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Chair

Mr. Leon Benoit

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• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. It's good to be at the meeting today with the Minister of Natural Resources, Minister Rickford, and with Bob Hamilton, deputy minister.

We are here today pursuant to Standing Order 81(4) to deal with the main estimates for 2015-16, referred to the committee on Tuesday, February 24, 2015: vote 1 under Atomic Energy of Canada Limited; vote 1 under the Canadian Nuclear Safety Commission; vote 1 under the National Energy Board; votes 1, 5, and 10 under Natural Resources; and vote 1 under Northern Pipeline Agency.

Let's get right to the business before us today. I want to start by welcoming you, Minister, to our committee. Thank you very much for coming again. We do appreciate your making yourself available whenever the committee requests that you come.

You are here today on the estimates. If you would like to make an opening statement go ahead. Then we'll go to questions and comments as we normally do.

Hon. Greg Rickford (Minister of Natural Resources): Thank you, Mr. Chair.

Thank you, colleagues, for this opportunity. It's great to be here again, especially on the heels of our government's balanced budget, economic action plan 2015.

The balanced budget tabled on April 21 reflects our government's commitment to the fiscal discipline that supports job creation, economic growth, and long-term prosperity for Canadians. It also reflects our long-standing position that Canadian families should be able to decide how to spend their hard-earned money, and that's why we're returning more of it to the pockets of every family.

I mention this in the context of the matters related to natural resources because this approach is not shared by all. Obviously, our opposition has been vociferous in advocating for policies that would reverse these tax cuts and raise the price of everything through risky policies like a carbon tax. Let me be clear. This unilateral scheme will require, by necessity, a carbon tax, impose higher prices on everything that Canadians buy, and hurt the Canadian economy and competitiveness. This would be no more obvious than in its impact on the energy sector. That is why you will notice that absent from our economic plan is any mention of a carbon tax.

In terms of a budget overview, let me spend some time talking about what is in economic action plan 2015. As the finance minister

said, our balanced budget is prudent, it's practical, and it sticks to our successful plan for creating and protecting jobs and opportunities for Canadians. This includes important new measures to help families and communities prosper, while ensuring the security of all Canadians, and it delivers timely investments for the natural resource sector that has helped to build this great country.

[Translation]

Members have often heard me talk about Canada's natural resources as key drivers of our economy. There's good reason for that.

Our resource sectors—directly and indirectly—account for almost one fifth of our nominal GDP and more than 1.8 million jobs across the entire country. They generate an average of \$30 billion annually in government revenues—revenues that support important public programs and services, including health care, education and infrastructure.

That is why responsibly developing our natural resources continues to be a central element in our economic action plan for 2015. And that is why our government is proud to continue supporting sustainable growth through targeted measures in the forest, mining, nuclear and oil and gas sectors. We have also made significant investments to strengthen public consultation and environmental protection.

[English]

Let me highlight some specific details of the economic action plan 2015.

For forestry, we will continue to support the transformation of the forest sector by extending the forest innovation program and the expanding market opportunities program.

In mining, we are sustaining Canada's global leadership by renewing the targeted geoscience initiative to develop new and innovative ways of exploring for deeper minerals, unlocking rare earth elements and chromite production, extending the mineral exploration tax credit, and expanding the definition of Canadian exploration expenses to include the costs associated with environmental studies and community consultations.

On the nuclear side, Atomic Energy of Canada Limited will receive the investments it needs to maintain safe and reliable operations at the Chalk River Laboratories.

There is also continued support for LNG, from the accelerated capital cost allowance to a commitment to extend natural gas export licences from 25 to 40 years.

If you're in the business of natural resource development, then you are in the business of environmental performance and aboriginal engagement. That's why budget 2015 includes substantial investments and initiatives to maintain public engagement and improve environmental performance safety. There is funding to enhance the safety of marine transportation in the Arctic and further strengthen marine incident prevention, preparedness, and response in waters south of the 60th parallel. This is consistent with our approach to rail and pipelines.

As well there are some new investments to support effective project approval through the major projects management office initiative, to continue consultations with Canadians on projects assessed under the Canadian Environmental Assessment Act, and to support greater engagement with all Canadians, including aboriginal communities, with a focus on enhanced safety and environmental performance through the National Energy Board.

[*Translation*]

I will now discuss responsible resource development.

All of these measures build on our government's plan for responsible resource development, which is making the review process for major projects more predictable and timely while improving the safety of our offshore, rail, pipelines and nuclear facilities. Our government's message is clear: we are supporting the responsible development of our resources, but no project will proceed unless it is safe. Safe for Canadians and safe for the environment.

Let me now turn to the issue of lower oil prices. Clearly, this has had an impact on the economy in all regions of Canada, on government bottom lines, and on the oil and gas industry's investment plans, at least in the short term. While conditions are challenging today, Canadian crude oil production is expected to keep growing in 2015 and beyond. Canada's oil and gas industry has a long-term perspective and most projects already under construction are expected to move forward. And remember: the long-term outlook for energy is strong.

The International Energy Agency projects that by 2040 the world will need at least a third more energy than is being consumed today. With our extensive oil and gas reserves and our unparalleled expertise, Canada is well positioned to help meet that demand. However, we must build the infrastructure needed to get Canadian energy to global markets to ensure Canada gets the best return for its resources, whatever the market conditions.

• (1535)

[*English*]

This brings me to my department's main estimates. First, it's important to note that the main estimates are a snapshot in time of planned expenditures. Here are the details.

As you will see there are a number of substantial new investments and they include \$22.8 million to renew the investments in the forest industry transformation program, an additional \$19.7 million to

define the outer limits of Canada's continental shelf in the Arctic, and an \$18.4 million increase to manage low-level historical waste through the Port Hope area initiative.

These main estimates also include funding for the seven agencies under my portfolio, which are key partners in supporting our government's natural resources priorities. To ensure the National Energy Board can continue its important work we're providing an additional \$5.6 million to carry out public hearings on major projects such as Energy East.

As announced in budget 2015, \$80 million over five years will be invested beginning this fiscal year for safety and environmental protection as well as greater engagement with Canadians.

In conclusion, Mr. Chair, our balanced budget main estimates demonstrate our government's responsible and targeted approach to realizing the full benefits that our natural wealth provides. As I said when last here, we're committed to developing Canada's resources in a way that's safe and environmentally responsible, and engage all communities, in particular aboriginal communities, in every aspect of development. These are not negotiable, frankly, and we will continue to take action to ensure these goals are met.

Thank you again for this opportunity. I'm happy to take your questions.

The Chair: Thank you, Minister, for your presentation, and thank you again for being here.

I'd like to remind the members that we have the remaining part of an hour with the minister and with Mr. Hamilton, the deputy minister. We'll suspend the meeting and then go to departmental officials for most of the last hour. Then we'll leave a bit of time to go through the votes as we do at the end of the meeting.

Let's get on with it, starting with Ms. Perkins from the government's side.

You have up to seven minutes.

Mrs. Pat Perkins (Whitby—Oshawa, CPC): Thank you, Mr. Chairman, and welcome, Mr. Minister.

As you know this committee has been studying Canada's forest industry for the past few months. Overwhelmingly what we've been hearing is that the industry is no longer in a state of crisis but rather in a process of very strong renewal. In 2013 the industry posted its highest revenues in many years and witnesses have stated that this renewal is in part due to this government's strategic investments in programs.

Would you like to expand on the \$22.8 million that is committed to renew the investments in the forest industry transformation program, which you mentioned in your opening remarks? Witnesses at this committee have in particular pointed to this program as a positive one. To quote James Irving, who thanked the federal government for this program when he was here in February:

It's helped us and other companies innovate, and that's a well-run program that we think Canada is getting good value from. It helped address some of our challenges and improve our competitiveness.

With that in mind, how are you and your department ensuring the investments in the IFIT program support the development and the commercialization of technologies? How many projects have we been funding so far?

• (1540)

Hon. Greg Rickford: Thank you for that question, Mr. Chair.

Obviously this is of particular interest to me, not just as the Minister of Natural Resources but as a member from one of the larger ridings in Canada and across northwestern Ontario, I would submit, with a calibre of timber that can compete with the best around the world.

In the wake of the last recession, in which the forest sector was the first in, and frankly, one of the last out, it's certainly showing signals—"strong" may too strong a word for it—and signs of life. There are parts of it that are doing better than others. If that's the case—and I believe it is—it's because of investments, the acceleration of commercialization, and highly innovative first-in-kind technologies in Canadian forestry industry facilities.

There are two important objectives in IFIT. In terms of technological innovation, there has been a focus on supporting the industry and specific mills in improving and increasing the efficiency of their production and of course the diversification of their product offering. I can say that in northwestern Ontario, particularly in the great Kenora riding, we are seeing one new mill open, two reopened ones, one set to reopen, and one at or near full capacity. In at least a third of these cases, they are coming back with value-added products. The support they're looking for—for example, from FedNor or Industry Canada—is focused on how to produce products more efficiently and with technologies that enable them to do so more effectively.

Current spending by proponents and contributions from other sources indicate that for every dollar the federal government invests from the program, another \$2.60 is leveraged from other sources. We think that's good. We'd like to see it improve. The program has successfully funded more than 14 projects involving nine world-first technologies, with 75% of the projects creating new products or diversifying recipients' product offerings.

I'm a big fan of the success that this program has had. It's a credit to my officials for its implementation, and obviously, based on what I have just said, we have every confidence that it was a smart reinvestment moving forward.

Mrs. Pat Perkins: Thank you.

Another area that we've heard a lot of positive feedback about from witnesses is the government's market diversification strategy. Witnesses have stated that the strategy has helped Canada's wood

product sector increase its exports in rapidly growing economies, particularly in Asia and India. For example, David Lindsay, FPAC president, told the committee that they have seen "a growth of 10% in exports last year", that "forest products are now Canada's largest export to China", and that Canada climbed from about two billion dollars' worth of exports to China in 2009 to where it sits currently, at about \$4.7 billion.

With that in mind, could you expand on the key components of the expanding market opportunities program, which I think is called EMO, and how it's leading to such success?

Hon. Greg Rickford: Thank you for that question.

To go back to your first question, there are two structural challenges for the sector and in that sense two opportunities. I talked earlier about investments in innovation. The other important component is the transformation of the markets for forestry.

We've seen significant—I may understate it by saying significant—growth in the Pacific basin's demand for Canadian forest products. It's my view that while that's very encouraging, there remain parts of Canada.... Again I go back to northwestern Ontario, where we, being somewhat landlocked, are continuing to develop and strengthen our position in markets in the Midwest of the United States and looking at opportunities from the east coast, as our friends in New Brunswick are seeing strong signals that the forest sector is rebounding. In their aggregate, they all point to the pursuit of market diversification for Canada's sustainably produced and high-quality forest products.

This program spending, to the tune of \$1.8 billion since 2007, has significantly improved product demand for the Canadian forest sector overall. I'm pleased to highlight to the committee that budget 2015 confirmed \$30 million over two years to the expanding market opportunities program. I believe strongly this will help Canadian forestry companies develop new markets and market segments for Canada's wood products.

I would say in closing, Mr. Chair, that my efforts in the Pacific basin in particular have been focused on, in the case of South Korea, looking at the free trade agreements and dealing with any residual issues like marking, translation, and capacity around Canada forest products. This is to ensure there are no technical barriers to the robust exercise Canada has made overall in terms of signing on to more than 38 free trade agreements. For the forest sector this has to mean increased demand. We've seen that in significant ways for China and we're very hopeful in Korea. As other agreements become ripe for discussion and advancement, we believe that the forest sector has probably not been for some time in a better overall position in terms of technology and expanding market opportunities to take full advantage of what that presents.

• (1545)

The Chair: Thank you, and thank you, Ms. Perkins.

We go now to Mr. Caron for seven minutes.

[Translation]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you very much, Mr. Chair.

Welcome, Minister.

I'd like to get back to the National Energy Board 2015-2016 report on plans and priorities. On page 20, in the section that discusses energy regulations and subprograms, the implementation of various projects, including Bill C-46, is mentioned. The report discusses various strategic outcomes, programs, the continuous improvement of regulations, transparency and available information. The National Energy Board is going to be given greater responsibility. However, when we look at the evolution of planned expenditures between 2015 and 2018, we see that almost all of the subprograms will see a marked decline in financial and human resources of approximately 15%.

On page 17, where energy regulation is discussed, we see that planned expenditures will drop from \$49.5 to \$39.2 million over three years. The same thing is true of jobs. The number of full-time equivalent positions will go from 335 to 283. The same thing applies to the implementation and monitoring of energy regulations and their application, as well as to energy information programs and internal services.

Almost all of the National Energy Board sectors will see their human and financial resources diminish by approximately 15%, despite the fact that they will be given increased responsibility.

I would like to know how the National Energy Board is going to be able to attain its objectives, given these circumstances.

Hon. Greg Rickford: I do not agree at all that there is a decrease in resources in Budget 2015. In fact, we fully acknowledge that we need to invest more in the National Energy Board.

• (1550)

[English]

I should say that obviously the pipeline safety act, Bill C-46 in particular, addresses the pillars of incident prevention, preparedness, response, liability, and compensation. I am satisfied, following the review by the House of Commons Standing Committee on Natural Resources, that the bill, as it's reported back to the House of Commons, reflects this government's commitment, frankly, to pipeline safety, prevention, preparedness, response, and liability, and that the resources are in place to enable the National Energy Board to sufficiently do its consultations with communities, and in terms of the powers of enforcement, which is another key component

[Translation]

Mr. Guy Caron: Thank you, Minister; since my speaking time is limited, I would like to put the following question to you.

Hon. Greg Rickford: I understand.

Mr. Guy Caron: You said that resources had been increased. And yet on page 17, budgetary financial resources and human resources for the Energy Regulation Program are set out. In the main estimates, the figure of \$49.6 million is cited, but according to planned expenditures, this amount will be decreased by 2017-2018 and will drop to \$39.2 million. That is a cut of almost 21%.

As for human resources in 2015-2016, the figure of 335 full-time equivalent positions will drop to 283 in 2017-2018. I note that the same thing is true for all of the programs and subprograms. The report on plans and priorities lists marked declines over three years.

How can you say that there is going to be an increase in allocated resources, particularly in the case of these programs, which are at the very core of the work of the National Energy Board?

[English]

Hon. Greg Rickford: The budget that followed the main estimates made a commitment for \$80 million over the course of five years. As I said earlier, I'm satisfied that this level of resources committed to the National Energy Board, by all accounts, based on our consultations, obviously appears to be the right figure to satisfy the important arm's-length work that the National Energy Board does. In addition to having fixed timelines, there are plenty of resources there to meet the test of public confidence, and speaking to the budget, the additional resources over the next five years will obviously help us achieve that goal.

[Translation]

Mr. Guy Caron: As Minister of Natural Resources, could you give us some idea of how the additional \$80 million will be allocated? Of course, that is not mentioned anywhere in the report on plans and priorities, but I expect that the government has some idea of where it wants to spend these \$80 million.

[English]

Hon. Greg Rickford: Just so it's clear, funding announced in the budget is going to strengthen the NEB's oversight of Canada's energy transportation infrastructure and will be focused on enhancing its ability to pursue safety and environmental protection.

The additional steps, of course, are going to be needed to support the LNG industry and other natural gas exporters, given that there have been a couple of key policy decisions, in particular to extend the export licences from 25 years to 40 years. Doing that will improve regulatory certainty but will obviously place additional demands on the National Energy Board. This builds on Canada's advantage, in addition to the accelerated capital cost allowance for LNG.

[Translation]

Mr. Guy Caron: Minister, I only have a minute left and I would like to go back to that point. The report on plans and priorities shows declining resources and human resources. You tell us that there is money, but you talk about specific programs, regarding liquified natural gas, among others.

I would like to know whether a part of this \$80 million will be used to offset the planned cut to expenditures and human resources indicated in the report on plans and priorities under energy regulation, information on energy and internal services. We need to be reassured on this.

[English]

Hon. Greg Rickford: Let me move beyond the speculation, with the greatest of respect, and let me inform the committee, as I'm sure it already understands, that approximately 95% of the NEB's funding is from costs recovered from the energy industry. The majority of the funds used for compliance and oversight activities will help ensure the safety and security of energy infrastructure. Part of this funding will also be used to help deploy staff across Canada to engage more closely with local communities and partners such as first responders and municipal governments.

We obviously understand completely the higher profile, and rightly so, and the desire of first nation communities and municipalities to be engaged in energy infrastructure projects that may impact them. The resources are in place to ensure that the National Energy Board has the capacity, including the human resources, to meet existing and new demands over the next five years.

• (1555)

The Chair: Thank you.

[Translation]

Thank you, Mr. Caron.

[English]

Mr. Regan, you have up to seven minutes. Go ahead, please.

Hon. Geoff Regan (Halifax West, Lib.): Thanks, Mr. Chair.

Thank you very much, Minister, and your staff, for appearing here today. By the way congratulations to you and your wife on the birth of your daughter. That's delightful.

Now speaking of matters that are somewhat young in nature, I'm hoping that you won't be sticking your tongue out at us today.

Under the heading "Expenditures by Strategic Outcome and Program", can you tell us what the 2013-14 expenditures were for protection for Canadians and natural resources?

Hon. Greg Rickford: Thank you, Mr. Chair.

Based on the question put by the member, that's an unfortunate opening remark. I hope it was meant in jest. I didn't do that. If he's compelled to raise it, if stretching your face after flubbing the back part of an answer captured by a mischievous reporter is something that he wants to emphasize here at committee, I guess he has that luxury.

Let me talk more pointedly about Natural Resources Canada and the broader questions around things like energy infrastructure and things that—

Hon. Geoff Regan: Mr. Chair, maybe the minister could answer my question.... It was in jest and I'm sorry that I seem to have upset him, but let's turn to the question that I asked because he does have the responsibility to be held accountable here for his actions, for the state of the department, and for the estimates.

The question was this. Can you tell us what the 2013-14 expenditures were for protection for Canadians and natural resources?

Hon. Greg Rickford: Well, thank you. One example that comes to mind would be the enhanced national earthquake monitoring line item. Ensuring the safety and security of Canadians is a top priority. We invested on this point \$11.4 million to upgrade earthquake monitoring equipment with state-of-the-art systems that are faster, more reliable, and more cost-effective. This investment is focused on enhancing Canada's earthquake monitoring capacity and enabling faster alerts for critical infrastructure operators and first responders. By way of example—

Hon. Geoff Regan: That's not what I asked. The answer, of course, is that it was \$65.5—

The Chair: Mr. Regan—

Hon. Geoff Regan: Mr. Chair, my question was far shorter than both of the minister's answers so far. I think I should have the opportunity to pose the question. The fact is the answer is—he had it in front of him—that in 2013-14 the government spent \$65.5 million on protection for Canadians and natural resources. This year it's proposing to spend only \$58.7 million. That's a cut.

Why is the department slashing the funding to protect Canadians by almost \$7 million this year?

The Chair: Mr. Regan, if you would give the minister a chance to answer the question. I agree with you that if you feel that he's given the answer that you've expected and you want to continue—

Hon. Geoff Regan: I don't think he was addressing the question, Mr. Chair, and I only have seven minutes.

The Chair: —in that case you can certainly feel free to gently interrupt, as Monsieur Caron did. But do give the minister some opportunity to answer the question.

Hon. Greg Rickford: It's okay. I'm used to rapid fire from this particular member.

I can tell you there has been no compromise of the safety. I would turn his attention to a piece of legislation recently that appears to have had unanimous support at this point in time around pipeline safety, for example. I just reviewed earthquake monitoring. Pipeline safety legislation, and the resources required to support it, build on a record of 99.999% safety over more than 72,000 kilometres of federally regulated pipeline.

Obviously, what we're focused on first and foremost is safety and it will not be compromised. No resource project or infrastructure project required to support natural resources will be compromised in terms of safety. This would include the resources that cover the entire process of developing resources responsibly from the environmental assessment process itself and the National Energy Board's important work, to compliance for profound safety reasons around marine, rail, and pipelines that give and meet that public confidence test around safety prevention preparedness response and world-class liabilities, based on the polluter pays principle.

•(1600)

Hon. Geoff Regan: Minister, the 2015-16 estimates in total are \$2.2 billion for the department versus \$2.5 billion a year ago, even though you're spending tens of millions extra for things like the Port Hope initiative or mapping the Arctic Ocean. We don't oppose those initiatives, but the point is that you seem to have found this extra cash by gutting the NextGen biofuels fund, with the decrease of \$110 million. You've gutted the clean energy fund, wind power, eco-energy, stakeholder engagement, and outreach. Why are you cutting biofuels, clean energy, or eco-energy?

Hon. Greg Rickford: First of all, we've made unprecedented investments that help create a Canadian biofuels industry through capital and operating incentives for domestic production, regulations for renewable content, and support for construction of first-of-kind next generation biofuel facilities.

You might remember that in 2008 we announced \$1.5 billion over nine years for the eco-energy initiative for the biofuels program to provide incentives for producers of renewable fuels. That, obviously, is set to expire in 2017. To date, I can tell you that this program has contributed more than \$901 million to biofuel producers, 63% of the total contribution funds, in order to encourage domestic production of renewable fuels to meet the demand associated with Environment Canada's regulation. This program is expected to invest almost \$1 billion by 2017.

Declining funding to this program is due to the funding profile for each of the programs as they wind down and obviously projects near completion.

Hon. Geoff Regan: Minister, budget 2015 provides for up to \$72.3 million this fiscal year to AECL to maintain safe operations of the Chalk River labs. Is any of that funding earmarked to have the NRU licensed beyond 2016?

Hon. Greg Rickford: Obviously, we're very proud of the accomplishments of Chalk River in representing Canada's nuclear position the world over. There is a transition taking place at AECL. Funding for this will ensure safe and reliable operations at the Chalk River Laboratories and will include nuclear science and technology and supporting infrastructure.

Obviously, the decommissioning of the NRU still represents an opportunity for medical isotopes to be produced by alternative means, but the ability of the NRU to produce, in particular medical isotopes, on a contingency basis past 2016 is in place. I might add that this has been very well received by experts in the nuclear sector.

Chalk River remains in its aggregate a dynamic and robust place where important nuclear science, technology, and innovation is taking place. We believe that moving forward with a GoCo, which is consistent with our partners at least in the United States and England, will continue to put Canada at or near the top of all of the nuclear science technology.

Hon. Geoff Regan: I think it's a yes. I think that's a yes.

The Chair: Thank you, Minister.

Thank you, Mr. Regan.

We go now to Ms. Crockatt, followed by Mr. Trost, and then a member from the official opposition.

Go ahead, please, Ms. Crockatt, for up to five minutes.

Ms. Joan Crockatt (Calgary Centre, CPC): Thank you.

Thank you very much, Mr. Minister, and thanks for being here today.

I want to say that I particularly appreciated your championship of a balanced budget in 2015. That is something that will help the entire resource sector and Canadians by keeping their taxes low and something that's the number one priority for my constituents in Calgary Centre. I wanted to mention that.

I have to say that maybe "elated" is too much of a strong word, but they are certainly relieved that we have a balanced budget, given that oil prices are now about \$60 a barrel. They also are appreciative of your incisive leadership on both energy and the environment. One of the examples that I had cited to me was the \$80 million that we have announced over five years for environmental protection.

I want to ask you, in light of the \$60 a barrel WTI right now, my constituents are really interested in our being able to take advantage of export opportunities, particularly in the clean LNG sector.

You started to answer the question, but I believe you were cut off across the way, so I would like to hear from you exactly what that tax break looks like, how it could be used, and why, please.

•(1605)

Hon. Greg Rickford: Thank you for that question.

First of all, I don't profess to be an expert on oil prices. For the federal government's purposes, we're more interested in the prudent approach to any potential revenue, in particular from oil over the course of 25 to 40 years, and its average cost, as opposed to the highs and lows. Obviously the current volatility reminds us of a much broader situation of a fragile economic environment the world over, but when it comes to oil prices, the responsible thing is to take an average cost over a longer period of time.

With respect to production, as I said in my opening remarks this continues to increase, both for the United States and for Canada. I would add that Canada in particular is increasing its production and export to Europe. The fuel quality directive obviously took us a step closer to that. Oil sands crude now sits with the light and sweet crudes that Europe currently permits. We're marching towards 5% of the crude oil supply to Italy.

Our transportation of crude oil is obviously going by pipeline, rail, and marine transportation. I think the most important thing we can do right now is to ensure as a matter of public confidence that when it comes to these three important transportation pieces of infrastructure, as they relate to reaching the markets that your constituents are thinking about and want, that safety, prevention, preparedness, response, and world-class liability based on the polluter pays principle are the bedrock of moving forward on any options for export of Canadian crude.

Ms. Joan Crockatt: If I could switch to the mining industry now, in economic action plan 2015, there is a commitment by the government to extend the 15% mineral exploration tax credit for flow-through share investors. I'm wondering if you can tell us exactly what that is and highlight what importance this has to the mining sector.

Hon. Greg Rickford: In the extractive sector, you have oil and gas, and then mining. Within mining, you obviously have the exploration side and the extraction side. I think the key challenges right now are on the exploration side. The focus ought to be—and I believe that budget 2015 strives for that—to extend the mineral exploration tax credit to 15% flow-through to support junior mining companies in raising capital to finance exploration activities. It's been terrifically successful and it needed to be extended.

Another important piece, certainly speaking as the member of Parliament for the great Kenora riding and the interests across northern Ontario, is that outside of some world-class, scale-yielding mines, we also have a number of smaller extractive opportunities that have arisen out of good policy related to exploration. Atikokan and Rainy River come to mind, and there are others. Importantly, what we heard from those stakeholders was to examine the Canadian exploration expenses for tax purposes.

Obviously within the extractive sector as a whole, environmental processes are rightly a more prominent part of the process in obtaining permitting for exploration and for extraction, and community consultations. To that end, the expansion of this definition is focused squarely on exploration activities, and effective this tax year, there will be a full deduction on the costs associated with any environmental processes or community consultation processes required as part of getting a permit to carry on exploration activities.

•(1610)

Ms. Joan Crockatt: Good. Thank you, Minister.

The Chair: Thank you, Ms. Crockatt.

Go ahead, please, Mr. Trost, for up to five minutes.

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

Mr. Minister, I don't think it's a surprise, knowing my previous profession, where my questions are going to go.

For the geo-mapping for energy and minerals program, renewed in August 2013, this year there's been an increase in spending for the program. I wonder if you could give an idea of how the program fits into what the government's doing for its resource development strategy and any details as to why the increase.

Hon. Greg Rickford: Thank you for that question. It builds on the previous responses that I've given in identifying what would be the most responsible and strategic investments for the mining sector at this critical juncture. Obviously, exploration is a key part of this. I mentioned the mineral exploration tax credit and the expanded definition of "exploration", but the conversation around exploration is incomplete without talking about geo-mapping.

I know your background and I've appreciated your insights and counsel in this regard. It's designed to set the stage for long-term investment in what I often call legacy resource development, particularly in Canada's north, to guide the research activities. The geo-mapping program engages extensively with provincial and territorial partners.

There are 14 research activities launched last year alone that were shaped by important consultations, stimulating investment in exploration. The geoscience knowledge produced by geo-mapping for energy and minerals, or GEM, gives northern communities and investors valuable information to make informed decisions about the viability of a site. Frankly, it indicates the best locations to advance the extractive activity, obviously, for the benefit of the market and the speculation that goes on around commodities, particularly in mining, to give investors confidence of the scope, if you will, of a particular resource deposit, and obviously the justification for its mapping, for exploring it further, and in certain instances moving on to the extractive exercise.

Mr. Brad Trost: Following up on that, the 2015 budget proposed \$22 million over five years specifically for the targeted geoscience initiative. Looking specifically at what you've been hearing from stakeholders, from industry, from universities, and from researchers who have been involved in that project, what is the feedback you've been getting in response to that initiative?

Hon. Greg Rickford: The proposition, if you will, the opportunity that they presented and what I think this program addresses, is to explore deeper mineral deposits, and in some cases to understand better the extent or scope of an existing deposit where there may be extraction activity.

What we heard, Mr. Chair, was that the the targeted geoscience initiative 4—its acronym is TGI-4—is helping global competitiveness, but the industry is telling us that the innovative tools and techniques developed by the program have resulted from specific innovations in this more targeted geoscience initiative. So far, I can tell you that 45 TGI-4 innovations have in fact been adopted by industry within their mineral exploration program.

By any standard, it's a great return on an investment and obviously significant advancements in the more targeted exercise of the geoscience initiative.

•(1615)

Mr. Brad Trost: I only have 30 seconds, but to follow up with both of those questions, this is always a tough one, because in mineral exploration there is such a long timeline before you get mines or development. But what are some of the measurable outcomes from what NRCan does with their geology and their geophysics program? It's difficult, but what measurable outcomes can you give us?

Hon. Greg Rickford: We obviously engage in a number of different activities. They range importantly from completions of things like a 597,000-square kilometre regional geophysical survey; publications of bedrock and surficial maps covering more than 490,000 square kilometres; the release of more than 840 open files on the NRCan website resulting in a nearly 40-fold increase in the rate of client downloads; and delivery of more than 800 technical information sessions to representatives from industry, government, and non-governmental organizations.

I can tell that you in 2011-12 alone, GEM results accounted for more than 30% of the presentations given at three major geoscience forums in the north, reaching more than 2,000 key players.

The Chair: Minister, I'm going to have to get you to end your remarks very quickly if you could.

Hon. Greg Rickford: I can stop there, but there are several other examples.

The Chair: Thank you.

We go now to Mr. Rafferty, followed by Ms. Block, and then Ms. Charlton.

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): Thank you, Chair, and thank you, Mr. Hamilton, and Minister Rickford, for being here today.

My first question is in regard to mentions of the Ring of Fire in the estimates. Back in 2013, Minister Clement, likened this project to the Alberta oil sands and estimated there could be up to \$130 billion of wealth tied up in this mining project. Mr. Clement also said that he didn't believe this was an opportunity we could afford to pass by.

It's worth noting that budget 2013 made some very small, almost token if I may say, commitments to the Ring of Fire. Last fall, Lourenco Goncalves, the CEO of Cliffs Natural Resources, commented on the progress of this project. He said, "I don't believe under my watch, and I plan to stay [alive] for the next 50 years...that the Ring of Fire will be developed". He also said, "The Ring of Fire is a remote land with no railroad, no road, nothing", and he added, "Without the infrastructure, there's nothing we can do."

Since then his company, as you know, has abandoned the project and taken a \$264 million writedown as a result.

The Ontario government has put a billion dollars on the table in an effort to get the project going with the proviso of course that the federal government also comes to the table. This mining project is in your riding, Minister, so I'm sure you can highlight exactly what new support there is for the Ring of Fire in these estimates and explain how this new support will help kick-start this \$130-billion project.

Hon. Greg Rickford: I appreciate the honourable member's question.

The remarks from the new president and CEO of Cliffs are highly regrettable. I don't think they reflect their own internal business conditions and ability to actually advance in the Ring of Fire.

That said, the member's question addresses two key elements that structurally pose significant challenges for Ring of Fire development. They are remoteness, and obviously the costs of separation. This member coming from Thunder Bay—Superior North I think

would be particularly interested in the large residual question of how that region is developed. Since the markets are not substantially developed—

• (1620)

Mr. John Rafferty: No. My question, in fact, Minister, is exactly what new support there is for the Ring of Fire in these estimates and explain how it will kick-start this critical development.

The Chair: Mr. Rafferty, could you give the minister a little more time to respond.

Hon. Greg Rickford: Fair enough. I appreciate his persistence in this.

Obviously, the Ring of Fire is identified as a stand-alone opportunity within the Nishnawbe Aski Development Fund operated out of Thunder Bay. I believe the province's political rhetoric was dialled down significantly when they understood this Ring of Fire opportunity the way we do.

This is about regional capacity and access, and Minister Gravelle and I announced what I think the folks in Thunder Bay appreciate. I was just there last week, and I heard loud and clear that for the first time issues of access and opportunities for access actually bring northwestern Ontario into play. Previous proposals for access to the Ring of Fire, the chromite and rare earth elements, had not considered, frankly, northwestern Ontario even though it exists in northwestern Ontario.

Mr. John Rafferty: Excuse me, Minister. Thank you for that. I wonder, though, if you could get right to the question, which is this. Can you highlight exactly what new support there is for the Ring of Fire in these estimates and explain how that support is going to kick-start the project?

Hon. Greg Rickford: Sure.

We are obviously very pleased to see a page in the budget that talked about the Ring of Fire and the second opportunity, if you will, but a barrier for the development of Ring of Fire is technology innovation around separation. The cost—as the member put in his question—of developing chromite and platinum, treasury metals, rare earth elements, in that region is a significant barrier.

This budget announced \$23 million, earmarked specifically for chromite and rare earth elements separation technology innovation. This actually has two specific intentions: first, to reduce the cost of separation of those elements from carbon or iron ore, and second, to do it in a more environmentally friendly manner.

Mr. John Rafferty: Thank you for that, Minister.

As you're aware there are actually six chromite mines in Canada, either operating or proposed. But I'm specifically asking about what new support there is for the Ring of Fire in the estimates. Also, please explain how this support is going to kick-start this project.

Hon. Greg Rickford: The member's question obviously deals, again, with the ability for Ring of Fire to be competitive domestically and with any other chromite production in the world. We know it's the largest deposit, arguably, based on the technology and information data we have. My understanding is that it is somewhere in the realm of a 200-year supply.

The question is how we move forward on the two key barriers and opportunities of remoteness and the costs of separation. In previous budgets we have created opportunity for legacy infrastructure, strategic investments that the province has now come to understand as places where we can deal with the remoteness factor; and obviously, in this budget, to deal specifically with technology innovation around separation. That's identified clearly and explicitly in this budget. For the Ring of Fire, obviously, a particular page in the budget outlines why this investment is important.

Also, I heard that loud and clear in Thunder Bay from experts in the mining sector, who were very enthusiastic about their ability to participate. There are a number of companies in Thunder Bay well positioned to take advantage of this extraordinary investment on the separation costs.

The Chair: Thank you, Minister.

Go ahead, Ms. Block.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

Minister, Deputy Minister, thank you very much for joining us today to speak to the mains. I do want to take this opportunity to thank you both, for your very excellent leadership of this important portfolio, as well as acknowledge the very capable officials in the department who support your work.

I want to talk a little bit about the major projects management office. Last year our committee was briefed on this initiative and learned that it is a horizontal partnership of 12 federal departments and agencies and that it was established in 2007 to improve the regulatory system for major resource projects. Also, we understood that it has resulted in significant improvements in the efficiency of the regulatory review process for major resource projects.

The main estimates show the funding for MPMO of \$81 million over three years sunsetting. In your opening remarks, however, you noted that budget 2015 supports new investment in the MPMO. Is ensuring an effective, accountable, transparent, and timely review process still a priority for the Government of Canada, and can you expand on how this funding would contribute to that?

• (1625)

Hon. Greg Rickford: Sure. Thank you for that question.

Obviously, in answering I have to contain my enthusiasm for the major projects management office and the terrific results, frankly, that it has had. There are myriad examples, but on to the more pointed question around the efforts to improve the regulatory system and the aboriginal consultation associated specifically with it, we are providing \$135 million over five years, starting in this fiscal year, to continue to improve the efficiency and effectiveness of project approvals through the MPMO initiative, our plan for responsible resource development.

MPMO has transformed the approval process for major natural resource projects by shortening the timelines, streamlining reviews, and improving accountability by monitoring and reporting on the performance of federal regulatory departments. More than 35 major mining, hydro, nuclear, and oil and gas projects worth more than \$105 billion have completed the review process since the initiative was established. I think, objectively, that's a terrific result, and this has helped ensure that Canada remains an attractive and competitive place to invest in resource projects.

Mrs. Kelly Block: Thank you.

My second question is this. I know that our responsible resource development plan has truly driven much of the work that I've had the privilege of being involved in over the last year and a half, and that one of the pillars is enhancing aboriginal engagement. I know that the natural resources sector is the largest private employer of first nations in Canada. I know that you're aware of that, and that it is clear that the success of this sector depends on their full participation from environmental safety to the economic benefits of responsible development.

In the main estimates, we make \$3.4 million available for aboriginal participation in west coast energy development, and I do understand that budget 2015 makes further investments in support of aboriginal consultations on resource projects. Can you tell us more about how these funds will be used and how they will further enable first nations to continue to make these very important contributions as full partners?

Hon. Greg Rickford: Sure. Let me just say that, in addition to the resource sector being the largest employer of first nations, in just a little bit here, I'll be sitting down with, I think, the benchmark company that's done this right at every turn, Cameco, working with first nations communities.

MPMO has had tremendous success just in the opening of the office in Vancouver alone. We have focused on coordinating a whole-of-government approach to ensure that consultations are effective, and that they're consistent between projects and responsive to issues and, I would submit respectfully, opportunities.

We have in a number of instances just since last June, been able to address a number of key opportunities. Some would call them issues, but I think we've turned them into opportunities that first nations communities in the Lower Mainland, for example, and in the interior of B.C. have said are long-standing things that should be addressed before they could get down to the nub of some of the other potential opportunities in the energy sector. The MPMO-West office has worked as an effective clearing house to address a number of these—as I say, I'm going to stay positive and call them opportunities—but they do fit into a broader narrative of reconciliation with first nations in being consistent with any and all opportunities in the resource sector, particularly in B.C.

•(1630)

The Chair: Thank you, Minister.

We're going to end with Ms. Charlton.

Ms. Chris Charlton (Hamilton Mountain, NDP): Thank you very much, Chair.

Thank you very much, Minister and Deputy Minister, for being here today. We really appreciate the opportunity to ask a couple of questions.

In the ministry's planning and priorities document, there are repeated references to renewable energy technologies and energy efficiency programs, all of which are geared, or at least in part geared, to decreasing Canada's greenhouse gas emissions. As you can imagine, I fully agree with that goal and, as wouldn't surprise you, would love to see much more on that in the budget.

But when I look at the estimates, the government is cutting the very programs that we need to even begin to take steps to fighting climate change. I'm looking specifically at cuts of \$9.4 million from the clean energy fund, \$5.4 million taken from the wind power production incentive program, and \$7.2 million taken from the eco-energy innovation initiative.

Minister, when I look at that, I guess I want to know what I should take away from those numbers. Are you at a point where you're saying we're done, we don't need to fight climate change anymore, or are you saying that you've actually just given up?

Hon. Greg Rickford: Neither.

Respectfully, as I'd said earlier and I won't repeat my answer, but I will point out that obviously we're expected to invest more than \$1 billion by 2017 just in biofuels. As I mentioned earlier, and it's relevant to some of the programs the member listed, declining funding to the biofuels program and any other programs is due in some part to the funding profile for each of the programs as they wind down and projects near completion.

Obviously in the case of the eco-energy efficiency program, Canada comes from a position of strength, tied with the United Kingdom in energy efficiency improvements among 15 countries. More than \$195 million invested over five years reflects real cost savings in energy efficiency for businesses and consumers to the tune of \$1 billion, but importantly to the member's question, reduces greenhouse gas emissions by some four megatonnes by the year 2016. The current efficiency program is funded until March 31, 2016.

I see she wants to ask another question.

Ms. Chris Charlton: Yes, I would very much like to follow up on that because I don't think there's any doubt that if you look at our comparators across the world, we're laggards in this regard.

There's a real opportunity for us here to engage in some diversification, yet I listen to your answer, I want to take you at your word, but I need you to explain to me specifically how you expect to achieve real emissions reductions when you're gutting the very research and development budget that was supposed to help us achieve that goal.

Hon. Greg Rickford: Respectfully, I don't share the view of the member that these are being gutted or that Canada's position is laggard.

Ms. Chris Charlton: There are \$9.4 million, \$5.4 million, and \$7.2 million in cuts.

Hon. Greg Rickford: I would suggest that importantly, if Canada's place in the world in clean energy technology and innovation is second only to Japan, I'm inclined not to label that as laggard.

As I said earlier, both in the case of biofuels, planned spending for the eco-energy efficiency program and the eco-energy innovation initiative in 2015-16 is \$7.2 million less than in 2014, and this is by design. It reflects the funding needs of the projects being supported for this fiscal year. The program is approaching the final year of its five-year mandate, with most projects expected to be completed by March 31, 2016.

I think that in fairness, the exercise there is to evaluate their effectiveness and policy and strategy around...the return of these programs will be designed based on what's working. So far we have every indication, if we are second only to Japan, particularly in clean energy technology and innovation, that we're coming from a position of strength on this.

Ms. Chris Charlton: But, Minister, you have to agree that if you take green energy, renewables, efficiency, I don't care which program, if you take it seriously, you have to forgive Canadians for being a little doubtful of your commitment when you look at the long-term trend line. You're going from \$253 million in 2015 all the way down to \$137 million projected for 2017. Just about half the budget is going to be cut, and you want us to believe that you're serious about these programs, and that you're serious about ramping up the fight to battle climate change. It stretches credulity when you look at the numbers. I appreciate the rhetoric, but the numbers belie what you're saying.

•(1635)

Hon. Greg Rickford: It's not rhetoric. These programs are set to wind down and significant projects are in place that look out to 2016 and 2017. They're fully supported in the past and present fiscal years and are set to continue through 2016, at least in the case of one or two of the programs mentioned by the member, and in other instances through 2017. So we'll go through the appropriate science and fact-based exercise of ensuring that these important programs put Canada at the top of the list in terms of performance.

I think Canadians appreciate the cost savings, energy efficiency, and contributions made to reduce greenhouse gas emissions. As I said earlier, Canada is in second place as the country most invested in clean energy technology, and we're very proud of that accomplishment.

The Chair: Thank you, Minister, and thank you, Ms. Charlton.

Thank you for your presentation and for your fulsome answers to all the questions that the members asked here today.

We'll suspend the meeting and come back with departmental officials.

By the way, thank you, Mr. Hamilton. We'll see you in the second part of the meeting too.

The meeting is suspended.

•(1635)

(Pause)

•(1635)

The Chair: We resume our meeting on the main estimates for 2015-16 with departmental officials.

We have two officials with us here today. We have the deputy minister, Mr. Hamilton, remaining here for the second part of the meeting. We also have with us Kami Ramcharan, assistant deputy minister and chief financial officer, corporate management and services sector.

Thank you for being here with us again.

We'll go straight to the questions. We are going to continue down the rotation, so we are starting with Mr. Norlock for up to five minutes.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for attending here today.

In my riding is the municipality of Port Hope, and of course this government has committed significant funds over the years to the cleanup of low-level radioactive waste, which was not necessary for health reasons because Health Canada did multiple studies and found that there were no diseases caused by this. What did occur in this community was a lightning rod for the anti-nuclears from all around the world to come here and tell us how to do our job. The good thing is that Natural Resources Canada, under the ministerial leadership since we've taken office....

I wonder if you could give, for the benefit of Canadians and my constituents.... I believe in 2001 a previous government allocated funding for the low-level radioactive cleanup. I forget the exact amount, but it was between \$250 million and \$300 million. My complaint upon election, and several years later, was that all of that money was used for meetings and licensing requirements, and not one teaspoon of soil was moved.

I went and lobbied a previous natural resources minister that we needed additional funding because of the problems that were caused to this community unnecessarily, which caused a very negative economic hardship to the community, so much so that some local businesses were closing down and people were...from the cities because of the negative press, primarily through the Toronto Star—which I refer to as the red star—which said some very uncomplimentary things about the community that were not substantiated by scientific fact.

I wonder if you could let the community know about the \$1.2 billion investment that this government is making to finally, in a world-class way, clean up the low-level radioactive waste.

•(1640)

Mr. Bob Hamilton (Deputy Minister, Department of Natural Resources): I am happy to speak about the Port Hope area initiative.

I can't go back all the way to 2001 with specific numbers, but I will say that it is a project that we are following very closely here at NRCan, and there has been a significant investment of dollars. I am happy to report that in 2015 we are hoping to complete two new state-of-the-art waste water treatment plants in Port Hope for long-term waste management. We think that's a very significant step forward. These are very big projects, and in some cases some things have moved along a bit more slowly than we would like, but we are pleased with the progress that we've had and the signs of good progress coming forward.

In the municipality of Port Hope, radiological surveys of the residential and municipal properties will continue this year, and in Clarington, the Port Granby project construction work is expected to be contracted and initiated in 2015 for that long-term waste management facility.

As you said, this all stems from a \$1.28 billion implementation plan that was started in 2012. As I said, sometimes the planning can take us a bit longer than we thought, but we are quite pleased with the progress that we are seeing now.

Mr. Rick Norlock: Thank you.

We are pleased, in the community, although we always want things to happen a little faster, but things are happening and it's very positive. Just for the folks at home and any constituents who will be reading the blues, this is a world-class cleanup. For communities from around the world that have low-level radioactive waste and are looking at ways to clean it up, this is a.... The rest of the world is looking at this as the way to do it. I thank you for that.

I'll move along to some other very important issues. Canada has the world's longest coastline. We have the second-largest land mass, and some 80 million tonnes of oil is shipped off Canada's east and west coasts. Responsible resource development, of course, is an important part of the government's economic plan to create jobs, growth, and long-term prosperity.

Could you let us know how the government is working to protect Canada's water from ship pollution and to help ensure that marine transportation is done in a safe and efficient way?

The Chair: If you could do that in 30 seconds, I'd appreciate it.

Mr. Bob Hamilton: Sure. Suffice to say in 30 seconds it is an area of interest for us at NRCan, in addition to our colleagues around town in Transport Canada, the coast guard, and others, to try to make sure that where we do have activity related to resource projects it is carried out as safely as possible. In this budget, for example, we announced an additional \$30 million over five years to further enhance marine safety in the Arctic, and that's on the heels of some other actions that were taken previously to try to do further research and to bolster our efforts into all of the areas of prevention, containment, and response.

That is something we are working considerably on. There have been a number of investments over recent years both in terms of practical applications but also in trying to look at the research so that we can understand, if something happens, what the characteristics in the marine water will be and what the best way to clean it up will be, obviously focusing a lot of attention on preventing the incident in the first place.

• (1645)

Mr. Rick Norlock: Thank you.

The Chair: We will go next to Monsieur Caron, followed by Ms. Crockatt, Mr. Trost, another New Democrat, and then Mr. Regan.

Monsieur Caron, you have up to five minutes.

[Translation]

Mr. Guy Caron: Thank you very much, Mr. Chair. I also thank Mr. Hamilton and Ms. Ramcharan.

I would like to go back to the report on plans and priorities of the National Energy Board. I put the question to the minister, but I would like to hear your comments on this. I do not think I got an answer from the minister to the direct question I put to him.

In the various components of the National Energy Board plans and priorities, i.e. energy regulation, information on energy, internal services and others, we see a constant drop between the current expenditures budget and the planned expenditures between now and 2017-2018. That decline varies between 15% and 20%, in general, whether we look at financial resources or human resources.

As of 2012, the National Energy Board has been given increasing responsibilities. That year, there was a major reform in how projects are evaluated. Bill C-46 gives the National Energy Board additional responsibilities, whereas the resources allocated to it seem to be on the decline.

How can we believe that the board will be able to meet its obligations? The minister spoke about an additional \$80 million, but I received no reply to the question regarding whether part of that sum is going to offset the cuts in the report on plans and priorities.

Mr. Bob Hamilton: I will clarify something.

There is a problem with the fact that this report was tabled after the main estimates. There are more funds in the budget but this is not reflected in the report on plans and priorities. I do not have that report in front of me, but clearly it does not include the extra money in the budget.

As the minister said, there is to be an increase of \$80 million over five years and that is in the budget. But money will be used for the

National Energy Board audit and administration systems and for other activities involving community involvement. The problem is due to the dates of the two documents' release. This may have led to some confusion. In fact, the budget attributes funds to the Board, which will allow it to carry out some important activities.

Mr. Guy Caron: I realize it may be difficult for you to answer my question, but the fact remains that before the budget was tabled and the responsibilities added, the government was nevertheless planning to reduce expenditures significantly. Even if a sum of \$80 million will be added, we have no idea how it will be allocated. Will it be attributed to the main activities of the board that I just summarized, or to other things, such as salaries? For the moment, we have no idea and this is a problem for us.

I know that the budget was tabled much later than usual. This does not make the task of parliamentarians easier, those who want to know exactly how the money will be spent. We also have to ensure that there will be accountability on the part of the government in this, as there will not be another opportunity before the next election.

I would also like to ask another question on the famous \$24 million the government spent over two years on a publicity campaign to promote the Keystone XL project in the United States. What budget item was used for that? I would also like to hear the department's answer regarding the report that was done on the effectiveness of that campaign.

Mr. Bob Hamilton: I'm going to ask Kami to answer the second question.

As for the first, I would say that it is important to take certain particular features of the report on plans and priorities into account.

Certain programs known in English as sunset programs or *programmes temporisés*, will expire on a given date, for instance in 2016 or 2018. The document specifies that it is impossible to include more money for those years. We may decide to renew the funds. In the report on plans and priorities, we see that programs that are to expire will not receive any funds. The decision then reverts to the government and to Parliament. That aspect regarding sunset programs is a particular feature of the report on plans and priorities.

• (1650)

Mr. Guy Caron: Before Ms. Ramcharan answers, I would like to ask you to send the committee a list of these sunset programs.

[English]

If they're to sunset, as you said, I'd like to have a list of those programs, because we're looking at a decrease of between 15% and 20%, which is significant. I'd like to know what programs came to an end to lead to this reduction of either the budget or full-time equivalents.

The Chair: If you could, please get that information, but we'll have a very brief answer please, Ms. Ramcharan.

Ms. Kami Ramcharan (Assistant Deputy Minister and Chief Financial Officer, Corporate Management and Services Sector, Department of Natural Resources): The stakeholder and outreach fund was a program that was given to us over two years, in 2013-14 and in 2014-15. What you see in the main estimates would be the reduction of the resources that we didn't have. In 2014-15, we would have actually had about \$17 million that would have been allocated to us for that use in that year, the past year. This year, because the program has sunsetted, we have no funds identified in the main estimates.

Mr. Guy Caron: So the section under which it would have been is information on energy or...?

Ms. Kami Ramcharan: No. It would have been in two places, because the stakeholder fund was a part of the resources that we would have done. There would have been the piece under internal services, and there would have been a piece under market diversification.

The Chair: *Merci, monsieur Caron.*

Ms. Crockatt, you have up to five minutes.

Ms. Joan Crockatt: Thank you to the officials for being here today. It's always nice to hear from you and see the wealth of experience you're bringing to these decisions that you're making all the time.

I wanted to ask you a bit about SDTC, because this is something that I hear about from time to time and I know that there is so much going on below the surface that we MPs are not aware of, much less the public. I'm wondering if you can tell me about it.

I'm really impressed, for example, by just a couple of little things about it that I found out. Steeper Energy Canada in Calgary is going to get \$3 million to transform biomass feedstock that usually goes into a landfill into a renewable alternative to dilute heavy oil. Pure Technologies, which I'm familiar with in my riding, makes those smart balls that run through pipelines and can detect leaks, something like an ECG. It's really very cool technology.

I'm wondering if you can tell us what's included for SDTC in the estimates and what these funds are going to be used for, and if you can just give an overview, as much as you can, to drill down into what SDTC is all about.

Mr. Bob Hamilton: I have to say that since coming to this job, certainly, one of the success stories that's raised with me is SDTC and some of the technologies it has developed. As well, it's a program that's jointly run by NRCan and Environment Canada, and when I was at the environment department, I used to hear about it as well.

To summarize quickly, it's an entity that's set up at arm's length to the government and is going to try to spur some of these technologies in clean energy and other areas to help drive us to the future for the kinds of things we're going to be doing in the future, such as the different energy sources that we might have—you've referred to a couple—and how we could even do existing energy sources in a cleaner, more efficient way. This is an entity that really tries to search out those projects. I think they've had a good success rate. From their tech fund, there's been a significant amount of money that's been given to innovative companies that are trying to

do things differently to find cleaner and more efficient energy production methods.

In the area of biofuels, there was also a significant amount of money put in there. You'll see it in the estimates, though in some cases that industry has been slower to grow and there has been difficulty in allocating money to enough of those projects, so we've seen some reprofiling there. But overall, the tech fund that SDTC has had has really given rise to.... You've raised a couple of the examples, and there are many more across the industry, where they really are spurring innovative technologies. When I go and talk to people either around this country or outside, they really do refer to the good job that SDTC is doing to try to forge the kind of energy future we need.

• (1655)

Ms. Joan Crockatt: May I go a little further with this? I know that \$20.6 million was announced in Alberta alone for eight clean tech projects. Can you cite further examples and give us an idea...? Another one that I was aware of, because I participated in the announcement, was taking carbon and actually turning it into biomass. I think Canadians would be very interested to have some of the knowledge that you have about some of these really exciting projects that SDTC has been engaged in. Do we actually have an extremely fast-growing clean energy market, which I think I read somewhere?

Mr. Bob Hamilton: Yes, probably I'm going to have to give you specific examples. I can submit them to the committee afterwards if we get into the details of some of the specific projects that they fund. I know there's a number of them that we can find through SDTC, but at my fingertips I don't have a lot of them.

It's a significant amount of money, a number of great projects that you've identified of, as I say, different technologies that can be used to produce the energy cleaner and more efficiently and carve.... What I find exciting is that they can be projects that are important for us in Canada. That's fine and it helps us to be more efficient and cleaner, but they're also technologies that we can export around the world. That's a great thing for Canada as well, so I'll commit to the committee to give you a host of examples of good projects that have been funded.

Ms. Joan Crockatt: All right, thank you.

Ms. Ramcharan.

Ms. Kami Ramcharan: Yes, I want to add that since 2013 the tech fund has supported close to 269 projects with over \$684 million allocated by the federal government. It is a significant project and it's unfortunate that we don't have concrete examples to give to you right now, but it has done quite a lot of work over the past number of years.

The Chair: Your time is up.

We go now to Mr. Trost, for up to five minutes.

Mr. Brad Trost: Thank you, Mr. Chair.

I'll follow up with a very similar question, basically the same question I asked the minister. His answer was a good answer but I'm looking for an answer in a slightly different sense.

I asked before about the targeted geoscience initiative and I've asked before about the GEM program, \$22 million over five years etc., the spending. Since I've worked in the field I do understand how difficult this is to evaluate. What I'm trying to figure out is this. How do we figure out our bang for our buck when we do programs like this, the targeted geoscience initiative, thematic programming, when we do mapping? I realize the length of time, believe me. Better than anyone else on this committee, I realize how long it takes to do. I realize why you have to do it as far as infrastructure goes, but when we look at the number and it's \$22 million, we're supposed to consider whether that number should go up, go down, or stay where it is. How does the department figure out that we are getting this much return on investment x number of years in the future? How do they do that?

I mean, the minister quite accurately listed the papers, the geophysical surveys, all the research. I know the industry. PDAC loves the program, etc., but in the end it's not only about what you get out for papers, it's how much exploration money is invested in the country by the private sector, and really long-term down the line, how many mines are produced in the country.

It's very complex. I get that. But is there some way that the department tries to evaluate that from a really long-term perspective and say these \$5 million a year really pay off in multiples because of x , y , and z ?

Mr. Bob Hamilton: Let me take that at a couple of levels. As you said, those two programs.... You can think of them together, one of which is trying to tell us where the deposits are that we don't really know about now, a kind of public science aspect. That's important work that the industry then builds upon and goes out and makes the finds. The second, and the targeted geoscience initiative is one, tries to take existing activities and see if we can go deeper, get more efficiency, get more extraction out of the mine.

You raise the point about how we evaluate these. Take the targeted geoscience for example. When we have a program like that, which sunsets and is due to end, we go through a pretty rigorous evaluation in which we go and talk to the people in the program. We talk to stakeholders and say, "What is this doing for you, what's the result, what's the outcome of this?"

• (1700)

Mr. Brad Trost: Can they quantify that rather than just in a general sense?

Mr. Bob Hamilton: In some cases, yes, but you've certainly said it. It's difficult sometimes to draw the link between the activity you're funding and the concrete outcome at the end. I'll give you a couple of examples in a second where I can. You can't always do that because of the timeframes involved, and as with basic research, there are often a few meanders along the way before you get to the final result, but we do go through as rigorous an exercise as we can to try to find out the outcomes and how the program performed. Should we renew it, should we change it, or should we just keep it the same? That would really be for all of the programs that are sunsetting. If I take the geo-mapping as an example, in addition to what the minister had quoted that are, as you said, examples of surveys, new maps, and data, one of the studies that has been done suggested that—and again I can't claim this to be absolutely rock solid, but it's the best estimate we have—for every \$100 million of investment we put into the

GEM program, it results in upwards of \$500 million in exploration investment.

That's the kind of statistic we have. We're always probing on those to make sure that we are sure they are solid and robust, but that's the kind of thing we look for—how much activity this program actually generated in addition to the other things that, as you mentioned, are positive, but sometimes harder to quantify.

Mr. Brad Trost: I do appreciate that. Following up in that sense as well, how are they sometimes decided, the expenditures between mapping versus new technology development? In the field of geophysics, a lot of the technologies that we have and use came out as sheer coincidence, such as World War II weapons exploration at the University of Toronto and places like that. When the department sits down and says, "We're going to put money in geosciences, mapping versus technology", how is that conversation held as far as, "Hey, we should maybe spend some more money on geophysical research versus mapping"? The 5:1 ratio was very useful, but is there some thinking about what we should do about geoscience technology, particularly for the hard-rock mineral industry?

Mr. Bob Hamilton: I think again it goes back to our evaluations where we talk to the users of the program, other experts who are out there, and ask, "Given what we have in Canada now, and given whatever is the appropriate split between public science and private science, how are we doing, how are people finding the program, do they think it's helpful?" One of the questions on the evaluation would be, "Are you using the information that's coming out of the program?" We use that, in addition to a number of other things, to tell us whether we should enhance this program, take it down, or put more emphasis over on the other side.

It really is a question of our own analytics. We try to figure out where the biggest bang for the buck is, but we also talk to people who know about it on the outside, and the people who use these programs to see if they think we have the balance right. At the end of the day, I don't think there's any precise right answer we can pinpoint, but we use it to guide us as we take policy decisions about where we put each additional dollar. That's really the process that we follow when we try to be as rigorous as we can about it.

The Chair: Thank you.

Thank you, Mr. Trost.

We go now to Ms. Charlton, followed by Mr. Regan, and then Ms. Block, and if there are no other questioners after that, we'll go to the votes on the main estimates.

Go ahead, please.

Ms. Chris Charlton: Thank you very much, Mr. Chair.

I was going to go in a bit of a different direction, but I want to follow up on Ms. Crockatt's comments about SDTC. She was lauding the program, yet, when I look at the estimates, I see a decrease of \$110.8 million and an additional decrease of \$99 million for the biofuels producer incentive program. Noting that money has been taken from SDTC for biofuels, if the next generation biofuels fund wasn't working, why didn't that money get invested somewhere else in another part of the clean-tech sector?

Mr. Bob Hamilton: I think I alluded to that in my comments. In that particular area, the next generation biofuels, we just found that the growth in the sector wasn't fast enough to really support the kinds of projects that needed that money. The money was taken. In a lot of cases, it was given back to the fiscal framework, and then can be reallocated elsewhere, depending on the government's priorities.

Ms. Chris Charlton: But we're not seeing a growth in any other parts of the clean-tech sector in the estimates, right? So that money for the purposes of clean tech anyway is kind of lost.

Mr. Bob Hamilton: The one thing I would say—and it goes to the earlier point we raised—is that when you look at the programs in the clean-tech area—and we talked about energy efficiency and innovation—two things are happening. Those programs have a natural cycle to them. You see them being at one level for a number of years, and then toward the end they typically tail off a bit as they're going to sunset. So we're seeing that, actually, in a couple of those programs.

The second thing is that they're coming to the end of their sunset period. We're going to have to go through an evaluation, and the government will have to decide whether it wants to renew them. We don't know if it's going to be at a higher rate or a lower rate or the same rate.

What you're seeing right now, in this snapshot we have this year, are programs that are in place. They might be reducing spending, but that's the way they were designed so you see a little bit of that.

You also see that in out-years, and this goes to the question that was raised earlier. The funding can just drop off, if you look at the reports on plans and priorities. In fact, it might; they might be totally eliminated. But the more likely scenario is that they are renewed, perhaps in a modified form, at some level—either a bit lower, a bit higher, or the same.

Anyway, I just want to clarify that when we talk about the funding for clean energy programs and what the estimates are telling us, we just have to keep those two things in mind.

On the biofuels, yes, the money was returned to the consolidated revenue fund, and it finds its way into...wherever. It might go into research in one area; it might end up finding its way into the renewal of some of these clean energy programs. We don't have those decisions yet.

• (1705)

Ms. Chris Charlton: That's fair enough, and it's not really a fair question to you. I didn't get a chance to ask that of the minister.

Let me go to the set of questions I wanted to ask you originally, which relates to the new funding for the NEB.

Do you have a sense of what the NEB will be spending that money on? Is it going to be on inspections, or is it going to be on things like advertising and education, enforcement of regulations, or consultations? Internal services at the NEB are cut, but what services are being cut?

Do you have any sense of what's happening at the NEB?

Mr. Bob Hamilton: Yes, but probably not as deep a sense as Peter Watson, who heads it up, who will ultimately be determining precisely where they spend their money. But I know that in the context of the additional money they did receive, it will be for compliance and oversight, activities they can undertake to make sure that the system is safe and secure. I know from talking to Peter that this will be one area of emphasis for him.

Another area of emphasis, probably with less money in proportionate terms, will be engagement with communities and just making sure that people understand what the NEB is doing. He's going across the country right now to try to explain to people and to try to build that dialogue between the NEB and communities about what they're doing. So there will be a small amount of money that will be there for that engagement.

But my sense is that it's really to make the organization stronger to make sure they can do the compliance and the oversight that they're charged with and responsible for. In previous measures there were additional powers they were given for verification and audit, and I know he'll have to make sure he has adequate resources for those as well.

There may be something more that he could provide you in terms of specifically where he'll put the money, but those are the general directions that I'm aware of from the NEB.

Ms. Chris Charlton: I should probably know this, but I'm sorry, I don't. If it's for oversight and compliance, are there strings attached to the money, then, that it has to go to oversight and compliance, or is that what you're hoping it will go to based on conversations and understandings?

I'm sorry, I just don't know the relationship well enough.

Mr. Bob Hamilton: I doubt that there would be any formal strings, but certainly, in constructing a case for the dollars that they would like, they would put their case forward, and those would be some of the things they would have flagged.

Ms. Chris Charlton: But it could go to advertising.

Mr. Bob Hamilton: I don't know if Kami knows. I'm not sure if they would have the flexibility within their powers to redirect it totally in that area. In any event, they regularly publish their documents that say how they spend their money, and they'll have to be accountable for that.

I can check whether there are any specific strings on that, but typically there would be an expectation of what they would spend their money on, and they would be held accountable through the normal reporting processes.

The Chair: Mr. Regan, go ahead.

Hon. Geoff Regan: Thank you, Mr. Chairman.

Thanks very much for being here.

I mentioned earlier that budget 2015 provides up to \$72.3 million this fiscal year to AECL to maintain safe operations at the Chalk River labs. Is any of that funding earmarked to have the NRU licensed beyond 2016?

• (1710)

Mr. Bob Hamilton: I don't believe that any of that money is for...

That's money for 2015-16. It's in our estimates, basically, to allow AECL to keep operating. Whatever moneys they need for operations beyond 2015-16 would be in the future main estimates.

Hon. Geoff Regan: Does the licence expire in 2016? Do you know at what point it expires?

Mr. Bob Hamilton: I believe it's 2016, and they will have to go forward for another licence application to the regulator.

Hon. Geoff Regan: Clearly you would go forward before the expiry of the licence.

Mr. Bob Hamilton: Yes.

Hon. Geoff Regan: But there's no funding before April 1, 2016 to do that, it would appear.

Mr. Bob Hamilton: If the question you're asking is whether they would have funding to be able to go forward and apply for the licence, sure. If you're talking about the funding to operate AECL in 2016-17 and beyond, that would not be captured.

Hon. Geoff Regan: I was asking about the licensing process, and there is a cost to that obviously.

The main estimates for AECL include \$57 million for operations, \$35 million for research and development, and \$17 million for commercial business. Why are those numbers different from the \$72.3 million in the budget?

Mr. Bob Hamilton: The numbers in the main estimates...?

Hon. Geoff Regan: Yes.

Mr. Bob Hamilton: Again, as we talked about earlier, the main estimates were put out ahead of the budget this year.

Anything that was in the main estimates wouldn't reflect what was in the budget. In those cases, they will be definitely different.

Hon. Geoff Regan: Does that mean that the estimates are wrong and it's reduced to \$72.3 million?

That adds up to a lot more than \$72.3 million obviously. Right?

Mr. Bob Hamilton: There were additional moneys that were provided to AECL as well.

The estimates aren't wrong. The only thing I'm pointing out is that when you look at government expenditures, they are a combination of main estimates, budgets, and supplementaries (A), (B), and (C). Right now we're caught with main estimates out there and then a set of budget measures. The budget, \$72 million, is not the only funding that AECL received.

I don't know, Kami, if you have the number...

Hon. Geoff Regan: Because that is kind of... I mean, when you're looking for transparency and there are people who want an improved budgeting process, you would expect the full amount for the year ahead to be in the budget. If it's less than what was in the prereleased estimates, it's certainly disconcerting.

Ms. Kami Ramcharan: I can maybe provide a little point of clarification.

What's in the main estimates are those things that we have certainty on right now. What the budget provides is those things that are new or additional. You would see that there's \$119 million provided to AECL through the 2015-16 main estimates. In addition, there's another \$72 million that will be given to them. It's not whether the \$72 million is the right number; it's the combination of those two.

Hon. Geoff Regan: Thank you.

KWG Resources has put forward a detailed plan for the Ring of Fire. Mr. Rafferty was referring to the Ring of Fire earlier. They state that it will ensure its economic viability for several generations, and they believe, I gather, that the Ring of Fire is too precious to squander.

I'm sure the minister shares that opinion. I think we've seen that from his comments.

Why hasn't the government taken the initiative on this file? You see companies like KWG putting forward development plans like this and pleading with the government to provide the catalyst to create an environment in which investment and development of mining operations can begin up there. What's in the 2015 budget to kick-start activity in that area?

Mr. Bob Hamilton: I'm not going to comment on a particular project, but I will answer your question about the 2015 budget.

What's in the 2015 budget is an initiative on rare earth elements, chromite and others. The minister referred to it in his discussion. This is money that we're putting forward for research and development into how to best separate chromite and other rare earth metals, which is something that is difficult, complex, and needs further study. In the budget, we've put money toward that activity. That's the specific budget measure that is targeted. It's not targeted solely at the Ring of Fire, but it certainly has impacts for the activity that will take place in the Ring of Fire.

Hon. Geoff Regan: Of course, there are deposits elsewhere for rare earth elements.

Mr. Bob Hamilton: Yes, it will apply in those other ones as well.

It's really to try to develop the technology and innovation to take us forward in that area.

• (1715)

Hon. Geoff Regan: But in terms of infrastructure, there isn't anything.

Mr. Bob Hamilton: In this budget, no.

There's a general Building Canada infrastructure fund, which—

Hon. Geoff Regan: It could be used for all kinds of things, of course.

The National Energy Board I gather is going to have new offices in Montreal and Vancouver. What are the costs associated with those?

Mr. Bob Hamilton: I will have to get back on that. You're right, I don't think they're actually up and running yet, but they have an intention—

Hon. Geoff Regan: They plan to have it in place—excuse me.

Mr. Bob Hamilton: Yes, and what they will actually cost I'd have to get for the committee. I don't have that information at my disposal.

Hon. Geoff Regan: Thank you.

The Chair: Thank you, Mr. Regan.

Finally, Ms. Block.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

Thank you again for being here to speak to us about the main estimates. I mean this most respectfully. I think one only has to spend a couple of years on the government operations and estimates committee to understand the relationship between the main estimates, the budget, and all of the supplementary estimates, and how they provide us with a full picture of our government spending.

I also want to refer back to a comment that the minister made in his opening remarks when he said that these main estimates also include funding for the seven agencies under his portfolio.

Just building upon the questions that my colleague across the way had, I can well imagine there are budgets that are produced and presented that give a full explanation on how these agencies are spending the funding they receive, and of course, if there are any additional funds required, they would have to make those presentations to the minister. I want to build on that as well with a question about the Eyford report and the major projects management office. We know the government has a legal duty to consult

aboriginal groups whenever its decisions or actions could have an impact on aboriginal communities or treaty rights.

Building on what the minister shared about the major projects management office, can you expand a little bit more on how the funds that are in this budget build on the recommendations from the Eyford report?

Mr. Bob Hamilton: Sure. I think I'll separate it into two things.

One—and it probably is a bit confusing—there's the major projects management office itself, which is really charged with looking at all of the major projects and making sure all the regulators are coordinated, taking a whole-of-government approach. That's the MPMO.

There's also the major projects management office-west, whose mandate is a little bit different and it's a lot more geared towards consultation with first nations. It's focused on resource projects in the west. That has been set up really in response to the Eyford report, to try to see if we could do a better job with engaging with first nations across all of government. It has that coordination aspect. We work with Transport, Environment Canada, and others, but it's more focused on the west coast and on those projects.

So the money that was provided in the budget was really for the first of those. It's for the broad activity that really is coordinating all of the projects across the country that the minister referred to—the \$135 million over five years.

The major projects management office-west actually received its money two years ago, I think. They've already set up their office out west and they're actively engaging not only with other government departments, but also with first nations. I think they're becoming, as was intended, a go-to place for people who want to find out what's happening with projects, what does the government think, what are some of the programs that might be available for first nations to access. That's the single window that people have on the west coast to do that.

As you know, there's a lot of activity on the west coast. It's a busy place at the moment, but they have their money already and they're really just focused on getting the operation up and running, which they've done, and making sure that they effectively engage with first nations. I think we're already seeing some of the successes of that.

Mrs. Kelly Block: Can you remind me how much funding was given for the MPMO-West and the timeline for that office?

Mr. Bob Hamilton: I believe it was about \$3.5 million per year. I don't know if I have the exact numbers in front of me. I'm not sure of the number or whether it extended for five years, but it was something in that order of magnitude that they were provided.

I can try to get the precise numbers for you. It wasn't in this budget. It was previously announced, but it was roughly that amount of money.

Do you have the numbers?

Ms. Kami Ramcharan: Yes. Maybe what I can say is it goes all the way to 2018-19, and it's roughly about \$3.2 million a year after. Last year it was a little bit smaller because it was the beginning, but since that point in time it will ramp up to about \$3.2 million per year and it will sunset on 2018-19.

• (1720)

Mrs. Kelly Block: Thank you.

The Chair: Thank you, Ms. Block.

Thank you very much, Mr. Hamilton, deputy minister for the Department of Natural Resources, and Kami Ramcharan, assistant deputy minister and chief financial officer, corporate management and services sector.

Members, we'll go through the voting procedure here for the main estimates. We're dealing with the main estimates for the fiscal year ending March 31, 2016, to the Standing Committee on Natural Resources. That's vote 1, under Atomic Energy of Canada Limited; vote 1 under the Canadian Nuclear Safety Commission; vote 1 under the National Energy Board; votes 1, 5, and 10 under Natural Resources; and vote 1 under the Northern Pipeline Agency.

The committee has the option to either carry, reject, or reduce, but not to increase spending.

ATOMIC ENERGY OF CANADA LIMITED

Vote 1—Payments to Atomic Energy of Canada Limited for operating and capital expenditures.....\$102,143,000

(Vote 1 agreed to on division)

CANADIAN NUCLEAR SAFETY COMMISSION

Vote 1—Program expenditures, the grants listed in the Estimates and contributions.....\$ 38,921,080

(Vote 1 agreed to on division)

NATIONAL ENERGY BOARD

Vote 1—Program expenditures and contributions.....\$68,636,080

(Vote 1 agreed to on division)

NATURAL RESOURCES

Vote 1—Operating expenditures.....\$654,814,321

Vote 5—Capital expenditures.....\$14,700,394

Vote 10—The grants listed in the Estimates and contributions.....\$306,608,750

(Votes 1, 5, and 10 agreed to on division)

NORTHERN PIPELINE AGENCY

Vote 1—Program expenditures and contributions.....\$701,215

(Vote 1 agreed to on division)

The Chair: Shall the chair report the main estimates for 2015-16, less the amounts voted in interim supply, to the House?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Okay, thank you all very much for your cooperation. I'll see you at the meeting at the same time on Thursday.

The meeting is adjourned.

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