected by smog events.

In addition to improvements in ambient levels of both PM_{2.5} and ozone, figure G.4 shows that reductions in acid deposition are predicted primarily in areas where there are significant reductions in NO_x and SO_x emissions. This will result in a reduction in the size of the area receiving acid deposition levels that are in excess of what the environment—such as lakes or soils—can withstand without being adversely affected.

Health Canada's air quality benefits assessment was used to estimate the human health benefits expected from changes in Canada's ambient air quality due to the proposed regulatory actions. It uses information on air quality, health effects of air pollutants, and the value of avoiding specific effects to calculate both the number of effects and approximate value of these to Canadians.

Substantial health benefits are predicted from the proposed regulations, since it is established that they will achieve reductions in summertime ozone levels of about 3% and a decrease in particulate matter of about 8% in the year 2015. These two air pollutants are the major components of smog.

The total health benefits in the year 2015 from the reduced risk of death and illness associated with these air quality improvements are established to be \$6.4 billion. That's huge. The health benefits include reductions in premature mortality and various types of health effects. Most of the benefits are associated with the reduced risk of premature death because of the large value placed on reduced mortality.

● (2035)

Reductions in particulate matter account for the greatest share of the benefits because of the much greater effects on human health of long-term exposure to particulate matter relative to ozone. The total health impact is probably underestimated, because only two air pollutants are considered and only some health outcomes could be quantified because of the lack of information on all the outcomes.

Reductions in the emissions of harmful air pollutants and greenhouse gases would have many benefits for society, including improved environmental conditions. That would provide direct benefits to Canadian ecosystems. In addition, reductions can also raise economic productivity for specific sectors and increase the well-being of Canadians.

Some direct estimates were made of the environmental benefits from the proposed regulations. For example, ozone can hamper photosynthesis and increases the vulnerability of plants to pests and other stressors. The proposed regulations are predicted to reduce ozone levels and associated stress to agricultural plants, resulting in an increase in production of \$123 million for key agricultural crops in Canada. That too is huge. The total benefits to agriculture could be much higher because the crops modelled only account for roughly 60% of the value of all crops and the impacts of soil acidification were not included.

It's very important that we consider in Bill C-377 the impacts of the environment and the impacts of a bad plan. A good plan will save Canadian lives. Canadians will live longer. It will increase agricultural output. It will save health care costs. That's what we see now with Canada's *Turning the Corner* plan.

A poorly written plan will not accomplish anything other than a line in the newspaper—as the commissioner said, confetti and then nothing happens, which is Bill C-377. You end up with a continuing environmental problem where Canadians are dying prematurely. So we have a responsibility to provide a healthy environment, and that's what we get with Canada's *Turning the Corner* plan but we do not get with Bill C-377, a plan that is void of details, a plan that is void of costing, a plan that is void of impact analysis, a plan that is void of constitutional stability. It is a plan that will not accomplish anything to protect the environment or the health of Canadians.

Canada's *Turning the Corner* plan has estimated costs of environmental damage. It's rated it as a relatively new area of research, and it is complex. Estimating the costs of environmental damage is important. Further work will be taken to estimate and place a value on the broader range of anticipated environmental impacts of the industrial air emission regulations. This work will build on the results of numerous studies that have estimated various costs of air pollution. For example, acidification of the lakes and rivers in eastern and central Canada has been estimated to result in annual economic losses of \$500 million—that's annually—from reduced recreational fishing. Acidification depletes fish stocks in Canada's inland commercial fisheries, an industry worth \$70 million per year.

It's important that we protect the environment. Bill C-377 ignores this.

● (2040)

The loss of nutrients due to leaching from acid rain affects forest productivity. Some estimates put annual timber losses from reduced forest growth at \$197 million, and \$89 million from damage to the maple syrup industry in eastern Canada. Acid rain in the most highly polluted areas in eastern Canada accelerates structural corrosion of costly transmission towers, imposing annual repair costs of \$1,000 to \$2,000 per tower and reducing tower lifespan by almost 30 years. The environment has a direct cost on Canada's infrastructure.

Greenhouse gas reductions by Canada alone will not significantly address global climate change. Nevertheless, Canada needs to do its share to control global greenhouse gas emissions in order to help address both the global effect and the more local threats to key sectors, resources, and the infrastructure associated with climate change. Those threats could include increased drought and temperature, with particularly severe consequences for the north and the west; decreased hydroelectric generation and transportation capacity from reduced water levels in the Great Lakes and elsewhere; and increased frequency of extreme weather events.

I've noted that the benefits associated with improved human and environmental health arising from the proposed regulations, the *Turning the Corner* plan, are in the order of \$6.4 billion annually. What do we get from Bill C-377? Nothing.

So there are huge benefits to Canada and the environment from the direction Canada is heading in with the *Turning the Corner* plan—\$6.4 billion annually. These benefits need to be weighed against the possible economic costs that can be attributed to the regulatory regime, in order to assess the overall impact on the Canadian economy and quality of life. The economic costs of regulation are often difficult to measure, as they depend on the reactions of a number of economic factors beyond the specific sectors directly affected.

In the case of the proposed regulatory package, the *Turning the Corner* plan, this would require not only the estimation of the direct impacts on production costs arising from industry compliance with emission regulations, but also that the indirect impact of these costs on future investment decisions, demand and supply, and related consequences for other businesses and consumers be tracked. There are many points of uncertainty throughout this chain of action and reactions.

Preliminary analysis performed by Environment Canada indicates that these costs will be small, but not inconsequential, relative to the total GDP. From an aggregate perspective, the annual economic costs of meeting both the regulated greenhouse gas targets and the regulated air pollution targets should not exceed 0.5% of GDP in any given year up to 2020.

The size of the national economic costs anticipated under the regulations, combined with the inherent margin of error that must be applied to microeconomic model results, makes it difficult to assess with any degree of certainty the impacts of the regulatory initiative at a provincial or a sectoral level. However, the following general observations can be made. There will likely be some year-to-year variation in the national and provincial GDP impacts, reflecting changes in industry and industry investments, with the possibility of small positive GDP impacts in the early years as the regulated industries accelerate investments in more energy-efficient, less polluting capital and technologies in response to the regulations.

● (2045)

Provincial economies with a strong oil and gas sector are expected to continue to see large uninterrupted volumes of production and exports of natural gas and oil. Global demand and strong world prices are expected to allow oil and gas producers and gas pipelines to absorb the relatively small incremental costs of production arising from the regulatory package. For major parts of the oil and gas sector, existing analysis also indicates a high potential for meeting much of the required reduction in greenhouse gas emissions through cost-effective options for carbon capture and storage.

Machinery and construction industries, together with sectors such as iron and steel that supply many related inputs, are expected to benefit overall as demand for their products rises because of new capital investment motivated in other sectors under the regulations. Energy utilities, electricity and natural gas, will likely be mildly affected as they'll be able to pass through many cost increases to their customers. Other major sectors such as manufacturing may experience a small rise in the cost of production associated with the pass-through of increased energy prices by the utilities. The extent to which prices will increase depends on a number of variables, including provincial regulatory policies, differences in capital turnover cycles between provinces and electricity generation units, and the take-up of renewable energy initiatives under recent federal and provincial programs.

A noticeable increase in electricity prices is nevertheless possible. This increase could in turn result in some minor downward adjustments across most sectors of the economy over the long term, for example, around 2015 and later.

The proposed industrial regulations present Canadians with concrete action on key environmental challenges and meet their expectations for responsible and effective government measures to secure a cleaner and healthier environment for themselves and their children. I have five children and four grandchildren, and I want them to be able to inherit a clean environment. That's why I am so proud to be part of a government that is actually cleaning up the environment for the coming generation.

The economic costs associated with our *Turning the Corner* plan, which we see in the plan but not in Bill C-377, are real and manageable. The benefits of our plan are equally real but in many respects incalculable—cleaner communities and natural spaces, healthier children, fewer premature deaths, more sustainable natural resources, and for the first time since signing the Kyoto Protocol, meaningful contributions by Canada to the global effort to control greenhouse gas emissions.

The \$6.4 billion a year in health benefits that will accrue under this initiative is significant on its own, yet it represents only a portion of the health and environmental gains that Canadians will receive. The cost-benefit analysis demonstrates that the proposed regulatory package we now have in Canada's *Turning the Corner* plan presents a responsible path forward. It'll enable Canada to address climate change and air pollution without putting Canada's quality of life and economy at risk.

It is equitable across regions and economic sectors. It respects the polluter-pay principle. It puts in place for the first time in Canada a regulatory policy that can be fine-tuned to meet climate change and air quality objectives as we move forward. Most important, it provides Canadian businesses and citizens with the economic signals required to take into account the environmental consequences of daily decisions—whether it's choosing more environmentally efficient appliances or deciding to construct a new plant that uses renewable energy instead of fossil fuels.

● (2050)

Canadians have long demanded that their government provide the leadership and tools necessary to enable them to better manage climate change and air quality as responsible citizens. Canada's new government is responding to this, and we've moved forward with our comprehensive, realistic, and achievable plan.

Our regulatory framework for air pollutants, including the timeframe for the entry into force of regulations, is well under way. Sector-specific regulations are being developed, leading to publication of the draft regulations in the *Canada Gazette, Part I*. The regulations will be revised to incorporate the air pollutant provisions a few months later, following normal regulatory procedures.

The government intends to undertake a series of consultations, and it has been doing that. We have none of that in Bill C-377. We need, for this generation and for generations on, to provide leadership.

Mr. Cullen—I wish he were here, but I guess he has stepped out and been replaced—made a comment when the commissioner was here that it was the opposition's focus to try to make the government fail on the environmental file. Fortunately for the Canadian

environment, for Canadians, and for the globe, they haven't been successful. We are moving forward. The *Turning the Corner* plan, by regulation, is forcing the industrial sectors to reduce their greenhouse gas emissions, with the toughest targets in Canadian history.

Bill C-377 will not achieve greenhouse gas emissions because it's a plan that is void of substance. It's a plan that will not withstand constitutional challenge. It does not include enforcement. It's a plan that won't work.

The irony is that the author of the bill, or the sponsor of the bill... well, actually, both the author and sponsor were witnesses here, and both of them said that the bill needs to be costed and we need an impact analysis. We heard that from every witness group. Yet now we're hearing from the NDP representative that they don't want to do that. They want Bill C-377 to move ahead just for reasons of optics.

The time for optics, Chair, is over. Canadians want action. They're getting action. We are reducing greenhouse gas emissions. That's what Canadians want, that's what they're getting, and that's why we will not be supporting Bill C-377.

● (2055)

The Chair: Yes, Mr. Vellacott.

Mr. Maurice Vellacott: On a point of order, Mr. Chair, we're just wanting to know if it's legal for the NDP to use replacement workers here. Is this all approved? Is it legal to do that?

The Chair: They filled in the form and delivered it to the clerk, so yes, it is.

Mr. Maurice Vellacott: Mr. Cullen is not here, so they're using a replacement worker in place of him.

The Chair: You can replace anybody with anybody, as long as you have the proper documentation.

Mr. Maurice Vellacott: Thank you.

The Chair: Mr. Warawa, are you finished?

Mr. Mark Warawa: Yes, I am. Thank you so much.

The Chair: Okay. We're at Mr. Vellacott, I believe, or Mr. Harvey.

Mr. Luc Harvey: It's me.

Hon. Geoff Regan: Was there a speaking order?

The Chair: Yes, there was. You haven't asked to speak, have you?

Hon. Geoff Regan: No, I'm just curious about which of them was speaking first.

The Chair: At one point Mr. Vellacott had advised me to go ahead, but....

Mr. Harvey is next, please, then Mr. Watson, and then Mr. Vellacott.

[Translation]

Mr. Luc Harvey: Mr. Chairman, I would ask Mr. Martin to put on his headset. I have a few questions for him regarding the bill tabled by the NDP.

Mr. Bernard Bigras: At the same time, I would ask your member to return to his seat.

Mr. Luc Harvey: Mr. Martin, when Bill C-377 was tabled, Mr. Layton indicated that there should be...

[English]

The Chair: Mr. Bigras.

[Translation]

Mr. Bernard Bigras: I think my colleague is sufficiently well versed in the rules of procedure to know that he must speak to the chair, and not directly to a committee member seated at this table. I would ask you to remind him of the rules of procedure that apply here.

[English]

The Chair: I've corrected Mr. Harvey a number of times, Mr. Bigras, so thank you.

Mr. Harvey, please address all your questions to the chair.

[Translation]

Mr. Luc Harvey: Excuse me, Mr. Chairman.

I have a question for the NDP member. The Leader of the NDP, Mr. Layton, tabled Bill C-377, but everyone acknowledges that a cost study and a feasibility study should be carried out in connection with this bill.

[English]

The Chair: I'm sorry to interrupt you, but I really think it's unfair to ask questions of someone who's filling in for their environment critic and wasn't here during any of the hearings.

[Translation]

Mr. Luc Harvey: I understand.

[English]

The Chair: He's not in a position to answer, as you wouldn't be if you were attending another committee. If he cares to answer, that's fine, but I think it's rather unfair to ask him questions in that sense.

[Translation]

Mr. Luc Harvey: I understand.

[English]

The Chair: Do you care to answer the question?

Mr. Pat Martin (Winnipeg Centre, NDP): If I have the floor, I will simply say it would be a foolish strategy on my part to help them with their filibuster of our bill. Why would I want to speak for five minutes and give him time to rest his vocal cords, when the obligation is on them to keep the floor and, I assume, keep us here all night. I want them to pay a price for filibustering this bill, and not give them some kind of freebie. He can keep asking me questions, but I'm not going to play into that game.

Thank you.

The Chair: Thank you.

Mr. Harvey.

[Translation]

Mr. Luc Harvey: I don't need to catch my breath, as I've only just begun speaking. We're talking about clause 10 of Bill C-377. Let me explain how this bill, specifically clause 10, is problematic in certain respects.

The April 2007 Regulatory Framework for Air Emissions laid out the broad design of the regulations for industrial emissions of both greenhouse gases and air pollutants.

This document sets out the final regulatory framework for industrial greenhouse gas emissions. It includes both an elaboration and a strengthening of the April 2007 regulatory framework.

The federal government still intends to work to reach equivalency agreements with any interested provinces that set enforceable provincial emission standards that are at least as stringent as the federal standards.

The final regulatory framework will contribute significantly to the commitment in the 2007 Speech from the Throne to implement a national strategy to reduce Canada's total greenhouse gas emissions by 20% below 2006 levels by 2020.

The final regulatory framework strengthens the April 2007 regulatory framework in three key respects:

All oil sands upgraders and *in-situ* plants that come into operation in 2012 or after will be required to meet a stringent target based on the use of carbon capture and storage by 2018.

All coal-fired electricity plants that come into operation in 2012 or after will be required to meet a stringent target based on the use of carbon capture and storage by 2018.

The federal government will establish a clean electricity task force to work with provinces and industry to meet an additional 25 Mt reduction goal from the electricity sector by 2020.

Let's move on to targets.

All covered industrial sectors will be required to reduce their emissions intensity from 2006 levels by 18% by 2010, with 2% continuous improvement every year after that.

The target will be applied at the facility, sector or corporate level, as determined after consultations with each sector.

Minimum thresholds will be set in five sectors to avoid imposing unreasonable administrative costs on small facilities.

Fixed process emissions will receive a 0% target. The definition of fixed process emissions will be based on technical feasibility.

To provide incentives to adopt the best available technologies for newer facilities, whose first year of operation is 2004 or later, a target based on a cleaner fuel standard will be applied.

There will be an incentive until 2018 for facilities to be built carbon-capture ready.

A special incentive will be provided through the target structure for high-efficiency co-generation.

Elaboration of April 2007 regulatory framework: compliance mechanisms

Canada's domestic offset system:

The offset system will issue credits for incremental real, verified domestic reductions or removals of greenhouse gas emissions in activities outside the regulations.

Offset credits may be used by regulated firms for compliance with their targets.

The offset system will be administered in a cost-effective manner and will promote projects in as many sectors and for as many project types as practical.

• (2100)

Firms may use credits from the Kyoto Protocol's Clean Development Mechanism (with the exception of credits for forest sink projects) for up to 10% of their regulatory obligation.

Credit for Early Action Program:

Firms that took verified early action to reduce emissions will be eligible for a total one-time allocation of 15 Mt in credits. These credits will be bankable and tradable, and will be allocated based on clear criteria and a simple, transparent process.

Technology Fund:

Subject to the conditions set out in the April 2007 regulatory framework, firms will be able to make contributions to a technology fund as a means of complying with the regulations.

The technology fund will take a portfolio approach to investing in a range of technology deployment and development projects; the technology fund will own the emission reductions resulting from its investment, based on the cost of the project.

Subject to equivalent conditions as apply to the technology fund, firms will be able to invest directly in pre-certified investment projects, drawing from a menu of projects established by the federal government.

In order to ensure that carbon capture and storage is in widespread use by 2018, firms in sectors that can make use of this technology may be credited for investments in pre-certified carbon-capture-and-storage projects up to 100% of their regulatory obligation through 2017.

Emission reductions

The regulatory framework is expected to achieve approximately 165 Mt in direct and indirect emission reductions from the industrial sector by 2020; that is about a 37% reduction from projected levels or a 21% reduction below 2006 levels. This does not include the additional 25 Mt targeted reductions from the electricity sector.

Next steps

The regulatory framework for industrial greenhouse gas emissions will now be translated into regulatory language. Draft regulations are expected to be published in the *Canada Gazette*, Part I for public comment in fall 2008.

Final regulations are expected to be approved and published in the *Canada Gazette*, Part II in fall 2009. The greenhouse gas provisions of the regulations are to come into force, as planned, on January 1, 2010.

Air pollutant elements will be added to the draft regulations once the regulatory framework for air pollutants has been finalized in spring 2008.

On April 26, 2007, the Government of Canada released *Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution*. This plan set out an ambitious agenda to improve the environment and the health of Canadians through a series of concrete, innovative measures to reduce emissions of greenhouse gases and air pollutants. Rather than relying solely on the voluntary measures used in the past, for the first time, the government is introducing mandatory and enforceable actions across a broad range of sectors.

In addition, the government committed to reducing Canada's total emissions of greenhouse gases, relative to 2006 levels, by 20% by 2020 and by 60% to 70% by 2050.

The *Turning the Corner* action plan has several components, including:

a regulatory framework for industrial emissions of greenhouse gases and air pollutants;

● (2105)

the development of a mandatory fuel-efficiency standard for automobiles, beginning with the 2011 model year, as well as action to reduce emissions from the rail, marine, and aviation sectors, and from on-road and off-road vehicles and engines;

the implementation of new energy performance standards to strengthen existing energy-efficiency standards for a number of products that consume electricity, including light bulbs, in order to reduce emissions from the use of consumer and commercial products; and

the development of measures to improve indoor air quality.

Since the release of the *Turning the Corner* action plan, the Government of Canada has made significant progress in all of these areas.

The April 2007 regulatory framework, entitled *Regulatory Framework for Air Emissions*, laid out the broad design of the regulations for industrial emissions of both greenhouse gases and air pollutants. This document provides a detailed description of the final regulatory framework for industrial greenhouse gas emissions. The framework for industrial emissions of air pollutants will be finalized in spring 2008.

Section 2 summarizes the broad regulatory framework for industrial greenhouse gas emissions as set out in April 2007 in the Regulatory Framework for Air Emissions. In Section 3, a brief overview of the consultations undertaken is provided. In Sections 4 and 5, the final greenhouse gas regulatory framework is elaborated, first with respect to the application of the target, and secondly, with respect to the design of the compliance mechanisms. Section 6 reiterates the government's intention to

move from an emission-intensity based system to a fixed emission cap system in the future. In Section 7, a summary of the estimated economic impacts of the regulations on industrial greenhouse gases is given. Section 8 outlines the steps in finalizing the regulations.

The regulatory framework for industrial greenhouse gas emissions proposed that the following sectors would be covered by the regulations:

electricity generation produced by combustion;

oil and gas (including oil sands, upstream oil and gas, natural gas pipelines, and petroleum refining);

pulp and paper;

iron and steel;

smelting and refining (including base metals smelting, aluminum and alumina, and ilmenite (titanium) smelting;

cement;

lime;

potash; and

chemicals and fertilizer.

The targets for greenhouse gas emissions will set reductions in emission intensity from 2006 levels that will come into force in 2010. The government has committed to review the regulations every five years in order to assess progress in reaching the government's medium- and long-term emission reduction objectives. The first such review would take place in 2012 and would entail an assessment of the effectiveness of measures taken to reduce greenhouse gas emissions and of advances in industrial technology in order to determine the potential for further emission reductions.

The framework for industrial greenhouse gas emissions has two key components: (1) stringent, mandatory short-term emission-intensity reduction targets, relative to 2006 emissions; and (2) compliance mechanisms that provide firms with flexibility in how they meet their targets. Each of these components will be addressed in turn.

● (2110)

The April 2007 framework set an initial required reduction of 18% from 2006 emission-intensity levels in 2010 for existing facilities. Every year thereafter, a 2% continuous improvement in emission intensity would be required. By 2015, therefore, an emission-intensity reduction of 26% from 2006 levels would be required, with a further reduction to 33% by 2010. The emission-intensity approach ties the emission reduction targets to production. This allows emission reductions to be achieved while accommodating economic growth.

New facilities, which are those whose first year of operation is 2004 or later, would be granted a three-year commissioning period before they would face an emission-intensity reduction target. After the third year, new facilities would be required to improve their emission intensity each year by 2%. A cleaner fuel standard would be applied, thereby setting the target as if they were using the designated fuel. A flexible approach would be taken in special cases where the equipment or technology used in a new plant facilitates carbon capture and storage or otherwise offers a significant and imminent potential for emission reductions.

The purpose of this policy is to provide an incentive for new facilities to choose cleaner fuels or to invest in the technology needed for carbon capture and storage in other less emission-intensive technologies.

For both existing and new facilities, fixed process emissions, which are emissions tied to production and for which there is no alternative reduction technology, would receive a 0% target in the regulations. In other words, for these types of emissions, there is no way, with current technology, for them to be reduced except by shutting down production.

In order to provide flexibility and to minimize the economic impact of the regulations, firms could comply with the regulations either by reducing their own emissions through abatement actions or by making use of one of the framework's compliance mechanisms, detailed below.

Technology fund: Firms could obtain credits for compliance purposes by contributing to a technology fund. The fund would be a means to promote the development, deployment, and diffusion of technologies that reduce emissions of greenhouse gases across industry. A third-party entity, at arm's length from government, would be created to administer the fund. A key principle is that there would be no inter-regional transfer of wealth.

Contributions to the deployment-and-infrastructure component of the fund, aimed at investments with a high likelihood of yielding greenhouse gas emission reductions in the near term, would be limited to 70% of the target in 2010, falling to 65% in 2011, 60% in 2012, 55% in 2013, 50% in 2014, 40% in 2015, 10% in 2016 and 10% in 2017. No further contributions would be accepted after 2017. The research and development component, which would focus on projects aimed at supporting the creation of transformative technologies, would be limited to 5 Mt each year, also ending after 2017.

From 2010 to 2012, the contribution rate for the fund would be \$15 per tonne of carbon dioxide equivalent. In 2013, the contribution rate would be \$20 per tonne. Thereafter, the rate would escalate yearly at the rate of growth of nominal GDP to 2017.

● (2115)

[...] Firms whose actual emission intensity in a given year is below their target would receive tradable credits equal to the difference between their target and their actual emission intensity, multiplied by their production in that year. These credits could be banked for future use or sold to other parties, including other regulated firms.

Offset System: Offsets are projects that result in incremental real, verified domestic reductions or removals of greenhouse gas emissions in activities that are not covered by the federal greenhouse gas regulations. These projects would generate credits that firms could use for compliance purposes.

[...] Firms could use certain credits from the Kyoto Protocol's Clean Development Mechanism. Access to these credits for compliance purposes would be limited to 10% of each firm's total target.

[...] Firms that took verified action between 1992 and 2006 to reduce their greenhouse gas emissions would be eligible to apply for a share of a one-time credit for early action. A maximum of 15 Mt worth of credits would be allocated, with no more than 5 Mt to be used in any one year. Firms would be required to submit evidence of changes in processes or facility improvements they had undertaken that resulted in verifiable, incremental greenhouse gas emission reductions. The maximum allocation for emission reductions would be one credit for each tonne of carbon dioxide equivalent reduction. If the total tonnage of emission reductions applied for were to exceed 15 Mt, the credits would be distributed to individual firms in proportion to their contribution to the total emission reduction achieved.

● (2120)

Application of the industrial regulatory framework is expected to result in significant absolute reductions in greenhouse gas emissions from 2006 levels. This would put Canada on the path to meeting its national emission reduction target of 20% below 2006 levels by 2020.

Under the April 2007 analysis, the economic costs of regulating industrial emissions of both greenhouse gases and air pollutants were estimated not to exceed 0.5% of GDP in any given year up to 2020. At the same time, the environmental and health benefits were estimated to exceed \$6 billion per year in 2015.

Following the release of the framework in April, 2007, the government consulted extensively with provinces and territories, as well as with non-governmental organizations, Aboriginal peoples, industry, and other stakeholders, on key policy and regulatory development issues in the framework that remained to be elaborated.

The federal, provincial, and territorial governments have initiated a cooperative process to work through the regulatory issues, through the Environmental Protection and Planning Committee of the Canadian Council of Ministers of the Environment. Some provinces have indicated an interest in negotiating equivalency agreements with the federal government.

The consultations focused on the following issues:

Coverage

Whether small facilities should be excluded from the regulations in order to minimize administrative burden, and if so, on what basis?

Targets

How the greenhouse gas target should be applied in different sectors?

Whether certain sectors face special circumstances that would require a different application of the framework?

Finalization of the definition of fixed process emissions in each sector.

How to treat major expansions and transformations?

How to incorporate a cleaner fuel standard in the target for new facilities in each sector?

How the regulations could provide an appropriate incentive for co-generation?

With regard to the Technology Fund, the consultations focused on the structure of the fund; the eligibility of pre-certified investments in specific projects; emission reductions resulting from fund investments; and the ownership of emission reduction that result from fund investments.

● (2125)

Facility-specific: Each facility within a sector receives an individual target of an 18% reduction from its own 2006 emission intensity.

This approach is applied in sectors where factors beyond the control of a facility operator affect emissions. For example, terrain characteristics, elevation, configuration, and diameter of pipe all have an impact on emissions from natural gas pipeline facilities, yet these are features that cannot be altered by existing pipeline facilities. Facility-specific targets are also used in sectors with complex and diverse facility structures.

Facility-specific targets will be applied in the following sectors: iron ore pelletizing, potash, base metal smelting, chemicals, fertilizers, iron and steel, ilmenite (titanium), oil sands, petroleum refining, natural gas pipelines, and upstream oil and gas.

Sector-wide: All facilities within a sector face the same target, which is an 18% reduction from the sector's average 2006 emission intensity.

This approach is applied in sectors where facility structures are more homogeneous in structure across the whole sector and less complex. It will be applied in the lime, pulp and paper, aluminum and alumina, and cement sectors.

Corporate-specific: Each company within a sector receives a target of an 18% reduction from the average 2006 emission intensity of its entire fleet of facilities.

This approach will be used in the electricity sector, as it provides a strong incentive for investment in new non- and low-emitting power generation since the entire fleet of facilities will include all types of electricity generation. With this approach, electricity companies can reduce their emission intensity by replacing high-emission intensity facilities (for example, coal and other fossil fuels) with non-emitting or lower-emission intensity facilities (for example, wind and other renewable energy, hydro, nuclear).

4.2 Minimum thresholds

Some sectors have a large number of facilities, often including many small facilities that contribute little to the sector's overall emissions. Other sectors have only a few, but large, facilities. It may make sense to exclude very small facilities from coverage by the regulations. The approach taken balances threshold levels to ensure: (1) that the loss in emission reductions will be minimized; (2) that the regulatory burden on both industry and government will be minimized; (3) that similar facilities within a sector will face similar regulatory treatment; and (4) that facilities with similar levels of emissions in different sectors will face similar regulatory treatment. Minimum thresholds will be established for facilities in the chemical, nitrogen-based fertilizer, natural gas pipeline, upstream oil and gas, and electricity sectors. Oil and gas, and electricity sectors.

The upstream oil and gas sector comprises a very large number of facilities with a wide variety in size. The proposed threshold is much more stringent than what is currently used by the Government of Alberta in its July 2007 regulations for emissions in this sector. The government is committed to achieving a common threshold and common reporting regime in Alberta. It will continue discussion with the Government of Alberta on these issues, seeking a common practical approach to emissions coverage, including the phasing of thresholds and the identification of additional measures that could be implemented to address emissions in the rest of the sector. The federal government will also engage in discussions with the Governments of Saskatchewan and British Columbia. These discussions will be informed by the additional information to be provided to the government in response to its December 8, 2007, Section 71 Notice.

● (2130)

In all other sectors, all facilities will be covered by the regulations.

4.3 Fixed process emissions

The April 2007 framework stated that fixed process emissions would receive a 0% target in the regulations, and included a general definition of fixed process emissions. After sectoral analysis and consultation with industry, the definition of fixed process emission has been made more precise. Fixed process emissions are those emissions that are:

from chemical processes that produce carbon dioxide emissions and are fixed to production; **and**

created in a process where:

carbon that is chemically bound in the raw materials is removed from these materials to produce a carbon-free product (that is, less than 1% carbon by mass);

carbon is used to remove an undesired component from the raw material and where the raw material is not substitutable; or

unintentional oxidation of hydrocarbon feedstocks results from the catalytic conversion of these feedstocks into products; or

carbon dioxide entrained in ethane gas feedstock is removed and released to the atmosphere in order to process the feedstock.

Fixed process emissions do not include the result of:

combustion, where combustion is the exothermic reaction of a fuel with gaseous oxygen; or

a process that is for the purpose of reducing emissions of air pollutants from the facility; or

the release of formation carbon dioxide from the processing of crude oil or natural gas.

How is a new facility defined?

In the April 2007 framework, new facilities were defined as those whose first year of operation was 2004 or later, but the framework did not specify how major expansions or transformations of existing plants would be treated.

New facilities will include facilities that came into operation in 2004 or later and include greenfield facilities, major expansions and major transformations:

Greenfield facilities are those built where no facility existed before.

Major expansions are defined as a 25% increase in the physical capacity of an existing facility.

Major transformations are those in which there have been significant changes to process (further details will be provided in the regulations).

Only the expanded or transformed portion of the facility would be treated as new, unless the integrated nature of the facility requires that the entire facility be treated as new. Re-opened facilities would be treated as existing facilities, unless they met one or more of the above conditions.

The application of a cleaner fuel standard will be achieved as follows:

A sector-specific approach will be used to specify a cleaner fuel standard for the determination of targets for new facilities. In sectors where fuel choice is an important factor in a facility's emission intensity, an explicit cleaner fuel standard is needed to ensure that the emission intensity of the sector continues to decrease over time.

This approach will apply to the potash, natural gas pipeline, upstream oil and gas, oil sands and electricity sectors. A fuel-specific cleaner fuel standard will apply to the electricity sector which will be equivalent to the emission-intensity performance of: "supercritical" technology for coal-fired generation; "natural gas combined cycle" technology for gas-fired generation; and "oil-fired gas turbine" technology for oil-fired generation.

● (2135)

In the other sectors, the cleaner fuel standard will be based on natural gas. In the case of oil sands, the cleaner fuel standard will be [...]

Mr. Chairman, would the committee be amenable to adopting an adjournment motion?

[English]

The Chair: Are you making that motion, Mr. Harvey?

[Translation]

Mr. Luc Harvey: Yes.

[English]

The Chair: Mr. Harvey is making a motion for adjournment. It's non-debatable.

Some hon. members: Agreed.

The Chair: We are adjourned until 3:30 tomorrow in room 237-C.

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