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Chair

Mr. Mark Warawa

Standing Committee on Environment and Sustainable Development

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• (1530)

[English]

The Chair (Mr. Mark Warawa (Langley, CPC)): We'll call the meeting to order.

I want to welcome the Commissioner of the Environment and Sustainable Development, under the Office of the Auditor General of Canada, to report to the standing committee.

This is our 34th meeting of the standing committee.

Commissioner, we welcome you and those with you. We look forward to your report and then to questions following your report.

If you would proceed, you have up to 10 minutes. Thank you.

Mr. Scott Vaughan (Commissioner of the Environment and Sustainable Development, Office of the Auditor General of Canada): Mr. Chair, thank you very much, and thank you for having us here.

I'm pleased to appear before the committee to present my spring 2012 report, which was tabled, as you know, in the House of Commons earlier this morning.

With me are Bruce Sloan and Kimberley Leach, as well as Trevor Shaw.

This is my final report under the Kyoto Protocol Implementation Act. The government announced last December its withdrawal from the Kyoto protocol. However, as of today, the act remains in effect, and I'm thus required by law to report on the government's 2011 climate change plan.

[Translation]

We found that the government did not comply with the Kyoto Protocol Implementation Act, primarily because the measures included in the plans will not ensure that Canada meets its Kyoto obligations, which is the purpose of the act.

[English]

Let me now turn to the government's current approach in meeting its target for greenhouse gas emission reductions of 17% by the year 2020.

The government intends to achieve that target through a sector-by-sector regulatory approach to lower greenhouse gas emissions. To date, two federal regulations are in place, with a projected reduction of between 11 million to 13 million tonnes by the end of this decade. Canada will need to reduce its emissions by more than 10 times that amount to meet its 2020 target.

[Translation]

Environment Canada's own forecast shows that in 2020, Canada's emissions will be 7% above the 2005 level, not 17% below it. Given the time it takes to develop, finalize, and implement regulations, and then to actually realize emission reductions, we do not believe that there is enough time to achieve the 2020 target.

We also found that the government's regulatory approach was not supported by an overall implementation plan that, for example, gives a detailed analysis of how different regulations will work together to meet the 2020 target.

[English]

The government said it was withdrawing from the Kyoto protocol because remaining in it would be too costly to the Canadian economy. We therefore expected that the government would have estimated how much it will cost to meet its target and identified the least costly options. We found that this has not yet been done.

Turning to our report on federal contaminated sites and their impacts, we found that the government has made progress in identifying some 22,000 contaminated sites across the country for which it has responsibility and has put in place good systems to classify sites and steps to manage them. To date, the government reports that nearly half the contaminated sites are closed.

We expect that dealing with the remaining 13,000 sites will prove to be a major challenge. The capacity to assess the remaining sites has been reduced, while there is a shortfall of \$500 million to deal with those sites that have already been assessed for possible remediation. Of the billions of dollars available for contaminated sites, the majority of funding is now focused on four large, high-risk sites. It's therefore unclear how the thousands of other sites will be managed.

[Translation]

The government has reported its combined environmental liabilities at \$7.7 billion. Many of these sites are buried and out of the public eye, but they will impose human health risks and environmental and financial burdens for generations to come. The government needs to assess the full impact of all federal contaminated sites on the public purse. It is mid-way through the program, and time for the government to take stock of how it intends to manage and pay for the remaining sites across the country.

This report also offers my perspective on the "jobs versus the environment" debate 20 years since the first Earth Summit in Rio.

[English]

Two decades ago, some feared that controlling pollution or protecting forests would stifle economic growth, cripple productivity, and suffocate innovation. But businesses are finding innovative ways to lower costs while meeting environmental targets.

[Translation]

As more and more businesses are mainstreaming environmental protection, I hope we can learn lessons from the past. Contaminated sites are a testament to poor planning, inadequate environmental assessment, and weak environmental regulations. These sites are an expensive reminder that future generations must live with mistakes we make today.

• (1535)

[English]

In closing, Mr. Chair, this committee may wish to follow up with officials from Environment Canada or other ministries mentioned in this report on specific steps they will be taking to address the issues raised in the chapters tabled today.

Mr. Chair, that concludes my comments. We're happy to take your questions.

Thank you.

The Chair: Thank you, Commissioner.

We'll begin our seven-minute round with Ms. Rempel.

Ms. Michelle Rempel (Calgary Centre-North, CPC): Thank you, Commissioner Vaughan.

It's my understanding that the analysis you conducted regarding GHG emissions was based on a 2009 GHG emissions report. Is this correct?

Mr. Scott Vaughan: Thank you for the question. I'll ask my colleague, Kimberley Leach, to answer it.

Ms. Kimberley Leach (Principal, Office of the Auditor General of Canada): It was in part, but it was mostly based on the *Canada's Emissions Trends* document, which was released by Environment Canada just last July.

Ms. Michelle Rempel: Right, so that's two-year-old data. This report that you've based your analysis on, given that it was based on two-year-old data, would not have taken into account any regulatory plans, as they had not been issued yet. Is that correct?

Ms. Kimberley Leach: No, I'm sorry. The 2009 report you're referring to is Canada's *National Inventory Report*, I believe, and that was just published in April of this year for 2010 data.

Ms. Michelle Rempel: The data period that the report was based on was for what period?

Ms. Kimberley Leach: Our report or...?

Ms. Michelle Rempel: The data that you based the report on.

Ms. Kimberley Leach: Our audit report was based on a number of different pieces of information and primarily on the emissions trends report.

Ms. Michelle Rempel: What was the period that the emissions trends report covered?

Ms. Kimberley Leach: That would have to be directed to Environment Canada. It was partly based on the *National Inventory Report* and Environment Canada's own projections.

Ms. Michelle Rempel: So you can't comment at this time on what the period was for the data you based your report on.

Ms. Kimberley Leach: Actually, I believe I've answered that question. It was the information from 2009 from the *National Inventory Report*, but also from Environment Canada's national emissions trends report.

Ms. Michelle Rempel: So during the period the emissions were measured—which I haven't heard clarification on—our coal-fired regulations, the new regulatory approaches that we're currently working on, were not taken into consideration in that inventory. Is that correct?

Ms. Kimberley Leach: That is because Environment Canada did not include that information.... I'm sorry—for the coal-fired regulations, the information from Environment Canada was included in those projections.

Ms. Michelle Rempel: Okay, but the actual emissions reductions were not included in that because they had not been released yet. Is that correct?

Mr. Scott Vaughan: If I may...? Thank you.

I'll just say two things. We've included the most recent emission trends data, notwithstanding the report that was released in early April on the emissions trends—

Ms. Michelle Rempel: So for that report that was released in early April, you did not base your report on it, yet it showed a national growth of our economy by 3.2% and a stabilization of greenhouse gas emissions. Is that correct?

Mr. Scott Vaughan: First of all, I'll say that I think it's an important report because it shows there's a decoupling between economic growth—

Ms. Michelle Rempel: But your report—

Mr. Scott Vaughan: But it showed an increase. It didn't show a.... It said the economy grew by 3% and the emissions grew by two million tonnes.

Ms. Michelle Rempel: But there was a stabilization in our greenhouse gas emissions growth in that report.

But your report was not based on that report. Is that correct?

Mr. Scott Vaughan: Correct. No. When we go to press, yes.... But the report you're referring to showed a two million tonne increase, which was a lot lower than how much the economy grew.

Ms. Michelle Rempel: That's great.

Mr. Scott Vaughan: Yes.

Ms. Michelle Rempel: So would you then agree—we've been talking about the sector-by-sector regulatory approach—that there is an economic cost or an economic impact to implementing regulations on any economic sector?

Mr. Scott Vaughan: Absolutely, yes.

Ms. Michelle Rempel: Great. Would you agree, then, that it's also prudent to ensure that these economic costs are reviewed accurately prior to implementing any such regulations?

Mr. Scott Vaughan: Yes. It's actually a requirement. It's a requirement of the federal government that, for all regulations proposed, the costs and the benefits are worked out before.

Ms. Michelle Rempel: Several of our regulatory approaches have not been published yet—as you mentioned, the coal-fired regulatory approach, oil and gas, and heavy duty transport. Given that these are market-influencing regulations, it perhaps would not be prudent to publish costs before the regulations have been published. Is that correct?

Mr. Scott Vaughan: Well, that would be a policy decision. What we've said is that right now the overall costs of all the regulations together on the Canadian economy is unknown. Whether it's prudent or not—

Ms. Michelle Rempel: Would you say that—

Mr. Scott Vaughan: —that would be a policy decision.

• (1540)

Ms. Michelle Rempel: Would you say that might be related to the fact that the regulations have not been published yet?

Mr. Scott Vaughan: Well, I can tell you that under *Turning the Corner* for the regulatory framework, there was an overall cost estimation of that entire approach, which represented, as you know, about 85% of the government's projected emission reductions.

For *Turning the Corner*, the government was able to do what the whole package would cost. So what we've said is, what will the whole package cost to 2020? Also, that isn't down to \$500,000; it's down to just giving an overall ballpark on what the cost is.

Ms. Michelle Rempel: As you mentioned earlier, it is a legal requirement to ensure that this economic costing is done, and that's likely done as part of the regulatory process in consultation with the stakeholder groups that are going to be tasked with implementing it, effective.... So then would you agree that it is prudent to issue that costing after the full consultation has been completed and the regulations have been published?

Mr. Scott Vaughan: Prudent or not, as I say, that would be a policy decision. There is a regulatory process. The regulatory process is that—you're quite right—there is a RIAS and it's published. They are published once the consultations are...there's a good idea of what the regulation would look like.

But I think what we've said is, how much will the 2020, in general, cost? Is it going to be less, for example, than the Kyoto period? Is it going to be more than the Kyoto period?

Ms. Michelle Rempel: But that data might be available, perhaps, when the regulations are published.

Mr. Scott Vaughan: They have to be when the regulations are published. Yes, you're quite right.

Ms. Michelle Rempel: Again, just to clarify the earlier statement, the data set that your report was based on was not based on the spring report of greenhouse gas emissions that was published in May.

Mr. Scott Vaughan: No, because by then we have cleared all the report from Environment Canada. It was the most recent data up until, say, the end of March 2012.

Ms. Michelle Rempel: In your report, you talked a little about the reporting requirements under the KPIA. In this and previous audits that you've undertaken with the KPIA, you've indicated that Environment Canada has improved its reporting under the act. Can you give us a sense of the improvements that have resulted from your recommendations and perhaps benchmark that internationally?

Mr. Scott Vaughan: Yes, with pleasure.

I'm just going to say that we've been very clear that Environment Canada has done a better job consistently, year after year, in each of the annual climate change reports. The reports are more robust. They're more detailed. They're more transparent. They're more inclusive.

So across the board, this has been a one-direction improvement in the work that Environment Canada has been doing. We actually gave a highlight of the level of details that Environment Canada has provided in its reports from one year to the next. Going from 2007 to the most recent, it's a noticeable improvement.

The Chair: The time has expired. Thank you so much.

Ms. Leslie, you have seven minutes.

Ms. Megan Leslie (Halifax, NDP): Thank you very much, Mr. Chair.

Thank you to the whole team that's here.

In light of what we heard at the press conference this morning from the environment commissioner and what we heard today in his brief about contaminated sites, I would like to give notice of motion. I have given a copy to translation so that hopefully they can translate along with me while I read it into the record. It states:

That the Standing Committee on Environment and Sustainable Development immediately commence a study regarding the subject matter of the sections of C-38, An Act to implement certain provisions of the budget tabled in Parliament on March 29, 2012 and other measures, which directly fall within the mandate of this Committee, namely Part 3, Division 1, Environmental Assessment, Enactment of the Canadian Environmental Assessment Act, 2012; Part 3, Division 6, Canadian Environmental Assessment Act, 1999; Part 3, Division 7, Species at Risk Act; Part 4, Division 9, Parks Canada Agency Act; Part 4, Division 38, Coasting Trade Act; Part 4, Division 40, National Round Table on the Environment and the Economy Act; Part 4, Division 53, Kyoto Protocol Implementation Act.

That's my notice of motion. We'll distribute bilingual copies as soon as we can.

I'd like to hand over the rest of my time to my colleague, Madam Quach.

The Chair: Madam Quach.

[*Translation*]

Ms. Anne Minh-Thu Quach (Beauharnois—Salaberry, NDP): I would like to thank my colleague Megan.

I would also like to thank the witnesses for joining us today.

Mr. Vaughan, what are your recommendations in terms of the Canadian Environmental Assessment Act? With the recent Bill C-38 and the budget, we feel that the government has weakened the act by slashing the budget of the Canadian Environmental Assessment Agency. Could you tell us what the strengths and weaknesses of the environmental act are?

• (1545)

Mr. Scott Vaughan: Are you referring to Chapter 1 of the Kyoto Protocol Implementation Act?

Ms. Anne Minh-Thu Quach: I would like to know how useful the act is and what your recommendations are.

Mr. Scott Vaughan: For that chapter in the audit, there are no recommendations because it was the last report of our—

Ms. Anne Minh-Thu Quach: I am talking about the Canadian Environmental Assessment Act.

Mr. Scott Vaughan: I am sorry.

We presented that audit before the committee in 2009. We recommended—

[*English*]

Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC): I have a point of order, Mr. Chairman.

The Chair: On a point of order I'll hear Mr. Sopuck.

Mr. Robert Sopuck: The commissioner's report does not deal with the Canadian Environmental Assessment Act, so I think the question is not relevant to what we are discussing today.

The Chair: Madame Quach.

[*Translation*]

Ms. Anne Minh-Thu Quach: I feel that it is very relevant today, given that we are talking about contaminated sites, some of which are being assessed. So we need to know how important the Canadian Environmental Assessment Act is so that we can have all the relevant information about those recommendations.

[*English*]

The Chair: This is the Standing Committee on Environment, and we can be very general in our scoping, but I'm going to rule that we deal with the report that's before us today, and that is the report from the commissioner on his three chapters. We'll provide some latitude, but to ask for the commissioner's comment specifically on the review of CEAA is, I believe, outside the scope of our meeting today.

I'd encourage members to keep—

Ms. Megan Leslie: On a point of order, Mr. Chair—

The Chair: I have made a ruling on the point of order, Ms. Leslie; the decision has been made. The only alternative would be to challenge the decision of the chair.

Is that what you're doing?

Ms. Megan Leslie: I would like to challenge the decision of the chair—although I know what the outcome will be—because, with all due respect, we are the environment committee.

The Chair: That is a dilatory motion, Ms. Leslie, and so there is no debate.

Ms. Megan Leslie: Fair enough; I won't debate it.

The Chair: The decision of the chair has been challenged. I will hand it over to the clerk. The question is, shall the decision of the chair be sustained?

I'm going to ask for a recorded vote from the clerk.

(Ruling of the chair sustained: yeas 6; nays 5)

The Chair: The chair has been sustained in its decision.

Madame Quach, you can continue, and your question should be focusing on the report.

Thank you.

[*Translation*]

Ms. Anne Minh-Thu Quach: Thank you, Mr. Chair. So let me reword my question on contaminated sites.

In your report, you say that there is a shortfall of \$500 million to deal with the sites already assessed. The budget for assessment has been reduced by 60%. What do you recommend in terms of those assessments?

Mr. Scott Vaughan: In terms of contaminated sites, we made two recommendations. First of all, we asked that the government assess all the sites because, as you know, many sites are still open, 13,000 to be precise. We noted that half of them have not been assessed yet. After the assessment, there needs to be an action plan to determine the next stage in dealing with the sites that will remain open. We also noted that there are gaps in management, more specifically in terms of the transparency of information that parliamentarians and the public get. We recommended that measures be taken to improve management levels and to set up steps in the management process so that parliamentarians can analyze the resources and outcome. There is no such system in place right now.

Ms. Anne Minh-Thu Quach: So some information is concealed. You are also saying that the hidden information is detrimental to the Canadian Environmental Assessment Act, which is very, very important. That is quite alarming.

All things considered, how many contaminated sites are in Quebec's major centres?

• (1550)

Mr. Scott Vaughan: In Quebec, there is a total of 2,300 contaminated sites, all categories included. I have the data for Montreal. There are 168 sites or so. Of those, 15 are on the Island of Montreal, which is in the category of higher risk sites.

Ms. Anne Minh-Thu Quach: We are talking about contaminated sites in Montreal, which is a large urban centre. Does that pose risks both to human health and the environment?

Mr. Scott Vaughan: Yes. There are some sites near the Lachine Canal in particular. I believe there are two sites in the Old Port of Montreal and another one on île Bouchard, by the Island of Montreal. There are 15 class 1 sites with contaminants. That is why they are now considered contaminated sites. Not all the sites are the same. Some contain fuels with benzene and other toxic substances.

Ms. Anne Minh-Thu Quach: Thank you.

As for Environment Canada, you talked about three major gaps in terms of accountability. The three gaps had to do with the ways things are being done, financial information for the members of Parliament, and the lack of closure reporting mechanisms. Could you give us more information about those three gaps?

Mr. Scott Vaughan: Yes. I am going to let my colleague Mr. Sloan answer your question.

[English]

Mr. Bruce Sloan (Principal, Sustainable Development Strategies, Audits and Studies, Office of the Auditor General of Canada): Thank you.

There's really no consistent closure mechanism to reporting mechanisms across the departments. So trying to get consistency across all departments is important, because it lets you know whether the various departments are assessing the risks in a consistent manner to facilitate roll-up.

I think the other thing is performance reporting on what has been accomplished—the reasons for closure.

The Chair: Thank you so much. Your time has expired.

Mr. Woodworth, you have seven minutes.

Mr. Stephen Woodworth (Kitchener Centre, CPC): Thank you very much, Mr. Chair, and my thanks to the witnesses.

I'd like to go back over some ground that Ms. Ambler broke to make sure I understood things correctly.

Sorry, it wasn't Ms. Ambler, it was Ms. Rempel. I am a little under the weather. I'm sure Ms. Rempel and Ms. Ambler were both complimented by that confusion.

In particular, I wasn't sure if I heard correctly whether the inventory data that was released in April of this year was or was not reflected in your report.

Mr. Scott Vaughan: It was not.

Mr. Stephen Woodworth: All right

Did I hear correctly that the inventory data that was not reflected in your report dealt with 2010 emissions?

Mr. Scott Vaughan: That's correct. There's a lag between the year and when Environment Canada compiles all the data and releases it. It would be similar to Stats Canada and the Bank of Canada. There's a lag between when it happens and when—

Mr. Stephen Woodworth: Sure. I don't mean that in any critical sense on your part. You have to work with the data you're given. I just want to make sure everyone understands where the data comes from.

I understand that the most recent inventory data included in your report would be from 2009. Is that correct?

Ms. Kimberley Leach: On the *National Inventory Report* information, that's correct.

Mr. Stephen Woodworth: That would explain why on page 51, when I look at the chart that's exhibit 2.7, the last actual emissions mentioned are the 2009 emissions.

Then the July 2011 trends data is reflected in your report.

Ms. Kimberley Leach: That's correct.

Mr. Stephen Woodworth: I'm going to suppose that the July 2011 trends data must be based on emissions data from some earlier period. Is that a correct supposition?

Ms. Kimberley Leach: Yes. We used the most recently available information from Environment Canada on Canada's emission trends. The modelling for that—I'm just reading here from the report itself—was completed in December 2010.

• (1555)

Mr. Stephen Woodworth: So the modelling for the July 2011 trends report was completed in December 2010 and presumably reflects data from no later than December of 2010, and possibly earlier. Is that correct?

Ms. Kimberley Leach: I'd have to look through the report to be sure of that detail. I'm just reading the information here, and the modelling was completed in December 2010.

Mr. Stephen Woodworth: My understanding is that when Environment Canada completes that trend report they only take into account the measures that have in fact been implemented up to the date of the report. Is that a correct assumption?

Ms. Kimberley Leach: We were told during our audit that three regulations were taken into account in the projections. They included the two regulations for the transportation sector—the vehicle regulations and the renewable fuels regulations—as well as the coal-fired plant regulations.

Mr. Stephen Woodworth: Other upcoming regulations were not taken into account in that trend projection.

Ms. Kimberley Leach: That's correct.

Mr. Stephen Woodworth: I was a little surprised at first that Environment Canada's own projection would suggest that we're not going to meet the target. As I understand it, from what you just said, that's because they didn't reflect or take into account those measures that might still be implemented. Is that correct?

Mr. Scott Vaughan: If I may, Mr. Chair, it is complicated. You're quite right. If nothing happened, based on no interventions from the federal government and no interventions from the provincial governments, they would be 178 million tonnes over. The real number, of all these numbers, is 178 million tonnes, and that's where Environment Canada's looking. That's where we're looking. That's where the provinces are looking.

Mr. Stephen Woodworth: With respect, that's still only a projection, not a real number.

Mr. Scott Vaughan: It will move, but that's the ballpark. It gives you some sense of it. It may be 182 million tonnes.

Mr. Stephen Woodworth: Assuming they're serious about other regulations, and assuming they apply sufficient diligence and the optimistic assumptions play out, the number will be less than that, correct?

Mr. Scott Vaughan: I think, Mr. Chair, that absolutely, they are serious. Environment Canada is serious. I respect enormously the work these people are doing. This is difficult. Bringing down greenhouse gas emissions is not easy, and so—

Mr. Stephen Woodworth: It's like trying to catch the wind.

Mr. Scott Vaughan: They are serious. They are moving ahead. I hope I'm wrong in 2020. But we've said, and so have others, that right now, there's not enough there and there's not enough time.

Mr. Stephen Woodworth: In any event, that figure we're looking at of 178 million tonnes is an absolute outside limit. Whatever we can do up to that point will reduce that amount.

Indeed, as I understand it, we had only a two million tonne increase between 2009 and 2010. I think that's what you said.

Mr. Scott Vaughan: That's correct.

Mr. Stephen Woodworth: I couldn't quite do the math quickly enough, but it sounded to me like it was less than 1%. In fact, it was probably an increase of one-third of 1% between 2009 and 2010. Is that more or less correct?

Mr. Scott Vaughan: I think it was even better than that. I think it was 0.25%.

Mr. Stephen Woodworth: That was even though the economy, during the same period, grew by 3.2%. Is that correct?

Mr. Scott Vaughan: That's correct.

Mr. Stephen Woodworth: That ability to hold our emissions down while the economy is growing may indeed be yet another factor that's hard to project into the future, if it's a trend that continues.

Mr. Scott Vaughan: Exactly.

I think one of the things we said was that they were absolutely good first steps on the 2020.

Just to be very clear, there are a whole bunch of things we've said are very positive. But right now, it's unclear what the plans are and what the next steps are. If the economy grows by x amount, which we all hope it will, how do you actually continue to not only get that decoupling but to actually bring in the real reductions? Because the decoupling isn't going to get us there.

Mr. Stephen Woodworth: I guess what I'm saying is that the fact that there was such an excellent ratio from 2009 to 2010 augurs well for Canada as a whole, whether it's the result of particular regulations or the result of voluntary containment efforts or other efforts. It's something that is very difficult to quantify in a projection.

The Chair: Thank you. You can give a very short answer.

Mr. Scott Vaughan: I think that, nevertheless, the goal is to bring it down by 178 million tonnes, and the most recent data shows an increase of two million tonnes. The gap is closing, but the direction isn't going downwards. The direction is still going upwards. That's the real challenge, which of course, the government knows full well as well. It's seized with this.

● (1600)

The Chair: Ms. Duncan, you have seven minutes.

Ms. Kirsty Duncan (Etobicoke North, Lib.): Thank you, Mr. Chair. I thank all of you for coming and for your report.

The National Round Table on the Environment and the Economy has shown that climate change will cost Canadians \$21 billion to \$43 billion annually by 2015. We are talking today about Kyoto and what it means for Canada and internationally.

The most vulnerable countries understand that 2015 is already too late. The 2°C stabilization target will likely be missed. Some developed countries remain insensitive to their predicament. Some islands will likely become submerged, and their hopes for enhanced global support aiding their efforts have continually been disappointed.

I believe that the government needs to demonstrate moral and intergenerational responsibility on climate change.

My question is this. Did the government demonstrate legal responsibility in complying with the Kyoto Protocol Implementation Act?

Mr. Scott Vaughan: What we've said in this report today is that the government did not comply with the act. We've said that there has been improvement in the plans; nevertheless, the plans did not contain everything that was required in the act, particularly the equitable distribution among sectors. That information was not there.

More importantly, if the intent of the act is to show Canada's honouring the commitment of Kyoto, we've said—and the government itself has said—that they missed that by over 800 million tonnes. So the gap is actually enormous between the emissions and the Kyoto target.

Ms. Kirsty Duncan: Thank you.

So they did not meet their legal responsibilities.

Mr. Scott Vaughan: They did not comply. Yes.

Ms. Kirsty Duncan: Thank you.

I think your work today has confirmed what we've known for a long time, namely, that the government is not on track to achieve its 2020 emissions target. The Kyoto Protocol Implementation Act significantly strengthened transparency on federal climate policy. Previously the national round table had been recommending that the act continue until 2020.

Environment Commissioner, you have highlighted the perils of trying to meet a target without a clear plan and clear management structures in place. Instead of amending the act, the government has chosen to eliminate it. I wonder if you could comment on what's going to be there to hold the government to account, and comment on transparency going forward.

Mr. Scott Vaughan: First of all, the decision to repeal the act was a policy decision, and it wouldn't be for me to comment on.

What I would say is that under the Auditor General Act, our office has the mandate and responsibility to audit programs of significant interest to parliamentarians. So there was nothing that would constrain us from looking at future work related to climate change, in terms of progress.

Indeed, the 2020 chapter is not within the Kyoto Protocol Implementation Act, nor are the contaminated sites. We will continue in the future to look at this as one of the important areas of our work and responsibility.

Ms. Kirsty Duncan: That's encouraging to hear. Thank you.

I think page 80 of your report indicates that environment and human health risks remain. For example, I think that there are 827 contaminated sites that are high priority, and there are 2,437 medium-priority active sites. Could you comment on the risk to the environment and the risk to human health, please?

Mr. Scott Vaughan: Yes. I may ask my colleague, Trevor Shaw, to explain it in a little more detail. The classification of those—as you said, over 800 sites—are class 1, which are high priority. They are classified high priority because they are either close to a community, or close to human population, or they pose a risk that, because of a groundwater aquifer or a river, a population may be exposed to contaminants that are dangerous to human health as well as to environmental quality.

The contamination within those ranges are from a whole bunch of different things, and Mr. Shaw could explain.

•(1605)

Mr. Trevor Shaw (Principal, Office of the Auditor General of Canada): Certainly. The risks are both compounded. You can have environmental risks and health risks in combination. Of course, the risks vary depending on the site and location. What we found and reported is that they have a process in place of establishing that, assessing them, and doing the risk rating. When you look at the risk rating—high priority, medium priority—that reflects a compound assessment of those things.

In terms of commenting on the particular types of contaminants, in our report we put out the general information about the types of contaminants in the sites and their relative prevalence. We didn't look at individual sites nor all the ramifications of individual sites.

Ms. Kirsty Duncan: Could you describe one of the mines that is near where humans are living, and could you give us an example of what's there and what the potential risk is?

Mr. Scott Vaughan: I will, because I actually went up to Yellowknife and to Giant Mine. I have to say that the public officials who are working on that site, particularly Aboriginal and Northern Affairs, and Public Works, are really, for me, an example of the dedication of the public service in this country. There are engineers who have been on that site for over 10 years.

The site contains over 200,000 tonnes of arsenic trioxide. It's adjacent to Great Slave Lake, adjacent to the water source for Yellowknife. Because it's unstable—because it's powder—the plan is that it has to be kept contained forever because the permafrost has melted in that area. The plan is to have an underground frozen system that will be operating for centuries and centuries to come.

That would just be one example and one of the four largest sites that are costing over \$600 million to manage.

Ms. Kirsty Duncan: Thank you.

This is not for decades; it's for centuries. Has the permafrost melted because of climate change?

Mr. Scott Vaughan: No. The permafrost melted because of the operations on that site. When they originally decided they were going to store this underground, the plan was that the permafrost would be there. Because of continuous mining operations and underground operations heating the soil underneath and the rock underneath, the permafrost is no longer there. The ground is unstable. The creek is shifting. There are open pits. The open pits are very close to a creek that has spring runoff. The risks in that site are absolutely enormous. The only option that they came up with was to say we have to have this frozen, essentially forever. Forever, for me, is a difficult concept to imagine. Engineers work in timeframes of 100 years. Five hundred years in terms of half-life.

The Chair: Your time has expired, unfortunately.

[*Translation*]

Mr. Choquette, you have five minutes.

Mr. François Choquette (Drummond, NDP): Thank you, Mr. Chair.

I would also like to thank the witnesses for joining us.

I have a great deal to say about your report. First, let me thank you for a job well done. Unfortunately, our withdrawal from the Kyoto Protocol under Bill C-38 is revolting, and you have put it so well in your report. We invested \$9 billion and we don't know what we got out of it. The government said that it wanted to withdraw from Kyoto because it was too costly, but we have no numbers on the actual costs for 2020.

I know that you have read the national inventory. You are being told that the figures in your report are wrong. Does that make you change your mind in terms of your doubting that the 2020 target can be reached? Is there something concrete that is going to make you change your mind?

Mr. Scott Vaughan: No.

As you know, I am going to leave that with Ms. Leach. We have obviously taken great interest in reading the latest report. The report mentions an increase of two million tonnes in greenhouse gas emissions. The conclusion in our report has not changed at all. We said that we doubted that Canada can reach its 2020 target because, so far, there have not been enough measures or enough time. Time is running out for finalizing the regulations and implementing them.

Mr. François Choquette: Mr. Vaughan, it is important to understand that the measures in the recent budget are not sufficient. The year 2020 is fast approaching, as you said. We have only two regulations on transportation. There is nothing for electricity, gas or fuel. So there is a sense of urgency. Why is that not included in the current budget? Shouldn't there have been concrete measures in the current budget on reaching the 2020 target?

•(1610)

Mr. Scott Vaughan: That might be a political decision. What I can say is that, three weeks ago, the government announced a third regulation for transportation, but it is not in place yet. It takes time between announcing and implementing the regulation. Until now, there have been no other regulations for the six other sectors.

Mr. François Choquette: As you well know, the National Round Table on the Environment and the Economy is unfortunately going to disappear, once again as a result of the budget cuts in the recent budget. This has been the only non-partisan organization bringing the environment and the economy together. The organization's report said that costs for climate change adaptation were even higher than the costs for the immediate fight against climate change.

We are withdrawing from the Kyoto Protocol under the pretext that it is going to be too costly. I assume that we are not fulfilling our 2020 commitments under the same pretext. The current changes, including those to the Canadian Environmental Assessment Act, are clearly in favour of the pipelines and more oil, not the fight against climate change. All those changes are going to cost us more in the long run. Are there no figures because we are trying to pass the debt to future generations, as it was done with the contaminated sites?

Mr. Scott Vaughan: I noted in the report that we are leaving serious environmental problems on the hands of future generations. Actually, we are going to pass down thousands of contaminated sites across the country along with the impacts of climate change. It has already been two years since we submitted a report to Parliament on the impacts of climate change, and the government said that those changes entailed economic costs.

Mr. François Choquette: You asked for information on costs. Did Environment Canada honour your request?

Mr. Scott Vaughan: We asked if there was an impact analysis on the Canadian economy, as part of the 2020 plan, but the people from Environment Canada told us that there was no analysis.

Mr. François Choquette: They refused to give you the numbers.

Mr. Scott Vaughan: No, they did not refuse, but the assessment of all the economic impacts has not been carried out yet.

[English]

The Chair: Time has expired.

Mr. Lunney, you have five minutes.

Mr. James Lunney (Nanaimo—Alberni, CPC): Thank you, Mr. Chair. Thank you, Mr. Vaughan and your team, for being with us today.

I wanted to follow up on the discussion about contaminated sites. I think you've acknowledged here in your remarks that we started with about 22,000 contaminated sites, and as I understand it, about 42% of these have already been cleared as of February 2012.

This is a 15-year federal plan to clean up the plants and we're only at the halfway point. That would be my point. We're saying that maybe there are 13,000 sites remaining, and of course, we are concerned about that. But it seems to me that if we've already cleared a substantial number of those, that we are making progress, and therefore, comments about leaving this to future generations fail to

recognize the fact that we've already taken measures in the short time that this plan has been under way to clean up a lot of those sites.

Would you not agree with that?

Mr. Scott Vaughan: I would agree absolutely, sir, that there has been progress. I hope I was very clear. There has been a lot of progress on this file since 2005. A national inventory didn't exist then. The procedures to classify didn't exist. The first steps to actually manage them didn't exist. Those have all been put in place, and 9,000 sites have been closed. Closed doesn't mean cleared, or claimed, or remediated, but they've been assessed and found to pose no immediate risk.

In terms of leaving a legacy, I think the one example from the Giant Mine is something that is going to have to be managed for generations. Faro Mine's the same thing. Port Hope's the same thing. So some of these sites, they weren't generated by the federal government, but because the operators went bankrupt.

This is a legacy that's going to be borne by generations in the future.

•(1615)

Mr. James Lunney: Yes, but I think it's helpful to point out that it isn't a legacy of this particular government. It's a legacy of historic activities that went on over... Do you have any idea when that mine opened in the Northwest Territories?

Mr. Scott Vaughan: It was in the 1940s. That's an important point. The four big projects date from the 1940s, and the 1950s. Gunnar in Saskatchewan is from the 1950s. Maxwell was in the 1960s. Sydney tar sands was a joint fed-prov from the 1960s as well. These really are legacies before federal regulations were in place, which were intended to stop them.

Mr. James Lunney: Yes, so now we're working through a process of looking at new technologies. I think we'd have to agree around this table that technology is actually increasing at a pace unprecedented in human history. Things that were monumental problems are becoming much easier to manage.

A case in point would be many of these...and I raised this in our meeting earlier in camera.

A voice: In camera?

Mr. James Lunney: Oh, I didn't mention that, did I?

Let me say that I had this brainwave.

Okay, the question I wanted to raise was simply about new technologies that actually make it possible to clean up sites where there are hydrocarbons. For example, using biotechnology, micro-organisms that consume hydrocarbons, can actually take a site.... Instead of hauling all that soil out of there, and trucking it, and trying to dispose of it some expensive way through incineration or some other problematic way, we actually have new technologies that are making it much more possible to clean these sites up in situ.

Would you agree with that?

Mr. Trevor Shaw: Yes. We didn't examine those in great detail, but we did pick up information that indicated that there is responsiveness, using new technologies, going forward. You mentioned one there.

I must say, I'm not a scientist or a biological expert. I'm an accountant by training, but when I see these things, it's actually indeed quite encouraging and we do pick up.... Environment Canada is considering these things as they advance the program as well, in fact trying to support the new technologies.

Some of the processes include: *ex situ* soil washing, removal of uranium and radium-226 from leachate using reverse osmosis, and various forms of bioremediation. Bioremediation is a type of clean-up that uses living organisms such as fungi plants and bacteria. That may take a longer time. They are, in fact, themselves more environmentally friendly, and certainly we would encourage the use and support of those as much as possible.

Mr. James Lunney: We're in the middle of a 15-year plan. We are still working our way through that. We want to use the very best technology and new ideas. We are very open to new ideas. We're putting money into science, technology, and research right now, as you would know.

I just want to pick up another point about the FCSAP, the federal contaminated site assessment plan. At the early stages, we are finding about one in two of these assessments, or 53%, technically resulted in the site being found to be contaminated. More recently, it is only about one in five sites. Is that an indicator that we maybe took on the worst sites first? In fact, is it not as bad in terms of numbers and achievability of this plan as it might indicate?

The Chair: Time has expired, so a short answer, please.

Mr. Trevor Shaw: Generally speaking, yes. But in detail, the Environment Canada or the Treasury Board Secretariat might be able to answer that more specifically. Generally that indicates the number of contaminated sites being identified more recently has diminished, but it's still one in five at the present time. How many more are out there is a question.

The Chair: Thank you.

[Translation]

You have five minutes, Mr. Pilon.

Mr. François Pilon (Laval—Les Îles, NDP): Thank you, Mr. Chair.

I would also like to thank the witnesses for their report and honesty.

Given the lack of regulations in a number of areas, as you noted in the report, do you feel that going from 40 environmental agencies to three is a questionable decision?

Mr. Scott Vaughan: In terms of the 2020 plan?

Mr. François Pilon: Yes.

Mr. Scott Vaughan: We noted there have been two regulations to date. The government has announced a third one for the transportation sector, but a lot of work needs to be done by 2020. And there are still no regulations for the six other sectors.

Mr. François Pilon: Earlier you mentioned 15 contaminated sites in the Montreal area. Do you know which ones represent an immediate danger to people's health?

•(1620)

Mr. Scott Vaughan: No. That is probably a question for the officials from Environment Canada and other departments. But I still think that it is important to inform parliamentarians of the existence of those sites and their exact location. You said there were 15 in Montreal. I believe I said that there were two in the Old Port of Montreal and a large one around the Lachine Canal.

However, I don't think they represent an immediate danger. I also feel that, if there was in fact a class 1 site posing risks to people's health and to the quality of the environment, the government would be well aware of those risks and would take the necessary steps to protect the public.

Mr. François Pilon: I hope so.

Do you think it will be necessary to set up an organization to oversee the cleanup of the 13,000 sites across Canada and to make sure that those in charge report on the progress to the public?

Mr. Scott Vaughan: I am going to let Mr. Sloan answer that question.

[English]

Mr. Bruce Sloan: Thank you, Mr. Chair.

The responsibility for the 22,000 sites is spread across most government departments with INAC and the Department of Fisheries and Oceans certainly being the largest. They do some individual reporting department by department, but what's missing is the overall picture. I think that's where our recommendation was saying that if we can get a consolidated picture, it's a much better image for parliamentarians and for the Canadian public to understand where these sites are, what the contaminants are, what the reasons were that they were closed, and what risk mitigation procedures have been taken. It's trying to get greater transparency about the picture as a whole rather than a broad number of subsets.

[Translation]

Mr. François Pilon: The first Earth Summit was held 20 years ago in Rio. In your view, would we have had the same GHG and climate change problems today if the governments had taken action then?

Mr. Scott Vaughan: Let me tell you that the climate change problem has been around for many years. It was one of the main topics at the Rio Earth Summit in 1992. That is when Canada and other countries around the world signed the United Nations Framework Convention on Climate Change.

As to the second part of your question, it has to do with politics. So it is not within the purview of our audit.

Mr. François Pilon: Do you think that the government would be transparent if it were to conduct or to request a study to determine whether the sector-by-sector approach is better for Canadians and whether it makes it easier to comply with the Kyoto Protocol or the new 2020 protocol?

Mr. Scott Vaughan: Once again, it is a political decision. The government has announced a regulatory sector-by-sector approach. That's the government's decision. Our responsibility is to follow up on the plan, to see if it is working well and if there are gaps in terms of management, data, information or allocated funds. The OAG's mandate is to look at all those issues.

Mr. François Pilon: Thank you very much.

[English]

The Chair: We have eight seconds.

Mr. François Pilon: Eight seconds...thank you very much.

The Chair: Thank you, Monsieur Pilon.

Closing out the round is Ms. Rempel. You have five minutes.

Ms. Michelle Rempel: Back to the federal contaminated sites inventory, in the report you mentioned that the government has made progress in managing the federal contaminated sites inventory. Could you briefly outline some of this progress?

Mr. Scott Vaughan: Yes, with pleasure....

To say again, my predecessors have gone back from 10 years ago, and it was really a mess. The government didn't know how many sites there were, or what the risks of those sites were. Some were since 2005 and it's particularly accelerated in recent years.

The government has prepared a national inventory. It has identified 22,000 sites. It put in a system to classify the risks to that site, so you could say if it was a class 1 or not a risk at all.

The government set out 10 steps to manage a site, whether it goes from initial assessment to full remediation to closure. It has closed 9,000 sites. So that's the progress to date and I think it's considerable.

• (1625)

Ms. Michelle Rempel: Good.

We were talking about accountability and you noted in your report that, while you were completing the audit, the FCSAP secretariat of Environment Canada was developing a standard tool to use when closing contaminated sites. Could you explain how this tool will strengthen the management of federal contamination sites and if it was included in your report?

Mr. Scott Vaughan: It was not included because it is not yet completed. I think it was begun, by coincidence or not, while we were doing this audit. I'll ask my colleague, Mr. Sloan, to comment.

Mr. Bruce Sloan: The tool is still being finalized. I think it is an important one to carry out because it will get each department to consider the reasons for closure of the site on a consistent basis. That then allows for a roll-up where apples are apples. People are looking at it in a consistent way, and it gives you a better picture of whether the risks to the economy, health, and environment are coming down or staying the same. It gives an important performance measure of the progress that government makes in carrying out this program.

Ms. Michelle Rempel: Would you think that, if implemented appropriately, this would address some of the recommendations we're finding in your report?

Mr. Scott Vaughan: One of the findings was to have a standardized closure system, and as Mr. Sloan said, it's important that what one ministry determines to be closed, the other ministry

has the same criteria. It is important to be able to say it is being closed for the right reasons. So yes, it is an important tool and when it's completed it will be another development and another positive step forward.

Ms. Michelle Rempel: Your report also states that the estimated financial liability for dealing with federal contaminated sites exceeds the amount of dedicated funding remaining in the federal contaminated sites action plan by about \$500 million. Is this a little bit like comparing apples to oranges—comparing the estimated cost to address all sites in the inventory to the funds remaining for a program that is intended to address the highest risk sites?

Mr. Scott Vaughan: I have two CAs at the table so I'm not going to venture into liability. Let me ask Bruce or Trevor.

Mr. Trevor Shaw: The book liabilities are on 2,200 sites. That's recorded in the public accounts.

We looked at the overall liability estimate and compared it to the funds that remain in the federal contaminated sites action plan itself, or in that program. FCSAP is not intended to cover all sites. When we compare it at a global level there is approximately \$3 billion of liabilities against \$2.5 billion remaining in the FCSAP program budget out to 2020. That left about a \$500 million shortfall, based on liabilities as now measured and on the funds that are available.

What we look for is a consolidated plan about all the sites and how all the sites are going to be addressed. That's kind of the situation going forward.

Ms. Michelle Rempel: As someone married to an actuary, I appreciate that.

According to Treasury Board policy, federal custodian departments would still need to cover the costs of assessment and remediation for sites with their own funds. Would you still characterize this as an unfunded liability if custodial departments have to cover it? How come this Treasury Board policy isn't included in your assessment?

Mr. Trevor Shaw: The balance remaining would have to be found somewhere by individual departments or agencies, that's correct. We didn't go and find out how much you have set aside and how you are going to do all that. What we're looking for is a consolidated plan that would address it. So a composite view of how this is going to be managed, going forward, would give that kind of assurance, if you will, about how the rest will be addressed.

Ms. Michelle Rempel: So you've now completed several reports. Would you say that it's true that this government is the first government that has regulated on greenhouse gas emissions?

Mr. François Choquette: I have a point of order.

The Chair: A point of order. Go ahead.

[Translation]

Mr. François Choquette: I don't think that asking whether it is true that the Conservative government was the first to do so is a question for the commissioner. I don't think it is related to the report.

[English]

The Chair: That's debate.

Carry on, Ms. Rempel.

Ms. Michelle Rempel: Would you say that the present government is the first government to regulate on greenhouse gas emissions?

Mr. Scott Vaughan: What I would say is this. This approach is based on regulations. It's not based on other measures, so yes, this is the first approach I've seen here or elsewhere, including the United States, where the entire approach is based on regulations.

The Chair: Time has expired.

I want to thank Mr. Vaughan and all the witnesses with him.

I think back to 2006, going to the Sydney tar ponds and making the announcement, and I'm happy to report that this reclamation of the Sydney tar ponds is well under way. I think it's in its final stage now. Contaminated sites are something that Canadians want us all to work on, and this is a good functioning committee. I want to thank you for being here.

We're going to suspend and—

● (1630)

Hon. Geoff Regan (Halifax West, Lib.): I have a point of order.

The Chair: A point of order.

Hon. Geoff Regan: I think you'll want to know that the money for that was in the 2005 budget, and it was actually announced in 2005. I guess you re-announced it. Congratulations on that.

The Chair: Well, what I was going to say was this government made that final decision.

Mr. Vaughan, I want to thank you so much.

We're going to suspend and go in camera.

[Proceedings continue in camera]

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