



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Natural Resources

RNNR • NUMBER 040 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, November 25, 2014

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Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

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•(1105)

[English]

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

Welcome, committee members and witnesses today.

As everyone knows, we are here today to deal with the supplementary estimates (B) for 2014-15: vote 1b under Atomic Energy of Canada Limited, vote 1b under the National Energy Board, and votes 1b, 5b, and, 10b under Natural Resources. These were referred to the committee on Wednesday, November 5, 2014.

With us today on our first panel of witnesses is the Honourable Greg Rickford, Minister of Natural Resources. Welcome to you, sir, and thank you for coming on such short notice. The committee appreciates it very much. With the minister from the Department of Natural Resources we have Bob Hamilton, deputy minister. Welcome to you, sir, as well.

We have the minister here for the first hour today, then we go to departmental officials for the second hour. I would encourage members to keep their questions focused on the supplementary estimates (B).

Minister, please go ahead with your opening statement and then we'll go directly to questions and comments by members of the committee.

Hon. Greg Rickford (Minister of Natural Resources): Thank you, Mr. Chair. I want to thank all members of the committee for this opportunity.

Perhaps I may say a few words to set the context for some more specific details around the supplementary estimates and questions that you may have today.

I think we all understand the importance of natural resources and their industries and that they account for 20% of Canada's GDP. Natural resources in Canada are the source of more than two million jobs across the country and, notably, are the largest employer of first nations. Resource development also acts as a vital driver for growth of our economy overall, whether this is in manufacturing, transportation, and/or in particular with energy needed to power our industries.

[Translation]

Resource development helps communities thrive, contributing to social programs, education and public infrastructure, and enhancing our quality of life.

Mr. Chair, there are certain things we need to do to ensure communities and all of Canada continue to thrive from natural resource development.

[English]

I'd like to talk about three particular areas that have been the focus of some of my more recent activities.

First, the changing global demand issues, challenges, and opportunities around market diversification and access to our resources.

On a global scale we're told that by 2035 the world will need a third more energy than is being consumed today. Almost all of the increased demand will come from non-OECD countries. This is not only for energy. There is a soaring demand for our minerals and the manufacturing that they make possible. Think of it this way: by 2025, China alone will need five million new buildings including 30,000 new skyscrapers. In India, fully 80% of the infrastructure it will need by 2030 has not even been built yet.

For Canada, colleagues, this shift in potential demand from Canadian resources offers an exciting new possibility to provide energy and resources that will drive growth and improve the quality of life of millions of people around the globe, as well as contributing to international stability. As recent events in Europe have made evident, energy security has become a tool for exercising foreign policy, making energy security a matter of national, continental, and global security. As countries in Europe and elsewhere seek to diversify both the types of energy they use and suppliers of that energy, we believe Canada is well positioned, reliable, secure, and responsible.

Canada is facing a golden opportunity, perhaps once in a generation as some have framed it, to diversify our markets in the resource sector. In the case of energy alone, this is now a strategic imperative as the United States, virtually our only customer for oil and gas, produces more and more of its own fuels. As America unlocks its shale and tight oil formations, it's transforming its energy relationship with Canada and the world, so the implications could not be clearer for Canada. Market diversification, market access, and product diversification are imperatives. If we miss this opportunity, particularly over the medium term, in the development of these resources and the infrastructure required to support their transportation, we will be missing out on an excellent opportunity for this country.

Let me talk about the second piece then, environmental performance.

•(1110)

[Translation]

While our government sees the imperative to act, and act quickly, we are committed to ensuring that our resources are developed in a responsible manner. Our bottom line is simple: in Canada, no project proceeds unless and until a thorough and independent review demonstrates it to be safe for the public and the environment.

Over the past year, we have stepped up our game with new measures to enhance our world-class pipelines and marine safety systems.

[English]

I'll turn to community engagement.

[Translation]

Equally important, our government has taken concrete action to engage aboriginal communities in all aspects of resource development. This includes establishing our Major Projects Management Office-West and the tripartite energy forum as part of our continuing response to the report by Douglas Eyford, Special Federal Representative for West Coast Energy Infrastructure.

[English]

Finally, on supplementary estimates (B) specifically, Mr. Chair, let me now provide you with a brief overview of my department's supplementary estimates. These estimates bring the total budgetary authorities for NRCan in the current fiscal year to just under \$2.81 billion when including the main estimates, the supplementary estimates (A), the supplementary estimates (B), and direct transfers. This is an overall proposed net increase of just under \$35 million in Natural Resources Canada's total budgetary resources in 2014-15.

Increases to the supplementary estimates (B) include \$18.8 million to support our work in defining the limits of Canada's continental shelf in the Arctic Ocean, including the North Pole, which will help inform Canada's submission to the United Nations Commission on the Limits of the Continental Shelf. This is a priority under the northern strategy and the statement on Arctic foreign policy. Also related to the northern strategy is a transfer of \$2.1 million from National Defence to Natural Resources. This is for the ongoing operation and maintenance of NRCan's Resolute facility, and related logistical support for the Canadian Armed Forces Arctic training centre. A transfer of \$1.7 million from Aboriginal Affairs and Northern Development will enable my department to deliver cost-effective, safe, and efficient field logistics for the Canadian High Arctic research station science and technology program.

•(1115)

[Translation]

The committee will note that these estimates include a further \$2.5 million to facilitate aboriginal participation in west coast energy development, a direct response to the report prepared by Mr. Eyford.

Also included in the estimates is \$7.6 million for the renewal of the investments in forest industry transformation program. The program supports the development and commercialization of technologies that will enable Canada's forest industry to develop a more diversified and higher-value mix of products. This is crucial to

the forest sector's global competitiveness, as is the \$1.5 million for the genomics research and development initiative. This funding supports research that is directed toward improving forest health and supporting Canada's forest industry.

Also within my portfolio as Minister of Natural Resources, the estimates include \$6.5 million for the National Energy Board. This primarily relates to the reviews of the TransCanada Pipelines Energy East and Imperial Deep Water Offshore Well megaproject applications, as well as funding for increased public awareness of pipeline safety.

And Atomic Energy of Canada Limited, or AECL, is completing the discharge of the liabilities related to AECL's former commercial division, divested in 2011. To this effect, supplementary estimates (B) include \$35 million for a payment made by AECL to Bruce Power relating to the now completed refurbishment of two nuclear power reactors in Ontario.

[English]

In conclusion, Mr. Chair, these targeted fiscally responsible investments support our government's ongoing commitment to enabling Canada's natural resource sector to deliver the benefits that are of such fundamental importance to Canadians in a way that is safe and socially and environmentally responsible, and respects our constitutional obligations and opportunities for aboriginal people.

[Translation]

Thank you again for the opportunity to meet with the committee.

I look forward to taking your questions.

[English]

The Chair: Thank you very much, Minister, for your presentation. That's very helpful information for the committee.

We go now to the seven-minute rounds, starting with Ms. Block, parliamentary secretary to the minister, followed by Ms. Charlton from the official opposition, and Mr. Regan from the Liberal party.

Please go ahead, Ms. Block, for up to seven minutes.

Ms. Chris Charlton (Hamilton Mountain, NDP): On a point of order, Mr. Chair, I just wonder if the parliamentary secretary to the minister might just want to have this conversation in his office and whether the parliamentary secretary would give us her seven minutes.

The Chair: I don't think that was really a point of order. In fact, I would suggest that was mischievous.

Ms. Block, go ahead, please.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): I just want to give my colleague an "E" for effort.

Thank you very much, Mr. Chair.

I welcome you, Minister Rickford and Deputy Minister Hamilton, to this meeting. We look forward to being able to discuss with you our supplementary estimates.

I do want to thank you both for the excellent leadership you are providing to our nation in the responsible development of our natural resources and also pass through you to the department how much we appreciate the excellent work they are doing on behalf of our country.

As you well know, the natural resources sector is the largest private employer of first nations people in Canada. That's not news to you, sir. In reviewing these estimates, I note that \$2.5 million, in vote 1 under operating in the supplementary estimates (B), is for aboriginal participation in west coast energy development.

Could you provide us with more details on how these funds will further enable first nations to make important contributions as full partners in the development of our natural resources?

● (1120)

Hon. Greg Rickford: I appreciate this opportunity to talk to the committee about what I believe represents an exciting opportunity. The announcement and subsequent opening of the major projects management office west in Vancouver is a clear signal of what the federal government intends to do in terms of engaging with British Columbia first nations. This is intended, colleagues, to be a single window to coordinate extensive engagement with first nations and, actually, with industry. I want to emphasize that this will be focused on enabling first nations communities to take advantage of the business opportunities, increasing employment opportunities through training and skills development, and working to enhance environmental safety.

The government's supplementary estimates include funding to support this engagement with first nations in British Columbia specifically in order to understand the key issues and opportunities to support their participation in resource projects, and more specifically, energy-related projects.

Mrs. Kelly Block: I also note on the same page of the estimates, page 2-64, further down there's a line item with regard to authorities to support comprehensive claims and self-government negotiations in British Columbia. We know that modern treaties are the most comprehensive way of addressing aboriginal rights and title. They resolve questions of uncertainty with respect to ownership or use of land and resources. They also provide first nations with the economic and social tools to promote self-reliant communities and the capacity to identify and implement their own solutions to difficult economic and social problems. All in all, modern treaties are, I think, good for all Canadians.

I've already highlighted the line item in the estimates about authorities supporting comprehensive claims and self-government negotiations. How does this item contribute to these benefits?

Hon. Greg Rickford: We're proud to be a part of this process because I think negotiated treaties will provide the certainty that British Columbia needs.

There are, with things like liquified natural gas, opportunities there; a chance to create a strong economic base for first nations and full partnership with industry and other levels of government.

This item indicates that funding is to provide technical and professional expertise and services to the regional claims, and treaty negotiators in British Columbia renewed for an additional two years.

This include services for legal surveys, land management, and land tenure regimes, as well as forest management and assessment.

There are also tools for the support of other processes that may go on in the instance of resource development: cultural mapping and traditional land use planning to name a few.

The renewed funds and the authorities allow NRCan to continue supporting the negotiation of comprehensive land claim agreements, including self-government agreements in British Columbia for the period of April 1, 2014, to March 31, 2016. This funding was introduced under our government in 2008 to 2009.

Modern treaty negotiations flow from the agreement of Canada, British Columbia, and first nations to establish that new relationship based on trust, mutual respect, and understanding, and for the purposes of natural resources to support a process where first nations have the opportunity to become involved in all aspects of responsible resource development.

● (1125)

Mrs. Kelly Block: We know, Minister, you've had different experiences working with first nations in previous professions that you've served in. You're also aware of the Eyford report that was brought forward. Could you speak to how some of these initiatives flow out of the Eyford report?

Hon. Greg Rickford: Much of the focus in my own professional experience, and now in my political capacities, has been on the contributions and the capacity of first nations to participate, particularly in the environmental assessment processes, the National Energy Board, and joint review panels.

I have seen first-hand, as a nurse living on the north British Columbia coast and in my own district with Webequie first nations, the incredible contributions that they can make to these processes, which should pre-empt any plans for resource development.

Whether it's cultural mapping, traditional land use planning, or marine safety, it's my view and my experience that they have significant contributions to make any of these processes, any of these exercises, and the opportunity itself, safer and more environmentally responsible. That level of engagement and integration is a proxy for the success of any given project.

The Chair: Thank you, Minister.

Thank you, Ms. Block.

We go now to Ms. Charlton, up to seven minutes. Go ahead, please.

Ms. Chris Charlton: Thank you very much, Minister, for spending time with us this morning. Seven minutes isn't enough to explore everything we'd like to chat with you about, but hopefully you'll come back sometime soon.

Let me begin by focusing on some of the comments that you made about community engagement and the NEB. A lot of Canadians, especially in recent months, have been concerned about the fact that there are not a lot of forums left for citizens to express their opinions and their concerns about some of the energy projects in our country. For recent reference you may want to think about the folks who are currently protesting on Burnaby Mountain with respect to Kinder Morgan.

My first question to you is, do you agree with your predecessor that folks who are engaging in the process in this way are radicals?

Hon. Greg Rickford: What I would say, Mr. Chair, is that the expectation of the general public, and certainly that of our government, is for peaceful protest. I respect and understand that. It has become part of the process of certain projects and often more. Otherwise that's a matter for local officials to deal with.

Ms. Chris Charlton: I think people do want to participate in the process. They want to do so peacefully, and they've been searching for opportunities to give an informed and significant voice to the concerns that they have. I think recent changes to the NEB Act, though, have made that increasingly difficult for them. We're seeing increasing unrest and, as you know, there are ongoing legal battles around both Kinder Morgan and around Northern Gateway. Would you agree that perhaps the process isn't delivering the kind of predictability and certainty that Canadians need and deserve? Have you thought at all about reversing those changes to the NEB process?

Hon. Greg Rickford: Respectfully, Mr. Chair, I don't think we would want to reverse changes that have given the National Energy Board broader powers of enforcement and investigation. Those are as substantive as anything. Understanding that the National Energy Board is committed to and focused on safety information for Canadians, in particular with respect to compliance and enforcement actions, the NEB's increase in funding is primarily due to its review of TransCanada's Energy East and Imperial deepwater offshore well applications. As my colleague might know, Mr. Chair, the NEB's funding is cost-recovered from the energy industry. But I can tell you—and this is a message that I have been sending consistently to folks—that the federal government clearly understands its role, and the need for an independent science and fact-based review process that makes accommodations for people who are most directly impacted by a given project, and for any and all technical expertise that's science and fact-based, pertaining to that particular project.

I would conclude, Mr. Chair, by saying that the federal government regulates 73,000 kilometres of pipelines here in Canada and we have a 99.999% safety record. I think that's worth sharing with folks, in particular in the debate about any specific pipeline project, but also with regard to pipelines in general.

●(1130)

Ms. Chris Charlton: Thank you very much, Minister. I want to follow up on the changes to the NEB. You talk about science-based decision-making, but the reality is that your government has deliberately and systematically eliminated the opportunity for public participation. In your presentation, just moments ago, you talked about the need for community engagement, and yet up in Burnaby Mountain the first nations have been quite clear that they have not been consulted. I think there are changes to the NEB Act and to the process that people are hungering for. I think we could expand assessment criteria to include things like better consultation. We could of course also include things like greenhouse gas emissions, jobs, national and regional energy security, and as I mentioned earlier, respecting our obligations to first nations.

I'd ask you again, specifically regarding public consultation, would you not agree that we can and must do better, and that Canadians are, in fact, telling you that at this very moment on Burnaby Mountain?

Hon. Greg Rickford: Look, obviously I am seized of the National Energy Board in the portfolio of Natural Resources Canada. It is a robust and independent regulatory body that, in our view, conducts a rigorous science and fact-based review of projects. In fairness, Mr. Chair, I suspect that there will always be a difference of opinion on the amount of time and the scope of engagement. I think that, consistently, the National Energy Board has more than adequately provided for that through thousands of inputs. There are several different fora through which this can come into the National Energy Board: written, viva voce, and the like. I think that that opportunity exists, and I think that the National Energy Board has to hear from those most directly affected by a given project, and of course, those with relevant expertise on the matter. For our part then, in interpreting—

Ms. Chris Charlton: I only have one minute left.

Hon. Greg Rickford: Sorry. We've been clear. Projects will only proceed if they're safe for Canadians and safe for the environment. Mr. Chair, I think we've demonstrated a commitment to that in decisions I'm sure this member doesn't want to raise, where we've made difficult decisions in British Columbia around certain projects, but...

Ms. Chris Charlton: Let me just follow up with one more minor question.

You mention in your presentation that there is money for aboriginal consultation for west coast energy development. Is it only on the west coast? What are your plans in the rest of the country?

Hon. Greg Rickford: That's a good question.

The major projects management office west is focused on British Columbia. Certainly, with respect to any other major project the National Energy Board, as we identified in the supplementary estimates, will have a more expansive review process, so there will be opportunities there for first nations. Since that has just been submitted to the National Energy Board, I can't really comment on those specific plans, but whether it's our pipeline safety act in particular, which will be forthcoming.... We're focused on ensuring that first nations have a substantive and ample opportunity to participate in safety, prevention, preparedness, and the response elements of that legislative framework.

The Chair: Thank you, Minister.

Thank you, Ms. Charlton.

Mr. Regan, for up to seven minutes. Go ahead, please.

Hon. Geoff Regan (Halifax West, Lib.): Thank you, Chair.

Thank you, Minister.

“Viva voce“, you're sounding more like a lawyer than a nurse, Mr. Minister.

Let me ask you about the \$35 million being paid to AECL so that it can transfer it to Bruce Power. What's that for?

Hon. Greg Rickford: Let me refer to the specific supplementary estimate line here.

The \$35 million payment, Mr. Chair, was made by the AECL to Bruce Power as part of a negotiated settlement of a contractual legal issue with respect to the now completed refurbishment of the two nuclear reactors in Ontario. The details of it are confidential, but these estimates also include a transfer of \$285,000 from National Defence to AECL's role in the Canadian safety and security program. It's a federally funded science and technology program aimed to strengthen Canada's ability to address natural disasters, serious accidents, crime, and terrorism.

•(1135)

Hon. Geoff Regan: So it's \$35 million, but it's confidential, so we can't really know what that's about. I'm not going to pursue that further, because there's obviously no point in doing so.

Hon. Greg Rickford: I can say that it would be confidential between those parties, for sure.

Hon. Geoff Regan: What are the total costs associated so far with selling off CANDU assets to SNC-Lavalin? Do you anticipate additional costs, and if so, how much and for what?

Hon. Greg Rickford: I don't have the precise figures in front of me, so we'll be happy to follow up with the response.

Hon. Geoff Regan: Thank you, Minister.

Can you tell us how much is budgeted for the creation of the Canadian Nuclear Laboratories and for the transfer of CNL to the private sector? Is there a final figure at this stage, for example?

Hon. Greg Rickford: Are you talking about the NRU in particular, or the...?

Hon. Geoff Regan: You have to create the Canadian Nuclear Laboratories, so that whole entity has to be created. I would think

there must be money budgeted to do that. And then there must be costs associated with the transfer of CNL to the private sector.

Hon. Greg Rickford: I gave those first figures in your rapid-fire approach here, which I very much appreciate, on the National Research Universal reactor and medical isotopes. We're taking action here to ensure security and diversity of supply by investing more than \$60 million in alternative technologies to diversify sources of supply. This would come through the isotope technology acceleration program—I think ITAP is its acronym—investing in three projects led by innovative Canadian organizations. We're also active in internationally encouraging a better coordination of world supply and the efficient use of medical isotopes, which is often the biggest concern in this discussion.

We note, then, that before 2010 the NRU produced more than 40% of the global supply. Today those supplies are between 15% to 20%.

Hon. Geoff Regan: Minister, I'm not sure I'm getting what I'm looking for here, which is what's budgeted for the creation of CNL basically, and the costs of transferring it.

Hon. Greg Rickford: I'd be happy to provide those specific particular figures to you.

Hon. Geoff Regan: Thank you.

Hon. Greg Rickford: The answer of course deals with the transition that is going on particularly at that facility. I think it represents a great opportunity for Canada's nuclear industry.

Hon. Geoff Regan: This brings the AECL funding to \$332 million with the additional \$35 million. How much of that is for the operation of the NRU?

Hon. Greg Rickford: For the operation of the NRU.... Well, I appreciate the questions. They don't form part of supplementary estimates (B), but we'll be happy to provide that for the questions you've asked that are outside of the supplementary (B)s in terms of specific figures for your review.

Hon. Geoff Regan: I appreciate that, Mr. Minister. Thank you for your comments. Certainly this ranged a bit broader than just the supplementary (B)s.

Let me ask you, have you budgeted any funds for the operation of the NRU beyond 2016?

Hon. Greg Rickford: Thank you for that question.

As I mentioned to you earlier, we are focused on the transformation of that facility to a GOCO, and obviously there is a process taking place there that is focused in particular on being licensed to operate until 2016. No decisions have been made beyond that time.

Hon. Geoff Regan: So you have no number in terms of what...? You haven't budgeted anything for any operation beyond that certain time limit.

•(1140)

Hon. Greg Rickford: The NRU is currently licensed to operate until 2016 and no decisions have been made beyond that time.

Hon. Geoff Regan: What are the expected shutdown costs of the NRU and how much has already been spent on preparatory work for that shutdown?

Hon. Greg Rickford: Again, we would be happy to provide those figures to you since they lie outside of the specific supplementary estimates. I don't believe that at any point in time in my earlier comments I expounded on it, at risk of these questions around nuclear energy external to the supplementary estimates.

Hon. Geoff Regan: Well, you did certainly talk about medical isotopes, so let me ask you, what work has been done to determine the impact on global supply of medical isotopes when the NRU shuts down?

That has been a matter of great concern for the Canadian Association of Nuclear Medicine, which warned that shutting it down will put the supply of medical isotopes internationally in serious danger and that alternatives may not be available. In fact, the nuclear medical association states:

The potential "doomsday" scenario of simultaneous closures/shutdown/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.

Hon. Greg Rickford: Well, there are myriad quotes on this, and, of course, you, Mr. Chair, and this committee would have been seized of a number of issues over the course of the past two decades with respect to medical isotope production and what occurred or didn't occur at that facility over the course of those two decades.

I'm sure the member knows that the state of the science, technology, and policy positions both of nuclear organizations around the world and of countries is to move away from highly enriched uranium as the source for medical isotopes. That's why Canada has responded in earnest, focused on isotope technology acceleration programs, not just a more nimble but ultimately a safer way of producing medical isotopes for important health diagnostic capacities and the opportunities they present for domestic and international markets.

I can say that bilaterally, just with the United States alone, and with other countries' positions as well, they support alternative ways to produce medical isotopes. That said, Mr. Chair, this government is very cognizant of the importance of medical isotopes to diagnostic capacity here in Canada and abroad, has invested in acceleration programs, and appreciates the ongoing—however, markedly reduced—contribution of the NRU to those specific kinds of isotopes. But we'll continue to protect them as a source as new alternatives are nearly ripe for full-time production.

The Chair: Thank you.

Thank you, Mr. Regan.

We go to the five-minute round now. There will be four questioners in the five-minute round, starting with Mr. Leef, and then we'll go to Monsieur Lauzon, Ms. Duncan, and Mr. Trost.

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

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

Minister, welcome to our committee. It's great to have you here. I'm hoping that you're going to be able to expand a little bit on a section of your opening remarks in which you talked about the increase in the supplementary estimates (B) that includes \$18.8 million to support our work in defining the limits of Canada's continental shelf in the Arctic Ocean, including the North Pole. I'm wondering if you could highlight the importance of this work for Canada and maybe tell us a little bit more about this year's survey.

Hon. Greg Rickford: That's a good question.

Attaining international recognition for the full extent of our continental shelf is a priority for the Government of Canada. It's a fundamental effort and, importantly, a legacy for future Canadians. This international recognition is vital to future resource development, so in December 2013 we filed a partial submission with the Commission on the Limits of the Continental Shelf to define the outer limits of the continental shelf in the Atlantic Ocean. At the same time, Canada filed preliminary information concerning its continental shelf in the Arctic Ocean. These are issues that you have shown tremendous leadership on.

The 2014 survey, more precisely that you're talking about, for the eastern Arctic was completed in September using the CCGS *Louis S. St-Laurent* and the CCGS *Terry Fox*. Surveys were conducted in the vicinity of the North Pole and the Lomonosov Ridge. In excess of 12,000 kilometres of bathymetric data were acquired and 746 kilometres of seismic reflection data was produced.

I can tell you that preparations for the next survey are under way.

•(1145)

Mr. Ryan Leef: That's excellent news, thank you.

I see you've also indicated that in the supplementary estimates (B) there's an increase coming to the department from Aboriginal Affairs and Northern Development Canada over to Natural Resources to enable the delivery of the Canadian High Arctic research station science and technology program. I can tell you from being on the ground in Cambridge Bay this year on the northern tour of the community, I'm exceptionally excited about that. It's a great news announcement for the north and we're very much looking forward to seeing the results of that. I guess I can congratulate you for being able to pull some money away from Aboriginal Affairs and Northern Development Canada into Natural Resources for this particular program.

Can you maybe highlight what these funds are going to specifically be used for and how the department is going to ensure that they're going to be employed in a cost-effective manner?

Hon. Greg Rickford: Sure. These are tough but fair precise questions on the supplementary estimates.

Let me talk about Natural Resource Canada's polar continental shelf program. It's intended to provide the delivery of cost-effective, safe, and efficient field logistics for the Canadian High Arctic research station science and technology program by NRCan, specifically our polar continental shelf program. PCSP is the principal Canadian provider of terrestrial Arctic logistical support to academic and government researchers. It has been in business in fact for more than 50 years, much longer than anybody sitting here at this committee today. Using PCSP eliminates the need for CHARS' science and technology program, or any other department or Arctic science program, in its efforts to replicate field logistics capacity, including human resources and the need to commit large volume and multi-year aircraft and fuel contracts.

By using one existing organization to deliver the logistics, cost effectiveness and efficiencies can be gained that benefit the Government of Canada as a whole and, obviously and most importantly, Arctic science.

Finally, Mr. Chair, I would say this is the first of a five-year annual transfer commitment by Indian Affairs for the implementation phase of CHARS' science and technology program. The partnership ensures that CHARS clients have access at the lowest cost to aircraft, to fuel, and to field equipment when and where needed and, of course, that these are provided with the highest margin of safety possible.

The Chair: Thank you, Mr. Leef.

We go now to Monsieur Lauzon, for up to five minutes. Go ahead, please, sir.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair.

Welcome, Minister.

I'm new to this committee, so some of the questions I'll have might be rather naive, so you'll have to bear with me.

I notice, though, that you talked in your comments about \$7.6 million for renewal of the investments in forestry industry transformation program. It's nice to know that acronym is IFIT, a very interesting acronym.

Apparently this program is to support the development and commercialization of technologies to have a higher value mix of products in the forest industry. Being new to this committee, this intrigues me. How do we do that? How does IFIT give us a better product or a more diversified yield, if you will?

Hon. Greg Rickford: I could go on and on about this. I realize this is probably one of the most important investments we're making in the forest sector.

For any of us who come from large, vast regions where the forest sector has been the lifeblood of our local economies, at the bottom of the last recession there were a couple of notable observations that one could make. First of all, small mills couldn't and wouldn't survive, not just because of the recession, but because they tended to cut board foot or make a very raw form of pulp, for example. Because of their inability to diversify their product offering, they couldn't carve out anything else that was left.

The IFIT program is focused on accelerating the deployment of highly innovative, first-in-kind technologies at Canadian forest industry facilities, and we've seen some great results already. I can say that to date the program has successfully funded 14 different projects involving 9 world-first technologies, and 75% of projects are creating new products or diversifying recipients' product offering.

In the renewal of this program, the investments in forestry industry transformation program, the response from stakeholders is to just say, "It fits". It fits what the forest sector is asking for right now. To the extent that they are still in the context of a fragile global economy, the forest sector, and specifically mills and the like, have an opportunity to diversify their product offering.

This program finally has an entry point for all sizes of operations, so it's fair as well, and is focused on innovation for first-in-kind technologies.

• (1150)

Mr. Guy Lauzon: It sounds like a pretty good return on investment.

Hon. Greg Rickford: It is, so far.

Mr. Guy Lauzon: Another line item I noticed in the supplementary estimates was the genomics research and development initiative. This is only \$1.5 million, but apparently, according to the information I have, it leverages funds through collaboration with Canadian and international universities, research organizations, and particularly private companies, which really intrigues me.

You're leveraging that money, but how do we know that the money we're spending relates to the kinds of things you've just talked about, Minister, and that we're getting the right product and the right results and that these private companies or these universities aren't going off on their own tangent? How do we know they're buying into Canada's aim?

Hon. Greg Rickford: In your previous question we were talking about innovations in technologies for the industry. This particular line item is focused on the sustainability of that source, the trees. This kind of research is directed towards improving forest health in short, and supporting the industry by identifying and emphasizing the health of specific species that are of economic importance to the country. Some examples would be, for example, in Atlantic Canada where the balsam fir sawfly has been a problem for decades. Funding from the genomics research development initiative has allowed NRCan to sequence the genome of a biological control virus to reduce the population of this very highly destructive insect. Canada now has licensed this biological control to a New Brunswick-based company for commercial use under the trade name Abietiv.

As well, there are other instances that arrive where forest pests become critically impactful on the health of the forest. The GRDI scientists work collaboratively on a Government of Canada priority targeting research on invasive and quarantined species to protect Canada's biodiversity and trade as a whole.

The Chair: Thank you, Mr. Lauzon.

Thank you, Minister.

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

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you, Mr. Chair, and thank you Mr. Minister.

Just to reiterate my colleague's comment, I have a lot of important questions to ask you on supplementary estimates (Bs) and it's hard to do when only 17 minutes are allotted to the opposition.

My first question is on the \$2.5 million being dedicated to establish the MPMO for Vancouver. It's my understanding that the office was created to streamline major energy projects. Last year your department spent \$21 million just to re-establish the Calgary NEB office. Can you tell us how much of that \$2.5 million is being spent to establish the MPMO, and how much is actually going to generally engage first nations in their determination of their energy priorities?

• (1155)

Hon. Greg Rickford: As I had said earlier I believe in my remarks and in questions of likeness, this MPMO is focused on enabling first nations to take advantage of the business opportunities, the increasing employment opportunities, through training and skills development in working to enhance environmental safety.

It is, Mr. Chair, an exercise to integrate their full and important contributions on all aspects of any specific resource project. As a practical first step the MPMO, which has only recently been opened as I said earlier, will serve as a single window, one-stop shop to coordinate the extensive engagement for first nations and the industry.

Ms. Linda Duncan: If I could just interject, Mr. Minister, my question is about allocation of money. This is about the supplementary estimates (B) and my question was very specific about the supplementary estimates (B). How much of that \$2.5 million is actually being spent on establishing the office?

Hon. Greg Rickford: I can provide you with the specific amount as a portion of that money for the physical space or the human resources. Is that what you're talking about?

Ms. Linda Duncan: Yes, it's a very specific question.

I have a second question for you. I've noticed in your budget that there is mention that the government is becoming more interested in investments in renewable power and energy efficiency, as Canadians are asking. I always follow the United States–Canada clean energy dialogue report. I notice your officials attend a lot of seminars on energy efficiency. You may have noted that the Northwest Territories have declared that they're going to shift away from fossil fuels and be shifting towards use of renewable power. As most of the Northwest Territories is an aboriginal population, I am wondering where can we find in the supplementary estimates (B) a shift now towards more investment in energy efficiency and investment in expanding renewable power rather than fossil fuels.

Hon. Greg Rickford: This is really about a clean energy agenda. I'm very proud of the investments and the results we're having, specifically with respect to reducing greenhouse gas emissions on a

net basis and the fact that Canada has the cleanest electricity mix in the G-7 with more than 79% of it coming from non-emitting sources.

Investments in green infrastructure, energy efficiency, clean energy technologies, and production of cleaner energy and cleaner fuels are having an impact on our environment. We have, obviously, one of the most successful programs or funds within Natural Resources, the sustainable development technology fund, which is committed to energy and environmental innovation. And of course, the ecoENERGY innovation initiative, supporting energy research, development and demonstration in projects in critical areas, such as smart grids and renewables, reducing the environmental impact of oil sands, energy efficiency for industry and communities, bioenergy and electrification of transportation, as well as an announcement I recently made in Estevan, Saskatchewan, on carbon capture and storage.

Ms. Linda Duncan: I'm not sure that carbon capture and storage fits in with renewable energy and energy efficiency, but I appreciate the response.

I have one final quick question. I note that in the supplementary estimates (B) we have \$2.5 million for furthering the major energy projects, basically, by major mining and oil companies in British Columbia and Alberta, but a much smaller amount for furthering finalization of self-government agreements of \$200,000.

Wouldn't it make more sense to put that \$2.5 million into finalizing the self-government agreements in British Columbia, so they could then move forward in self-determining their energy future?

• (1200)

The Chair: A very short answer, please, Minister.

Hon. Greg Rickford: Well, this funding for NRCan's purposes is very focused. It's on technical and professional expertise, and services to regional claims and treaty negotiators in British Columbia. They include services specifically for legal surveys, land management, and land tenure regimes, as well as forest management and assessments. These are also important building blocks for other processes, particularly environmental assessment processes, a joint review panel the National Energy Board would find useful, and fortify the participation of first nation communities—

Ms. Linda Duncan: But that's for the whole country, though.

Hon. Greg Rickford: —and their positions in those—

Ms. Linda Duncan: That \$200,000 is for the whole country—

The Chair: Order Ms. Duncan, order.

Thank you very much, Minister.

Final question to Mr. Trost.

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

Thank you, Mr. Minister, for being here today.

Mr. Lauzon noted that this was his first time here and he's bit of a rookie at this. I guess this is my ninth year, and I've seen some versions of the minister for natural resources, so I think you'll forgive me to some degree for my question. I've put it before to previous ministers and it comes from my background as an exploration mining geophysicist. I'm probably the only member of Parliament, at least on this committee, who's actually done geological mapping. As a result, I have a bit of a personal interest in the geo-mapping for energy and minerals program.

I was wondering, Mr. Minister, if you could give us a bit of an update, an overview of the program—it has been going for a few years—and particularly talk about how it impacts and affects northern communities. I view this as an infrastructure-based program, even though a lot of people won't view it as infrastructure. But it is infrastructure for our mining industry. It's infrastructure for our resource-based industries, and we have to renew this with its funding.

I would like a bit of an update and the committee's indulgence on a review of the geo-mapping for energy and minerals.

Hon. Greg Rickford: Absolutely, and I appreciate the question. I would just say that given the technical and precise questions offered by my colleague on forestry in his first time out, I'm going to have to brace myself for further questions, because I thought that was pretty detailed and impressive.

In particular, on the geo-mapping for energy and minerals program, as you know, this was launched in 2008 as part of a five-year initiative to produce new, publicly available regional-scale geoscience knowledge in Canada. In 2014 specifically, the geo-mapping for energy and minerals program launched its new research program, with 14 activities that were initiated following extensive consultations with our provincial and territorial counterparts. The program also engaged, as it should, northerners and their institutions, to seek input on how the program's research activities can most benefit northerners.

I can tell you that the long-term expected outcome of the geo-mapping for energy and minerals program is that of contributing to a strong northern economy through stable long-term investment in responsible resource development and, importantly, producing the kind of information that supports increased exploration, new mineral and energy resource opportunities, and a better understanding of what that really means. In our view, this is obviously going to contribute significantly to communities, to northerners making informed decisions about their land and the future in terms of their economy, and, as is often the case, to how resource projects can develop responsibly for their economic benefit without any

compromise to the safety and environmental issues or challenges that any given project imposes.

• (1205)

Mr. Brad Trost: I have a final question. You noted in your remarks an extra \$6.5 million for the National Energy Board. I know that there have been other questions around this table about pipelines, and the NEB is deeply involved in that. Can you go into more detail about the \$6.5 million in the supplementaries here? What's it being spent for and how does it directly impact, affect, and assist Canadians?

Hon. Greg Rickford: Yes. Specifically, the increase of \$6.5 million is primarily due to its review of TransCanada's Energy East pipeline and Imperial's deepwater offshore well applications. I think I mentioned at least one or maybe both.

Because safety and environmental protection go to the core of what the National Energy Board's priorities are, this is about providing safety information and, equally important, compliance and enforcement actions, which again is why I may have taken some exception to a previous question that I think may have overlooked the new tools that the National Energy Board has for compliance and enforcement—in some instances, the doubling of fines.

Of course, I will never miss an opportunity to talk about the important work the National Energy Board does in its full-scale review of a given project. Its success is manifested in the fact that there are at least 72,000 kilometres of federally regulated pipeline, for which Canada has a 99.999% safety record.

We believe that in the exercise of building public confidence, our responsibility, whether it's pipeline safety or a pipeline regime legislative framework, should focus on safety, prevention, preparedness, and response. Of course, a world-class—if not world-leading—liability regime is an important part of giving Canadians the confidence that these pipeline projects should proceed. We know, at least here in North America, that a majority of folks appear to understand and support that.

The Chair: Thank you, Mr. Trost.

Thank you to all members for your questions to the minister today.

Thank you very much, Minister, for your presentation, for the answers to the questions, and for taking the time to schedule this so soon after the request came in.

We will suspend the meeting for a couple of minutes as we change witnesses and have departmental officials—in one case the same—come before our committee for about 55 minutes of additional time with them.

• (1205)

(Pause)

• (1210)

The Chair: We resume the meeting with witnesses from the Department of Natural Resources.

We have with us, remaining or staying at the table, Bob Hamilton, deputy minister. Welcome again. As well, with him, assistant deputy minister, chief financial officer, corporate management and services sector, Kami Ramcharan. Welcome again. We've had you before at this committee and look forward to your answers to questions.

I would assume you don't have a presentation to make. You're ready to get started with questions. We will start with the seven-minute round, with Ms. Crockatt followed by Ms. Charlton, and possibly with their time split, and Mr. Regan.

Go ahead please, Ms. Crockatt, up to seven minutes.

Ms. Joan Crockatt (Calgary Centre, CPC): Thank you very much to our officials for coming in and answering the questions.

I think a lot of Canadians don't understand that when we have estimates like this we do get a chance to break them down and you do come and appear before us to answer questions so we can have a more detailed understanding. I appreciate that you make yourselves available for that, thank you.

There are several things I thought were quite fascinating in what we heard from the minister's testimony. One is that Natural Resources is the largest employer of aboriginals in the country. I think a lot of people don't understand that. It's one of the areas you're moving forward with in response to the Eyford report.

I want to talk about the safety and environmental protection compliance and enforcement role, and how that's being enhanced here with the estimates we have before us. In my riding of Calgary Centre many people who work in the oil and gas industry also consider themselves environmentalists. They live within sight of the oldest natural Canadian national park: Banff National Park. They spend their weekends out in the mountains and the environment's incredibly important. They want to be assured that our energy products can be transported safely across the country.

In the estimates, can you share with us the government's plan for responsible resource development and inform us what actions we are taking to ensure we have a world-class safety system? I'd like you to talk about marine, rail, and pipeline transportation, please.

• (1215)

The Chair: Go ahead, please, Mr. Hamilton.

Mr. Bob Hamilton (Deputy Minister, Department of Natural Resources): Okay, thank you very much, Mr. Chair.

I should just say in addition to Kami, I do have other officials here with me so that if we get into detailed questions, I'd like to have the ability to call them to the table if they can provide more detailed answers.

On the question of safety, it definitely has been an issue of increased activity for the government. The issue that the minister raised was public confidence: how do we make sure that we can have projects go forward in a way that the public has confidence that they'll be done environmentally, safely with respect to communities?

I'm not aware of anything in particular in the supplementary estimates that is directly on point to that. There are issues of increasing our consultations on the west coast with aboriginal communities, to get the message across and to make sure we're having those dialogues, but I would say if you look outside of the estimates, there definitely have been a number of changes in all of the areas you suggested: in the area of tanker safety, where the government introduced a number of measures such as mandatory double hulling; and additional research on the property of bitumen in the event of a spill.

There has been some work on enhancing tanker safety, and in all of these areas an effort to prevent what's happening, but also to make sure we are prepared in the event that the unfortunate event happens. So on tanker safety, pipeline safety, again, we will be coming forward with legislation, primarily ensuring an adequate liability regime to make sure that liabilities are established in the event of a spill and that the polluter-pay principle is respected and enshrined in law.

On rail safety, there have been a number of measures put forward in response to events to make sure we have a safe rail system for transport, as more of these products are transported by rail.

Those are initiatives that have taken place, not necessarily in the context of the supplementary estimates but in recent history, and as part of the ongoing efforts we have at the federal and provincial levels to try to ensure that resources can be shipped safely and with the confidence of Canadians.

Ms. Joan Crockatt: Maybe I could just turn your attention to the estimates and indicate that there is \$0.4 million, a relatively small amount, in vote 5b, capital from National Defence to Natural Resources, and this is to support the Canadian safety and security program. It's my understanding this is providing science and technology funds that are going to support and advance and respond to our public safety and security policy initiatives.

Can you elaborate on what this money is going to be spent for?

Mr. Bob Hamilton: Yes, this is a transfer of \$400,000 from National Defence to us, which delivers science and technology solutions through the Canadian safety and security program, as you pointed out, support and advice to respond to the Government of Canada's public safety and security policy imperatives. So it's a bit different in content from the measures that I outlined earlier but it is there.

This Canadian safety and security program is led by Defence Research and Development Canada's centre for security science, and it has a mandate to fund projects in science and technology that will support Canada's public safety and security policy needs.

We provide mobile radiation sensing and mapping capabilities as part of the Government of Canada's response in the event of a nuclear or radiological emergency.

That is the essence of this program, and you're right, it is part of the estimates, for \$400,000.

Ms. Joan Crockatt: Now maybe I could just go over to the major projects management office. One of our priorities is to involve aboriginals more in the major projects in terms of jobs and involvement. I wonder if you could talk about the major projects management office and how that will get aboriginals more involved.

Mr. Bob Hamilton: Yes, the major projects management office, which has been set up and which has additional funding provided here in the supplementary estimates, is really a reflection of the increased activity we have on the west coast with energy projects and the important role that first nations communities play in the development of those projects. The focal point for the activity of the office, as the minister indicated, is to promote engagement and dialogue with aboriginal communities. The other way we are going to do that is in partnership with the B.C. government. So there will actually be a tripartite forum of federal government, provincial government, and first nations to try to talk through some of the implications of these project developments going forward.

One specific thing I would point to, in addition to this general dialogue, is that there is an effort to try to uncover better the cumulative impacts of studies. That's something my colleagues over at Environment Canada are looking at in this context, again together with aboriginal communities and the province: how we sort through the questions of not just looking at projects on a project-by-project basis but at the cumulative impacts of a number of projects. That's an area that, in the environmental assessment regime, countries worldwide are grappling with: how to do this well. We in Canada are also trying to figure out better ways to do it. Part of the MPMO—West activity will be to engage with first nations and the province to try to do this.

In general, I would say that the objective is to try to have a better dialogue with first nations and with the province about these projects and to engage earlier, more often, and better and build trust and dialogue together as the projects go forward. That's the thrust of what we're trying to do with MPMO—West.

• (1220)

The Chair: Thank you.

And thank you, Ms. Crockatt.

We'll go now to Ms. Charlton for up to seven minutes.

If you'd like to split your time, go ahead; do so at any time throughout your questioning.

Ms. Chris Charlton: Thank you very much, Mr. Chair. I'll ask one very quick question and then turn the rest of my time over to Monsieur Genest-Jourdain.

Thank you both for being here and on the hot seats now that the minister has left.

You are probably aware that earlier today there was a news report out of New Brunswick—a CBC article, actually—that reports that

the NEB chair and CEO Peter Watson does not think that looking after environmental problems is the board's job. He said that taking care of the environment is up to the provinces and TransCanada Corporation.

I'm wondering whether you agree with the suggestion that protecting the environment should not be a focus of the NEB's work.

Mr. Bob Hamilton: Without having seen what has been reported to be said—I guess I was a bit too focused on preparing for today's event—what I can say about the NEB is that they look at projects that are put forward, such as the pipelines about which we have talked a little today, and at the implications of those projects for a variety of factors including the environment. I know from my experience at Environment Canada that we would be contributing to an NEB assessment of a project to see what our sense was of the implications for species at risk or what have you.

It is true that there are other regulatory bodies and activities by which to look at environmental impacts in government, but I can say that as part of the NEB assessment of whatever project they're looking at—it could be Energy East or Northern Gateway—they look at the implications of that project for the community and the environment.

Ms. Chris Charlton: So you look at it a bit differently from the CEO. Thanks very much.

Mr. Bob Hamilton: Well, without having seen his comments I can tell you what I'm saying.

[*Translation*]

Mr. Jonathan Genest-Jourdain (Manicouagan, NDP): I hope your afternoon is starting out well.

In the minister's presentation, he mentioned that no project would proceed in Canada unless and until a thorough and independent review had demonstrated it to be safe for the public and the environment. He also said that the department had stepped up its efforts to enhance our world-class marine safety systems.

I have a question about aboriginal engagement.

An environmental assessment is under way for the Arnaud mining project near Sept-Îles. My constituents, including the Innu communities of Uashat and Maliotenam, strongly oppose the project. Do you intend to require the developer to prepare a detailed characterization of the bay in Sept-Îles, which will be the receiving environment for thousands of tons of contaminants produced by the mine?

As you know, navigable waters are under federal jurisdiction and must be protected from pollution resulting from extractive activities. The health of our citizens and the survival of our marine ecosystem are at stake.

Mr. Bob Hamilton: I am not very familiar with that project. One of my colleagues may be able to comment on that. If not, I will try to find out who is in charge of assessing that project and provide the information to the committee. I am not sure of the process that will be followed in the case of that project.

•(1225)

Mr. Jonathan Genest-Jourdain: Can we get the answer in writing?

Mr. Bob Hamilton: Yes, that is absolutely no problem.

Mr. Jonathan Genest-Jourdain: Thank you.

I have another quick question for you.

You talked about first nations engagement. What efforts are made to obtain the approval of first nations members? You know as well as I do that band councillors, under the Indian Act, have no authority over the natural resources on their traditional lands.

In 2014, the government has an obligation to engage with first nations members. When it comes to natural resources and extraction activities, what efforts are made to seek the approval of first nations members?

Mr. Bob Hamilton: There are two parts to that answer.

First of all, the evaluations of the Major Project Management Office - West take into account aboriginal engagement and aboriginal land claims.

The second part of the answer is more general. The departments are very active and have a lot of resources. In the Department of Natural Resources, Environment Canada and the Department of Fisheries and Oceans, a lot of people spend a lot of time working with first nations members on certain projects to ensure that everyone clearly understands all the environmental impacts.

All the departments are very active in that regard. The answer to your question lies partly in the office's evaluations, but a more general component is also at play. We take that very seriously because many current projects have implications for first nations communities. The government has to understand those implications and discuss them with the members of first nations and other communities.

Mr. Jonathan Genest-Jourdain: How much time do I have left?

A minute. I'm going to come back to an important question.

I want to come back to the distinction between consulting band councillors elected under the Indian Act and consulting first nations members. History has shown, and I have learned this from my own experience, that all too often, the government systematically consults the nine or however many band councillors, elected under the Indian Act, and then puts the project forward, claiming that it has consulted with the communities.

Do you realize that this is a problem in 2014? The government has to take steps to engage with and seek the approval of first nations members, not just the nine elected band councillors. The federal government has an obligation to engage all first nations members, not just elected ones.

[English]

The Chair: We'll take that as advice. We have no time for a response.

Mr. Regan, go ahead, up to seven minutes, please.

Hon. Geoff Regan: Thank you very much, Mr. Chairman. Thanks to the witnesses for staying around.

Let me first ask a question about the National Energy Board and the \$6.5 million that has been assigned for the assessment of the Energy East pipeline, as well as the proposed Shell deepwater well.

As I understand it, NRCan spends that money in advance and recovers it from the...The minister mentioned that it's recovered from the industry. Why do you have to spend it in advance? How does that work?

Mr. Bob Hamilton: The process that the NEB follows is this: It seeks funding through supplementary estimates or estimates, and then for the most part—there may be some exceptions to this—it is able to recover that expenditure from the industry. It's like a cost-recovery program, but first you have to come and get the authority from Parliament to spend the money. It's just the way it works. In almost all cases—I hesitate to say all, just in case there is an exception—it cost-recovers that money from the industry.

[Translation]

Hon. Geoff Regan: Thank you.

I want to pick up on a discussion I had with the minister regarding isotopes.

What is your department's contingency plan in the event of another international isotope crisis?

•(1230)

[English]

Mr. Bob Hamilton: For the isotopes?

Hon. Geoff Regan: Yes, and how is it funded? Do you have a backup plan, and how is it funded?

Mr. Bob Hamilton: I would say that the plan on the isotopes, as the minister indicated, is to seek out alternate supplies. In 2010 there was a decision made that we would try to rely more on other sources besides the NRU. Indeed, the minister referenced some of the activity that we're doing on that front.

Hon. Geoff Regan: It sounds as if there's basically a hope that if another crisis comes along, by then there will be other sources that produce enough that it won't be an issue. Is that basically where it stands?

Mr. Bob Hamilton: No, there's more than a hope. If you look at the figures, there has actually been quite a movement in terms of more diversity of supply since that time.

If you look at 2010 and before that time, the NRU produced over 40% of the global supply of isotopes. Today it supplies between 15% and 20%, depending on when exactly you measure it. We've seen a decreased reliance on the NRU, but certainly it is a contributor.

The plan is to make sure that there are those other sources available when the NRU does cease to produce medical isotopes.

Hon. Geoff Regan: Let me turn, if I may, to AECL.

As I understand it, SNC-Lavalin paid \$15 million for the AECL assets.

We've just seen that the government's now paying another \$35 million for Bruce Power's refurbishment, for some reason that we're not going to be privy to apparently.

You also get revenue coming back from China for royalties from CANDU.

Is that included in the supplementary estimates (B)? How much is that, and where would we see that?

Mr. Bob Hamilton: It is not included in the supplementary estimates (B) that I'm aware of, unless it's buried somewhere. I don't believe so.

Again, with some of the other information that you talked about, that financial information, I'm happy to provide that in writing afterward. I just don't have it at my disposal.

There isn't anything in the supplementary estimates (B) on that royalty question.

Hon. Geoff Regan: The minister said that the department plans to go out over the next number of months to aboriginal communities to talk about the new extractive sector transparency provisions in Bill C-43. I assume that if this is a serious undertaking and a comprehensive engagement with first nations communities, it will require adequate funding.

Exactly how much is budgeted for these consultations, whether it's in the main estimates, the supplementary estimates (A), or supplementary estimates (B)?

Mr. Bob Hamilton: You're right that in this area mandatory reporting initiatives are going forward. We have deferred the implementation for first nations for two years and there will be further consultations.

I would emphasize that it's further consultations. There already have been discussions about this initiative and how it would apply to all levels of government, including first nations.

From my perspective, we're going to be doing this as part of our ongoing activity funding. We will fund that internally within the department. We're not seeking any extra funds in this initiative that I'm aware of.

Hon. Geoff Regan: Are you able to tell us, for example, what is budgeted for that?

You must have a budget within your department where you say, "We're going to spend this much on consultations".

Mr. Bob Hamilton: Yes. Again, not having broken it out for this session, if I can come up with such a figure, when I go back to the office, I'm happy to provide it to you.

We're not seeking additional funding for that here. We will be covering that through our ongoing efforts.

Hon. Geoff Regan: From what we've heard previously, the process with the aboriginal communities is to "inform them how this will work".

Why are you simply telling aboriginal communities how the new provisions are going to apply to them, rather than actually consulting them on what those provisions should look like?

Mr. Bob Hamilton: In all of these discussions there's an aspect of explaining how it will work just to make sure that everybody understands. In the context of these discussions, there can be points raised about how it might have an unintended consequence that could be dealt with outside of the legislative framework. There are always some details that are important to know, for us, and for the aboriginal community or whomever we're talking to.

It would be extreme to call it "just telling people how it works". It is true that there will be a legislative framework that we will be describing rather than changing. But always through these discussions, there is an opportunity to uncover perhaps some details that could be dealt with outside of that context.

Yes, there is an explanation part, but we are also listening to make sure we understand how it's going to operate along with the implications.

• (1235)

Hon. Geoff Regan: Mr. Deputy Minister, I didn't hear you say that in fact you had told them in advance. It doesn't suggest that and, in fact, in view of that it's no wonder the aboriginal groups who have been talking to my office have been viewing this as pretty much a punitive measure.

What resources will be provided to aboriginal communities to allow them to meet the new requirements under division 28 of Bill C-43?

The Chair: You need a very brief response, please.

Mr. Bob Hamilton: Yes, and there are two things. I would say there had been discussions with first nations prior to tabling the bill, so I would just correct the record on that front. I'm not aware of any specific funding that has been earmarked for that activity. If I uncover it I'll let you know, but for the moment we will engage in these consultations and we'll see what resource implications fall out of that for us and for the communities.

The Chair: Thank you, Mr. Regan.

We go now to the five-minute round, starting with Ms. Block, then going to Mr. Trost and Ms. Duncan, possibly Mr. Leef.

I want to remind the committee that we will have to go to the votes after so we can vote on the supplementary estimates (B) and report them to the House.

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

Go ahead, please.

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

Welcome to our officials to this committee. I had the privilege of serving on the government operations and estimates committee and I know one of my colleagues along the way did too. I feel that it was an important committee to sit on as you gained a fairly good understanding of the whole budgeting process and why it's important for committees to look at the supplementary estimates and ask questions, not only of the minister, but of the department.

Even though I sat on that committee for two years and we studied how to improve the process and the information that MPs received, I still look at these estimates and sometimes I'm confused by what I'm looking at.

What I am wanting to have you clarify for me is the transfers to other organizations. I know there are transfers that can come from organizations and then go to organizations and that sometimes they're the same, that we could have something coming in from Aboriginal Affairs and perhaps going out. That may not be the best example, but I'm specifically looking at the transfer to Shared Services Canada to provide support to departmental staff located at missions abroad. I'm curious to know what's that for?

Mr. Bob Hamilton: Okay. On that one I might ask Kami to elaborate on it, but I think that you're right. Sometimes it's difficult to find your way through how the supplementary estimates fit in with the broader estimates process and broader budgeting, but in general we do identify a number of areas where we talked about Aboriginal Affairs, National Defence, where one department is providing a service, if you like, for another.

In the case of the High Arctic, we have a facility and we're saying it makes more sense, it's more efficient, for us to do that, rather than for the department of defence, for example, to recreate it and so we would accept a transfer from them for that.

On the Shared Services one maybe I'll ask Kami to elaborate.

The Chair: Go ahead, Ms. Ramcharan.

Ms. Kami Ramcharan (Assistant Deputy Minister, Chief Financial Officer, Corporate Management and Services Sector, Department of Natural Resources): Thank you.

Primarily, the transfer is about providing support to our technical advisers who are located in Abu Dhabi and Beijing in order to undertake market development initiatives. Shared Services Canada is a different department from ours, but they are the ones who technically provide that support. So we provide resources to them in order to support us in those two locations.

We basically have one locally engaged staff in Beijing and one in Abu Dhabi. They're front-line contact staff for our Natural Resources engagement in Beijing and in the Middle East and they help support us in our international priorities in key emerging markets for Canada.

Mrs. Kelly Block: I will follow up noting that in this line in the estimates it says that money has been transferred to Shared Services Canada from National Defence, from Natural Resources, and from the Royal Canadian Mounted Police.

I know you can't answer anything on behalf of those departments, but is there any collaboration or discussions between departments when you're looking at providing resources to another department, so that you're aware of what other departments are perhaps supporting at the same time that this department would be?

• (1240)

Ms. Kami Ramcharan: It's really hard to know for certain, because we're not involved in terms of what the other organizations are doing. However, there will be times when we're all collaborating on the same kinds of projects, so we will have portions in terms of supporting folks abroad. Specifically to your question on the various other departments and what funding they're providing to Shared Services Canada, it could be in support of the same organization that we are supporting, or it could be fundamentally different. It's simply about recognizing that departments are transferring moneys to another department, and that's what the estimates are doing. They are

showing that money is moving from one budget within our department, or another department, back into Shared Services Canada and not necessarily is it always linked.

Mrs. Kelly Block: Okay, thank you.

The Chair: Thank you, Ms. Block.

We go now to Mr. Trost for five minutes.

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

This is a follow-up on a question that was worked in a little bit earlier. It concerns the \$2.5 million increase in vote 1 operating for aboriginal participation in west coast energy development. Now, because we're dealing directly with the supplementaries, my question has to be directly about the \$2.5 million. I'm interested in how that is being directly spent and some examples.

I'm not only interested in the \$2.5 million. I'm interested in the overall program and the \$2.5 million is being put into that. As much as numbers are what we're talking about today, could you give me as concrete an example as possible as to what Natural Resources Canada is spending for facilitation of aboriginal participation in west coast energy development? As I tell people, people always remember stories better than numbers. I love numbers—I have degrees in geophysics and economics, so I enjoy numbers—but it's not simply working in the numbers here about the \$2.5 million increase, but give us as much as you can on the story behind what we're spending here.

Mr. Bob Hamilton: I'm happy to do that. I think the minister alluded to some of this in his comments, but I'll be as concrete as I can be.

One caveat up front is something we're starting up. We've just formed the office and it's out moving, so I think over time we'll see many more concrete results than we've had up until now, but I'll tell you what we've done out of the starting block.

First off, we did name a senior official out there to head up the office whose primary job is really to make sure that we are having good engagement and dialogue with first nations and with the provincial government in B.C. on projects that are in play. As you know, there are a number of them out there, whether it's liquefied natural gas projects that proponents are coming forward with, whether it's pipelines...There is actually quite a bit of activity on the west coast. A lot of that activity directly implicates first nations, whether they're on the route of a pipeline or they're located near where a LNG terminal is going to be located, or they're near where a gas discovery is going to be made. There's a lot of interest and concern among first nations on this development. I would say job number one for this office and for that person, Mike Henderson, who's heading it up, is to make sure that we're engaging with first nations early on in the process and having a good dialogue outside of the formal environmental assessment process. There's always an opportunity for communities and people to be engaged through the formal mechanism, but what this office is trying to do is to set up a mechanism whereby we can have those exchanges and learn from each other outside of that process.

The two tangible things I would mention is that we have started up, although it's not off and running yet, a tripartite process to look at a range of issues. That's tripartite with the first nations, with the province, and with ourselves, because one of the issues that we can run into is when a project comes forward, there are different dialogues going on with different entities. We've tried to pull them together, get us all around the table so we can understand the implications of the project, talk through some of the issues, and see what some of the solutions might be. That's one.

The second, which again will be part of this tripartite process, is really a study to figure out how we best assess cumulative impacts of projects. That's one of the things that's been of interest to first nations in a number of projects. We need to work together with our provincial colleagues, federally ourselves, and with the first nations to figure out how we should assess that, how to gather that information, and a lot of this is monitoring baseline information. How do we effectively gather that so it can inform future projects going forward?

Those would be two of the more concrete things we're working on in addition to generally being present, making sure we're having discussions that people want to have on these projects, and facilitating it so that everybody feels a little more like a partner in the project.

• (1245)

Mr. Brad Trost: Thank you for elaborating. I know some of this has been asked before but I appreciate you elaborating on that.

You said you are relatively new in this process. Is it very possible that we're going to see more increases for funding in future supplementaries, etc., going forward? The reason we do supplementaries is for more funding when the demand is extraordinarily more than what is budgeted. I'm asking a hypothetical, I know, but is it a possibility that this could escalate considerably, more dramatically?

I also see here \$200,000 for comprehensive claims in self-government negotiations. Putting that together, are a lot of the consultations being tied in together? They seem to be related items. I can see why they might be separate budgetary items but I can also see how there's going to be a linkage between these expenditures.

How close is the linkage between expenditures like this? How clear is the guidance for future escalation and spending in this area?

The Chair: Deputy Minister, could you keep the answer very brief, please?

Mr. Bob Hamilton: Sure. I will take the second part first. They are two distinct aspects in the sense that in the second, the land claims, we're providing technical advice on forestry or land surveys, etc. So it is technical advice into a bigger process. But you're right, obviously there is some commonality between the two. But I do think it's fair to say they are separate even beyond the purposes of the supplementary estimates (B).

It is hard to answer the hypothetical question on future increases. At the moment there is no plan to augment this activity. As we go through it we may uncover some things that we'd like to do more of and spend more money on, and at that point we'll have a decision to make as to whether we do that extra activity and take away from

something else we're doing within the department or somewhere else in government, or whether we come back and try to access additional funds.

The only small caveat I'd put on that is that part of the effort we're looking at in the cumulative impacts is monitoring. This is an area where I think there really is an opportunity for us to do a better job of monitoring and to engage first nations more actively in that monitoring effort. Depending upon how that goes, it is a potential area where we could want to spend a bit more money. But again at that point we have to weigh off: do we ask for more or do we take it from something else that we're doing?

Otherwise, there are no plans at the moment for increased expenditures.

The Chair: Thank you for that explanation.

Thank you, Mr. Trost.

Just before we continue with questioning I want to get a sense from the committee how much time you think it'll take to go through the votes on the supplementary estimates (B). You are aware of the process and that it can be very quick or it can take some time. Do we need the 15 minutes that are remaining or can we do it in less time than that?

An hon. member: Five minutes.

The Chair: Okay, we'll go ahead in that fashion. Usually it doesn't take that long.

Go ahead, please, Ms. Duncan, up to five minutes.

Ms. Linda Duncan: Thanks, Mr. Chair.

I would just like to again get on the agenda that we've made a number of requests both to the minister and to the department for providing information. We hope that we all receive it. My request was on a breakdown on the MPMO for B.C.

Mr. Deputy, I noticed in the information that was provided initially on the new MPMO in Vancouver that it says it is for B.C. and Alberta and then it sort of shifts over to just talking about meeting B.C. interests and issues. One of the major project areas in energy and resources that is completely missing from the agenda in federal intervention is the thousand-fold increase in rail shipping of bitumen and other petroleum products.

There was a recent issue in Alberta where essentially we have this legal fiction. The bitumen from the oil sands is being exported partly by pipeline to north of Edmonton and then by rail to the United States. The Athabasca Chipewyan First Nation asked that there be a National Energy Board review because it was an export of a petroleum product. They were told that it doesn't classify as an NEB project.

I wonder if you could speak to that. Increasing amounts of the product are being shipped by rail and will probably continue to because there would be long-term contracts we can anticipate. Is the government starting to reconsider the mandate for the National Energy Board and to include the review of rail shipments including exports of petroleum products?

• (1250)

The Chair: Mr. Hamilton, I don't know if you can answer that question but answer the part that you feel free to answer.

Mr. Bob Hamilton: Sure.

There are two questions there. I think you're right to point out both B.C. and Alberta. I've tended, at least in my remarks, to focus on B.C., but the initiative covers both B.C. and Alberta. I guess it's just a reflection of the activity there that in using examples I've tended to point to just B.C. That's a fair point on the first question.

On the second, we have seen an increase in activity in shipping by rail, for a variety of reasons. Indeed, the U.S. representatives were here providing some information on their quadrennial energy review. Just in looking at the amount of rail shipments and how they've increased over time, it's a map that is quite different from what you would have had five years ago, say, in terms of what you see now for the number of shipments. It's of interest, and that has been helped by some changes in rail safety initiatives that the government has put forward.

I'm not aware of the NEB comment you made, nor at this time can I comment on whether there's any government initiative or intention to change the NEB's mandate. There are none that I'm aware of, and I wouldn't comment on that, but I would just support your point that we are seeing an increase in activity on this front, and it's something that we're paying attention to.

Ms. Linda Duncan: Thanks.

In a follow-up to that, there was a similar concern. The Athabasca Chipewyan First Nation actually pulled out of that Alberta hearing because they were given less than 24 hours to review the environmental impacts of that pipeline, which raises the concern that, as the federal government has unilateral responsibility for first nations, they in fact are not being supported by Natural Resources or Environment Canada in reviewing environmental impacts of major resource projects.

My final question to you is about energy efficiency. I noted to the minister that I follow the work of the U.S.-Canada clean energy dialogue. I noted that there was considerable participation by the officials in seminars in the U.S. on energy efficiency, as no doubt you are aware. Your head of your energy efficiency office has probably reported to you the report that we did two years ago at the government operations committee, recommending substantial increased investments by the federal government in energy efficiency to save hundreds of millions of dollars down the road for taxpayers.

I guess that's my question to you. I find it puzzling that we're not seeing substantial increases in the supplementaries or in the budgets towards that objective of saving money for taxpayers by upfront investments in energy efficiency. Are you considering the U.S. model of binding directives on federal departments to invest in energy efficiency and reduced water use?

Mr. Bob Hamilton: I have a couple of comments.

On energy efficiency, we certainly would agree that it's important for a variety of reasons to be as energy efficient as we possibly can. It certainly has environmental benefits, and trying to be efficient with the energy we use actually has economic benefits as well.

I would caution, though, that just because there's nothing in the supplementary estimates (B), or nothing substantive, you can't ignore the fact that there is actually a lot of funding that goes into energy efficiency initiatives. Indeed, in 2011, the ecoENERGY efficiency program was funded to the tune of I believe \$190 million over five years.

The objective of providing that funding was for the purpose of trying to increase energy efficiency. Whether it's in buildings or houses, that was funding the government has used in that vein. That was five-year funding, which will be coming up for renewal, and there'll be another opportunity to assess whether to spend that money and how to spend that money. But certainly there's a big part of our activity that we're engaged in at NRCan and that is trying to fund technological advances and other avenues for getting greater energy efficiency.

In terms of results, one study I saw looked at Canada and said that we're actually the second leading country in terms of energy efficiency improvements over the last number of years. Now, we have a ways to go, and I'm not declaring success, but it does indicate that in recent years we have made some efforts to improve our energy efficiency.

• (1255)

The Chair: Thank you.

Thank you, Ms. Duncan.

Mr. Leef, I hope you're not heartbroken. You have about three minutes instead of the five.

Go ahead, please, sir.

Mr. Ryan Leef: I was going to say that it's a full minute more than you've ever given me before, Mr. Chair. I really appreciate that today.

The Chair: You're out of time, Mr. Leef.

Voices: Oh, oh!

Mr. Ryan Leef: Boy, did that go fast. Time flies.

I noticed that in the minister's opening remarks the one part I didn't get to while he was here is the \$2.1 million that has gone from National Defence to Natural Resources for the ongoing operation and maintenance of the Natural Resources Resolute facility and the logistics there to support the Canadian Forces Arctic training centre. I'm wondering if you can touch on that portion of the vote 1(b) operating line.

Mr. Bob Hamilton: That is really an effort for us to gain greater efficiencies in government. We have the Resolute facility, and there is an opportunity for National Defence to use that facility to carry on some of its activities rather than, as I mentioned earlier, for National Defence to construct a whole separate facility and engage in all of those activities. There is an economy of scale of them using ours. We've struck an arrangement with them whereby they will transfer to us the cost of using our facility. Again, if you look at it from an overall government perspective, it's greater efficiency, for sure. They are happy with the deal, and we are happy to receive the transfer for that and make greater use of that facility. Hopefully we are seeing more and more of that in government, as a way to try to find some efficiencies where we can use a facility for more than one purpose and look at other parts of government that can benefit from that, so we can share in the expenses. That's the purpose of that transfer.

Mr. Ryan Leef: Excellent. It's good to see that the calculation is being made in terms of where you can share existing resources for ultimate government efficiencies. As you say, it would be nice to know that this is going on right across government. I think you should be congratulated for looking at measures like that on behalf of the Canadian taxpayer, to make sure that you are partnering well in breaking down some of those departmental silos and identifying opportunities where you can share these resources, particularly in the north, where the higher cost of development can be exacerbated by the challenges that exist there. Invariably, those partnerships will only strengthen other ways for you to innovate and create future cost savings for the Canadian taxpayer. Thank you for that.

With that, Mr. Chair, I'm sure I haven't used up my full three minutes, but that's all I needed.

The Chair: Thank you for the filibuster, Mr. Leef. Thank you very much for your questions and comments.

Thank you very much to our officials, those at the table and those behind. I do want to say that we in the House of Commons very much appreciate the professionalism and the good work done by all

of you. We do appreciate that very much. We don't say it very often, so thank you, and thank you for being here.

Committee members, we still have to deal with the votes on the supplementary estimates (B). We're dealing with the supplementary estimates (B) 2014-15: vote 1b under Atomic Energy of Canada Limited, vote 1b under National Energy Board, and votes 1b, 5b, and 10b under Natural Resources.

ATOMIC ENERGY OF CANADA LIMITED

Vote 1b—Operating and capital expenditures.....\$35,000,000

(Vote 1b agreed to on division)

NATIONAL ENERGY BOARD

Vote 1b—Program expenditures and contributions.....\$5,803,823

(Vote 1b agreed to on division)

NATURAL RESOURCES

Vote 1b—Operating expenditures.....\$24,688,013

Vote 5b—Capital expenditures.....\$1

Vote 10b—The grants listed in the estimates and contributions.....\$6,000,000

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

The Chair: Shall the chair report vote 1b under Atomic Energy Board of Canada Limited, vote 1b under National Energy Board, and votes 1b, 5b, and 10b under Natural Resources to the House?

Some hon. members: Agreed.

The Chair: We shall proceed in that fashion then.

Again, thank you so much to all members of the committee for your work today. On Thursday we will have a meeting on the future business of the committee. We can look mainly at the meetings from now until Christmas, but certainly beyond that as well. If you'll come prepared on Thursday, we will do that and see what business this committee will work on in the weeks and months ahead.

Meeting adjourned.

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