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## **Standing Committee on Natural Resources**

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**EVIDENCE**

**Thursday, November 22, 2007**

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**Chair**

**Mr. Leon Benoit**

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• (0905)

[English]

**The Vice-Chair (Mr. Lloyd St. Amand (Brant, Lib.)):** I would like to call the meeting to order. Good morning, everyone.

I understand that Mr. Anderson may have a point of order. Mr. Anderson, do you wish to address a preliminary matter?

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Chair, I just wanted to thank the members of the committee for their cooperation on Bill C-15. We were able to get it passed the other day at all stages because we had good cooperation from the other members of the committee. So I want to acknowledge that and recognize the fact that we worked together on that, and I look forward to working together on the other issues as well.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you very much.

Principally, we're here this morning graced with the presence of the Minister of Natural Resources, Gary Lunn, and two individuals from the department. Good morning, Ms. Kirby and Mr. McCauley.

The first hour of the meeting will be devoted to a study of Bill C-5. I'm wondering, Minister Lunn, if without further ado I could turn it over to you for your ten-minute presentation on Bill C-5.

**Hon. Gary Lunn (Minister of Natural Resources):** Thank you very much, Mr. Chair. It is my pleasure to be back before committee.

First of all, I'd like to thank you for your understanding when I had to provide you with an extra two hours free time in your schedule on Tuesday. I actually had an unscheduled cabinet committee hearing. Again, I thank you for being so gracious, not only to have cancelled at the last moment on Tuesday, but I'm glad we're able to actually be here to devote time to Bill C-5 and the estimates this morning.

With that, let me introduce my staff, as you did, Mr. Chair. Sue Kirby is the ADM of the energy policy sector. She's new at the department, has been there about three weeks, but has a wealth of experience. If she digresses and talks about fish today, it's because she just came from DFO. We'll try to keep her focused. So if you have some good fish questions, we can probably take those too.

Dave McCauley comes from the energy policy sector, specifically in the nuclear shop, so he has some expertise there.

With that, Mr. Chairman, thank you for giving me the opportunity to appear before you. Again, my appreciation for the all-party cooperation on Bill C-15. That was very appreciated. I think it's great for the people in Nova Scotia, to move that legislation through the House so quickly.

We're here this morning to focus on Bill C-5, the Nuclear Liability and Compensation Act. This proposed legislation is about protecting the interests of Canadians by modernizing Canada's nuclear compensation and civil liability framework. It does so to address damages as effectively and efficiently and fairly as possible in the unlikely event of a radioactive release from any nuclear facility in Canada.

As members of the committee will know, the current legislation dates back to the 1970s. So this legislation has been introduced for a number of reasons. First, it will ensure that Canada's laws governing nuclear liability are meeting the international standards. We want to not only ensure the highest standards for nuclear power in Canada, but also align our liability with that of international standards.

Secondly, it will increase the liability of nuclear operators for damages and injury. It will also increase the amount of compensation that will be available to address civil damages.

Third, Bill C-5 will broaden the number of categories for which compensation may be sought and improve the procedures for delivering that compensation.

It could be argued that Canada's current legislation, the Nuclear Liability Act, more or less accomplishes the objectives, a certainty regarding insurance and legal liability. So why do we need new legislation when we already have a serviceable act in place already? The simple answer, as I've said earlier, is that the current act is outdated. It was passed in 1970. Remarkable. I was not even in high school then, Mr. Chair, so it's going back quite a way. My notes say this was a period of ancient history, but I don't think I'll go there. But Bill Gates just turned 15. In any event, it's some time in the past.

Again, we need to ensure that the Nuclear Liability Act reflects the technology and science thinking as we move forward. In the interim, it's not only the technology of nuclear energy that has advanced considerably but the evolution of jurisprudence has contributed to substantial increases in the potential liability for nuclear incidents. Accordingly, we have to upgrade our legislation.

So what are we doing? Well, there are certain fundamentals of this current act that must be retained: number one, absolute liability; two, exclusive liability; and three, mandatory insurance.

Basically, absolute liability means that the operator will be held liable for compensating victims, if there were ever a nuclear incident, without the recourse of traditional defences available under the common law. This means that victims would not be faced with proving that the operator was at fault.

Secondly, in the related principle, exclusive liability means that there is no question who is responsible. No other party than the operator, no supplier, no subcontractor, nobody else can be held liable except for the operator. Again, it means the victims would not have to prove who was at fault, especially in such a highly complex industry, and there'd be no question about where they'd take their claim for compensation.

Nevertheless, to modernize our liability scheme, we must have legislation that goes further. For example, we must increase liability amounts, increase the mandatory insurance requirements, add new definitions of damage, and provide a more effective compensation process. We must do this to meet the practical needs and realities of today.

Mr. Chairman, the proposed legislation makes significant changes in the matter of compensation. In financial terms, it increases the liability for nuclear operators. The 1970 act sets the amount at \$75 million, an amount that presently is one of the lowest within the G-8.

The international norm is just below \$500 million, but in Bill C-5 we believe the standard that's been suggested as an appropriate amount will raise it to \$650 million. This balances a need for operators to provide adequate compensation without burdening them with huge costs for unrealistic insurance amounts. Again it's striking that right balance. It's what is the right balance for the appropriate amount of compensation, while ensuring that we're providing realistic insurance amounts. This increase will put Canada on par with most of the western nuclear countries. The proposed legislation also increases the mandatory insurance operators must carry by almost ninefold.

As I've said, Bill C-5 makes Canada's legislation more consistent with international conventions. It does so not only with respect to financial matters, but also with clearer definitions of crucial matters such as what constitutes a nuclear incident, what damages do or do not qualify for compensation, and so on. These enhancements will place the Canadian nuclear firms on a level playing field with competitors in other countries. This is important if Canada is to maintain its international presence in matters of nuclear energy. Canadian companies welcome the certainty of operating in accordance with the accepted international norms.

Mr. Chair, both the current liability framework and Bill C-5 contain limitation periods restricting the time for making claims. Under the act passed in the 1970s, claims must be brought within ten years of an incident. However, since the passage of that earlier liability legislation, we have come to understand that for some related injuries obviously that's not adequate. Accordingly, the limitation period for claims has been extended to thirty years under Bill C-5.

Both the earlier Nuclear Liability Act and Bill C-5 provide for an administrative process that will operate faster than the courts in an adjudication of claims arising from a large nuclear incident. However, the proposed legislation clarifies the arrangements for a quasi-judicial tribunal to hear those claims. These new processes will ensure that claims are handled both equitably and efficiently.

In closing, Mr. Chair, I would like to underscore that Bill C-5 is about being prepared for the events that are unlikely to ever happen in this country. Our nuclear fleet is arguably one of the safest of any of the fleets in the entire world with an extraordinary safety record. Canada's experience goes back some 75 years. For the past 30 years nuclear power has been a regular part of Canada's energy mix. In all of this time, safety has been the watchword of Canada's nuclear industry. Moreover, the reactor for which we are known elsewhere is the CANDU, and as I said, it is one of the safest and cleanest reactors in the world. With the progress of nuclear technology, our reputation for safety will become even more secure.

Nevertheless, we must be realistic and we must be responsible. Although it is extremely unlikely that Canada will see a nuclear incident, we must be prepared. That is the principal reason we have proposed to modernize Canada's nuclear liability and compensation legislation by tabling the bill you are considering at this time.

Those are my opening comments, Mr. Chair. I look forward to the members' questions.

Thank you very much.

• (0910)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you very much, Minister Lunn.

We'll commence our first round, a round of seven minutes, as you will recall.

Mr. Alghabra.

**Mr. Omar Alghabra (Mississauga—Erindale, Lib.):** Thank you, Mr. Chair.

Good morning, Minister. Good morning, everybody. Thank you for being here today.

I want to thank the department and you, Minister, for tabling this bill, because I do agree with you. It is time to modernize and update that act. I'm looking forward to listening and hearing from stakeholders when they come in front of this committee and share their feedback and input on this bill to see if there is a need for some changes or not.

In general I agree with you. The bill is doing some housecleaning that needed to be done, especially at this time. I think the need for nuclear energy is rising and we're having this discussion domestically and internationally. I think it's timely, given the fact that producers and consumers are looking to a much more stable and predictable system.

I want to take this opportunity and ask you about the global nuclear energy partnership. Ever since the Prime Minister in 2006 publicly expressed enthusiasm about this partnership, we have heard practically nothing from the government about the direction it wants to take with this partnership. I want to take this opportunity and ask you on behalf of yourself and your government what the government's position on GNEP is.

**Hon. Gary Lunn:** Thank you very much.

First of all, the short answer is that I can't tell you, but hopefully we'll be able to let you know soon. Obviously it's before the government. They are considering that. A final decision hasn't been made, but I would anticipate hopefully sometime in the very near future we'll be able to give you a definitive answer.

The global nuclear energy partnership originally comprised five or six countries. They invited another 11 countries, I believe, to join, Canada being one of them. There are some benefits. I think there are a lot of benefits for us to look at it. We're all aware in this committee that Canada is a larger producer of uranium than any other country in the world. If you look at some of the stated principles, to deal with non-proliferation issues, on the entire fuel cycle to ensure that we're extracting the maximum amount of energy, on recycling, all those issues, the most efficient use of uranium is one of the issues they're looking at, and to promote nuclear as a clean source of energy. Those are just some of the high-level principles of GNEP.

There were some other issues they were talking about that Canada had concerns about, but again, we are clearly looking at this. Once the government has made a decision, I would be quite happy to come back to committee.

• (0915)

**Mr. Omar Alhabra:** Minister, do you expect the decision to be made before a public discussion or debate has taken place on this issue?

**Hon. Gary Lunn:** We welcome your viewpoints and your thoughts on this. We would be more than prepared to take those into consideration. So if you obviously wanted to give us the committee's thoughts or submissions, we'd welcome those. But it's something that we are actively considering at this point in time.

**Mr. Omar Alhabra:** Don't you think it would be prudent of the government to have an engaging discussion on this issue to demonstrate what the pros and cons are and offer its ideas, and then hear some feedback? In fact, we're seeing some kind of silencing on behalf of the government of their ministers or reluctance to speak about this issue.

I have a quote here from you that says, "As a nation of energy consumers we must be prepared to have an open discussion about nuclear power." So I'm encouraged. Don't you think it would be prudent of the government to have an open discussion about this?

**Hon. Gary Lunn:** I will just say this, that most people in the industry said they haven't seen the openness that they have for many, many years.

I am very open in speaking publicly about the benefits of nuclear. We all recognize that nuclear energy is a decision by the provinces. It's the jurisdiction of the provinces to decide on their energy mix. But in terms of the federal responsibility as the regulator, we have very open and frank discussions.

The federal government enters into many international agreements and across all departments. We evaluate these, and people expect that leadership, for us to make a decision. That's exactly what we're doing.

Again, I would welcome your comments or input, but at the end of the day, it will be a Government of Canada decision, if we believe it's in the interests of the Canadian people and that this would be a benefit for us to serve in. And again, I would anticipate we'll have a decision soon.

**Mr. Omar Alhabra:** What I do believe is that it's in the interests of the Canadian public that I ask you these questions and that I encourage you to have an open discussion about this.

There are two items in this partnership that are causing concerns among Canadians. One of them is the fact that it will compel or require exporters to take back fuel for reprocessing. The other one talks about developing a new reactor system that is not what Canada has been subsidizing for a while, or it doesn't mention that it's CANDU. So there are two major issues that this partnership avoids, or discusses, actually, but the Canadian government doesn't refer to.

**Hon. Gary Lunn:** As far as taking back fuel, it's something we would never consider. We have expressed that very clearly. I can say that this is a principle they have said they completely understand.

We would not be required to take back spent nuclear fuel from any country, and it's not something we would ever consider doing. I should be very clear on that. It's something we've been very consistent about all along. So that's one. They haven't looked at that. We did raise that as a concern, and they have expressed assurance that it would be acceptable.

The second concern was not necessarily about developing new technology. It was about enriching uranium and the specific controls on that. We would insist on maintaining our sovereign right to make those decisions within Canada, whether or not that's something we would want to do in the future. Again, we've received assurances from the global nuclear energy partnership that our sovereignty would be respected.

So we corrected both those issues early on. We have said that these are unacceptable to Canada and that we would not accept those conditions, and that's been understood.

• (0920)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Alghabra.

We'll go to Madame DeBellefeuille.

[*Translation*]

**Mrs. Claude DeBellefeuille (Beauharnois—Salaberry, BQ):** Thank you, Mr. Chairman.

Minister, thank you for coming here this morning to answer our questions. I'm somewhat taking advantage of the comments made by my Liberal colleague to tell you that the Bloc québécois does not really share your opinion that nuclear energy is clean energy. You also referred to the advantages, but you completely disregard the disadvantages. When you present an idea that you believe in, you should be frank and inform the Quebec and Canadian public of the advantages and disadvantages it entails.

As you know, the entire question of waste management is one of the disadvantages. We've had discussions, but you told me that we would be debating this for another 30 years. The fact remains that the debate on this subject is not over. Among other things, we have to see where the waste would be buried. The idea of promoting a form of energy that will spread around the world and the quantity of waste from which will consequently increase, when we don't yet know where it will be buried, is quite surprising.

I agree with you that choosing nuclear energy is a decision for the provinces. However, the effect of that choice by the provinces is that the federal government will have work to do on waste management and safety. I believe it can be said that, by making that choice, a province would be choosing to share responsibilities with the federal government and thus with Canadian taxpayers as a whole.

I believe we will have opportunities to debate this, minister. The matter is not over. It is somewhat unfortunate that we have to use a forum such as the study of this bill to address the subject with you. I agree with the Liberal member that it would be more appropriate, before accepting the invitation sent to you, to take part in the negotiations in the context of the Global Nuclear Energy Partnership, to clearly debate the conditions of that agreement and the implications for Canada of belonging to it. Among other things, if waste must be recovered from around the world to be buried in Canada, on the ground that we are the primary producers and exporters of uranium, I can tell you that we will not agree. There is a kind of lack of transparency and debate in this matter.

Furthermore, you are quite silent these days about nuclear energy. I don't know whether you've been kindly asked to be discreet on the topic, but we hear less from you. There must be a reason for that. That concludes what I had to tell you about nuclear energy, minister.

Now I'm going to move on the Bill C-5. For the questions that are somewhat more specific, your deputy ministers may perhaps be able to help you.

Could you explain to me what the premium is for an operator that must carry coverage of \$650 million? I'm particularly interested in

that because, back home in Quebec, the Gently station belongs to Hydro-Quebec, thus to Quebec taxpayers. Does increasing insurance, and thus premiums, mean that, as a taxpayer, I'm going to receive a bill for the cost of that premium?

I'd also really like you to clarify the principle of reciprocity between countries. In the context of a negotiation with a country, what does this concept included in the bill mean for Canada in concrete terms? I find it hard to understand. I also want to know why you're limiting the guarantees to 50%? From what I understand, Hydro-Quebec will have to guarantee premiums up to \$325 million, which represents 50% of the \$650 million.

My last question concerns the claims tribunal. Will it operate only in the event of accidents, or will it be a permanent structure for which we will have to pay operating costs, and make appointments and so on?

• (0925)

[*English*]

**Hon. Gary Lunn:** Thank you very much.

You touched on the GNEP. Let me be absolutely crystal clear. Canada under no uncertain circumstances will accept nuclear spent fuel or nuclear waste from any other country. We do not support that. The spent nuclear fuel we produce here in Canada, and that's everything from medical isotopes to the nuclear reactors that produce electricity—primarily in Ontario, but there are also reactors in Quebec and New Brunswick. Obviously, we are taking steps to deal with the safe storage and management of the spent nuclear fuel here in Canada. We will not under any circumstances accept having to deal with spent nuclear waste from another country. It would be their responsibility to look after that.

We're very clear on that principle. Hopefully I've been able to clear that issue up for you.

With respect to the waste, you're right—it's an issue. I said nuclear energy is clean. It produces no greenhouse gases and no pollution when it's producing, but there is the issue of the storage of the spent nuclear fuel. We acknowledge that. There is work being done on that by the Nuclear Waste Management Organization, and we've accepted their report.

I would stress that it's only one source of energy of many in Canada. We are blessed with a lot of hydro. We have a lot of potential for renewable energy. We're using coal-fired electricity production in Canada, and nuclear. It's the provinces' jurisdiction to decide on their energy mix, not the federal government's. We will respect that jurisdiction and not wade into what they want. But when they do decide—as in Ontario, which recognizes the importance of nuclear energy—we have to make sure that we're there to provide the right regulatory regime and that it's safe for all Canadians. That's our role and we take it very seriously.

With respect to the premiums, the industry understands that the current limits are woefully inadequate—\$75 million. Yes, the premiums will go up. There will be a sixfold increase in premiums from what they're currently paying. They will be phased in over time—over four years, I believe. The liability insurance will go up, and the government will assist in the interim. The industry will, over four years, ramp up, or they'll be facing increased insurance premiums. They've accepted that and are generally supportive of this legislation because they understand it has to come up to the international standards. Where the costs are passed on or how they're passed on would obviously be up to the operator and the provinces. That would be their jurisdiction. It's not something we would deal with.

It's our responsibility to ensure that the Nuclear Liability and Compensation Act is meeting the standards of the day, and today it's not. That's why it's important we're doing this.

But there is no question, this will cause a sixfold increase in insurance premiums for the nuclear operator.

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Bevington, please.

**Mr. Dennis Bevington (Western Arctic, NDP):** Thank you, Mr. Chair.

Thank you, Mr. Minister, for meeting with us today on this bill.

Of course everyone is concerned about energy in this country, and the work coming forward on the nuclear aspect of energy is important. It's important to put it in context with other energy sources, and I think in some ways the question of the cost of liability is an important issue to be taken into account in the choices we make about energy in the future.

If we're looking at nuclear energy as a potential substitute for other forms of energy, then we need to put its cost in context. We have to make a level playing field between its costs and costs of other potential opportunities that we have in the energy field, so it's important to look at the liability that's engaged in nuclear energy. It's certainly greater than wind power or solar power or many of the other alternatives we're looking at for energy sources in this country. They don't contain much liability, and the liability is in relatively small increments, rather than in very large increments.

Of course occurrences are less frequent, but the potential for liability within the nuclear industry is, in the extreme case, very large. I think that's been identified in the United States, where we see a limit of \$9.7 billion. There is a two-tier system of liability within the United States for nuclear energy, one borne by the operator and one that fits within the industry as a whole. That's another solution they have to the larger issue of nuclear liability.

When we compare our limits to liability, we can put them in the context of an international standard or we can put them in the context of a North American standard; in this case, the most likely match to our conditions would be our nearest neighbour, the United States.

In some ways the idea of limited liability is archaic. In this bill we're limiting liability for damages to \$650 million; however, the liability issues could be quite a bit larger than that, and it may be important to look at it in terms of unlimited liability.

My question to you is this: where did we set this limit, why are we putting the limit where we are, and why are we continuing with a limited liability policy?

• (0930)

**Hon. Gary Lunn:** I can try to take on a couple of your questions, and thank you very much.

First of all, you were right that they do look at the pool in the United States. The U.S. operators are required to carry \$330 million Canadian in insurance. So it would be very similar to the amount that we're going to be requiring of the Canadian operators. If you look at comparing to the U.S. and in the event you had to have a greater liability, that would be something that would come back before Parliament if there was ever an incident, but all of the research shows that this is going to meet the international standards of \$650 million, that it is the appropriate amount of insurance required by the operator to carry, and that the standard has been met. So we had a hard look to ensure that this meets the international standards, and again it's very similar to the amount the U.S. operator is required to carry.

You have to find and strike that balance of what is the appropriate amount to impose. There is a cost. As our colleague from the Bloc has recognized, this will increase their premiums sixfold, and again it will meet the international standards. And we believe with the addition to the limitation periods this is the correct amount of insurance for the operator to carry in Canada.

**Mr. Dennis Bevington:** The \$650 million would probably be a minimum international standard. Quite clearly, you're saying that then the nuclear industry would be subsidized by Parliament for any greater liability than \$650 million.

In the U.S. right now, the industry as a whole is responsible for damages that exceed the operator's amount. Is that not correct?

• (0935)

**Hon. Gary Lunn:** You're saying...?

**Mr. Dennis Bevington:** The nuclear industry in the U.S. is pooled for larger amounts of liability than the \$350 million that the individual operators carry.

**Hon. Gary Lunn:** Yes, that is accurate, that they do pool.

But you have to look at the Canadian industry as well. There are 20 reactors in Ontario, one reactor in New Brunswick, and one reactor in Quebec. We can't just say that because the United States is doing it, that model would work perfectly here.

We've had a hard look at this, with the international standards around the world. France is a country with 58 reactors, and 80% of its energy comes from the nuclear sector; Spain, the United Kingdom, Norway, Denmark, Belgium.... This legislation will bring us in line with the international standards.

This is absolutely the correct amount of insurance, and it's been recommended to us to increase it by this amount. Clearly \$75 million is not adequate, but obviously you can't require the operator to carry unlimited liability.

**Mr. Dennis Bevington:** No.

**Hon. Gary Lunn:** That's simply not feasible.

**Mr. Dennis Bevington:** Both Germany and Japan, which have had experiences with catastrophes in nuclear contamination, have unlimited liability in their systems. So there is quite a difference in where you go internationally.

Another thing within this bill that we're having trouble with is that there is no provision for compensation for an accident in another country. Perhaps the best solution to this would be to have Canada sign the Convention on Supplementary Compensation for Nuclear Damage, which is an international document that would start to build the case that the responsibility for nuclear contamination from one country carries through to other countries that are affected by the potential.

If we are in a situation where we have good nuclear facilities that are unlikely to cause such contamination, it may well be in our interest to move ahead with this convention, because of course we live next to another country that has a lot of nuclear reactors, and they're not necessarily of the same kind as ours.

I think there is an argument to be made that we need to look at this compensation that spans international boundaries and would give us that support.

**The Vice-Chair (Mr. Lloyd St. Amand):** Your time is up. I don't know whether that was in the form of a suggestion—and I don't mean that impolitely—or a question.

If the minister wishes to comment very briefly....

**Hon. Gary Lunn:** Really briefly, I have just two quick comments.

With respect to Germany and Japan, they are required to carry compensation insurance similar to the amount in Canada, where it's backstopped to an unlimited amount. But the insurance the actual operator is required to carry and pay the premiums on would be similar to the international standards.

With respect to what happens if there is an accident.... We're dealing with our own house and getting our own house in order. But if there were an accident in the U.S., we would be able to make a claim against the U.S. insurance for compensation; we don't want to place a burden on the Canadian operators to provide insurance in the event of an incident south of the border. They obviously carry insurance and are required to, and if there ever were an incident, then we would make a claim against their insurance. That's the way it should be.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Bevington.

Mr. Trost.

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

That actually is a fairly nice segue into where I'm going with a couple of my questions. One of the things I'm concerned about is public perception. We want to give the public a comfort level and as much reassurance as possible. I think, ultimately, that the safety of our nuclear power plants in Canada.... I do believe that we have some of the safest, if not the safest, in the world because of the talents and the people we have and because of the regulations and the oversight and their ultimate character.

One of the areas in the bill that I wish to have some comment on—and it's in some respects not direct, but tangential—falls in with what you were saying about the U.S. That's the point about reciprocating agreements. I guess, as I said, that I'm not all that concerned about the Canadian record. We've done very well. The American record has been very good, as has the western European one, and so forth. But you never know. So I'm a bit interested in what we have been working on and in what we have as reciprocating agreements.

If you want to elaborate more on how Canadians would go about making insurance claims, assuming that there are incidents in the United States, I'd appreciate that. And it's not just the Americans; it's other potential countries or various places that we may have reciprocating agreements with. How would we go about it?

If you would range over as broad as possible a commentary on reciprocating agreements and possible claims against the United States as you elaborate on that, that would be appreciated.

● (0940)

**Hon. Gary Lunn:** Sure. First of all, obviously, because of the close proximity, the United States is the prime country we have to deal with. We do have a reciprocal agreement. In the event of an event or incident in the United States, there is an agreement in place that should allow Canadians to make claims against their insurance system. That's their liability insurance, obviously. Likewise, the reverse is also true. It's a reciprocal agreement that goes in both directions. If there were ever to be an incident here, they would also, rightfully, be able to make a claim against our insurance.

So those agreements are in place. I'm not aware that we have agreements with any other countries other than the United States with respect to that.

But perception is important, and you talked about this. I think we actually need to take it beyond perception. This is an industry that has to ensure the safety and security of all Canadians. Obviously, it's very important, and not just in the production of electricity. Canada produces 50% of the world's medical isotopes—I don't know the exact number, but it's in the tens of thousands—for medical procedures used in nuclear medicine and the treatment of cancer every single day around the world. They also come from a nuclear reactor. People may not be aware of that. So all that is important, as well.



There are very strict standards, with respect to safety, from the regulator. They're monitored. It's a very highly regulated, tightly controlled industry, as it needs to be. But again, there are reciprocal agreements.

I'm being passed a note. This bill gives us authority to negotiate agreements that we don't have now with other countries. So there's something I've learned: we would have the ability to negotiate agreements. But obviously, with the United States, which is probably the most important one, we already have an agreement in place.

**Mr. Bradley Trost:** Just as a little follow-up to that one, that would then limit...

The other concern I have is this. Say that a small Canadian incident happened. In the American system, they're very good at suing people for large amounts. So this would also provide our nuclear operators with protection, particularly if they have assets, say, cross-border. Right now, it's crown corporations. I don't know quite how many assets they may or may not have in the United States. But this would protect our nuclear—current and any future—operators from being sued too aggressively in the United States and from being, basically, financially run out of business through aggressive American lawsuits. Is my interpretation of that correct?

**Hon. Gary Lunn:** Well, first of all, Canadian law would apply. But this bill sets out absolute and exclusive liability. So there is no lawsuit regarding who is liable. There is no lawsuit regarding exclusive and absolute liability...

Pardon me?

**Mr. Bradley Trost:** Again, my concern is what the Americans could do through their court system. Would this provide some protection? It's very difficult, I understand. This may be way beyond our ability to decide.

**Hon. Gary Lunn:** We could try to get back to you on it. My obvious answer is that if there's an incident in Canada, Canadian law would apply. It would go through the legal processes here in Canada.

This does set out absolute and exclusive liability. So there is no question of who's liable. There are no legal proceedings. That's a fact predetermined by legislation. The issue is just in assessing damages, and how much a claim would be.

And the reverse would be true in the event of an incident in the U. S. Obviously, we—

● (0945)

**Mr. Bradley Trost:** My general point is just to stress that we need to do all we can to protect our operators from unnecessary harassment, and these agreements...

How is my time, Mr. St. Amand?

**The Vice-Chair (Mr. Lloyd St. Amand):** You have another minute, Mr. Trost.

**Mr. Bradley Trost:** I'm just wondering if you have any commentary. My understanding is that there has been some modelling done on potential things; it actually gave some reassurance as to what could be paid out. Most of the probable incidents would be relatively small.

Do you have any comments on that as far as some of the modelling that's been done goes?

**Hon. Gary Lunn:** Yes, all of the modelling I've seen—you're correct—shows that this would be more than adequate. There would be very small amounts, if there were—

**Mr. Bradley Trost:** And this has been done both by NRCan and by actually even looking at Three Mile Island in the States and what was paid out in real dollars? That's my understanding as well.

**Hon. Gary Lunn:** Yes, that's correct.

**Mr. Bradley Trost:** So we have a real-life incident, something that actually happened, which this was applied to.

**Hon. Gary Lunn:** Yes, exactly. And this would be the correct amount. You have to strike that balance regarding what we're going to require the operator to carry.

Again, the industry, generally, has been very supportive. They recognized that this had to be done to bring it up to this level of standard, but yes, you're correct in your assumption.

**Mr. Bradley Trost:** Thank you, Mr. Chair.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Trost.

We do have time for a second round, which will involve three questioners. This is the five-minute round, as you will recall.

We'll start with Mr. Boshcoff. On deck are Mr. Ouellet and then Mr. Allen.

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Minister, one of the laws of ecology is that you can't do only one thing. So if we assume that there are no small nuclear accidents, they're either catastrophic or not, which is really the purpose of insurance for catastrophe—we would conclude that it would either be some form of airborne, or at least something international in scope as a distinct possibility, which means that we could have contamination not only of the air but going into the ocean or other land masses.

When we talk about the \$650 million limitation, it's quite possible that the lawsuits may come from people, for instance, in Spain, Portugal, or the United States who feel their fishing entitlements have been jeopardized, or from people who feel that their ability to breathe—Iceland, for instance—and those types of things.... Something like that could occur.

So I'm questioning the \$650 million as a limitation, bearing in mind two factors: one, the size of it, which you have already alluded to, of course; and two, general inflation, which would make us come back to review it.

Would you not build into that some form of standardized changes to account for inflation, history, time, chronological progress, and the impact of what may happen in international scope?

**Hon. Gary Lunn:** First of all, in the very unlikely event of a catastrophe, if this were not an adequate amount, it would come back to Parliament, which is the appropriate vehicle to deal with the excess.

As far as dealing with inflation goes, we actually can increase the amount. That will give us authority to increase the amount by regulation, and it's also subject to a five-year review to ensure that we've got the appropriate amounts going forward. So we do have the ability to ensure that it is adequate five years from now. That way, it can be dealt with.

**Mr. Ken Boshcoff:** In a catastrophic eventuality in any other form of energy production—say, a dam collapsing or a pipeline bursting or a gas pipeline exploding—is the same situation applied to the Canadian citizen or taxpayer, in that the insurable limits have been exhausted? In all these cases, does it come back to Parliament in an essentially similar process, with the assumption that the citizens themselves become liable for this decision-making capability?

• (0950)

**Hon. Gary Lunn:** I've just had a discussion with Sue, and she can correct me if I'm wrong. I'm not aware that they're required to carry insurance.

Obviously most large energy companies do look after their own insurance needs, but I'm not aware that there is an actual requirement for them to carry a certain amount of liability insurance such that in fact the operator is required by law to carry not the full \$650 million, and this comes back to Madame DeBellefeuille's question. I think 50% of it is required to be carried as insurance, and then that other 50% can be self-insured or arrived at through other agreements.

They have to be able to meet \$650 million per incident, but with respect to any other large infrastructure, I'm not aware if they're actually required to carry liability insurance. We would get a more specific answer and get back to you if you'd like.

**Mr. Ken Boshcoff:** I'd appreciate that. Thank you.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Boshcoff.

Mr. Ouellet is next.

[Translation]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Good morning, minister.

Earlier you said that medicine also produced waste. I would simply like to remind you that a CANDU reactor produces 15 bundles of 37 active uranium rods a day when it operates, whereas, in medicine, Cobalt-60 can last 15 or 20 years and the pellets are very small. These types of waste are not comparable.

Minister, you said that the research confirmed that you were absolutely right. Committee members would like you to table the reference documents, the scientific documents and documents containing an evaluation of anticipated claims involving nuclear power stations. I imagine that's how you established the maximum compensation amount at \$650 million. We don't know the logic behind that amount.

[English]

**Hon. Gary Lunn:** Yes, we would be absolutely happy to provide that to the committee. The documentation, the international standards, and how we reached that number—that would be no problem at all.

[Translation]

**Mr. Christian Ouellet:** Minister, as you are aware, no other industry in Canada is responsible for this kind of insurance. You say that nuclear energy is clean energy; so why did you deem it necessary to require nuclear energy companies to bear this kind of responsibility?

[English]

**Hon. Gary Lunn:** What I am saying is that nuclear produces... There are no greenhouse gases; there's no pollution; there are no SOx, VOCs, or particulate matter.

There are issues with the storage of the spent nuclear fuel, but this is to do with the unlikely event of an incident. We believe that the current act is outdated—it was passed in 1970—with an inadequate amount. As a government, we have the responsibility to ensure that it's meeting the standards of today and that we bring it up to international standards. That's exactly what we've done. The standing committee from the Senate has also recommended, I believe, that we do this, so we've had a look at this and we're acting.

[Translation]

**Mr. Christian Ouellet:** And yet some companies manufacture chemicals that can be hazardous, but you require nothing of them.

[English]

**Hon. Gary Lunn:** Virtually all countries that produce nuclear energy have a very similar regime in place. So with respect to the nuclear industry, we're bringing this up to international standards.

[Translation]

**Mr. Christian Ouellet:** Minister, you're forcing nuclear energy companies to insure themselves. Why aren't you forcing insurance companies to issue residential insurance policies covering nuclear accidents?

• (0955)

[English]

**Hon. Gary Lunn:** Again I will only say that these are the international standards. We have a responsibility to ensure that the operator carries a certain amount of insurance. I will add that the operators themselves in the industry are supportive of this legislation. They know there will be an additional cost to bear, but we've worked with them and they are supportive of this legislation.

I can't answer your question. We're not going to be on a completely different regime. This is the most appropriate and correct way to ensure that the correct amount of insurance is there to ensure that in the unlikely event of an incident, an appropriate amount of insurance is being carried.

[Translation]

**Mr. Christian Ouellet:** If I clearly understand what you're saying, nuclear energy companies are happy that you're imposing this on them. Is that because, from one country to another, you want to put them on an equal footing so that they can invest in Canada?

[English]

**Hon. Gary Lunn:** I don't know if they're pleased, but they support the legislation. They recognize it has to be done. The current amount is woefully inadequate.

You ask me why we don't put this on people's household insurance. In fairness, I don't think they should be required to carry the insurance for nuclear operators. They wouldn't be the ones liable if there were an incident. Obviously the nuclear operators that cause the incidents should be carrying the insurance, not the consumers.

I'm not sure if you're asking why we would impose these costs on the operator, why we wouldn't let the consumer pay.

[Translation]

**Mr. Christian Ouellet:** Precisely, minister, you're saying people don't want that.

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Ouellet, the time is over.

Mr. Allen.

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

Minister, thank you very much for being here. With my five minutes I probably won't have a chance to ask Ms. Kirby a thing about the wild Atlantic salmon today.

**Hon. Gary Lunn:** You're welcome to take that up with her.

**Mr. Mike Allen:** I'll defer that for another day.

Having worked with New Brunswick Power, which does have a nuclear facility, I understand the safety and the safety mechanisms in these—a tremendous record.

In 2003, NRCan and the Canadian Nuclear Safety Commission contracted a firm to study the off-site impact of a worst-case scenario using Gentilly-2 and Darlington. What kind of output from that study went into some of the provisions in this bill? Were there any changes in the legislation based on that study?

**Hon. Gary Lunn:** I'll let Sue answer this one.

**Mr. Mike Allen:** I knew I could get her to answer somehow.

**Ms. Sue Kirby (Assistant Deputy Minister, Energy Sector, Department of Natural Resources):** That was indeed one of the factors that went into our recommendation of the \$650-million limit. There was quite a wide range in that study of what the potential impacts might be, even in a worst-case scenario. We took that into account in coming up with the \$650 million.

There were really three key factors that went into that recommendation. One was best international practice, which the minister has already talked about, in terms of \$500 million being the average internationally. Another was the study we asked for from the Canadian Nuclear Safety Commission on worst-cost possibilities in

Canada, which gave us quite a wide range, from \$1 million to \$300 million for worst-case scenarios. Finally was the availability we believe is out there of insurance coverage for the operators.

We took those three factors together and can include them in the material we've promised to the committee. They led us to the recommendation of \$650 million.

**Mr. Mike Allen:** Thank you.

I'll go to my next question. A lot of the debate that was going on in the House before this bill was referred to committee talked about the Paris-Brussels regime and the Vienna convention. If I understood correctly from those debates, Canada is not a part of either of those conventions officially, but we do have a monitoring role.

What I'd like to ask is what have we learned out of that monitoring practice with them that may have gone into this bill? When you look at some of the things that are in here, in the changes, they've talked about things like expanding the coverage, greater flexibility, and all those kinds of things that are part of the bill.

So what did we learn from there that has formed part of this, and has there been any consideration for Canada to become part of that organization officially?

● (1000)

**Hon. Gary Lunn:** Obviously, one is the limitation period. It's obvious that ten years was inadequate. That's why it's being increased to thirty years. You're correct that we have an observer status, so we are engaged with our international partners in sharing best practices in how we move forward on many of these issues.

I don't know if Sue has more to add.

**Ms. Sue Kirby:** I don't know if Dave would.

**Mr. Dave McCauley (Acting Director, Uranium and Radioactive Waste Division, Department of Natural Resources):** Yes, we are an observer. We do have observer status with these conventions, and certainly they have influenced the development of legislation, as the minister indicated, in areas on the definition of nuclear damages and the liability limit. We would be interested in perhaps discussing with Department of Foreign Affairs membership in one of these conventions in the longer term should this bill proceed and enter into force.

**The Vice-Chair (Mr. Lloyd St. Amand):** Would you like to have another minute?

**Mr. Mike Allen:** Just as my last question, then, as we're doing clause-by-clause and as we have witnesses come in as we go through this bill, what I would be hearing from those two things is that we are aligning very well with other jurisdictions and that we shouldn't be surprised at all as we go through this testimony to hear that we would be completely consistent.

**Hon. Gary Lunn:** Absolutely, this is very much to bring us into compliance with international standards with respect to the definitions and to the liability amount. I think you will find that when you hear from other witnesses as well.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Allen.

Minister, I know you're staying for the supplementary estimates review, but if you could direct to the clerk the documents that were requested, specifically Mr. Boshcoff's and Mr. Ouellet's requests, we'll look forward to that.

**Hon. Gary Lunn:** I'll direct all of those through the clerk so that they can be distributed to all members.

**The Vice-Chair (Mr. Lloyd St. Amand):** I draw to the attention of the members of the committee a memo dated November 15 from the clerk, in small type, the subject Bill C-5, particularly the contact information for legislative counsel, Marie-Andrée Roy. If you have amendments to suggest, they should be directed to legislative counsel at one of the contact places indicated in the memorandum from the clerk.

**Hon. Gary Lunn:** Mr. Chair, just before you conclude, if there were further questions—as I understand, it's a technical bill—I would be more than happy to receive those in writing. We'll try to get you answers back as quickly as possible. Or if you wish to have officials back to answer questions of a technical nature to review this bill, we're more than happy to make them available to the committee at any time.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you for that offer, Minister.

I understand that Ms. Kirby and Mr. McCauley will be taking their leave from the table, and someone else will be joining us for our review of the estimates.

Thank you.

In the interest of utilizing the remaining 55 minutes or so of the committee's time, the minister, of course, remains with us and he's accompanied by Mr. Tobin, who is with the Department of Natural Resources, I presume.

Good morning, Mr. Tobin.

Minister, without further ado, if you wish to present to us with respect to the supplementary estimates, we are here and anxious to hear.

•(1005)

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

Again, I'm pleased to have Mr. Tobin here, the ADM at Natural Resources Canada for corporate finance; and I believe we have another ADM here, Phil Jennings, who heads up the major projects management office. So if you have some questions there, he might be able to give us some assistance.

Thank you for giving me the opportunity, and for your understanding and flexibility in accommodating my schedule so that I am able to come in and do these back to back.

Canada's natural resources are vital to Canada's economy. I'm committed to the sustainable development of our resources, which enhance our productivity and our competitiveness. At Natural Resources Canada, I'm working to combine economic opportunity with environmental and social responsibility.

Today I'd like to talk about the measures we are taking in four key areas. First is clean energy and climate change, specifically the development of improved energy technology that contributes to a cleaner, healthier environment by reducing greenhouse gases.

Second is forest sector competitiveness. We are all aware of the challenges this sector is facing. Natural Resources Canada is leading the forest industry's long-term competitive strategy and assisting the forest sector to meet the challenges of today.

Third, I want to touch upon Arctic sovereignty. Through NRCan's land mass and sea bed knowledge, and through the continued studies on the effects of climate change, my department is contributing to the economic and social development of northern Canadians, allowing Canada to better exercise its arctic sovereignty.

Lastly, there are the regulatory issues. The major projects management office will provide a single point of entry into the federal regulatory process for industry, while accounting for aboriginal issues and improving environmental integrity and health and safety concerns.

These four priorities are in keeping with those established in our government's Speech from the Throne and our broader government priorities.

Let me begin with clean energy and climate change. My goal as the Minister of Natural Resources is to help position Canada as a world leader in environmental responsibility through the development and use of natural resources, by increasing energy efficiency, by increasing the production of low emission energy, and by reducing the environmental impacts associated with energy use and production. We are well aware of the ever-increasing demand of energy.

Through my department, the Government of Canada is building on Canada's competitive advantage in the energy sector while embracing environmental and social sustainability. A number of key initiatives have been launched to help Canadians use energy more efficiently by boosting clean energy supplies and developing cleaner energy. Among these are the ecoEnergy initiatives.

The ecoEnergy efficiency initiative covers the cost of retrofitting programs for homes and personal and business use. In addition, the ecoEnergy renewable initiative supports clean power projects, providing incentives for wind, tidal, solar, and other clean projects.

Our government's renewable fuel strategy includes investments in support of the expansion of Canadian production of renewable fuels. Even more exciting is where we're going with the NextGen Biofuels Fund, a \$500 million investment that will be administered through Sustainable Development Technology Canada to fund the next generation of renewable technologies.

My department also works with the energy industry and environmental stakeholders to find safer, cleaner, more efficient methods of developing Canada's energy resources. One of the innovative ideas we are contributing in this endeavour is RETScreen, which is empowering cleaner decisions around the world—and it's pretty cool technology if you ever have an opportunity to see it. It's something for the committee in the future, as we could make officials available to come to give you a demonstration of it. I was quite impressed when I saw it.

RETScreen is the leading software for assessing the viability of renewable energy and energy efficient technology projects. It was developed at NRCan. Some of its partners are NASA and other international ones. It's really leading the world in this type of technology; in fact, some of the states in the U.S. are actually putting RETScreen into their legislation as the standard that has to be achieved. So it's an example of some of the great work that is happening.

Just to give you an idea of the expanse of our involvement in energy technologies to improve the environment, we are helping to create technology road maps for clean energy by transforming Canada's electricity generation infrastructure; developing new combustion technologies to design combustion systems that are CO<sub>2</sub> neutral; and are working to make oil sands commercially feasible and environmentally sound.

Our priority is to address climate change through the reduction of greenhouse gas emissions while ensuring Canada's competitiveness and contributing to our economy and social well-being.

• (1010)

Let me quickly touch on the forest sector.

This sector contributes \$36 billion to our economy. The industry, as we all know, is facing some very enormous challenges, and our government is trying to help them overcome this. We are committed to working with the forest sector through this difficult time. Right now, as you know, we are delivering \$400 million in forestry initiatives. We are investing in research and development to help address breakthrough technologies that will expand traditional product lines and increase competitiveness. The forest industry long-term competitiveness initiative is an excellent example of collaboration with other government departments and the private sector.

One important area we're concentrating on is helping to combat the mountain pine beetle infestation, which is threatening forest communities and the forest industry primarily in the west. The federal mountain pine beetle program is focused on controlling the spread, supporting economic development in hard-hit communities, and protecting forest resources.

We turn to Arctic sovereignty.

We are seeing opportunities for social and economic development emerging across the Arctic. There are new challenges as international interest in the region is growing. As outlined in the Speech from the Throne, a priority of our government is to enhance specific scientific research in the north, and improve our knowledge through mapping and charting. In addition to supporting environmental stewardship, this research will allow Canada to better exercise its Arctic sovereignty and will also contribute to economic and social development for northern Canadians. Migration and adaptation to environment challenges in the natural resource sector need to become integral parts of the decision-making process. Environmental challenges also present opportunities for new technology solutions that through the expertise of Natural Resources Canada will place Canada at the forefront of modern sustainable resource development.

Finally, I'd like to discuss the importance of regulatory issues in meeting the Government of Canada's commitment to a modern, efficient, and effective system that will protect the environment and improve the competitiveness of our industries.

For key sectors of our economy, such as the traditional industries of forestry and mining, our government is delivering concrete results. Given the high commodity prices and the demand for resources, the number of major resource projects has grown by 200% in the last three years alone. The current regulatory system cannot keep up with the demand. That is why our government has placed a high priority on creating a new major projects management office, an initiative that will maintain Canada's world-class environmental standards, while cutting red tape and cutting the time it takes to get regulatory approval in half. It will provide a single point of entry into the federal process for industry and all Canadians. This initiative will improve the competitiveness in Canada's resource industries while providing the capacity needed to uphold our country's world-class environmental standards.

I should also add that as we improve the efficiency, transparency will also improve. Greater access will be provided to all Canadians to actually see where projects are in the regulatory process. I think that's very important as we strive to increase this efficiency.

The priorities I've outlined today are part of our government's commitment to deliver results for Canadians. Safeguarding the environment while protecting Canada's natural resources to the benefit of our country's economy and social well-being is my goal as the Minister of Natural Resources.

Mr. Chair, I'm pleased to take your questions.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Minister.

We will start our first round with Mr. Alghabra.

**Mr. Omar Alghabra:** Thank you, Mr. Chair.

Thank you, Minister.

I want to comment on the discussion or the exchange that you and I had earlier. I want to say that while you did answer two of the questions about the waste and the standardization of technology, you actually, I think, raised more questions in my mind by saying that if we're not really going to....

I mean, most of these agreements are done to standardize and create efficiencies, so if we're not going to commit to taking the waste, which is part of the GNEP, and if we're not going to commit to standardizing technology, it really raises questions about why Canadians need to join this partnership. That's what I'm underscoring by stating that we need to have this debate. We need to have this discussion publicly and openly and transparently, so that we know what is it that we're moving towards.

I want to move on to the questions about the estimates. It was reported recently that Atomic Energy of Canada Limited is going to restructure itself. Was the department or was your office consulted on this restructuring?

•(1015)

**Hon. Gary Lunn:** The first question you raised was with respect to the GNEP. I can just say briefly, that's a principle: we are not going to accept other countries' spent nuclear fuel or nuclear waste. We've stated that very clearly and emphatically, and that's the way it is.

But there are other advantages. Again, we haven't made a decision, but the global nuclear energy partnership was looking at the entire fuel cycle. How do we maximize the energy we extract from the uranium? How do we become a lot better at recycling the fuel? How do we ensure we minimize the non-proliferation issues with respect to the waste? It's important as a country that we all work together on these areas.

These are some of the stated principles of the global nuclear energy partnership. The government has not made a decision. There are five or six countries. But there are clearly some very positive initiatives that the global nuclear energy partnership is undertaking. We participated at the first meeting in Vienna as an observer.

On your second question, with respect to some of the changes at Atomic Energy of Canada Limited, no; in fact these were decisions made by the corporation without consultation with the department. But they are quite common. Through the years at AECL, they've restructured numerous times as they strive to make themselves more efficient. These are internal changes in the reporting structure of the corporation to make their own efficiency as they look at their product

lines. They're all internal in the reporting structure within the corporation itself. These were internal decisions made by AECL without consultation with Natural Resources Canada.

**Mr. Omar Alghabra:** Does the government have any plans to privatize AECL or any segments of AECL?

**Hon. Gary Lunn:** There have been no decisions made with respect to that at all, although we do recognize there's a lot of increased interest in nuclear energy around the world, and we're seeing it here at home. There are a number of provinces that are expressing interest in building new reactors, which we haven't seen in literally decades.

This summer I was in Argentina. I signed an MOU with Argentina to do the initial discussions on a potential CANDU 6 in Argentina. Argentina currently has one CANDU 6 operating that has won international awards as the most efficient nuclear reactor operating anywhere in the world. Their performance has been outstanding. Their safety record has been impeccable.

We can be very proud of the Canadian performance record and the record of the CANDU reactors around the globe, and we are seeing increased activity. We want to ensure that there's a very optimistic future for AECL, and we're quite enthusiastic about that.

**Mr. Omar Alghabra:** I share your pride and Canadians share your pride in AECL. That's why there are questions about what the future plans are for AECL. I'm not necessarily saying one way is bad or the other way is good. What I'm asking and what a lot of people are asking is what are their plans? What are the future plans, and are we going to have a public discussion about the direction in which this government wants to take AECL?

**Hon. Gary Lunn:** What I can tell you today is that the opportunities for AECL are increasing all the time. We have a feasibility study with the Province of New Brunswick for a second CANDU reactor in the province, the ACR-1000. Again, we're seeing increased interest from other provinces for new builds. So the prospects are looking very, very good.

**Mr. Omar Alghabra:** Excuse me if I interrupt you, Minister. I understand that, but I think you're skirting or avoiding my question.

Does the government have any plan to privatize AECL? I know there are good prospects. I know there is a good future. I know we're very proud of its accomplishments, but that's my question.

**Hon. Gary Lunn:** The government has no plans at this time. It has not made any decision with respect to privatizing AECL.

**Mr. Omar Alghabra:** Are there any internal discussions taking place about that issue?

•(1020)

**Hon. Gary Lunn:** I don't think there's any secret that from time to time, over the years, even before my time, when the Liberals were in office, what you have seen is a convergence of the nuclear industry around the globe. A number of the major players have come together and formed partnerships. In fact, AECL has SNC-Lavalin, Hitachi, and GE as partners they're working with as part of Team CANDU.

We do get inquiries from time to time from other people in the nuclear industry—and there's nothing unusual about that—expressing an interest in working with AECL, and some even going further than that. These are outside inquiries that are coming in. As I said, they happened well before we became the government, even though people have also expressed an interest since we've become the government. But we have made absolutely no decision with respect to that, other than we're quite enthusiastic about the opportunities for AECL in the future.

**Mr. Omar Alhabra:** I know, but I want to make a short comment.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Alhabra.

Madame DeBellefeuille.

[*Translation*]

**Mrs. Claude DeBellefeuille:** Thank you, Mr. Vice-Chair.

Minister, the more we promote nuclear energy and the more nuclear facilities there are in the world, the more waste there will be, the more the safety and environment of communities will be put in question and the more tools will be given to countries where there are geopolitical tensions enabling them to use uranium for weapons purposes. That risk does not seem to count in your analysis. You seem completely blinded by the business that can be done in the nuclear field, and you disregard this important part. We can't avoid it or prevent people from debating it.

Some articles say, for example, that Toronto wants stricter standards and that Canadian nuclear reactors are among the biggest emitters of radioactive hydrogen.

There are leaks. You can't say that everything is fine, everything is magical and that we're going to resolve the issue of GHGs with nuclear energy. I think it's unrealistic to think that. It's magical thinking. If you study nuclear energy, you'll see that, from the start of the cycle, that is from extraction—

[*English*]

**The Vice-Chair (Mr. Lloyd St. Amand):** Excuse me, Madame DeBellefeuille—point of order.

[*Translation*]

**Mrs. Claude DeBellefeuille:** Yes, I'm going back to finances. Pardon me, this is an impassioned debate. We'll have other opportunities to cross swords on this question.

I'm going to ask you a question on the budget, concerning the request for supplementary funding from Atomic Energy of Canada Limited, AECL. It is surprising to see that AECL is seeking more supplementary funding than what is in its annual budget. I did a little

searching. Since at least 2003, AECL has been requesting quite significant budgets in each request for additional funding.

Why, minister? Is there a shortage of managers? Did the managers fail their management courses? They're seeking a surplus that goes beyond what's in the Main Estimates. Why aren't they able to plan and put that in the Main Estimates? I'll allow myself to be a bit cynical. Is it because they need money to pay for pages of advertising in *La Presse* and in the national newspapers in order to promote nuclear energy as clean energy?

I would like you to explain to me how these continuing increases are warranted, and I would like you to tell me when this will stop. When will the advanced CANDU reactor be ready to be marketed? How much money will Canadians give to develop this CANDU?

[*English*]

**Hon. Gary Lunn:** Thank you very much.

First, since you raised the issue of promoting nuclear, I just want to emphatically state that it's not my job to promote it at all, and that's not what I'm doing. It's purely the jurisdiction of the provinces to decide on their energy mix. Quebec and British Columbia are blessed with a lot of hydro, and that's where they may choose to get their energy. Other parts of the country may decide to use coal and are investing in clean-coal technologies. Almost 50% of Ontario's energy comes from nuclear. Quebec and New Brunswick also use nuclear.

Our first and foremost responsibility as a federal government is to ensure the safety and security of all Canadians. That's our number one priority with respect to nuclear. Obviously there are other issues that we have to deal with. But as the government responsible for the Canadian Nuclear Safety Commission, the regulator, that's our priority.

When a province makes a decision to build a new nuclear reactor, our job is to ensure that all the processes and resources are in place to go through those approvals and that we do a very thorough job to ensure safety and security.

We have many sources of energy across the country, and it's absolutely 100% provincial jurisdiction. If Quebec decides to build a new nuclear reactor, that's 100% their jurisdiction. We aren't involved in that in any way, shape, or form. Once they make that decision, our job as the regulator is to ensure the process is there to go through the environmental processes and all the correct approvals.

On the financial side—you raised AECL—one of the issues is specifically at our Chalk River research labs. The NRU reactor there produces medical isotopes. There are some health and safety issues there that have been overlooked for some time. They require some funds to meet those regulations, and as a government we have to provide the resources to do that. They've been ignored for a long time and have fallen into a.... Obviously they meet minimum safety standards, but they need to become compliant with other health and safety standards, and we have to address that. So you will see additional funding requests in the supplementary estimates for that.

How much will the taxpayer have to pay? I've emphatically stated that any new reactor to be built must be done on a commercial basis without government assistance. The record of the AECL on the CANDU and recent builds has been very good. We haven't built a new reactor in Canada in 25 to 30 years, but they've recently built two in Qinshan, China. They came in on time and under budget. So the recent record on new builds has been very good, but AECL has to compete with the rest of the competitors. It has to be done on a commercial basis, and we're confident they can do that.

• (1025)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Madame DeBellefeuille.

Ms. Bell.

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

I'd also like to thank the minister for attending today. It's always good to have you here. I'm going to focus my comments somewhat on the estimates, not on the nuclear issue, which I know is an important topic today as well.

I want to thank you for the comments you made at the outset on being committed to sustainable energy. I think a lot of Canadians want to see us go down that road, so that's important and I'm glad to hear it.

I have two areas of questions. The first one is about forests, and I've asked you some questions before on forest issues. In the past you committed \$400 million in the budget to forests, and \$200 million of that was for pine beetle. I'm just following some of the announcements you've made to try to figure out how much of that money has actually been spent. I know there was an announcement of \$44 million for Asia Pacific Gateway, only \$12 million of which was beetle money. That was for rail infrastructure so we can export our natural resources. Then there was another announcement of \$39.6 million, an allocation to protect forest resources for the removal of damaged trees from public parks, and then \$11 million for the Prince George airport.

That's not really a lot when you subtract what was actually spent, because there were only \$12 million and \$1.4 million instead of the \$44 million and the \$39 million.

• (1030)

**Hon. Gary Lunn:** Let me see if I can clarify the numbers for you.

The \$200 million we have allocated has all been fully allocated.

**Ms. Catherine Bell:** But not used.

**Hon. Gary Lunn:** A lot of it has, so you're missing some of the numbers.

Our first priority is mitigation. One of the strong objectives is to try to prevent the pine beetle from spreading into the boreal forest. It's been moving into Alberta now for about two years and that's where it intersects. The lodgepole pine intersects with the jack pine in the boreal forest. These forests intersect in the northeast corner of British Columbia or in the Peace River area of Alberta, in the Hinton area. They're spending a lot of money on mitigation. About \$75 million of the first \$200 million has been committed to mitigation, and \$50 million has already been spent. It's gone to the

Pacific Forestry Centre, to the scientists working on the mountain pine beetle at the Canadian Forest Service. They're working with both the Province of Alberta and the Province of British Columbia. They're telling us their needs on mitigation, and we're funding those needs 100%. They're saying that with a sustained effort of this kind of money for about five years they believe there's a fighting chance to get that under control. About \$75 million is going out on mitigation and other money is going out with respect to the safety of communities, fire mitigation, and fire prevention.

We also have some economic money available. With some of these communities, single-industry towns, we're looking five or ten years down the road. What are these towns going to look like when this timber that's standing gets to the point where it's no longer commercial timber or it can't be harvested? So they're trying to look at other economic opportunities. Some of the best drivers are large-scale transportation infrastructure to.... We're doing some geoscience with respect to natural resources. We're doing geomapping to look for new mineral deposits, which has been very successful, and pine beetle money is going there as well.

The full \$200 million is either going into small community economic development or some larger-scale fire suppression work and mitigation. Mitigation is where the largest expenditures are going, \$75 million of the first \$200 million.

**Ms. Catherine Bell:** Okay.

The second area I wanted to touch on is the eco-energy program. How much was for that?

**Hon. Gary Lunn:** Which one, the efficiency, or the—

**Ms. Catherine Bell:** Basically, the homeowner efficiency ones.

**Hon. Gary Lunn:** That was just \$299 million.

**Ms. Catherine Bell:** I don't know what the uptake on that has been and how many people have used it.

Before you answer my question—because I have a few—I've been getting a lot of mail and calls from people saying they have done the assessments, have purchased maybe a heat pump or would like to do more things, and the return they're getting for a \$13,000 heat pump is only about \$400.



In the press releases and in the material I've seen from your department, it says that homeowners can get up to \$5,000. I don't know if people are being misled on that or what the situation is, but it's disconcerting when they actually try to get the money back or try to access the grant and they're really not getting much of a return. People are saying, "Why should I invest all that if it's really not going to help me?"

The other piece of it is that there used to be a grant for low-income individuals, and that's unavailable now. I've had people who had applied under the previous program—which has now gone and has been changed—and who hadn't been approved but had had their application in. They feel that they probably would have been approved, but then there were the changes. They can no longer afford to do the assessments because they have low incomes, and that's a big problem.

I'm just wondering if there is going to be any kind of review of this program for low-income people, because when they're paying high energy costs, that also eats into their low income. I'm just curious to know if there is any way you can have more investment in that program to help low-income people.

• (1035)

**Hon. Gary Lunn:** We've paid out about 3,000 grants to date. The average grant is about \$1,000.

We have to remember that the principle of the program is to reduce greenhouse gas emissions. The amount of money you receive is not calculated on how much you spend but on how much more efficient your home becomes.

If you had a relatively efficient heating system and then you put in a heat pump, and your neighbour, who had a very inefficient heating system, put in the identical heat pump, your neighbour might get two or three times the amount of your grant, because it's measured on how much more efficient a home becomes.

It depends on your starting point. All of the grants are based purely on.... They come in and tell you right off the bat, "Here's where you are, and if you do this work, here's where you'll get to". And they tell you beforehand how much of a grant you're likely to receive. People aren't making the investments blindly. They know before they do the work the amount of the grant they will receive.

**Ms. Catherine Bell:** I guess the part of—

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Ms. Bell.

Mr. Wallace.

**Mr. Mike Wallace (Burlington, CPC):** Thank you, Mr. Chair.

It's a pleasure to be here today. For the committee's edification, I'm probably the only member of Parliament who has actually worked at a nuclear plant. My sister works at a nuclear plant. My brother-in-law works in a nuclear plant. My father spent his whole career at a nuclear plant. I've also worked on a dairy farm, and I can tell you, Mr. Minister, it's safer to work at a nuclear plant than on a dairy farm.

I appreciate the work you and your department are doing in terms of protection, as my family still lives a 15-minute drive away from Bruce nuclear power stations.

I actually have seen the pool where they store the spent fuel, and it's a beautiful blue colour, by the way, not that I'm pro-nuclear at all

It is a provincial decision—I agree 100%—as to what the mix should be, and I look forward to the province closing some of their coal plants in Ontario and going nuclear. But we'll see what they do with that.

I am here to talk about estimates. I am also on the finance committee, and I've also been around to a number of other committees to talk about estimates because I love to talk about them. What I have are really just technical questions.

My first question is on the National Energy Board. Maybe Mr. Tobin can provide the explanations. They're asking for an increase, and the explanation we have here is "to fund existing demands and forecast increases". To be frank with you, I've seen other amounts that are much larger than \$8 million.

My question is twofold: one, were these forecasts unforeseen at the time the original main estimates were submitted, and two, what are those unforeseen forecasts for which they need the extra \$8 million?

**Hon. Gary Lunn:** I'll let Richard jump in right after I'm finished.

First of all, there is an enormous increase in natural resource projects right across Canada—a very high rate. So we are seeing an enormous demand being placed on the regulator. The regulator, however, is on a cost-recovery model, and NEB does an amazing job. In fact, all the feedback we get from industry and from the non-governmental organizations who make presentations has been very positive about the work they do. It's very thorough. It's very professional. It's very comprehensive.

I don't have the specifics with respect to the \$8 million increase, why that is, but maybe Richard can help us out.

**Dr. Richard Tobin (Assistant Deputy Minister, Department of Natural Resources):** Minister, we're in the same position. The NEB produces their own estimates and we work with them from time to time, but we're not really privy to the exact nature of the additional funding. I certainly concur with the minister that because they cost-recover it from the industry, this is a technical appropriation that largely gets funded by the industry—which I understand has been extremely supportive of the work NEB is doing and is not complaining about the kind of work they do.

• (1040)

**Mr. Mike Wallace:** So this is supplementary estimates A. For supplementaries B, can this committee expect this type of additional cost-recovery piece, or do we have any sense they're trying to cover this off to the end of the year? Do we know?

**Hon. Gary Lunn:** A lot of the money in the supplementary estimates, I understand, was allocated in a previous budget but hadn't gone through the estimates, and that's part of it. So a lot of it is money that had been previously allocated but hadn't been authorized in the estimates, and that's why it's in the supplementary estimates.

I don't have the answer on supplementaries B, but we will provide that to you very shortly in writing.

**Mr. Mike Wallace:** My second question is in follow-up to Ms. Bell's questioning.

Regarding the transfer of the money, it looks like the vast majority of it is going towards the ecoEnergy retrofit for homes. That's in brackets, so that's a deduction. Is it being transferred somewhere else? I don't understand. Is it transferred from one line item to another? Are we spending less than we thought we were going to be? What does that mean?

**Hon. Gary Lunn:** Mine is actually not in brackets, so where are —

**Mr. Mike Wallace:** Mine's in brackets on this page.

**Dr. Richard Tobin:** Which line? Is it under funding to support the clean energy agenda?

**Mr. Mike Wallace:** I have \$5,755,000, and that's what adds up under page 211 of my estimates book.

**Hon. Gary Lunn:** That's on the net transfer. So what's in the brackets there, I see—

**Mr. Mike Wallace:** Yes, so I want to know, is it just an internal transfer?

**Hon. Gary Lunn:** Yes, it is. Usually when it's in brackets—I'm told—it's actually going to another department.

Is that correct?

**Mr. Mike Wallace:** That's what I want to know.

**Dr. Richard Tobin:** Actually, it goes to a technical change. As you know, the ecoEnergy program was present in the main estimates, which you reviewed and passed some time ago. Then it was a question of making all of the names of the programs to conform with the others, so for ecoEnergy homes, there had to be an actual listing. There were moneys already in the budget. This isn't new budget.

That's why we see it once under the first page under vote 10 at \$41,910 000, and in another place, when you're looking for the explanation of funds available, that money would have been already there, renamed as a grant or contribution; therefore, it has to come back again.

**Mr. Mike Wallace:** I have a final question.

**The Vice-Chair (Mr. Lloyd St. Amand):** You have half a minute.

**Mr. Mike Wallace:** Okay, quickly, under Atomic Energy of Canada, there is some money set aside for the development of the advanced CANDU reactor. How far along are we with that?

They're asking for more money. Is that going to speed it up?

**Hon. Gary Lunn:** There's still more money in the development of the ACR-1000. I was told the last time I asked this question that it was somewhere around 60% to 70% complete—the technical design

work, which is ongoing—and the money they're requesting is for the final instalment for the development of the ACR-1000.

**Mr. Mike Wallace:** Thank you very much.

Thank you, Mr. Chair.

**The Vice-Chair (Mr. Lloyd St. Amand):** We have time, but barely, for a second round of five minutes—three questioners—so I will, at the five-minute mark, interrupt the questioner or yourself, Minister, in fairness to everyone.

Before you start, Mr. Tonks, we're attributing this wintery weather to your choice of ties this morning.

**Mr. Alan Tonks (York South—Weston, Lib.):** Thank you, Mr. Chairman. I'm glad there's someone other than Tom Lukiwski who understands the importance of sartorial expression.

In the continuity with our previous discussion with respect to insurance and the industry, in looking at the supplementary estimates, it appears to me there's going to be a transition. We're applying risk assessment and self-funding to the nuclear industry, and you had indicated, Minister, that there would be a transition towards that. In that light, is it required that there be a continuation of the nuclear liability reinsurance account? If we were to look at the estimates, not necessarily in the supplementary estimates, would we see a line item, through that transition, with respect to a continuation of the liability insurance account?

● (1045)

**Hon. Gary Lunn:** I don't believe so, but the experts can probably explain it better there. There is a transition of four years to go from \$75 million up to \$650 million, and in the unlikely event of a nuclear incident, it would come before Parliament for Parliament to decide on how to go forward. In the event of no incident, I don't believe you would see an item in the budget if there is no incident, obviously. If there is an incident, that's something we're going to have to deal with, but I'm not anticipating one.

I do stand to be corrected by Mr. Tobin.

**Mr. Alan Tonks:** I think I'd just put that on the record in terms of it's a systemic.... I had some experience with chlorine in Metropolitan Toronto and self-funding, and we had a very huge difficulty self-funding. We had difficulty going to the industry also, so there was a transitional period when it was a combination of both. I just wondered if it would be the same, and if we could see that in the estimates.

**Hon. Gary Lunn:** Mr. Tobin.

**Dr. Richard Tobin:** Sorry, I'm not able to actually respond completely to that question.

**Hon. Gary Lunn:** We could try to follow up, but I'm not aware of a line item in the estimates specific to the Nuclear Liability Act—the interim transition—if there would be a line item in the budget. I'm not aware of that, but I'll leave it at this: if there is, we will definitely get back to you in writing. If we don't, obviously then there is none.

**Mr. Alan Tonks:** Okay.

There are two items that come out of your response to the report that came from committee on the tar sands, and I'll make it very general. I had noted there was a Canada-Alberta ecoEnergy carbon capture and storage task force, and I noted that your response came out after the budget, but I note also in the supplementary estimates that there's the Canada-Newfoundland agreement. There's the Canada-Nova Scotia offshore.... There are supplementary expenditures, but there is nothing with respect to the carbon capture and that part of your report that indicated there was a joint approach going on with the Province of Alberta. Would we not see it in the supplementary estimates, or would it be in the budget?

**Hon. Gary Lunn:** None of the people sitting in that task force are receiving any type of honorarium or compensation. There is a small amount of expenses for that task force for the secretariat, but I do believe they're funding that from just the general operating expenses from Natural Resources Canada. All the people on this task force are there on a strictly volunteer basis, so there's just a smaller amount of secretary expenses. I'm anticipating we will receive that report by the end of this year, so this task force is for a relatively short period—about six months—and I have been briefed twice by them and they're doing some very impressive work. I am looking forward to the report. I don't believe you'll see any expenses in the estimates specifically related to the carbon capture task force.

**Mr. Alan Tonks:** Do I have time for one last short one?

**The Vice-Chair (Mr. Lloyd St. Amand):** You have 45 seconds.

**Mr. Alan Tonks:** Okay. With respect to the recommendation coming from that report on a further report on the potential toxicity of tailings and water, you indicated you had a strategy that was based on, among other things, improving, measuring, and reporting the results of federal science technology expenditures. The committee would be interested in this, I'm sure. In your supplementary estimates, is there ongoing reporting with respect to how we are dealing with the tailings issue in the tar sands? I don't see anything here. Would it be in your main estimates?

**The Vice-Chair (Mr. Lloyd St. Amand):** Very briefly, Mr. Lunn.

• (1050)

**Hon. Gary Lunn:** I'm not aware of it.

On the tailings in the oil sands, as far as I'm aware the industry is very tightly controlled, and there are inspections. They are required, under very strict regulations, to do the controls. There are inspections by various inspection agencies to make sure they are in compliance. I believe those costs are borne by the industry specifically.

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Ouellet.

[Translation]

**Mr. Christian Ouellet:** Minister, earlier you mentioned that we had tools like RETScreen. I agree with you, but that's been around for at least 15 years. I even think Mr. Mulroney provided a budget of \$300,000 to make RETScreen. However, it seems it's used very little

or not at all. You don't increase budgets for them not to be used and so renewable energies are no longer used. However, the budget for AECL increases by \$108 million. That's a lot of money. Imagine what it would be if you had granted \$108 million to solar energy or geothermal, which only got peanuts. And yet we know that geothermal could replace nuclear energy.

Why are you seeking funds for AECL in the Supplementary Estimates rather than in the Main Estimates?

[English]

**Hon. Gary Lunn:** As I said earlier with respect to ACL, there are some regulatory and safety issues, specifically at the Chalk River laboratories, that have to be dealt with and they haven't been dealt with. I don't disagree that potentially they should have been in the main estimates. I don't agree with your assertion at all. The reality is that they have to be dealt with. These are regulatory issues. I have to deal with them.

I can assure you that I have also expressed my displeasure that they weren't in the main estimates. I have encouraged the folks at ACL that when they're putting in their submissions with respect to the estimates, I expect them in there.

[Translation]

**Mr. Christian Ouellet:** Minister, it's the same thing ever year. Last year, it was \$46 million, and the preceding year, it was \$36 million. Every year, supplementary funding is granted for nuclear energy. However, no funding is ever granted for forms of energy that could replace nuclear energy.

Would you be under the influence of a lobby that is preventing you from granting funding to make RETScreen work?

[English]

**Hon. Gary Lunn:** First of all, I absolutely believe ACL. It has to be self-sufficient. I think there's a great opportunity. There are certain issues that, as the minister, I am forced to deal with. As far as not putting money into other industries, that's absolutely absurd, and false.

On our renewable energy initiative, we put \$1.5 billion into promoting renewable energy: wind, solar, geothermal, biomass, and tidal. We've put \$230 million into technology initiatives. We've put \$2 billion into our biofuels initiative. Of that, \$500 million is going into next generation cellulose. We are making significant investments in all other forms of energy.

The really exciting promise of where this is going, and I get quite enthusiastic about it, is what's being developed on the technology front on things like carbon capture and storage, and on clean coal. They're making some remarkable progress in the technology on this. I believe in the very near future we will go from the laboratories and research to pipe and steel in the ground, where we're going to see full commercial projects with respect to clean coal with full carbon sequestration that will potentially be emission-free. There are some great things happening in all the sectors right across the board. I'm very enthusiastic about that.

Your assertion that we're not investing in other energies is false.

[Translation]

**Mr. Christian Ouellet:** Minister, this year, you're doing 10 net-zero energy healthy home demonstrations. Why didn't you do 2,500 consuming 60% of the usual amount of energy? These are technologies that we know and that were developed here in Canada a number of years ago. You do 10 model demonstrations to show that you're doing something. Why didn't you do 4,000 or 5,000 home demonstrations consuming 60% of usual energy levels?

• (1055)

[English]

**Hon. Gary Lunn:** In fact, that's exactly what we're doing. We've spent, as I said, \$300 million on our ecoEnergy efficiency initiative. We're investing in the research and technologies. We're developing building codes in Natural Resources Canada. It's primarily provincial or municipal jurisdiction, building codes; it's not federal jurisdiction. But they don't necessarily have the resources for the development of these codes, so we're actually developing these—the latest standards in building energy efficiency—within Natural Resources Canada to make these building codes available for the jurisdictions to implement. But it's not our jurisdiction to do that. We recognize what is within our jurisdiction. It's not up to us to walk into Quebec and say “These are your new building codes”. It's not our jurisdiction, but we can develop—

[Translation]

**Mr. Christian Ouellet:** The National Building Code has always been done by Canada.

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Allen.

**Mr. Mike Allen:** Thank you, Mr. Chair.

Mr. Tobin, I have just a couple of questions.

I have a comment on your major projects office. In New Brunswick we have a significant number of new mining opportunities that are coming about in New Brunswick, which is quite exciting. One of the major ones is actually in my riding. What I'd like to know is what do you see as the specific roles and responsibilities of that, and is there an allocation? I didn't notice it.

When do we expect a ramp-up of that major project office to take off, and when will we expect to see these costs in the budget?

**Hon. Gary Lunn:** I'll answer that, and with the indulgence of the chair, perhaps I could invite Phil Jennings to the table. He is the ADM for the MPMO. He could shed some additional light on that.

They are ramping up; they are staffing up. We think this is a great initiative, where we have an opportunity to cut our regular approval times in half. We want to make sure we have it right before we launch it, but some time in early 2008—we don't know exactly whether it will be February, March, or April—we will start accepting projects.

I will just ask Mr. Jennings to expand on this. He's actually been setting up the office, staffing it, and setting up their priorities.

**Mr. Philip Jennings (Director General, Petroleum Resources Branch, Department of Natural Resources):** I should just clarify one thing. The initiative is actually broader than the office itself, so \$150 million was allocated to a number of departments over five years, and actually 85% of that money is to deal with capacity issues. In essence, there has been, as the minister mentioned before, a 200% increase in the number of natural resource projects in the last few years alone, and departments were feeling the pressure in terms of being able to respond to that in terms of maintaining the high environmental standards, in terms of being efficient, in terms of how it does it. So a large part of that is really dealing with the capacity, which would be allocated where it's needed, and obviously if it's needed for mining projects in your riding, then that's where it will be allocated by departments.

The office itself will be located in Natural Resources Canada, and that is essentially \$20 million over five years. That's to deal with what we're actually calling the system issue, which is, at the moment, that each regulatory department discharges its obligations in terms of regulations. CEAA does the environmental assessment, but nobody was tasked with trying to look at how this system was working together, and the office's principal task is essentially trying to make sure that there is coordination among federal departments in terms of how it discharges the obligations. Another part of what the office will be doing is actually increasing transparency so that all stakeholders, including members of the public, can have a better sense of what is required in terms of regulatory approvals—where it is in the system—so that the accountability is much stronger in terms of having an effective and efficient regulatory system.

**Mr. Mike Allen:** I have another really quick question, and this relates to forestry. That also has a big impact in New Brunswick, as you are aware, Mr. Minister.

A lot of the forestry industry is looking at alternative generation sources to do this, and I do recognize the complication of provincial jurisdiction and energy generation. So with respect to the renewable power piece, what has been the take-up and the success in dollars flowing as per these estimates to projects in the energy generation forest sector?

**Hon. Gary Lunn:** On our renewable ecoEnergy initiative, where we have put \$1.5 billion in to put 4,000 megawatts of clean energy into the system...actually the bioenergy within the forestry sector, we made it so that it's eligible. So if a forest company is looking at recovering some of its wood waste or waste and creating bioenergy, then they are eligible for this production incentive.

On the take-up, I don't have the exact number. I'll be happy to get that back to you. In dealing with the Forest Products Association of Canada, they have been a very enthusiastic supporter of this program, and the take-up right across Canada has been very strong by the forest sector. That's one of the ways we've been able to help. We still recognize there are some extraordinary challenges that the forest sector is facing and we're looking at further opportunities

where we can work with the industry to ensure that it can continue providing jobs for Canadians.

● (1100)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Allen.

Thank you again, Minister, for coming. Thanks to your officials.

Mr. Anderson.

**Mr. David Anderson:** I'd like to remind members, in the absence of the chair, that we have witnesses coming on Tuesday to deal with the Nuclear Liability Act. We will be able to bring all of the witnesses set forward by the members, other than one who is stationed in Europe. I thought maybe we should bring that back to the committee to discuss the expenditure that may involve.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thanks, Mr. Anderson.

**Mr. Alan Tonks:** I move adjournment.

**The Vice-Chair (Mr. Lloyd St. Amand):** The meeting is adjourned.

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