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## **Standing Committee on Natural Resources**

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**EVIDENCE**

**Thursday, May 29, 2014**

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**Chair**

**Mr. Leon Benoit**



## Standing Committee on Natural Resources

Thursday, May 29, 2014

• (0850)

[English]

**The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):** Good morning everyone.

We're here today, as everyone knows, to deal with the main estimates of Natural Resources. Pursuant to Standing Order 81(4), for the main estimates 2014-15, we are dealing with 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, as referred to the committee on Thursday, February 27, 2014.

Just before we get to today's meeting with the minister, I want to ask members if it would be acceptable if we took a few minutes after the meeting to discuss how we proceed next week. There have been some discussions before this meeting regarding this.

Is that agreed?

**An hon. member:** Regarding the votes?

**The Chair:** Yes, on the votes, depending on all of that.

**Some hon. members:** Agreed.

**The Chair:** Thank you very much. We will do that then.

I want to start today by welcoming the minister to our committee, the very first appearance by Minister Rickford—and with him, of course, his deputy minister.

Minister, thank you again very much for making yourself available this early in your mandate. I know it takes a lot of preparation when it is a new area, but I also know that you're very well versed in the area and looking forward to this committee meeting. We'll start with your opening comments and then go to questions and comments by members.

Thank you so much for being here. Go ahead.

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

Thank you to all of my colleagues for the opportunity to be here. I was looking forward to having a discussion. You've been doing some important work, but I was really looking forward to having some of this committee's famous coffee. There's nothing like it in the city, so that's the first thing I did.

Mr. Chair, as I said, it's a pleasure for me to meet with the committee for the first time. As the member of Parliament for the great Kenora riding which covers more than 290,000 square kilometres of land, water, trees, and minerals, I have a sound understanding of the importance of natural resources. They are, in no uncertain terms, the lifeblood of my riding in northwestern Ontario.

Obviously, I'm pleased to be here today in my capacity and to explain the important work of our government in the natural resources portfolio.

[Translation]

In my 10 weeks as Minister of Natural Resources, I have had the privilege of witnessing the opportunity that our vast natural resources present to all Canadians.

Mr. Chair, there is no questioning the role natural resources play in maintaining the strength of our economy.

[English]

Together, the direct and indirect impacts of the forest, energy, metals, and minerals industries account for close to 20% of Canada's nominal GDP and some 1.8 million jobs for Canadians.

Over the past five years, the resource sector has added \$32 billion a year to government revenues. These are revenues, of course, that go to support important programming, including health care and education.

I will talk about opportunities for growth.

[Translation]

As we look to the future, market diversification will play a crucial role in unleashing our natural resource potential, particularly for energy resources like oil and gas.

[English]

As you know, right now Canada has one customer for its energy, the United States. In 2012 alone Canadian producers lost over \$13 billion in revenue, more than \$35 million a day, because of our narrow customer base. Mr. Chair, that is significant.

That's why the private sector is pursuing potential new pipeline proposals east, west, and south to expand access into new markets as well as the U.S., and open new markets in Asia, Europe, and elsewhere. I know that this committee has grappled with that to a certain extent.

[Translation]

All of these projects underscore a need and an opportunity to diversify our energy markets. This is a time-limited proposition, and the pressure on Canada to respond quickly is high.

[English]

I would like to speak about responsible resource development.

[Translation]

As a government, we are very mindful of the importance of the resource sectors to our economy—and equally mindful of the importance of developing our natural resources in a responsible manner.

[English]

This is the overarching principle behind our government's plan for responsible resource development. With this plan in place, Canada now has one of the most competitive and one of the most effective regulatory regimes in the world.

[Translation]

Time-consuming and costly duplication between federal and provincial project reviews is being eliminated. There are firm, beginning-to-end timelines for reviews. A more efficient and predictable regime, one that is more effective.

[English]

We have been clear: projects will not proceed unless and until they have been proven safe for our workers, for our communities, and for the environment. Responsible resource development is an ongoing top priority of our government, and certainly of Natural Resources.

I'd like to talk a bit about tanker and pipeline safety.

[Translation]

We are committed to taking the steps to improve our already robust tanker and pipeline safety systems that will result in stronger prevention, enhanced preparedness and response, and improved liability and compensation in the very unlikely event of an incident.

[English]

Earlier this month, Minister Raitt and I announced future measures to enhance these energy transportation systems. The new world tanker safety measures respond to the tanker safety expert panel report and continue our work towards preventing spills in the first place, cleaning them up quickly should they occur, and making sure that polluters pay.

As part of this enhanced system, we are modernizing Canada's marine navigation system, establishing new area response planning partnerships, and, importantly, supporting aboriginal communities participation in marine and pipeline preparedness in response planning.

[Translation]

In addition to the steps already taken in recent years for our pipeline safety system, we are expanding the power of National Energy Board to enforce compliance. We will also ask the National Energy Board to provide guidance on the use of the best available technologies in federally regulated pipeline projects.

New measures will ensure that companies are fully liable and provide compensation for damage to the environment and property in the event of a spill. The polluter-pays principle will now be enshrined in law so that it is clear that Canadian taxpayers are not expected to foot the bill in the event of a major oil spill.

● (0855)

[English]

We are also increasing the involvement of aboriginal communities in planning and operations to ensure their local expertise is incorporated into our world-class safety systems.

As well, our government intends to develop a strategy, in full consultation and collaboration with aboriginal communities, to better integrate aboriginal people and their communities into energy infrastructure development. This was a key recommendation of the recent report by special representative Douglas Eyford.

I was pleased to be in Prince Rupert earlier this week to announce two important measures for enhanced aboriginal engagement. This includes the creation of a major project management office in the west, and a tripartite agreement with the province of British Columbia and first nation leaders.

[Translation]

Indeed, our government understands the benefit of the full participation of aboriginal Canadians in all aspects of resource development.

[English]

Finally, with respect to main estimates, Mr. Chair, with this context let me discuss my department's main estimates for 2014-15.

The estimates show planned budgetary spending of \$2.53 billion, which is a decrease of about \$232 million from the previous fiscal year.

[Translation]

The decrease from year to year is the net result of a number of changes in levels of spending across different items, against the backdrop of diligent management of resources, as our government works towards realizing a balanced budget by 2015.

[English]

The economic action plan's 2014 main estimates do not include all of the decisions that our government has taken in support of Canada's natural resource industries. For example, Canada's economic action plan 2014 will deliver on priorities, such as \$90.4 million, over four years, for investments in the forest sector, specifically IFIT, an initiative to foster job creation, and, importantly, innovation in communities' forestry operations across Canada. IFIT provides support for the adoption of advanced technologies and the commercialization of new products in the forest sector.

[Translation]

\$11.4 million over five years to invest in state-of-the-art earthquake monitoring systems, supporting the safety of families and communities, the Government of Canada is providing emergency planners and responders real-time information about earthquakes in Canada.

[English]

There is \$117 million for AECL to maintain safe and reliable operations at Chalk River Laboratories while we take steps to restructure the labs and prepare for transition to a government-owned contractor-operated model; and \$28 million over two years to assist the National Energy Board as it undertakes an unprecedented number of reviews of major projects.

I should note, colleagues, that approximately 90% of the funding received by the NEB is cost-recovered from the energy industry.

In conclusion, Mr. Chair, NRCan's 2014-15 main estimates clearly demonstrate how this government is committed to delivering on policy, program, and service delivery priorities for Canadians, and doing so in a fiscally responsible manner.

[Translation]

We are working with industry, aboriginal leaders and communities, provinces and other key stakeholders to ensure Canada's natural resources continue to be a cornerstone of our prosperity and the heart of an innovative, competitive Canadian economy.

[English]

Thank you again for the opportunity to appear before the committee. I look forward to taking your questions.

[Translation]

Thank you.

[English]

**The Chair:** Thank you very much, minister, once again, for your opening comments.

We go now to questions and comments. We'll start with the seven-minute round, which allows one round to each of the three recognized political parties in the House and after that, we carry on with the five-minute round as allowed.

I want to remind members the minister is here for only an hour and his schedule requires that he leave on time at about 9:45.

We'll start the first seven-minute round with Mr. Leef.

Go ahead, please, Mr. Leef.

• (0900)

**Mr. Ryan Leef (Yukon, CPC):** Thank you, Mr. Chair.

Minister, welcome to the committee. As you can see, I don't share your same affinity for the committee coffee, so I brought my own.

Minister, you've been to my riding in the Yukon Territory in a former capacity and, obviously, you haven't missed that mining is an important part of the Yukon sector. In fact, just last week I was back in the Yukon for the annual gold show and hundreds of people gathered in Dawson City to talk about the investment climate and the mining prospects coming up for the next year. We see how many jobs are provided for first nation and non-first nation people in the mining sector in our territory and, of course, the direct and indirect and induced benefits from the mining sector.

I'm wondering if you can elaborate on what the main estimates are going to provide for mining sector support across the country.

**Hon. Greg Rickford:** Thank you for your question.

Through you, Mr. Chair, we obviously recognize the importance of the mining industry. We share a passion for its profile in our respective regions. In my short tenure as minister we've been very proactive, especially during Mining Week, sitting down and having some round tables. I can say what we've heard are in the main estimates.

Obviously, the 15% mineral exploration tax credit for an additional year has been appreciated. I can respect and understand the desire for that to be ongoing and for it to reflect the extractive activities that exploration companies set up. This credit has helped junior mineral exploration companies raise capital by providing an incentive for investors to finance mineral exploration. I can say that the tax credit has helped junior mining companies and, in that specific regard, raised more than \$5 billion for exploration activities.

We are also taking action to streamline review processes for major projects, which is helping to attract investments and providing greater certainty and clarity in the regulatory process. I might add, Mr. Chair, through you to my colleague, that some of these processes have begun to involve substantially more and more first nation community members, which I'm very pleased to see. That's obviously occurring within the context of the Ring of Fire in my region.

Finally, we've announced investment in phase two of the geomapping for energy and minerals program. This is a key objective. It supports increased exploration for new mineral resources, particularly in the north. Of course, when we say the north, we probably have two categories, my north and north of 60°. So it's been done officially in that regard.

**Mr. Ryan Leef:** Thank you, minister.

There is definitely that north and north. You know what north is—

**Hon. Greg Rickford:** I have got some of your north.

**Mr. Ryan Leef:** That's right, and then there's the Arctic.

I just wonder if you can explain to the committee what NRCan is doing in establishing mandatory reporting standards for the Canadian extractive companies.

**Hon. Greg Rickford:** As I said, in the early stage of my tenure as Minister of Natural Resources this has been a file on which we have been very busy meeting with my provincial counterparts, first nation leaders, and obviously the private sector.

Look, Canada is recognized as a world leader in promoting transparency and accountability in the extractive sector—that would obviously include mining and energy—right here at home and around the world.

In 2013 we announced plans to develop mandatory reporting standards. This exercise was to work in concert with the United States and Europe on some alignment around mandatory reporting standards. We're in the process of seeking relevant feedback from the provinces, territories, and aboriginal groups, as well as the private sector.

It will mean a level playing field for companies operating domestically and abroad, enhanced investment, and certainty in reinforcing the integrity of Canadian extractive companies. It will mean, most importantly, that citizens in resource-rich countries around the world will be better informed overall and understand the benefits from responsible resource development in their own countries, and to the extent that countries like ours are operating there, have a full appreciation for what is involved in those activities.

• (0905)

**Mr. Ryan Leef:** Great, thank you.

How much time, Mr. Chair—two minutes?

Minister, in your opening address you touched on the topic of responsible resource development. Of course, in the north, in both your great Kenora riding and in the Yukon, we have people who have a great affinity for the work and the prosperity that mining brings, but also for the natural environment around them.

I think in the past there has been this tendency to discuss mining and natural resource extraction in an either/or discussion. It's either that you have care and concern for the environment, or you're involved in the extractive sector.

I think our government has done a tremendous amount of work in making sure that it isn't an either/or discussion, that it's not mutually exclusive, that we can very much have care and concern for the natural environment and at the same time utilize the tremendous resources that we have in our country. It's been well said that riches under the ground don't necessarily equate to wealth above ground. We have to be able to access those, but as you've indicated, in a responsible manner.

I just wonder if you can talk a bit about what the main estimates do to ensure that we maintain a solid path toward responsible

resource development, and what that means to you and your department.

**The Chair:** Minister, you have about a half-minute for your response.

**Hon. Greg Rickford:** In short, Mr. Chair, the way I see this, certainly in my current capacity, is that it's not an either/or proposition. I think the main estimates and the policy platform from which they derive—from the observations that I've had both in the private sector and now in a political capacity—have created opportunities for communities, in particular for first nation communities, to be involved in all aspects of resource development.

This has played a critical role for things like the Ring of Fire, where we see small, very isolated first nation communities participating in the environmental assessment process. Their participation in things like traditional land use planning, customary practices, and the like are essential parts of the environmental assessment process designed to be protected and respected when and if extraction activities actually occur.

That's the way I see the policy evolving, and actually working, God help us all.

**The Chair:** Thank you very much.

We go now to the official opposition, to Ms. Duncan, for up to seven minutes. Go ahead, please.

**Ms. Linda Duncan (Edmonton—Strathcona, NDP):** Thank you very much.

It's nice to have you here, Mr. Minister. Congratulations on your new portfolio. You used to sit across this way, and we appreciate your giving us an hour. We have lots to cover. We look forward to having you back many more times, and I hope you'll be open to our invitation.

The first question I'd like to ask right off the bat comes out of the remarks you've just made. Under your administration of this department, I'm curious about what is happening to the Canadian energy strategy. You have stated that you're pursuing what you call responsible energy development, and you've also stated it is going to proceed only when it's proven safe to workers, to communities, and to the environment.

I don't know if you're aware, but you might want to get your staff to pass on to you a report done by the Canada West Foundation, a well-known economic foundation in Alberta, and they've raised serious concerns about the direction the federal government is taking. They're saying there is too much time spent on advertising and branding and not enough on actually engaging the people who are potentially impacted. They come right out and state that Canada is not a superpower and that Canada should therefore be acting in a different kind of direction, making sure that in Canada people buy in, whether they be aboriginal Canadians, or whether they're small communities.

I wonder if you could tell us—we haven't heard anything on this since the fiasco with the Bruce Carson initiative with the Canadian energy strategy, which was then a closed door between industry and government—whether you are intending to pursue a Canadian energy strategy and, if so, in what direction. Or are you simply going to continue to spend hundreds of millions of dollars on advertising?

**The Chair:** Minister, go ahead, please.

**Hon. Greg Rickford:** There may be several questions packed in there.

Obviously, I think the best way to start, Mr. Chair, is to give a specific example of how, perhaps, this is being done differently. It fits with an energy strategy, at least in terms of approach. Pipeline safety, as you may or may not know, has been one of the topics over the past couple of weeks in my 10-week tenure as the Minister of Natural Resources where we hope we're sending a clear signal of the importance of a strategy that looks at prevention, preparedness and readiness and, obviously, at the liability and compensation regime that's in place.

It has been consistent with our approach to nuclear energy. It has been consistent with our approach in other government departments, where the approach to energy overall is substantially and substantively implicated, and I'm talking about marine safety.

My exercises, in the past few weeks in particular, have been focused on community engagement, policies and tools, for example for the National Energy Board, to focus on enforcement, and for communities to be involved in the safety aspects of, for example, pipeline safety.

This has been very well received by stakeholders, by community leaders, and I think it is a really good example of where our government, moving forward, understands the context of energy development, energy infrastructure, energy transportation. When it's well understood in the context of community level participation, and subsequent to that, in community level activities that focus on safety, specifically prevention, preparedness, and readiness—I'm speaking primarily of land-based, because that's what fits within Natural Resources—and, of course, a liability regime.... Those kind of exercises and investments, if you will, go a long way to creating more confidence and more education and understanding about a national energy strategy.

● (0910)

**Ms. Linda Duncan:** Thank you.

To quote you back, Mr. Minister, you've said “We have been clear: projects will not proceed unless and until they have been proven safe for our workers, for our communities, and for the environment.” Your counterpart in Environment, I believe, was one who initiated the study on fracking, and that report has been very clear that there has not been enough work on monitoring and assessing whether or not fracking is safe. So there we have one sector that is continuing to proceed where it has not been proven to be safe.

We have other sectors, for example in the oil sands, where recent studies, including by the federal government, have shown that there may be significant impacts on the environment, and yet the government is continuing to allow those projects to proceed.

I'm wondering what measures you are anticipating taking to actually start delivering on that. The most important is the report on the gateway that, of course, has countless recommendations for work that needs to be done before they can determine how they can proceed safely. So can we anticipate then that there will be no approval for the gateway project until it is absolutely proven safe for tanker traffic, for recovery of oil spills and so forth?

I have personal experience with the failed federal-provincial response to major spills with bunker C, of which 200,000 cubic litres still lie in my lake after a derailment. I'm hoping you can give assurance that we're not going to be giving more and more approvals until, in fact, these dangerous projects are proven safe.

**The Chair:** Minister, you have about a minute-and-a-half.

I would like to just remind members this meeting is about the main estimates. I also acknowledge that any question for the minister and his portfolio is allowed at these meetings.

Go ahead, please, Minister.

**Hon. Greg Rickford:** Thank you for that. There's a certain polyvalence to that question. I'll try to address a number of them.

First of all, obviously I can't speak to Northern Gateway right now because it is under review and we're carefully examining the report and its 209 conditions.

Through the chair to the member, I can tell you that I can't share your view fully and completely. I think this government quite recently has demonstrated an ability to draw bright lines around specific projects. Obviously, the New Prosperity mine is a really good example of that. I was in the House of Commons when some of your colleagues with glee crossed the floor and spoke openly about the government's ability to make tough decisions around resource development, major legacy files that had significant economic benefit.

**Ms. Linda Duncan:** That was a first.

**Hon. Greg Rickford:** Finally, with respect to shale gas development, which we support, responsible resource development includes shale gas. The provinces and territories obviously have their own natural resources and they have primary responsibility for this. We're seeing in British Columbia robust activity, sensitivities to all of the environmental components, and the need to have first nation communities fully integrated and involved in any and all activities that are implicated. The health and safety and protection of Canadians and our communities are paramount in this, of course, but we have seen no indication, obviously, of contamination to drinking water from things like shale gas activities. I think as long as they are subject to rigorous independent review, I'm comfortable that provinces will make responsible decisions around the development of shale gas, and to the extent the federal government is implicated, for example, in certain exercises around for pipeline safety, we'll be there to support these activities.

•(0915)

**The Chair:** Thank you very much, Ms. Duncan, and Minister.

We go now to the final questioner in the seven-minute round, Mr. Regan, the critic for the Liberal Party of Canada.

Go ahead, please.

**Hon. Geoff Regan (Halifax West, Lib.):** Thank you very much, Mr. Chairman.

Thank you, Minister, for coming today. It's nice to have you here in your new capacity. I look forward to you coming back often to enjoy more of the committee coffee.

You were in British Columbia this week to announce two projects to garner first nation support for oil and gas development. Do you have a timeline for implementing the remainder of the Eyford report's recommendations, particularly those around building trust and advancing reconciliation? What are the costs associated with implementing those recommendations?

**Hon. Greg Rickford:** Thank you for that important and timely question.

Through you, Mr. Chair, let me say that we receive and accept the findings of the report overall. The announcements and the exercises that I went through just this week in announcing the two key pieces are meant to respect what we're actually trying to embark on with respect to the other recommendations. That includes setting up a major project management office west that will address substantially and substantively the issues and the opportunities that can arise out of responsible resource development, but more specifically in the context of energy development overall, specific points around energy transportation and energy infrastructure, safety measures, etc.

The second piece is left open as well in a very purposeful way. The announcement is being called a tripartite forum. The proposal has been to have a principals' table, Mr. Chair, which would contemplate senior ministers or ministers seized of the specific mandate items around energy and environment and/or aboriginal affairs at the federal level, at the provincial level—and I can say we have buy-in from our Albertan and British Columbia partners—and then, importantly, first nation senior leadership who would be able to sit at that table with a mandate to make decisions on specific issues and opportunities around a given project or a project.

**Hon. Geoff Regan:** Speaking of first nation leaders, according to media reports, several first nation leaders told you in no uncertain terms this week that they don't support the Northern Gateway pipeline. They simply don't believe the environment or their communities will be protected.

Mr. Minister, if you're serious about building trust and confidence, will you listen to the first nation concerns about the Northern Gateway and make a firm commitment today that you will not—I repeat not—approve that project unless it has the support of aboriginal communities and their leaders?

**Hon. Greg Rickford:** So the responsibility in the discussions that we've had with first nations, especially over the past couple of weeks, has been focused on what we're all interested in. In the context of British Columbia, obviously this has been about the LNG.

Our responsibilities, Mr. Chair, extend to more than 73,000 kilometres of pipeline across Canada, and there are a number of proposals for pipelines at various stages. They may be in the corporate office of a given pipeline company. They may be in a proposal to an environmental assessment board or the National Energy Board. Or they may be further advanced and currently under consultation through those fora.

But importantly, my discussions with those first nation leaders were focused on the superordinate goals of ensuring that they would be full participants in the full scope of energy development, which includes the safety measures I alluded to earlier, as well as the economic opportunities—

**Hon. Geoff Regan:** So that seemed like a no.

**Hon. Greg Rickford:** We would rise above any specific file because that would be our responsibility as senior leaders for the purposes of what I announced yesterday, which I think goes to your original narrative.

•(0920)

**Hon. Geoff Regan:** So I guess you're not prepared to make a commitment today of that sort.

Let me turn to another subject. Ontario has come to the table with a billion-dollar commitment to provide all-season access to the Ring of Fire area, but they of course need matching funds from the federal government.

Minister, your response was to tell them to fill out an application form for the Building Canada fund. Now, that really isn't much of a commitment when you compare it to the support from the federal government over the years to the oil sands, for example. Why aren't you at the table to ensure that this project proceeds now?

**Hon. Greg Rickford:** Sure, I appreciate that question. You've come here today with something that I've been extensively involved with for most of my private sector career and my political career.

With all due respect, I reject the premise—and I don't like to use that phrase—of where the provincial government, not you, has come on this particular development. The fact of the matter is that to understand the Ring of Fire, to appreciate the steps that have to be taken here, one would completely understand that FedNor—which I'm responsible for and doesn't fit here in Natural Resources, but I'm happy to talk about—has been actively engaged as full partners with a number of first nation communities that I've had the opportunity and privilege to work in, in other capacities, to be involved in the environmental assessment processes that are involved in the development of the Ring of Fire.

Furthermore, with certain precision, we have been engaged in energy corridors full consultation to understand and address what things like the Ring of Fire can do to help in having first nation communities get road access to any of the two extraction sites and to develop a better energy policy towards the first nation communities in those areas, and ultimately the Ring of Fire. To this point—

**Hon. Geoff Regan:** But you'd acknowledge they need access, obviously, and you can't do much until there's year-round access.

**Hon. Greg Rickford:** They do. That's a great question.

So is the better way to do that to consult with first nation communities or to do what a former provincial Liberal cabinet minister did and announce that smelting operations would be just outside the city he works in, when the Ontario mining commissioner had made a judgment that the direction of that road would be at least temporarily impossible, given the province's failure to address the issues related to that? There are other alternatives, and they've been developed, as I say, through our process.

The other significant thing was obviously pre-positioning first nation communities for jobs in that sector. I made an announcement just a couple of months ago about things that we should be announcing, and those include 260 seats at Confederation College; full cooperation with the post-secondary education authority for KKETS, the Matawa aboriginal organization; and \$3 million through the Ring of Fire directly to the Nishnawbe Aski Development Fund, which would focus on business capacity and business development for first nation communities in the Matawa organizations to derive direct benefits from the development of the Ring of Fire.

So far, the only thing I can say about that announcement of \$1 billion is that it has given us finally some confidence that we have a scope and understanding of what the province might be willing to invest. But there have been no details, and the development corporation they proposed had no policy or articles of incorporation to support it, by the admission of the provincial minister, who is a dear friend and colleague of mine. I've worked very closely with him on this.

We hope that after June 12 we'll have a clearer sense of what specific projects we need to move forward on, and the federal government looks forward to being a part of that. I would note, finally, that our provincial counterparts had absolutely no problem from 2009 to 2012 with focusing on specific projects that supported community and/or resource development projects. I'm a little bit confused as to why they might now. Maybe it's just because there's a provincial election going on.

**The Chair:** Thank you, Mr. Regan.

We start the first five-minute round now with Mr. Calkins.

Go ahead, please, for up to five minutes.

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Thank you, Chair.

Thank you, Minister, for being here today. Congratulations on your recent appointment as Minister of Natural Resources. I think it's absolutely fantastic to have a member of Parliament who represents such a large rural area so rich in natural resources representing the file, and I certainly have the utmost confidence that you'll continue to do a great job.

Minister, my question is going to be a little bit broader than the scope of what would normally be considered part of the Natural Resources file. We know from recent events that have happened in eastern Europe that Vladimir Putin and Russia have been using energy as an economic weapon, or threatened to use energy as an economic weapon. They've been meddling in the affairs of the

Ukraine and so on, and as a result of that, our committee has undertaken a study and we've had a couple of meetings where we've discussed what Canada's role could, or possibly should be, in helping our traditional allies in Europe with some of their energy needs.

I'm wondering if you could update this committee on the discussions that you've had on the topic with some of your G-7 counterparts and tell this committee what Canada can do, what this committee can do, and what the private sector could possibly do to help our allies abroad.

• (0925)

**Hon. Greg Rickford:** This is a really important question, Mr. Chair, and it was one we were seized of in Rome at the G-7. Obviously, there are a couple of important issues and, therefore, things that I am sure we would benefit as a government from getting participation from the standing committee on.

First of all, in the context of the Ukraine, there's a very obvious over-reliance on supply from Russia. I would submit that this goes to at least ten eastern European countries that are in what I would frame as the 100% club: they're exclusively reliant on them. There are varying degrees of dependency on energy supply from other European countries, certainly western European countries. What the issues raise are energy supply, energy sources, and their implications on issues of national, and I would submit, global security, as we're currently finding out.

The exercise that we went through at that conference was very important. In the first instance, it was to denounce Russia's using energy as a means of coercion and to denounce, obviously, their violation of Ukraine's sovereignty and territorial integrity, and that energy would be used, as I said, as a means of coercion to that end. Beyond that, our discussions focused on an alignment of a number of other key exercises, obviously, energy collaboration; hydrocarbon science-based, non-discriminatory regulation; innovation and responsible energy use; and particularly, renewable energy and the need for alignment on GHGs. I had a bilateral meeting with Secretary Moniz on that, and we identified some key opportunities in these regards.

For us here at home, in the context of the main estimates and the policy platforms that support it, Mr. Chair, we need to understand how responsible resource development can move forward for energy products to get to our tide waters safely for distribution to other markets.

I met with my counterpart from Japan. I'll be attending a conference there later this year, and the number one topic is how far out are we from being able to bring product to their market. The good news is, there's still time, and we would benefit from any work that the committee could give us on these matters.

I think what were satisfied with, with respect to Ukraine, was that there were some short term measures that we could take to help them out, and I've offered the expertise of NRCan for some of those assessment processes. In the context of our other partners, 2017-20 have been identified as medium-term timelines where we could quite possibly get our product to those markets. That's consistent with the goals of, say, British Columbia, for example in LNG, so I'm satisfied that, while there are some pressing things we need to do, we can fit those timelines and focus on, obviously, a dynamic energy supply from Canada to meet new customers' demands.

**The Chair:** Thank you, Minister.

Thank you, Mr. Calkins.

We'll go now to Mr. Trost for up to five minutes. Go ahead, please, sir.

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

Thank you, Mr. Minister, for being here today. As I was noting to you earlier, you're number seven as far as Natural Resources ministers are concerned that I've seen while I've been on this committee. Most of them get promoted, I'll note, so I'm wishing you the best.

In my time on this committee, one of the better studies we did was on the issue of forestry. That's why I was interested to note that in your remarks you noted about \$90.4 million over four years for investments in the forestry industry transformation. Coming from the riding of Kenora, you have a considerable amount of forestry in your riding.

With that as a background and that in mind, could you give us a bit of an overview about what the main estimates provide in terms of forestry sector support?

● (0930)

**Hon. Greg Rickford:** Every time forestry comes up I'm always at the risk of digressing, so jump in any time if my answer reflects that.

Let me say this, Mr. Chair, obviously there is considerable forestry potential in the great Kenora riding, for example, as there is in many regions of Canada. In particular, in Kenora one of the challenges that we face is that even though our markets, the traditional ones that we've served, are showing signs of life—there is a pulse there—the forestry sector was in fact decimated.

The question on its return is how is that going to happen? We cannot have our machines dusted off to cut board-foot or just continue with primary pulp. In Kenora's case we make world-class pulp that's being tested in a number of ways. In nanocellulose technology, for example, testing confirms the quality of our pulp. But that's all we're making with it, right in our riding.

The residual questions and the ones that the main estimates have to address, in my view, have got to focus on innovation. We have to make the forest sector in the regions where our trees come from more competitive for sustainable jobs that are not subject to things like we had just experienced with the recession of 2009. In the end, for example, in Kenora all we were left with was 160 direct jobs at a value-added facility in Kenora and a couple hundred direct jobs making pulp. Everything else had been eliminated, Mr. Chair.

The main estimates have to, and I'm pleased to report do, focus on investing in industry transformation. The IFIT program itself offers \$90.4 million over four years. It's focused on Canada-first technologies that foster innovation in the forestry sector. It's projected to support more than 12 and possibly up to 15 innovation projects over the next four years.

The main estimates also provide \$93 million over three years for the forest innovation program. This will generate advanced high-value products and processes in the industry. It's helping to make Canada a world leader in several key technology areas.

I should add as well that the main estimates provide support for expanding market opportunity programs to increase offshore exports in the use of wood in non-residential and mid-rise construction in North America.

Certainly, as well, in my capacity as the minister responsible for FedNor, our targeted manufacturing initiatives are focused obviously on mining and some forestry activities that go to support—since the regional economic agencies and/or programs can be a little bit more nimble to respond to the scale of manufacturing that could occur, particularly with respect to forestry—efforts to become manufacturers instead of just raw producers. That involves participation with colleges potentially to bring innovation centres to key areas across northern Ontario.

I see potential in northern Saskatchewan as well and I know some of that's being done, so that people who come from those regions, who go to college in those regions, can come to better understand what the products that are naturally occurring in their regions actually do.

I'm stealing a page from my time as the Minister of Science and Technology, where over at NRC we do a myriad of things with residual pulp product and by-product, but I don't think it's as well understood as it could be by people in regions where trees are cut for the purposes of materials manufacturing and pulp and the like.

**The Chair:** Thank you, Minister.

Thank you, Mr. Trost. Your time is up.

We go now to the official opposition again.

Ms. Leslie, you have up to five minutes. Go ahead, please.

● (0935)

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

Welcome, Mr. Minister. I add my congratulations to your appointment. It's exciting. I have high hopes for you in this role. I have high hopes because I know that you understand how important it is to diversify our energy economy.

You talked in your opening about the need to diversify our energy markets, noting that really our market is the U.S. You talked about the need to diversify there. But I want to talk about diversifying our energy economy, our energy sector. What is the plan to diversify our energy sector? When I look at the estimates, I see a decrease of over \$100 million for the clean energy fund, a decrease of about \$31 million for ecoENERGY biofuels, a decrease of \$25 million for the grants to Sustainable Development Technology Canada for biofuels, and no return of the ecoENERGY retrofit, as my colleague Ms. Duncan points out.

I don't see a commitment to ensuring that our energy portfolio is diversified, I see that all our eggs are in one basket. I'm hoping you can share some good news with me.

**Hon. Greg Rickford:** Sure: I appreciate this opportunity, Mr. Chair.

I think the overall narrative might suggest that I respectfully couldn't agree with the way that was framed. I think it's fair to say, when it comes to clean energy in general, certainly funds or line items that are contained in the main estimates are focused on kick-starting renewables like wind and biofuels. I think our collective goal is obviously to let the market do its good work. But they're focused on technology, innovation, and energy efficiency for cleaner and more renewable sources. I think in the context of the G-7, we had discussions around issuing a joint statement that had alignment in these regards.

I think with respect to ecoENERGY initiatives, we've invested in more than 280 clean energy demonstration, research, and development projects. These projects are being delivered by the private sector, by universities, and federal laboratories. I think this is a fully integrated way to proceed on this.

All available program funding for that, I might add, has been allocated to existing projects.

**Ms. Megan Leslie:** If I can drill down just to one specific aspect

**Hon. Greg Rickford:** "Drill down".

**Ms. Megan Leslie** —drill down, so to speak—I have read about, and Natural Resources has confirmed with media, this \$22-million ad campaign for the oil sands. I'm just wondering, then, if we are drilling down to the details, how much is being spent on ads for renewable energies and energy efficiency.

**Hon. Greg Rickford:** Thank you for that question and for that metaphor of drilling down. Obviously we're very proud of our international engagement campaign to promote responsible resource development. It's our job, obviously, to raise awareness in key international markets. They're focused on demonstrating that Canada is a world-class, environmentally responsible energy, which obviously is an umbrella term, partner.

Our sector supports, obviously, significant numbers of jobs and is an important part of our economy, so any opportunity we have to boast not just about our record with respect to responsible resource development...in the environmental as well as in the economic benefits, and being a politically stable environment to serve international markets, we'll take that opportunity.

**Ms. Megan Leslie:** I'd love to see the department take on more responsible resource development in looking at our green resources and energy efficiency, because there's a lot of potential there for jobs.

I'd like to pass over the remainder of my time to Ms. Moore.

**The Chair:** You have just over a minute, Ms. Moore. Go ahead, please.

[*Translation*]

**Ms. Christine Moore (Abitibi—Témiscamingue, NDP):** You mentioned \$90.4 million for the Investments in Forest Industry Transformation initiative.

If we compare that amount to what was put towards the program in the past, there's actually a decrease of \$37.5 million. You just stated that this is a significant investment, but in the end, the funding for this program has been reduced. I have a difficult time understanding why you would say that.

Because of the competition in rail transport, particularly with the oil and gas industry, people cannot send their forest products to their consumers. What is in fact happening is that products are not selling because people cannot send them adequately to the right places. What are your thoughts on this?

[*English*]

**The Chair:** Minister, you have about 30 seconds for an answer.

[*Translation*]

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

My colleague here will be able to give you more details on the investments which are made from year to year.

As I said earlier, in the short term, the government puts the emphasis on infrastructure investments so that forestry sector producers can have access to dynamic markets. This sector's needs in terms of technology and innovation must also be taken into account, a sector that could be more competitive in the future.

As I have only 30 seconds to respond, my answer is limited, but I could continue after if you wish.

● (0940)

[*English*]

**The Chair:** Thank you very much, Mr. Minister.

We do have to get on to our final question for today.

Ms. Crockatt, up to five minutes.

**Ms. Joan Crockatt (Calgary Centre, CPC):** Thank you very much, and thank you, Mr. Minister, for being here.

I too am very excited to see you in this portfolio, with the energy and drive that you're bringing to it as well as your background in innovative technologies.

You spoke a little earlier about the need to understand how our energy industry can get to tidewater, so that we can access other markets. I want to ask you about a market that's a little bit closer to home.

Here in Canada, many Canadians do not know that crude oil is actually Quebec's top imported product and that the largest single source of oil to Quebec is Algeria. About 28.1% of their oil comes from Algeria, according to the Montreal Economic Institute.

I'm wondering if you might address, Mr. Minister, what measures and developments are under way to help Quebec get off its dependence on Algerian oil and to provide jobs in central and eastern Canada.

**Hon. Greg Rickford:** This is a great question, not just for Canada in general but obviously for the province of Quebec also.

We supported the decision by the National Energy Board, in particular, to approve the reversal of line 9B. It is a safe way to transport energy products. It's environmentally responsible and will create jobs and long-term prosperity.

I spoke at a forum in Montreal. Since we're using metaphors, as a former nurse, maybe I should say mine. We've had drilling, and energy and drive. There was a palpable enthusiasm. If I were to take the pulse of our industry stakeholders in Montreal to ensure that Quebec was participating in the opportunities related to your question, line 9 will transport western Canadian oil east to refineries in Montreal and Lévis. This pleases the industry. They'd like to get back into that business more substantially.

Of course, it goes without saying that every barrel of oil from western Canada displaces a barrel of oil coming from a foreign source, which will assist Quebec obviously in ending its dependence on, as you particularly pointed out, Algerian oil.

Line 9 is a made in Canada solution. It's the reversal here.

We'll have the benefit of protecting jobs in Quebec and across Canada. I believe this will create an opportunity to further develop the confidence and understanding that Canadians in communities across this great country will have in our efforts to ensure that we have world-class, world-leading pipeline safety.

It's designed not just to address international markets but, as your particular question points out, to address demand and capacity, particularly in Quebec, for our energy products. To that extent, it's a win-win for us all.

**Ms. Joan Crockatt:** Excellent.

You also mentioned that one of your tasks as minister is to create more confidence and help people to understand, in Canada, what's going on with resource development. I presume that extends, and I know that it does, to the opportunities that exist for Canadians.

On the topic of transporting western Canadian oil to eastern Canada, one of the highlights of the recently completed study at this committee—I know that you're aware of it—is the cross-Canada benefits of developing the oil and gas industry. It was the testimony that we heard from New Brunswick.

The study isn't out yet, as you know. I believe it's in translation right now. The testimony certainly has been public. People from New Brunswick testified, most specifically the Mayor of Saint John, that they had a very strong desire to be a have province, especially in terms of energy development. We're looking to provinces like Saskatchewan. I believe one of the quotes from New Brunswick was, "We want to be Saskatchewan". Kelly is all in favour of that.

Can you please tell us, what do proposed projects like Energy East offer to these communities?

• (0945)

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

Well, as I said before, we believe that, like western Canadian refineries, refineries in eastern Canada should have the opportunity to source competitively priced Canadian oil. I think it would be counterintuitive to think about it any other way. So we welcome, in principle, the prospect of shipping western Canadian oil to eastern Canada, and to new markets abroad, and as I alluded to in my previous answer, for domestic demand, because we understand the importance of diversifying our markets in order to benefit from the incredible opportunity of energy development provided within natural resources.

This particular project will have to undergo a scientific environmental review by the National Energy Board, and we'll wait for the science and the facts before we conduct our own review and determinations. What I can tell you, for my part, in my capacity as the Minister of Natural Resources, is that what we're focused on here is ensuring that the foundational pieces like pipeline safety and the measures we will take will lead to greater confidence and understanding for communities from coast to coast—that they are in fact world-class, and that elements of it are world-leading. We've already gone through this exercise in meeting the five stringent conditions from British Columbia, or at least four of them, since one of the conditions was between Alberta and British Columbia.

We want to ensure that our prevention, our preparedness in response, and, in particular, our liability regime give Canadians the confidence. To that extent, we have an absolute liability regime in place. It's the only one of its kind in the world, of up to a billion dollars, in the remote case that there is a spill. It doesn't matter whose fault it is; the pipeline companies have to start their activities immediately. The "fault and negligent" regime remains in place and it's unlimited.

Obviously, what we've proposed in a recent announcement I made—and I hope it will garner the support of our colleagues from across the floor—is new powers for the National Energy Board to enforce activities, and not make taxpayers pay, but rather focus on polluters paying, in the event that, as rare as it might be, a spill should occur.

So these are the important pieces that I think help build confidence through engagement and consultation with our communities across the country—that what is being proposed here and what is already in place is working. We're proud of our 99.999% safety record for the more than 73,000 kilometres of pipeline we already have in Canada; and we want to build on that success, as statistically impressive as that might seem.

**The Chair:** Thank you very much, Mr. Minister, and Ms. Crockatt.

That completes our time with the minister. We'll continue the discussion with departmental officials after we reconvene the meeting.

I want to start, Minister, by thanking you very much for an informative and very helpful meeting that has given us a good picture of where you intend to take this portfolio. I'm looking forward to that very much, and hope to have you back many times in the next year and beyond.

I'll suspend the meeting now, while the minister leaves the table and departmental officials seat themselves.

• (0945) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (0950)

**The Chair:** We reconvene the meeting now, and we'll just carry on with the order of questioners from those who asked questions of the minister.

I'd like to start by welcoming to the floor, Ms. Ramcharan, who is the assistant deputy minister and chief financial officer of the corporate management and services sector. Thank you very much. Also, Serge Dupont was with the minister and is back again. He is deputy minister of the Department of Natural Resources.

They will answer any questions the members might have.

So we'll carry on with the list we started before, and we'll start with Ms. Moore for up to five minutes. Go ahead, please, Ms. Moore.

[*Translation*]

**Ms. Christine Moore:** Thank you, Mr. Chair.

I would like to come back to the question I asked of Minister Rickford concerning forestry.

In his speech, the minister talked about injecting \$90.4 million over four years into the Investments in Forest Industry Transformation initiative. In fact, if we compare this amount with what was invested over the same period in the past, we are looking at a decrease of more than \$30 million.

Why was the funding cut? How was the money used in the past? Was it fully utilized? How did it come about that this decision was made whereas investment in transformation seems to be a crucial element in successfully giving a helping hand to our forestry industry, which it needs to recover?

• (0955)

**Mr. Serge Dupont (Deputy Minister, Department of Natural Resources):** Mr. Chair, I am pleased to be able to complete the minister's answer, given that he had little time to respond to this excellent question.

The way in which information is presented to the committee sometimes may lead to confusion. Ms. Moore, you correctly mentioned that the amount had decreased by \$37.5 million this year compared to last. This is because the program expired on March 31, 2014, but its renewal, while it was announced in the

budget, does not appear in the main estimates. However, it will appear in the supplementary estimates, which will be presented to parliamentarians later on.

In the past, the Investments in Forest Industry Transformation initiative totalled \$100 million over four years. For last year, the \$37.5 million decrease is explained by the fact that certain funds would normally have been spent over the course of the first three years, but they were pushed back to the fourth year. The program was renewed with an amount of \$90.4 million over four years. As I was saying earlier on, these amounts will appear in the next supplementary estimates.

You also asked about the number of projects. Fourteen projects were funded. The funding for the first cycle of the program was used. In the case of the 14 projects funded across Canada, we are talking about first generation technologies. We expect that the \$90.4 million will allow us to support between 12 and 15 projects across the country.

**Ms. Christine Moore:** If we consider that the amount allocated to this project was \$100 million and that it is now \$90.4 million, and on top of that we take inflation into account, it is obvious that the financial support for this program has suffered a decrease.

Furthermore, I would like to know if, when the project selection occurs, care is taken to ensure that they are spread across the country.

Is it possible that they might be concentrated in one geographical area in particular and that that area would get practically all the funding?

**Mr. Serge Dupont:** Mr. Chair, once again, that is an excellent question.

The purpose and the spirit of the program is to support the industry throughout the country. That said, there have been no established quotas nor is there a systematic distribution of funds per region. The funds are allocated basically on the merit of the projects.

However, what we observed during the first phase—and we expect this to also be the case in the second phase—is that because we used a merit system and because there is talent in this industry throughout the country, we ended up funding projects throughout the regions, whether that be in Quebec, British Columbia, or other regions with skills and assets in the forestry sector.

**Ms. Christine Moore:** Given the problems in the rail transportation sector, I would like to know if your department has planned on taking any measures to facilitate the transportation of forest products so that the forestry industry can sell them.

**Mr. Serge Dupont:** Mr. Chair, railway transportation is a topical issue. It is important for the natural resources sector, including forestry, mines, and so on. Agricultural products would fall under the Department of Transport. We are trying to follow these issues and make our colleagues within the Transport Department aware of the needs of various industries. That said, I am not in a position to answer your question given that I do not know the details of this file.

**The Chair:** Thank you, Ms. Moore.

[*English*]

We go now to Ms. Block, for up to five minutes.

Go ahead, please.

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

I would like to welcome you, Mr. Dupont, to this meeting as well as recognize the very capable team that you have joining you today. I look forward to hearing your testimony in response to the questions that we have.

I'm sure you are aware that we've recently completed our cross-Canada benefits study on developing the oil and gas industry, and we heard a fair bit of testimony from witnesses about the importance of engaging aboriginal communities in resource development. Given the fact that this is one of the four pillars of our responsible resource development plan and given the announcements that were made earlier this week, could you provide us with any information on what the main estimates provide for aboriginal participation in the resource economy?

• (1000)

**Mr. Serge Dupont:** Mr. Chair, the amounts that will be invested to foster further participation of aboriginal Canadians in the resource economy, and specifically in the energy sector, would not yet be reflected in the main estimates.

We have been doing some work in fostering greater conversations and dialogue with aboriginal Canadians from western Canada and other parts of Canada through our existing authorities, for example, through the authorities already funding the major project management office and other parts. As well, for a number of years we have provided support—though I don't have the numbers at my fingertips—through our forestry programs for aboriginal participation in the forestry sector, working with Aboriginal Affairs and Northern Development.

We also support development of resources in the north through a range of initiatives—again, going back to geomapping for energy and minerals where we also engage with communities. The polar continental shelf program is a science based facility where we also engage with aboriginal Canadians.

This dialogue with aboriginal Canadians cuts across virtually all of our programs and would not be found in one of the line items in the main estimates.

**Mrs. Kelly Block:** Thank you very much for that.

I recognize that as you go through the main estimates the investments that we are making when it comes to aboriginal communities are embedded within some of the different lines.

I wonder, then, if you could provide any information on what the priorities are for your department, moving forward.

**Mr. Serge Dupont:** Essentially we wish to continue to support, through a range of initiatives and programs, responsible resource development. That means working on innovation. These include, in particular, innovation in forestry; innovation in mining, for example, our green mining initiative; innovation in the energy sector to enhance the economic but also the environmental performance of energy technologies of our energy sector and therefore responsible resource development; as well as regulatory oversight through the

MPMO, ensuring continued efficiency and effectiveness of the regulatory system. That's responsible resource development.

The minister has indicated that energy market diversification is a very clear priority for the government, and therefore for Natural Resources Canada, to try to ensure that there is the infrastructure that is reviewed, and that the government policy framework, including marine safety, pipeline safety, in engagement with aboriginal Canadians, is in furtherance of that objective.

We also have some very important fundamental functions in Natural Resources Canada related to the safety and security of Canadians. We received, in the last budget, some moneys to improve and upgrade our earthquake monitoring capabilities. We are experts in assessing, for example, the range of geo hazards. That is the kind of very basic activity that we conduct through the Geological Survey of Canada.

We try to be at the outer edge of the frontiers in the north, the frontiers of innovation, but also in some very basic functions of understanding our earth, understanding our land mass and the risks and the opportunities it provides.

**The Chair:** Thank you, Ms. Block.

We go now to Ms. Duncan, for up to five minutes. Go ahead, please.

**Ms. Linda Duncan:** Thank you very much.

Thanks for sticking around. I have lots of question for you and I'll try to get a few in.

Can you tell us if anywhere in the mains we can find a specific allocation for the Canada-U.S. clean energy dialogue, and in particular engagement of the public in those dialogues?

• (1005)

**Mr. Serge Dupont:** You would not have a specific line item on the clean energy dialogue. The clean energy dialogue is one in which the government, Natural Resources Canada, participates. The ministerial lead for the clean energy dialogue is the Minister of the Environment.

There obviously has been bilateral contact between Minister Rickford and his counterpart, Secretary Moniz, and discussions between our department and the Department of Energy.

**Ms. Linda Duncan:** I just want to know if money has been allocated.

**Mr. Serge Dupont:** Again, you will not find a line item in the main estimates. We do have some moneys in the department allocated to the clean energy dialogue. I couldn't give you the number at our fingertips. It's not a large amount of money. Off the top of my head it would be in the range perhaps of \$5 million or so.

**Ms. Linda Duncan:** Okay. Thanks.

As my colleagues have mentioned, our committee previously did a study of potential assistance from Canada for Ukraine. It was revealed the minister had taken several trips to Europe, I think one to Poland and one to Germany, where he had brought along representatives from the oil and gas sector, but nobody from the renewable or energy efficiency sector.

Can you tell us who makes the decisions on who goes along on those delegations? Is it the department?

**Mr. Serge Dupont:** There is consultation between the minister's office and the department. It would also depend on the interests expressed by the host country. Our mission in the host country will have conversations and consultations with the host country and report back. Invitations will be sent to different parties. Not everybody who is invited comes, and so the representation at the end of the day may not always be the one we started with, but there's a range of consultations and interest on the part of the host country and of our industry here.

**Ms. Linda Duncan:** I note the main estimates show a decrease of \$4.5 million in advertising, which seems pitiful, given the fact the department spent hundreds of millions on advertising in the last year.

Can you tell me the total amount budgeted for advertising by this department?

**Mr. Serge Dupont:** Yes, I can. Just give me a second. I would, however, wish to clarify that there certainly has not been...did I hear hundreds of millions?

**Ms. Linda Duncan:** That is my understanding.

**Mr. Serge Dupont:** There seems to be perhaps...or tens even....

Essentially, what is—

**Ms. Linda Duncan:** One hundred million plus. How about that?

**Mr. Serge Dupont:** Certainly not in this department and not for this portfolio.

Currently \$30 million is contemplated within a two-year envelope, and this is not advertising. I should come back to that. Thirty million dollars was allocated for a two-year international stakeholder engagement and outreach campaign. Of that, \$22,750,000 will be allocated to advertising expenditures, that is international advertising in Europe, the United States, and other markets to promote Canada's responsible resource development—

**Ms. Linda Duncan:** Does that include promoting our energy efficiency expertise?

**Mr. Serge Dupont:** It broadly promotes Canada's expertise in the energy sector, the resources we can bring to bear, the capabilities, the know-how, and the fact that Canada is a responsible supplier of natural resources and energy.

**Ms. Linda Duncan:** Then the answer is no. My specific question is whether the advertising plan and budget include promoting energy efficiency expertise and technology from Canada.

**Mr. Serge Dupont:** No, it does not. It does not promote any specific industry. It promotes Canada as a responsible supplier of energy.

**Ms. Linda Duncan:** Is there anything in these main estimates that specifically allocates funds for providing clean energy to aboriginal or isolated communities? Would I find that in the clean energy fund? Do I find that in the energy R and D? Where would I find that?

•(1010)

**The Chair:** Deputy Minister, could you give a very brief answer, please?

**Mr. Serge Dupont:** Sure. Again, you would not find the line item. Under our energy innovation programs we have funded a number of initiatives, for example, to see how one could utilize hydrogen technology and storage to facilitate wind energy deployment in isolated communities so that there's better utilization of wind energy.

We have looked at other different technologies that would apply in the north and in remote communities under.... The minister mentioned 280 projects. A number of those would have been germane to the needs of remote communities, but there would not be a line item for aboriginal or remote communities with regard to clean energy.

**The Chair:** Thank you.

Thank you, Ms. Duncan.

We go now to Mr. Leef, for up to five minutes. Go ahead, please.

**Mr. Ryan Leef:** Thank you, Mr. Chair.

The Minister mentioned in his opening address the geomapping program. I'm just wondering if you'd have an opportunity to talk about how the geomapping program will support the mining and energy sector, with particular emphasis on what it will do for the northern regions of Canada.

**Mr. Serge Dupont:** Essentially what the geomapping program does is provide the first layer of exploration, the basic information about the geology that then allows the industry to target its efforts where, based on that information, they see that there may be promise to find this or that type of mineral. We do that through field projects. We actually have teams of geologists, including graduate students, for example, out in the field analyzing the geology with their eyes and the chisel and so forth—that is still part of it—as well as through remote sensing, including satellite data, airborne surveys.

Our scientists then integrate that information and publish the equivalent of maps and geological information. We do that openly. What I mean by that is that we put it on the website, and any firm, any outside party, can come in and look at that information and decide where they want to target their investments.

We also are active in conferences; over a period of five years we've provided 800 technical information sessions. We therefore interact as well with industry in open fora, such as conferences and so forth, in Canada and abroad.

**Mr. Ryan Leef:** Anecdotally I've heard a lot of support for the geomapping program. I was mentioning to the Minister in the opening address that I was at the gold show in the Yukon. It's quite a large industry gathering there. Of course, when we talk about these things, they're supportive and love these programs.

Is there a way that you're able to determine the metrics of site visits to the website or a way of measuring those anecdotal comments that come in at big mining conferences such as PDAC, or at other locations?

**Mr. Serge Dupont:** That's a good question. We've released, for example over the five-year period, 840 open files. It's really providing information. We have a rule of thumb in the department that for every dollar we put into GEM, there's going to be \$5 of exploration expenditures that actually are going to flow over time, and about \$20 at the end of the day of actual mining development expenditures, because of course, when the development actually starts, that really expands.

So those are the rules of thumb that we use, and we certainly do find that there is high demand, that as soon as that information is out there, there's very rapid pickup. I couldn't give you the number of clicks and so forth, but we find heavy traffic right away. In other words, the industry out there is going to be really quick at checking what the new information is and how valuable it is, and then they can decide on and target their interventions.

**Mr. Ryan Leef:** That's an interesting figure. Even just by rule of thumb, it's a great story for us that a dollar's worth of investment gets a \$5 return. I think that more than qualifies the expenditure, not just the advertising aspect of it, but the educational input of those sorts of programs.

Are there similar programs under the main estimates now that mirror or are close to the geomapping program that demonstrate similar returns, and if so, what would those be?

• (1015)

**Mr. Serge Dupont:** I don't have similar numbers at my fingertips, but the targeted geoscience initiative is one that we also collaborate on with the provinces. It's a bit of an analog of GEM, where we work with the provinces. And it gets immediate leverage, because they also put money then, even before we count the follow-on expenditures by the industry.

We try, for all of our innovation projects, to look at how we're leveraging private sector investment. We don't just spend \$100 in our labs without trying to have partners and ensuring that if we're going to put \$100, there's a partner that's going to come in and make a contribution. In some cases, for example the moneys that have been advanced in respect of carbon capture and storage—leveraged with the Province of Alberta and leveraged with the industry—have been multiplied manyfold in terms of the federal contribution.

So that is a constant gauge for us to ensure that the dollars that are spent by the department actually respond to a real need and a real opportunity, because there's often nothing better than the cold cash on the other side to measure that there is that need, that opportunity that others are actually prepared to invest into.

**The Chair:** Thank you.

**Mr. Serge Dupont:** That's true, for example, for Sustainable, Development Technology Canada, which is funded in here. We'll provide up to a maximum of 35% of a grant for the value of a project. The other 65% has to come from investors who are actually willing to take the risk.

**The Chair:** Thank you very much, Deputy Minister.

Thank you, Mr. Leef.

We go now to Mr. Calkins for up to five minutes, please.

**Mr. Blaine Calkins:** Well, thank you very much, Chair.

Thank you very much for staying behind for another hour to answer some questions.

The first question I have for you is in regards to the National Energy Board and the amounts in here for it. At this committee I've expressed frustration in the past at how long some of the approvals have taken, for example, the line 9 reversal, obviously involving the public consultation process and so on for things that seem to be in-house matters. Notwithstanding that, Bill C-38 was passed by Parliament back in 2012, which made some changes to the National Energy Board review process. I'm surprised to see that the National Energy Board still, to date, has a fairly substantial budgetary allocation. I'm just wondering about the implications or the impact of passing Bill C-38. It streamlined the regulatory process and some of the things that the National Energy Board is responsible for, but it doesn't seem to have an impact overall on their budget. Could you explain to me why that is?

**Mr. Serge Dupont:** There are a number of factors that will affect the budgetary resources of the National Energy Board, as with any other organization. The estimated expenditures this year have gone up to \$73.3 million relative to \$62.4 million before, largely because the National Energy Board this year is basically relocating and expending one-time moneys to refit offices and go into a new facility.

**Mr. Blaine Calkins:** You're talking about the Calgary office?

**Mr. Serge Dupont:** That's right. That's essentially going to be repaid over the next 10 years.

Meanwhile, as indicated in the budget, yes, there is, for a major pipeline project for example, an 18-month period of time legislated for their review and a decision. That includes the time that the government itself has to make a decision upon receiving the report of the National Energy Board. That basically means that the National Energy Board now has 15 months to conduct a review of a major pipeline project. They have now, as we know, recently completed one major project. Another one is already in the pipeline, so to speak, as Trans Mountain and Energy East may be expected to file soon. Because you have these large projects coming at the board at the same time, there were additional resources provided in budget 2014 for the board to be able not only to meet that demand, but also to meet it within the timelines. The budget provided \$28 million over two years. That's not a cost to taxpayers because those moneys are going to be fully recovered from the industry. Nonetheless, the way the accounting works, it does have to be recorded in the main estimates as an expenditure. The revenues subsequently come in, so basically the net is zero to the taxpayer, but for transparency's sake, it is still provided in the estimates for information for parliamentarians.

• (1020)

**Mr. Blaine Calkins:** Okay, so what assurances can you give to this committee to tell us based on what's in the queue insofar as regulatory requirements for the National Energy Board are concerned? Will it have the resources? I know they've been allocated here, as you've just said. Can you assure this committee that the allocation of those resources will be substantive enough to ensure that the regulatory process is not held up by a lack of government funding?

**Mr. Serge Dupont:** The best person to answer the question would be the chair of the National Energy Board but I could assure the committee, or assure you through the chair, that certainly every conversation that I have had with the National Energy Board would suggest to me that the chair would be very comfortable in saying that they have the resources they need with the amounts provided in budget 2014. Again, it will be cost recovered to fulfill their mandate and to fulfill the mandate within the timelines now established in law.

**Mr. Blaine Calkins:** Can you just please talk to me a little bit about, or explain to this committee, the budgetary allocation amounts for NRCan's science and technology internship program. What budget amount is allocated for the internship program and what might we expect to see upcoming from that internship program?

**Mr. Serge Dupont:** The internship program receives \$600,000 annually. It provides wage assistance to support work experience opportunities with external organizations for as many as 60 interns annually. So we essentially provide....

We have a very small program. One to two people administer it. About \$600,000 may be provided to employers in order to effectively subsidize wages for up to 60 interns a year. It's a relatively modest program, but for the most part it has appeared to work well providing young Canadians who have graduated from university with a first work experience, a first hand in the resource sector.

**Mr. Blaine Calkins:** Are there any rubrics in place to follow up with these interns afterwards, and what metrics do you have to gauge the success of the program? I'm sure there must have been something established in that regard.

**The Chair:** A very brief answer, please.

**Mr. Serge Dupont:** It will be very brief, Mr. Chair. I will have to come back to the committee on that to give a more specific answer.

**The Chair:** Thank you.

Thank you, Mr. Calkins.

Before we go to our next questioner, who is Ms. Moore, followed by Mr. Regan, I'd like to propose to the committee that after Ms. Moore and Mr. Regan ask their questions, we go to the votes on the main estimates and then allow for a little bit of time to go in camera to discuss future business.

Following our meeting we have a meeting of the procedure and House affairs committee on the main estimates, and I understand that the Speaker may be one of the witnesses there.

The next two questioners would be Conservatives anyway. I'm just asking for approval from the committee to end this part of our meeting with Ms. Moore and Mr. Regan.

**Some hon. members:** Agreed.

**The Chair:** Thank you very much. We don't want to hold—

**Hon. Geoff Regan:** [*Inaudible*] tough questions.

**The Chair:** Yes, Mr. Regan, of course they're tough questions from the government side.

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

**Ms. Christine Moore:** I would also like to ask two questions about two decreases in the budget. One is \$31.2 million for the ecoENERGY for biofuels program. The other decrease is \$25 million for the appropriated grant to Canada Foundation for Sustainable Development Technology the next generation biofuels fund.

[*Translation*]

With those two decreases, one can see that anything related to biofuels has been decreased.

Can you tell me what the motivation was behind the department's decision to move away from biofuels to some extent?

**Mr. Serge Dupont:** As the minister stated earlier, the ecoENERGY program for biofuels is a multi-year program.

Previously, the intent regarding the program, given its design and its structure, was to decrease financial support over time. Thus, eligible companies were given a grant for their biofuel production over a certain period of time. That grant was decreased over time. And the idea was that by the end of the program, the companies would be able to continue producing and supplying biofuels according to market conditions. The program structure itself dictated that funds would decrease over time.

Based on the overall program and current projections, we will have spent approximately 1 billion dollars in grants on these various biofuel producers.

With respect to SDTC's next gen biofuels fund, the decrease in funding reflects the fact that from year to year we also have to consider the amount of interest that is been expressed on the part of the private sector. This program is administered by a third party, the SDTC, which must absolutely find a private sector partner who is willing to go forward with a valid project that meets the program criteria.

To date, market conditions and interest on the part of investors are such that these projects have not materialized as we would have wished. In the end, it is the lack of interest on the part of investors and innovative companies that have lead to the SDTC spending less than had been forecast.

• (1025)

**Ms. Christine Moore:** In terms of the program that is to receive less money over time, do you feel that the funds that have been invested to date have been enough to meet the targeted goals? Were the outcomes lower than those goals or were the program goals surpassed?

Could you expand on this? Could you give us more details on those goals and how they were reached?

Generally speaking, I would like to know if the money was well invested in terms of outcomes?

**Mr. Serge Dupont:** That is an excellent question because we always make sure that we measure program results.

To determine the effectiveness of a program, a distinction must be made between ethanol and biodiesel. When it comes to ethanol, we have signed 14 agreements, which is 94% of the target. We subsidize the production of about 2 million litres per year. From that point of view, we are satisfied with the scale of production. Furthermore, analyses lead us to believe that this production will remain cost effective beyond the program. These producers will be able to continue to provide ethanol after the end of the program, because they will have established their position on the market.

As for biodiesel, the situation is more difficult. We have signed eight agreements, which represent 61% of the target. Once again, the fact that this is a partnership that we concluded with producers must be taken into account, as well as the fact that there is a partner on the other side.

Market conditions for biodiesel have been more difficult. Even with the subsidy that we have granted to biodiesel producers, they have not always succeeded in producing the quantity they expected to, nor have they been able to complete their projects. They have not reached the level at which we were ready to support them. Replacing diesel with biodiesel has not met expectations. As for ethanol, we just about broke even.

[English]

**The Chair:** Thank you very much.

Thank you, Ms. Moore.

Finally, we go to Mr. Regan for up to five minutes, to end the questioning of the departmental officials.

Go ahead, please, Mr. Regan.

[Translation]

**Hon. Geoff Regan:** Thank you very much, Mr. Chair.

Thank you to the witnesses for being here with us today.

[English]

The main estimates provide for an increase of \$20.9 million in funding for “the stakeholder engagement and outreach campaign to build prosperity for Canada”.

Can you please explain what this stakeholder engagement and outreach campaign to build prosperity for Canada is all about, and why is it so hard to find any information about this campaign?

**Mr. Serge Dupont:** I'm quite happy to provide the information.

I mentioned earlier that the government announced last year that \$30 million would be allocated over a period of two years to do two things. One is to advertise internationally, again, about the fact that Canada is a responsible supplier of energy, to ensure that in major capitals in the world they understand our commitment to not only be a supplier of energy, but also be a responsible supplier of energy, and energy know-how and technology and competencies.

That includes advertising over the period, in a range of \$750,000, as I mentioned.

There are also amounts to be paid for outreach. Those are different activities that may be funded, which may, for example, be promoted by our missions abroad— conferences, seminars, workshops, and so

forth. We organize those to sensitize decision-makers around the capacities of our energy sector broadly.

There are also, obviously, some salaries and internal services, to the tune of \$2.75 million within that \$30-million envelope.

• (1030)

**Hon. Geoff Regan:** Can you get back to the committee with a detailed breakdown of that money rather than try to go through it all right now?

**Mr. Serge Dupont:** I'd be happy to. It's all public information.

**Hon. Geoff Regan:** Thank you very much.

According to the main estimates, AECL's planned expenditures for 2014-15 will be \$102 million.

How much of that will be spent on maintaining and operating the NRU reactor in Chalk River, and what portion, if any, will be earmarked from budget 2014 to transition the nuclear laboratories to government-owned, contractor-operated—that model?

**Mr. Serge Dupont:** Thank you for the question.

To ensure completeness in the answer, you're quite right, there is \$102 million in the main estimates. I should add that budget 2014 announced supplemental funding for AECL, which will essentially go to the Chalk River laboratories. That's for \$117 million, over two years, on an accrual basis. So additional moneys have been provided in the budget.

I don't have the breakdown here as between the National Research Universal reactor and other components of the research mission at the Chalk River laboratories, and indeed other laboratories. Clearly the NRU, as we call it, is a major piece of infrastructure, a major piece of equipment, that does require a fair amount of expenditures to operate. My understanding is that there's roughly 300 people whose work at Chalk River is principally focused on the reactor. That's about 300 of the roughly 3,300 who are actually involved in nuclear laboratories.

**Hon. Geoff Regan:** Are you aware of the concerns of the Canadian Association of Nuclear Medicine, who warn that shutting down the NRU in 2016 would put the supply of medical isotopes in serious danger and that an alternative might not be available?

In fact, they have said:

The potential "doomsday" scenario of simultaneous closures/shutdowns/maintenance of the NRU and other reactors in Europe or elsewhere in the following 2 to 4 years could be postponed or cancelled if the NRU was allowed to operate for a few more years.

**Mr. Serge Dupont:** Under any scenario, the supply of radio-medical isotopes will be an issue of attention for the government and, indeed, for global partners and for the supply chain. As the committee will know, the NRU, for example, was offline for a period of 15 months about two years ago. There have been stepped-up efforts in the international community to coordinate reactor outages and reactor supply. There have also been efforts on the demand side to ensure that the available quantities of radioisotopes at any point in time are properly utilized.

The government has reinvested in sustained supply from the NRU until 2016. It is also, as you know, promoting alternative sources of supply. So there's a range of initiatives that together are intended to assure under any scenario a better security supply for medical radioisotopes.

**Hon. Geoff Regan:** The main estimates—

**The Chair:** Thank you, Mr. Regan, your time is up.

Before we go to the votes, I'd just like to thank very much our departmental officials for being here today, deputy minister Dupont for being here for the whole meeting and Kami Ramcharan, assistant deputy minister and chief financial officer, corporate management and services sector, for being here for the second hour. Thank you both very much.

Before we go in camera for future business, I want to go through the votes so we can report the main estimates to the House. There are seven votes, the choices of the committee are either to carry, to defeat the motions, or to reduce the amounts in the votes.

So we'll start with the first vote.

ATOMIC ENERGY OF CANADA LIMITED

Vote 1—Operating and capital expenditures.....\$102,143,000

(Vote 1 agreed to on division)

CANADIAN NUCLEAR SAFETY COMMISSION

Vote 1—Program expenditures.....\$36,578,266

(Vote 1 agreed to on division)

NATIONAL ENERGY BOARD

Vote 1—Program expenditures.....\$64,555,107

(Vote 1 agreed to on division)

NATURAL RESOURCES

Vote 1—Operating expenditures.....\$649,823,365

Vote 5—Capital expenditures.....\$12,777,080

Vote 10—Grants and contributions.....\$444,039,000

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

NORTHERN PIPELINE AGENCY

Vote 1—Program expenditures.....\$701,325

(Vote 1 agreed to on division)

**The Chair:** Finally, shall the chair report the main estimates for 2014, less the amount voted in interim supply, to the House?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

**The Chair:** Thank you all very much for your cooperation. We'll now suspend very briefly and go in camera for a very short meeting on future business.

*[Proceedings continue in camera]*





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