HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

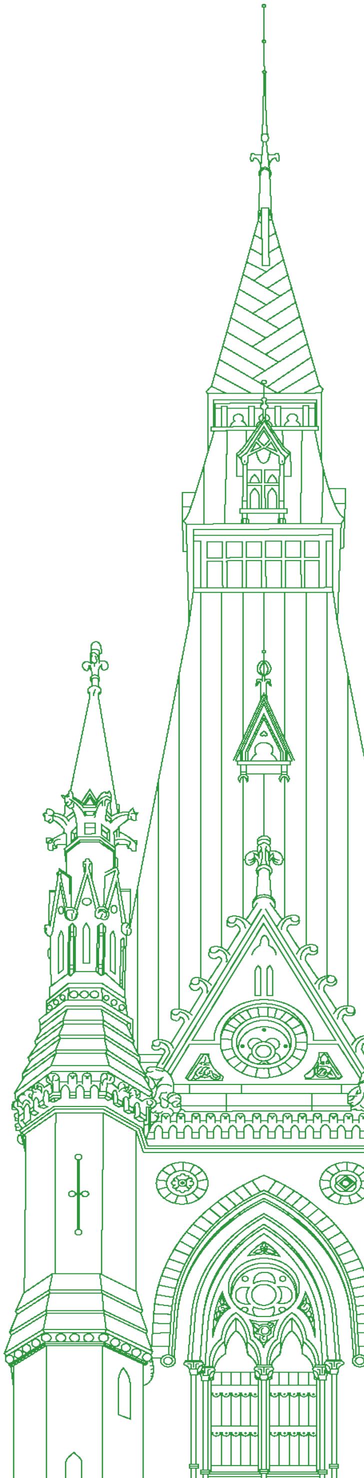
Standing Committee on Natural Resources

EVIDENCE

NUMBER 043

Thursday, November 24, 2022

Chair: Mr. John Aldag



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● (1100)

[*English*]

The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)): I call this meeting to order.

Welcome to meeting number 43 of the House of Commons Standing Committee on Natural Resources.

Pursuant to Standing Order 108(2), the committee is meeting to hear from witnesses on the study of federal assistance for various natural resource industries. Today we're in a hybrid format, and now that we're in session, no screenshots or pictures are allowed.

I have a few organizational points.

Please address your comments through the chair. I will recognize you before speaking. For those participating by video conference, you will need to activate your microphone and then mute yourself afterwards.

There's interpretation available for those in the room and online. You have the choice of floor, English or French. Comments should be addressed through the chair. For those in the room, if you would like to speak, raise your hand and I'll acknowledge you. If you're online, use the “raise hand” function.

As part of our routine motions, witnesses have completed the required connection tests in advance of our meeting.

Today we have a number of witnesses. Appearing virtually, we have Thomas Gunton. From Enserva, we have Andrea Hardie. From Environmental Defence, we have Keith Brooks. From the Macdonald-Laurier Institute, we have Calvin Helin and Heather Exner-Pirot. In person, from the Office of the Parliamentary Budget Officer, we have Yves Giroux, Parliamentary Budget Officer, and Philip Bagnoli. Finally, from the Resource Works Society, we have Stewart Muir. Welcome and good morning to everyone.

We'll go right into our opening statements, and first up, we'll go online to Mr. Gunton.

If you're ready, we'll turn to floor over to you. You have five minutes for your opening statement.

Dr. Thomas Gunton (Professor and Founding Director, Resource and Environmental Planning Program, Simon Fraser University, As an Individual): Thank you for the opportunity to appear before the committee.

I am a professor in resource and environmental management at Simon Fraser University. I've also held senior positions in various provincial governments, including assistant deputy minister of energy and mines, deputy minister of finance and deputy minister of environment.

I will begin my remarks with a brief overview of fossil fuel subsidies, followed by a more detailed review of the subsidy for the Trans Mountain pipeline. I will then conclude with a few recommendations.

As the committee is no doubt aware, Canada has made a commitment to phase out fossil fuel subsidies at a number of meetings and in the mandate letter for the Minister of Environment and Climate Change. Despite these commitments, we still provide significant subsidies in Canada, with estimates for 2020 ranging from between $4.4 billion and $86 billion. The lower end of the range is an underestimate because it omits a number of subsidies. The upper range includes environmental costs.

While there's a wide variation in definitions and methodologies, these estimates show that fossil fuel subsidies are significant. The evidence also shows that we have not made significant progress in reducing these subsidies. According to the OECD, the subsidies provided in Canada by federal and provincial governments in 2020 were at the highest levels over the last five years. We have rated last, along with France, among the 11 largest OECD countries in terms of reducing subsidies.

I would now like to focus on the Trans Mountain pipeline as an example of a subsidy. The Trans Mountain subsidy is not included in any of the estimates provided. In 2013, Trans Mountain submitted its application to increase the capacity of the pipeline to ship oil from Alberta to Burnaby, British Columbia. It was approved by the federal government in 2016 and again in 2019 after rehearing. In 2018, Kinder Morgan announced that it was suspending construction of TMX due to increasing financial risks. In response, the Government of Canada purchased the pipeline in 2018. When Canada purchased Trans Mountain, the official estimate of the costs of building the pipeline were $7.4 billion. Recently, in 2022, these cost estimates were increased to $21.4 billion.

Currently, the tolls approved by shippers on Trans Mountain are set to cover capital costs of just the $7.4 billion, plus approximately 25% of any additional capital cost increases. What this mean is the toll revenues will not cover the remaining 76% of the cost overruns, which are estimated to be about a subsidy of $10.6 billion to the oil company shipping on TMX. This is a very significant subsidy.

Tolls on other oil pipelines in Canada are set to fully cover costs with no government subsidies. Consequently, providing this subsidy on Trans Mountain creates an unlevel playing field among different pipeline companies and oil companies. It stimulates higher oil production and GHG emissions by reducing shipping costs, and it poses a significant opportunity cost by consuming public funds that could otherwise be used in other ways.

We completed a cost-benefit study of Trans Mountain, including all the costs and benefits to Canada, and our conclusion was that there was a net cost in the range of $8.3 billion to $18.5 billion. That was with the old capital costs. We're in the process of updating that with the new capital cost numbers of $21.4 billion. Those costs to Canada are going to be in the range of $15 billion to $25 billion.

Let me conclude by outlining a couple of recommendations for dealing with fossil fuel subsidies.

First, we need a comprehensive inventory of the value of all fossil fuel subsidies using the WTO subsidy definitions. This inventory should include an evaluation of the subsidies relevant to government objectives, such as reducing GHG emissions.

Second, we need to publish an action plan to eliminate these subsidies. It should include milestones and who is responsible.

Third, we need to provide for independent monitoring and annual public reporting to assess compliance with the plan and identify remedial actions to stay on course. This plan should include the elimination of the subsidy to TMX by directing Trans Mountain, which is owned by the government, to apply to the Canada Energy Regulator for approval of tolls to cover the TMX full cost of service.

● (1105)

I'll conclude by saying that with these measures, we will be able to deliver on our commitment to phase out fossil fuel subsidies.

Thank you.

The Chair: That's great. Thank you. You're right on the mark at five minutes.

I should have mentioned that I have a handy visual cue system. I'll give you a yellow card when there are 30 seconds left in your statements. The red card means the time is up. Don't stop mid-sentence, but wind up your thought, and we'll move on to the next statements.

Next up we have Andrea Hardie online, with Enserva.

If you're ready to take the floor, I'll start the clock when you start speaking. You'll have five minutes.

● (1110)

Ms. Andrea Hardie (Director, Health and Safety, Enserva): Good morning, Mr. Chair and committee members. Thank you for the invitation to be here today.

My name is Andrea Hardie, and I'm here in my capacity as the director of health and safety for Enserva, formerly the Petroleum Services Association of Canada. I'm also joined today by Mattie McMillan, policy analyst at Enserva, who is listening in and supporting over the phone line.

I would like to acknowledge that Enserva is headquartered within Treaty 7 in Calgary, Alberta, which is where I'm joining you from today. In the spirit of reconciliation and to better honour Treaty 7, we acknowledge that we gather and work on the traditional territories of the Blackfoot Confederacy—the Siksika, Kainai and Piikani—the Tsuut'ina, the Îyâxe Nakoda nations and the Métis Nation region 3. Our members, their operations and the work of the association occur throughout Canada, and Enserva remains committed to playing our part in reconciliation and growing relationships and opportunities.

Enserva is a national trade association representing Canada's energy service, supply and manufacturing sector. We are the energy sector's innovators and solution-finders. The energy industry is a major global economic driver. In Canada, it accounted for 10.2% of nominal GDP—which equates to $219 billion—in 2019.

Enserva helps to unlock Canadian energy by making connections, accessing resources, delivering policy solutions and providing insights that accelerate the energy evolution. Our members provide the energy workforce that the world needs to thrive, with the most responsible and carefully regulated practices in the world. We make the world a better place by reducing energy poverty, empowering energy transformation and creating economic growth and jobs.

Our sector encompasses just under 500,000 workers, and our members and their teams are preparing the energy supply chain to reach our net-zero targets, provide sufficient capacity to ensure the future of energy security and get Canada's energy where it needs to go. Enserva members are investing in Canada and equipping the next generation of workers with the tools, training and know-how to pursue a long and fulfilling career in the energy sector. Enserva is well positioned to bridge the gap between government, the private sector and the many stakeholders we serve, so we appreciate the opportunity to speak at this committee.

Our internal councils consist of leading industry experts in health and safety; human resources; environmental, social and governance, or ESG; indigenous relations; innovation; and tech, to name of few. This past September, our ESG council launched Enserva's ESG playbook, a resource that supports our members—no matter where they are on their sustainability journey—to navigate the legal, regulatory and social norms that are rapidly changing in our sector.

Canada is leading the way in ESG best practices, and we're proud of our members' contributions, from reducing fugitive emissions in the production of blue hydrogen and remediating soil and fill well above regulation and standards to supporting STARS air ambulance and countless other service groups across the country.

Another important initiative for Enserva members is the site rehabilitation program. This program supports the important work our sector has already been doing regarding environmental stewardship and ESG, as it helps accelerate environmental cleanup and creates jobs. With almost $1 billion going out in grants as of October 6, 2022, just in Alberta, the SRP has made an important impact in unlocking Canadian energy, creating jobs and increasing the quality of life for many Canadians. In addition, as of August 31, 2022, the Saskatchewan program has completed over 6,400 well abandonments, over 3,000 flow-line abandonments, 60 facilities and over 11,000 site remediation and reclamation activities, all while maintaining 1,400 full-time equivalent jobs in the sector.

The SRP is specifically for the energy services sector, and during a time when our sector has seen a significant labour crunch, the program has helped keep workers employed in the industry who have the technical skills to provide these services. The people who are completing the SRP work are the same people who will be doing the very technical work in Canada's energy evolution and are partners on the road to net zero. Investment in them is an investment in our future. These efforts have also enabled business growth among indigenous partners and contractors through direct opportunities and meaningful business relationships.

Enserva hopes to see this program continue, as the SRP cleans up the environment and helps create jobs in Canada's energy services, supply and manufacturing sector. It is a welcome investment, and we support our indigenous partners in their advocacy to extend the program.

For over 40 years, Enserva has been a strong advocate of Canada's energy service, supply and manufacturing sector to all levels of government, to our customers and to Canadians. We are a collaborative partner on several government committees and councils across Canada. We also work together with our industry partners on policy initiatives such as regulatory modernization and harmonization.

● (1115)

Just this year, our members are reporting more than 2,000 employment vacancies that we must fill to ensure that both domestic and global energy needs are met. As we know, without a sustainable and diverse workforce that is ready for the jobs of today and tomorrow, our sector's ability to keep up with the global energy demand will no doubt be hindered. We share a common goal of ensuring Canada's energy sector is efficient, successful and sustainable for many years to come.

Thank you, Mr. Chair. I'm pleased to respond to questions.

The Chair: That's excellent. Thank you for your opening comments.

Next we will go online with Environmental Defence Canada and Keith Brooks.

The floor is yours.

Mr. Keith Brooks (Programs Director, Environmental Defence Canada): Good afternoon and thank you for inviting me to speak to you today about this important topic. My name is Keith Brooks and I'm the programs director at Environmental Defence.

I just want to acknowledge that I'm sitting in today for my colleague Julia Levin, who is our resident expert on what this committee is referring to as federal assistance for the oil and gas industry and what we generally refer to as fossil fuel subsidies.

As I'm sure committee members are all aware, Environmental Defence tracks fossil fuel subsidies closely. In 2020, we pegged federal subsidies at $18 billion, and in 2021, the figure was $8.6 billion. Federal subsidies in 2022 so far amount to over $18 billion. That's not including the subsidies around Trans Mountain that Mr. Gunton referred to. These are direct transfers to the fossil fuel industry and fossil fuel companies. That's just the subsidies that we can track, because many are not available to the public.

These subsidies include monies allocated to support R and D for carbon capture and storage, money from the net-zero accelerator earmarked to reduce the emissions of oil and gas companies and other funds. Our running tally can be found on our website at environmentaldefence.ca. The full link can be shared afterwards.

Of the $18.4 billion, Export Development Canada has given out $5.96 billion in subsidies in 2022 according to its own figures, and a subsidy of about $12 million has been allocated directly to the Trans Mountain pipeline expansion, $10 billion of which is in the form of a loan guarantee. Canada is very generous in this regard. To put it in context, a report from Bloomberg New Energy Finance found that from 2015 to 2019, the Government of Canada provided $100 million to the fossil fuel sector and raised its level of support for fossil fuels by 40% over those years, which is the second-largest increase among G20 countries. Globally, Canada provides more public financing to oil and gas than any of the other G20 OECD countries.

I know that some of this debate about subsidies gets hung up on differences of opinion concerning what counts as a subsidy and, in some cases, what counts as an inefficient subsidy. It's our opinion that all support given to the oil and gas sector should be considered as fossil fuel subsidies and that fossil fuel subsidies are inherently inefficient.

When it comes to the definition of “subsidy”, we suggest that Canada harmonize with the international community and adopt the WTO's definition of the term. The definition contains three elements. It's a “financial contribution...by a government or any public body...which confers a benefit.” In the WTO's definition, the financial contribution includes grants, loans, loan guarantees and incentives. The WTO says that “the existence of a benefit is to be determined by comparison with the market-place (i.e., on the basis of what the recipient could have received in the market).” A loan guarantee, for example, that's intended to de-risk private equity would clearly fit this bill.

With respect to the question of inefficient subsidies or whether giving tax breaks and other incentives to reduce emissions should be counted, this too has been explored. In fact, the G20 commitment describes inefficient fossil fuel subsidies as those that, among other things, “impede investment in clean energy sources and undermine efforts to deal with the threat of climate change.”

Given the scarcity of capital, a subsidy to oil and gas companies can well be seen as impeding investments in clean energy sources. Otherwise, how else can we explain why subsidies for fossil fuels exceed those for clean energy? They most certainly undermine efforts to deal with the threat of climate change because they make the construction and expansion of fossil fuel infrastructure viable when it would not otherwise be so, and they delay and obfuscate what is actually needed to reduce emissions in Canada and the world, which is to phase out fossil fuels.

Subsidies for carbon capture and storage are extremely inefficient. The Canadian public has spent $5.8 billion on CCUS since 2000. Collectively, these expensive projects have captured only 3.5 megatonnes of carbon per year, which is 0.05% of Canada's greenhouse gas emissions. Furthermore, 70% of the carbon captured has been used for enhanced oil recovery, which is actually increasing oil production, so these public subsidies have likely resulted in more emissions, not less.

I would further argue that fossil fuel subsidies are inefficient in Canada, as they run directly counter to one of Canada's most prominent policies: carbon pricing. Effectively, subsidies for the fossil fuel sector act as a negative price on carbon. Subsidies for cleanup also run counter to the polluter pay principle, which is the foundational concept underpinning carbon pricing in Canada.

I want to make one final point. Canada promised to phase out international fossil fuel finance a year ago at COP26. That's a great thing. Specifically, the agreement says that countries will “end new direct public support for the international unabated fossil fuel energy sector by the end of 2022”.

● (1120)

I think Canada should recognize that its fossil fuel sector is international. We export nearly four million barrels of oil per day. Smoothing the way for domestic oil and gas production intended for export should be viewed as support for the international fossil fuel sector. Indeed, it's Export Development Canada that provides all of these subsidies.

Thank you, committee members, for the opportunity to speak to you today. I will be happy to take any questions when the time comes.

The Chair: That's great. Thank you for your comments.

Continuing online, we'll go to the representatives from the Macdonald-Laurier Institute. I believe Heather Exner-Pirot, senior fellow, will be giving the opening statement. Heather is accompanied by Calvin Helin, CEO of INDsight Advisers.

When you're ready, you'll have five minutes.

Dr. Heather Exner-Pirot (Senior Fellow, Macdonald-Laurier Institute): Good morning, Mr. Chair and committee members. My expertise is resource geopolitics and indigenous engagement in Canadian resource development, and I'll focus my brief remarks on those issues.

To briefly set the context, the COVID pandemic and the Russian invasion of Ukraine have heightened our awareness and concerns about the security of our supply chains. As a top global exporter of oil, gas, lumber, nickel, uranium, grains, oilseeds and other resources, we are being turned to by our allies as “friend-shoring” becomes not only an economic imperative but a security imperative.

Canada is the largest oil exporter of any OECD country, and the only OECD country in the top 10 globally for proven reserves. It is not an exaggeration to say that the energy security of our allies in the decades to come will rely on Canada's continued exports of significant quantities of oil and gas. The consequences of becoming reliant on authoritarian regimes to supply the world with their biggest source of energy are dire, as we are seeing in Europe already.

The programs that NRCan and EDC have to support businesses in the oil and gas industry are important to continue, but as discussed here, Canadians get back much more than what governments put in. According to a recent report by Peters & Co., the oil and gas industry alone will be providing over $50 billion in royalties and taxes to federal and provincial governments in 2022.

As all sides of the political spectrum are committed to reconciliation with indigenous peoples in Canada, one of the best opportunities the federal government has to both address the need to supply more energy and resources to our allies and advance the economic and social well-being of first nations, Métis and Inuit peoples is to provide low-interest, guaranteed loans that enable indigenous people to take equity positions—ownership stakes—in major projects. Doing this can de-risk projects, attract investment and allow development to happen at a faster pace; ensure that indigenous interests are included when environmental, cultural and safety issues are being decided on; and provide stable, own-source revenue streams to those communities. The Alberta Indigenous Opportunities Corporation is an example of such a model, and it has provided significant financial support for the recent equity position in seven pipelines in the Athabasca region by 23 communities, as well as in the northern courier pipeline system deal with eight indigenous communities, also in northern Alberta.

Despite the incredible own-source revenue opportunities in the sector, the federal government has not made such loans available to indigenous people for deals in the natural gas and oil industry. In my opinion, this is an error.

This brings me to TMX. It is widely anticipated that the government will sell TMX to an indigenous consortium when it is completed, something I believe can be transformative in terms of the revenues it will generate and the economic self-determination it will provide. I hope all parties will support a deal when the time comes.

I'll note that my colleague, Calvin Helin, is well placed to answer questions on first nations' involvement and interest in major resource projects.

I also want to iterate that in my opinion, the wrong lesson to draw from TMX cost overruns is that oil and gas is a money loser for Canadian taxpayers. The correct lesson, in my view, is that a pipeline that could have been built for $7 billion 10 years ago now takes well over $20 billion due to our—

The Chair: I'm sorry, but I'm going to interrupt you for a second. We're picking up an echo that just started. I don't know if you can adjust the boom on your headset perhaps. I want to make sure our interpreters can hear. It just started, so I don't know what happened here.

Okay, it seems a mike in the room might have been accidentally turned on, so I've stopped your time. If you want to try again, we'll make sure that we're cleaned up here so that everybody can hear the audio clearly.

I'll go back to you, Ms. Exner-Pirot.

● (1125)

Dr. Heather Exner-Pirot: The correct lesson, in my view, is that a pipeline that could have been built for $7 billion 10 years ago now takes well over $20 billion due to our political, legal and regulatory systems. This is a huge problem that needs to be addressed. We seem to be discussing only TMX because the federal government owns it, but project proponents in the private sector have to deal with cost overruns, regulatory burdens and legal delays all the time. It is a sap on our productivity and prosperity and a barrier to, as Minister Freeland puts it, fast-tracking energy and resource projects that our allies need so badly.

The best assistance the government can provide to the natural resource sector is to reform the regulatory system and make investing in natural resources more competitive and attractive in Canada.

Thank you for your time.

The Chair: That's great. Thank you for your comments. I'm sorry about that interruption. The last part was good once we got over that little glitch.

Next we're going to the Office of the Parliamentary Budget Officer. Our Parliamentary Budget Officer, Yves Giroux, is in the room.

The floor is yours.

[*Translation*]

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Mr. Chair.

Good day, members of the committee.

Thank you for the invitation to appear before you today. We are pleased to be here to discuss our analysis related to your study of federal assistance for various natural resource industries. With me today I have Philip Bagnoli, advisor-analyst.

Consistent with the Parliamentary Budget Officer's mandate to provide independent, nonpartisan analysis to Parliament, my Office has released reports on the cost of federal tax provisions related to the fossil fuel sector and the value of exempting agricultural activity from the federal carbon levy, as well as extensive financial analysis of the Trans Mountain assets.

[*English*]

Our report, entitled “Energy sector and agriculture: federal revenue forgone from tax provisions”, which was published on December 7, 2021, in response to a request from Senator Galvez, estimates that resource-specific expense claims by oil, gas and coal mining corporations reduced annual federal tax revenue by $1.8 billion, on average, from 2015 to 2019. Furthermore, the carbon levy exemption for agriculture was worth an estimated $179 million in 2019 when the levy was $20 per tonne. This figure will rise significantly as the levy increases to $170 per tonne.

We would be pleased to respond to any questions you may have regarding our analysis related to the natural resource sector or other PBO work.

Thank you, Mr. Chair.

The Chair: Thank you.

Lastly, for opening statements, we will go to the Resource Works Society with Stewart Muir, executive director, who is in the room.

Whenever you are ready, please take the floor.

Mr. Stewart Muir (Executive Director, Resource Works Society): Thank you, Mr. Chair, for the chance to come here from Vancouver to speak to the committee.

Since 2014, the Resource Works Society, a not-for-profit based in Vancouver, has been conducting public interest advocacy. I am a former journalist and was national editor and business editor of the Vancouver Sun. I worked through the Canadian Press with The Globe and Mail and the Toronto Star to streamline business processes in those companies, and I continue my work in this domain. It's a privilege to be here.

The Canadian government really has only so many levers at its disposal to be able to affect what companies do. There are very good reasons to use incentives, which some might call subsidies, in order to exert public policy. We sometimes hear the belief that a dollar deployed in one area equals a dollar withheld from another. We hear this in subsidies all the time. That's simply not how things work.

Let me give you a little example from British Columbia, where $80 billion in upstream natural gas investment was triggered by two billion dollars' worth of subsidies in the form of deep-well royalty credits. Great social and climate benefit was created by bringing this lower-emission fuel to market because of those subsidies. I would challenge anyone to show me a more productive return on subsidy dollars from any sector that is supported in any way by subsidies. That's a pretty good ratio.

Nevertheless, the industry, I feel, has faced an onslaught of opposition on the grounds that the credits were handouts, representing the one-way flow of public funds to private interests for no public benefit, which is really the exact opposite of the truth. When you listen carefully to what corporate Canada is asking for—I'm not here to advocate for them; I'm observing this—they quite reasonably would prefer a hand-up in a highly competitive world and not a handout. You don't see that.

In 2022, more decision-makers around the world are realizing that the simplistic conceptions of energy systems can no longer be indulged if we want to be serious about climate change. I have three examples of this.

In July, the European Union passed the Complementary Climate Delegated Act, recognizing that natural gas power plants are climate friendly. That's their definition. I'm not making it up.

President Biden’s Inflation Reduction Act was passed in August. It's deploying billions of dollars of subsidies to achieve green goals via the private sector. How are they doing this? They're doing it through an enhanced carbon capture tax credit. They're spurring other climate-friendly technologies, such as hydrogen, advanced nuclear reactors, sustainable aviation fuel and many other things. I know the act here in Canada has been applauded by some because it relies on subsidies and has been criticized by others because it relies on subsidies. There you go.

In Egypt last weekend, the final text of COP27 recognized the place of low-emissions energy in climate action. Until now, COP language has been narrowly focused on promoting renewables, which are an important part of the solution but not the complete solution to energy transition. This shift, urged by the International Energy Agency and approved by almost 200 nations, is light on detail at this point and has attracted some criticism. Nevertheless, it's a clear sign of growing awareness that the world cannot wish its way to decarbonization goals by focusing solely on a very narrow band of sources.

Taken together, these three developments signal to me a positive trend for climate pragmatism.

To conclude, I would say that subsidies have their use. They should be seen in perspective. They're not about consumer fuel giveaways. The Ministry of Finance will tell us that we've already flushed out inefficient fossil fuel subsidies, so there's that. Let's recognize that it's market forces—the pursuit of profit—that will be the greatest force of change. That's certainly the Biden dogma.

Numerous factors affect how governments should decide climate and industrial policy via efficient markets. They have many levers at their disposal—emissions reduction, worker earnings growth as a goal, investment conditions, indigenous reconciliation, skills and employment, regional development, energy security, market access, energy reliability and affordability, and availability of alternatives, with the critical minerals and energy metals that are needed, which we can produce in this country for mass electrification. These are all considerations. It's not just subsidies in this very narrow discussion. You really need to broaden it.

A huge increase in low-emissions energy will be needed if the world is to hit climate targets. The fossil fuels versus renewables narrative is increasingly proving to be a difficult and impeding factor in this.

At this time, there's no evidence that a better path exists, if you are serious about climate goals, than to pursue what I've laid out.

● (1130)

The Chair: Thank you.

We will go right into our rounds of questions. First up is Mrs. Stubbs, who will have six minutes on the clock. Then we'll have three others for six minutes before we go into another rotation.

Mrs. Stubbs, it's over to you when you're ready.

Mrs. Shannon Stubbs (Lakeland, CPC): Thanks, Chair.

Thanks to all of the witnesses for taking the time to participate in our meeting today. I very much appreciate Heather and Stewart for putting the sector in context.

There will be an ongoing debate around definitions of subsidies versus benchmark tax and fiscal treatment for industries and businesses across the country. However, it is important, if proponents are going to say that all of these fiscal measures and tax treatments count as subsidies, that there be a consideration about the return on investment, value for tax dollars and public good.

Certainly, in proportion, I think the billions of dollars in annual tax revenue to all three levels of government would show a major value in that regard. I invite, in your responses, any opportunity you want to take to expand on those concepts.

As a person who believes in a level playing field and isn't a fan of corporate welfare, I wonder if Stewart from Resource Works and Andrea from Enserva might want to expand on Canada's investment climate for the natural resources sector now, how we are viewed worldwide and whether or not we remain a first-choice country in which to do business in the natural resources sector.

I'll go to Stewart and then Andrea.

● (1135)

Mr. Stewart Muir: If I may, I would like to provide a little information on TMX, because there's been a lot more discussion on that than I expected. It is quite germane to the question by the member.

I checked in with Trans Mountain management last week—they're based out west—and asked them what's going on with the project. As of October 31, there were 15,800 individuals actively employed in the project. It's going to be four-fifths, or 80%, complete by the end of this calendar year. Over 3,000 Canadian hires came from outside of B.C. and Alberta, which is not a surprise. We also knew that TMX jobs would be distributed all across the country, even in Quebec and Ontario. Over the life of the project, more than 28,000 individuals have worked on Trans Mountain, including 3,059 indigenous persons, I'm told.

Here's a little note from the research I've viewed. The Urban Futures Institute showed that jobs in natural resources create five or six times the impact on GDP, because they create resource commodity exports and contribute directly to them. There's a five or six times greater impact than the average job. These 15,000 individuals have an impact on the economy of 75,000 average workers. When you think about it, that's not a bad return on investment.

In terms of the international focus, why was TMX not able keep a large foreign company as its driver? Why did Ottawa acquire the project? Well, obviously it was a project in the national interest. At the time the decision was made, Canada had begun to see a mass exodus, particularly from the Alberta oil patch. Many international companies had invested in what they thought were the economic strategies being employed in that province, but they realized that those were not going to come about because of policy. Many studies and reports have tried to measure the impact, but I won't attempt to relate those.

Anecdotally, for what it's worth, I think there's a sense that there was a punishing regime for investment. It has maybe passed a bit now. It was stronger in 2017, 2018 and 2019. There was almost a class of workers, young men in particular in Alberta, whose future expectations were crushed. It was hundreds of thousands of workers.

I know that people are puzzled about things like the trucker convoy and where that came from. Well, when you take whole generations of people and suddenly end the things they were aspiring to become, then you have side effects. It's not as surprising for those who observe things closely in Alberta perhaps—not to wade into that issue.

The investment outlook continues to be dampened. I recently travelled to India and Turkey. When people talk about investing in energy in Canada, it doesn't have the level of excitement that it used to. Whether that should be the case is a matter of judgment. I think all you have to do is go to Bay Street. They will tell you what their numbers show far better than I can.

The overall sense in Alberta continues to be that the great wealth and positive impact on environmental performance that can be supplied by the Canadian oil and gas sector have been deliberately forsaken.

Mrs. Shannon Stubbs: I think my time is almost done.

The Chair: Andrea can answer for half a minute, if you want.

Mrs. Shannon Stubbs: Sure. I'll go to her, please.

Ms. Andrea Hardie: I'll jump in for a quick half a minute.

Investments are being hampered in part by the Inflation Reduction Act, with folks finding a better bang for their buck in the States than here, and because of labour shortages and difficulty in getting equipment here, it's just easier to go south. We therefore see more rigs in the American Midwest than in western Canada, and that jeopardizes our capacity for net zero and our capacity to unlock our energy today.

There are tools to improve this, such as flowthrough shares for investors to clean up well sites and grow capital. Other options are government grants and hand-ups, not handouts. They can help monetize our fleets and change the narrative back to Canada's favour.

I'll leave it there.

The Chair: Thank you.

Unfortunately, Mr. Calvin Helin, we won't get you on this one, but we will maybe get back to you in another round of questions.

Next up we have Viviane Lapointe.

Madame Lapointe, you have six minutes.

● (1140)

Ms. Viviane Lapointe (Sudbury, Lib.): Thank you.

My first question is for Ms. Exner-Pirot.

In April you wrote a piece on the opportunities presented from what you called a “nuclear renaissance”. Could you provide this committee with some information on what this opportunity could look like and how Canada should capitalize on it?

Dr. Heather Exner-Pirot: Thank you so much for the question. I could talk about nuclear all day.

As you guys probably know, the Athabasca basin in northern Saskatchewan—I'm from Saskatchewan—has probably the richest reserves of uranium in the world, and we have done quite a good job of involving indigenous communities in that. It can really fill the uranium and nuclear fuel needs, for generations and hundreds of years, of our allies and ourselves, so we have this incredible opportunity. I think perhaps there was some opposition or some hesitation from the federal government on nuclear, but not in recent months. Everything that has been coming out of NRCan and out of Canada in the last few months has been very positive for nuclear and has really positioned Canada to be a leader in that space.

In terms of small modular reactors, not only the federal government but also the provinces are leading the way. Private companies are leading the way too. Uranium company Cameco, along with Brookfield Renewable, recently bought Westinghouse, which is a major builder of reactors—small modular reactors as well as regular ones—so there are many positive things happening in Canada in the nuclear space, which I'm very proud and happy about.

The one thing the Americans are doing maybe a bit better than us or differently is supporting some direct subsidies to develop nuclear fuel capacity, especially when we think about energy security and helping our allies get off coal especially and heating oil and move to nuclear. To get away from dependence on Russia—Russia is the biggest supplier of nuclear fuel in the world—it's going to be very important for Canada and our partners to supply nuclear fuel ourselves. The U.S. Department of Energy has been supporting that, and it would be great if Canada could also do that so the supply chain wouldn't ultimately be decided by just the Americans.

Ms. Viviane Lapointe: You touched on the global security of energy sources. Given today's global energy sector, how important is it, in your opinion, for Canada to have its own secure value-added supply chain for critical minerals?

Dr. Heather Exner-Pirot: That's a great question. There's so much more that we could be doing. We are the second-largest country in the world and we probably have the most.... We're only number eight in terms of mining value. Number one is China and number two is Russia, so it is incredibly important—for us and for our allies—that we develop more critical minerals.

I know there's been some good push in the government to start planting some seeds on that, but the regulatory system is still a huge barrier to getting investment into mines so they can get developed and start producing those minerals. It's also hard to do a whole critical minerals supply chain in Canada with 40 million people. It has to be done with at least North American integration, and we probably need to start integrating our Asian allies and European allies. I think people are at least talking about that.

The American military is investing in Canadian mining and impact assessments, and that's a wild thing. Canada should be doing at least what the American military is doing, but the bigger point is that everyone sees how important it is that Canada step up its game in critical minerals. The IEA says that to reach net zero we need six times the amount of mining we have today, and we are nowhere near on track to doing that given the investment that we see.

Ms. Viviane Lapointe: Mr. Helin, I see you have your hand up. Do you want to add a comment to that as well?

Mr. Calvin Helin (Chief Executive Officer, INDsight Advisers, Macdonald-Laurier Institute): I didn't have a comment relating to that particularly. I wanted to give a bit of an indigenous perspective on natural resource development and some of these issues. Is that permitted, Chair?

The Chair: I'll leave it to Ms. Lapointe.

Yes, she says that's fine.

Mr. Calvin Helin: First of all, I would like to acknowledge the indigenous people from where I am, the Salishan in Vancouver, and the indigenous people in Ottawa. I'm actually not too sure who they are.

Before I speak, I will say that I was the adviser to the Kenney government in setting up the Alberta Indigenous Opportunities Corporation. Essentially, it has provided loan guarantees to indigenous groups to get involved in the natural resources sector.

I think there's a great frustration in the indigenous community that their interest in becoming active participants in the economy is being frustrated by government policy, particularly in the natural resources sector. Instead of managing our poverty, there's a huge interest in getting back to the prosperity that existed prior to Europeans coming to the Americas. Since we were deprived of our traditional territories, there's a real need for us to have access to capital.

I would recommend that the federal government look at something like this program on a national basis. I think there's a role for subsidies. Certainly in my lifetime, I've watched subsidies go to every industry. In Quebec, the two big names that come to mind are Bombardier and SNC-Lavalin. There is a role for subsidies. There is a role for government.

Where government steps outside its role, I believe it creates unnecessary costs and burdens on the taxpayer. I think the TMX pipeline is one example of that. We had a pipeline that was going to be built for $7 billion or $7.5 billion—

● (1145)

The Chair: I'm sorry. I'm going to have to stop you. We are over the time, but you may be able to continue when we get to another round of questions.

Now we'll move to our next member.

Mr. Simard, you have six minutes.

[*Translation*]

Mr. Mario Simard (Jonquière, BQ): Thank you, Mr. Chair.

Mr. Giroux, you concluded in June that Trans Mountain was no longer a profitable undertaking. My research shows that Kinder Morgan had already found that the pipeline was not profitable in 2013. If we rely on the 2019 figures, which included tolls to cover a $7.4 billion project, it was already limited.

As a final point, I am wondering whether expanding the pipeline is a political project or an economic project.

Mr. Yves Giroux: You are in a better position than I am to answer that question. My role is essentially to determine whether it is probable that in its current form and according to the existing parameters, and looking only at the pipeline itself, the expenses incurred to build and extend it and the projected revenue, the pipeline will or will not generate profits. My analysis is limited to that.

Mr. Mario Simard: Right, but I understand from your analysis that it is unlikely that the project will generate profits. I am not going to put words in your mouth, but in my opinion this is no longer an economic project, it is a political project.

I have repeatedly heard Mr. Guilbeault and the Deputy Prime Minister say that the money that was going to be generated by Trans Mountain was going to be reinvested in clean energies. But how can money be reinvested in clean energies if the project results in a deficit?

Mr. Yves Giroux: According to our analysis, there will be no revenue or profits to be reinvested unless certain fundamental parameters change or a private sector actor is prepared, when it comes time to sell the pipeline, to pay more than what we estimate its fair market value to be.

There may possibly be profits, but at this point, that is not what is foreseen. Obviously, there are broader benefits for the Canadian economy than just the profits generated by the pipeline, but if we consider only the anticipated and past cash flow, it is unlikely that there will be...

Mr. Mario Simard: I understand.

To make it brief, it is unlikely that the pipeline will generate money to reinvest in renewable energies.

Mr. Yves Giroux: That's exactly right.

Mr. Mario Simard: I love your answer.

Have you ever done a study to find out what a fossil fuel subsidy means for the federal government? Does the Parliamentary Budget Officer have an idea of what the federal government invests in the gas and oil sector?

Mr. Yves Giroux: We don't have an exact idea of all investments in the oil and gas sector, primarily because it is difficult to distinguish the precise subsidies to the oil and gas sector from the tax breaks offered to the economy as a whole. We have not looked into all of the tax breaks and direct assistance to the oil and gas sector.

However, as I said in my opening remarks, a senator asked our office to estimate what tax breaks are given to the oil and gas sector, using certain precise parameters. That is what we did, but it does not include all subsidies and direct assistance to the sector.

● (1150)

Mr. Mario Simard: I am a policy maker. I sit on a committee that is studying the types of assistance offered to natural resource sectors. I can't get a clear picture of what is invested in the gas and oil sector, and this is a major problem for me.

What is the decision-making process based on? How can I compare the forestry sector and the gas and oil sector, for example, if I can't define what a subsidy to that sector means? Do you agree with my analysis?

Mr. Yves Giroux: I agree entirely. It makes your job difficult if you don't have all the information.

Mr. Mario Simard: It is difficult, if not impossible, because ultimately, it is not possible to do a comparison.

Mr. Yves Giroux: Without having a clear picture of the government resources or tax breaks allocated to each sector, it is somewhat difficult to determine whether their level is too high or too low.

Mr. Mario Simard: In the past, you did studies or analyses that also took the environmental costs into account. That is what you did in your last reports, for instance, if I am not mistaken.

Did you take the environmental costs into account in your report on Trans Mountain?

Mr. Yves Giroux: No, we considered only the construction costs and the profits or revenue generated by the pipeline over its useful lifetime.

Mr. Mario Simard: So another analysis could be done that would take the environmental costs into consideration and would make the profitability of Trans Mountain even less attractive.

Mr. Yves Giroux: It's difficult to do, but it's possible. Other witnesses have already done that kind of study.

Mr. Mario Simard: Right.

During the election campaign, Mr. Guilbeault said that by 2023, the government was going to end direct and indirect subsidies and the tax breaks given to the gas and oil sector.

At the start of the week, a representative from Export Development Canada told us that yes, the government was ending direct subsidies, but indirect subsidies and tax breaks would continue.

Do you have an idea of what those indirect investments and tax breaks come to?

Mr. Yves Giroux: We estimated the value of the tax breaks in response to a request by Senator Galvez, and we published our results in a report in December 2021. In 2019, using five measures, the tax breaks given to the oil, gas and coal sector amounted to $2.4 billion.

Mr. Mario Simard: I sometimes see figures come up about the annual tax breaks given to the oil and gas sector, some of which reappear often.

Just now, Mr. Gunton talked about a range from $4.4 to $86 billion, depending on the criteria used. Do you have a more precise idea of what that might look like?

Mr. Yves Giroux: No, unfortunately, because we would have to consider all direct and indirect assistance, and we have not done a study of that.

Mr. Mario Simard: So there is no picture of the situation.

Mr. Yves Giroux: Not yet.

Mr. Mario Simard: Thank you.

[*English*]

The Chair: Thank you.

We're now going to Mr. Angus.

Mr. Angus, you'll have six minutes.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, Mr. Chair.

Under this Prime Minister, Canada has missed every single environmental promise and target it has made.

At COP26, the Prime Minister and Mr. Guilbeault made two big promises. One was the emissions cap, and we haven't seen anything more about that. The second was the Glasgow statement, the landmark agreement to stop providing public financing for fossil fuels by the end of 2022.

Mr. Brooks, you claim that Canada is the largest financier of fossil fuels—more than China, the United States, the U.K. and Germany. Could you tell us what those subsidies are under this government, this year?

● (1155)

Mr. Keith Brooks: The subsidies we tracked don't include any tax relief or the environmental costs of climate change. For example, the almost $19 billion we tracked for 2022 includes $12 billion for Trans Mountain directly, $10 billion of which is a loan guarantee and $2 billion of which is preferential financing.

Export Development Canada recently updated the statistics on their website. They're readily available; you can look. The government has given direct support to the oil and gas sector to the tune of $5.96 billion in 2022. They don't break down the details of what that support looks like.

Mr. Charlie Angus: Thank you for that.

Ms. Freeland, the Deputy Prime Minister, has stated that carbon capture investments are essential, if Canada is going to meet its climate targets, because this is about emissions. However, Mr. Brooks, you say the government is using carbon capture tax money to increase oil production. Can you explain?

Mr. Keith Brooks: Well, 70% of the investment in carbon capture made by Canada to date has gone towards enhanced oil recovery. That's resulted in more emissions rather than fewer.

I would note that the carbon capture tax credit actually excludes enhanced oil recovery, and we're happy to see that. Nonetheless, carbon capture, utilization and storage is very inefficient and ineffective, and it will not get us to net zero. There is no carbon capture happening anywhere at scale, and certainly not at capture rates approaching anywhere near 100%, which is what we require, of course, to get to zero.

Mr. Charlie Angus: Mr. Gunton, I want to turn to you on the issue of tolls.

The cost overruns of TMX are so extraordinary that there is no business case, because there is no shipper on the planet that will pay the tolls required. The toll is somewhere in the nature of 80%.

That's an extraordinary free gift and subsidy to big oil, don't you think?

Dr. Thomas Gunton: Yes, that is certainly correct. The tolls, as I said, were set on the basis of the $7.4-billion capital cost, not for the $21.4 billion we're currently spending. The tolls that will be charged to oil shippers are at roughly a 50% discount of what the economic tolls should be.

You could certainly increase tolls and still make it competitive for shippers, because you could use, as a benchmark, the tolls being charged on shipping to the U.S. gulf coast and other places as indicators. That would allow for a significant increase in tolls to recover some of the public financing.

Mr. Charlie Angus: I ask this because of one thing Mr. Guilbeault stated: The reason we need TMX is that we're going to make all this profit from it, and that money could be used to help support clean energy, which always struck me as drinking your way to sobriety.

If the tolls of the Canada Energy Regulator are kept in place, there will be no profit from this. Is that correct? This will be the taxpayers' ongoing subsidy of every single barrel shipped, to the tune of 80%, unless we renegotiate and say they have to be shipped on an actual cost basis. Would you say this is what we need in order to get any money back from this boondoggle?

Dr. Thomas Gunton: You should definitely increase the tolls. Right now, as I said, there's a subsidy of about 50% on the toll for each barrel of oil shipped. If you increase the tolls, you still won't generate money for other activities. You will simply be reducing the losses on the $21.4-billion investments. That's obviously a useful thing to do and certainly should be pursued.

Mr. Charlie Angus: I am interested in this because when I look at what the International Energy Agency states about projected oil projects and development in the coming years, oil and gas production will drop by 75% by 2050. The Canada Energy Regulator sees that Canada will continue to produce the same amount in 2050 that it's producing now, and we see a major investment in subsidizing that production and promoting it through Export Development Canada's massive export markets, even though the IEA says this market is going to disappear.

Are Canadians being set up for seriously stranded assets from this heavy subsidizing of the oil and gas sector as the market changes?

● (1200)

Dr. Thomas Gunton: Yes, you're absolutely right.

The International Energy Agency's most recent report forecasts to achieve net zero...an 80% reduction by 2050. Even under different scenarios, oil production demand peaks around 2025. If we continue to expand the oil and gas sector, we will be creating stranded assets. That money could be better used for other investments in transitioning to different growth sectors.

Mr. Charlie Angus: Thank you.

The Chair: Thank you.

We're now going into a slightly shorter round.

First up, for five minutes, I have Mr. Falk, followed by Mr. Chahal.

Mr. Ted Falk (Provencher, CPC): Thank you, Mr. Chair.

Thank you to all our witnesses this morning for the information you're providing to the committee.

I'd like to begin my questions with Mr. Giroux. Thank you for attending committee. I appreciate that.

There's a lot of discussion about TMX, so I'm going to follow that up a bit. It has been noted that the original projected cost of the project was $7 billion, and that has risen to $21 billion. Do we have a reason for that 300% increase in cost?

Mr. Yves Giroux: I understand this is due to delays in construction. Beyond that, I think the question would probably be better answered by the Trans Mountain pipeline owner, Trans Mountain Corporation, which is being held by CDEV under the responsibility of the Department of Finance.

Mr. Ted Falk: We hear the costs have gone up, but we never hear any rationale for those costs, other than that it has been delayed. However, even if it's simply a matter of delay, delay is time, and that's interest on money.

There has also been some discussion about subsidies to the oil and gas industry, in particular to TMX. This year, $10 billion of the $12-billion commitment to support TMX is by way of a loan guarantee.

Based on your analysis, do you expect that loan guarantee to be realized?

Mr. Yves Giroux: A loan guarantee is not necessarily an expense. To my knowledge, the government has not written it off as a liability per se, as a loss. Therefore, the government probably fully expects it to be repaid. I don't disagree with that assessment. I don't think the loan guarantee to the tune of $10 billion will mean a disbursement of that amount by the Government of Canada.

Mr. Ted Falk: Okay.

About $12 billion in debt has been incurred for TMX. Who holds that debt?

Mr. Yves Giroux: I don't know the precise details. It has been incurred by a combination of the Trans Mountain Corporation itself and CDEV, but I'd have to get back to you on who holds the debt.

Mr. Ted Falk: I'd be very interested in that. I'm also very curious about whether they're paying commercial interest rates or the sovereign rate on that debt. If you could get back to the committee with that information, it would be useful.

You answered the other question I had about the anticipated repayment of a loan and whether or not, for a guarantee provided, that's a subsidy or just support. I think there's a significant distinction between the two, and I'm glad you recognize that.

You also mentioned fair market value. Have you done an assessment of the fair market value of TMX from a revenue perspective?

Mr. Yves Giroux: Yes, we looked at the expected flows of income from the Trans Mountain pipeline based on current tolling arrangements and the assumption that after the first 15 to 20 years, the same fee structure will apply. Things could change, obviously, but we have to make assumptions to come up with numbers over the expected lifetime of the Trans Mountain pipeline.

I'd also like to point out that—

Mr. Ted Falk: On that basis, what's the fair market value?

Mr. Yves Giroux: We expect there's a difference—between the pipeline and expansion costs and the expected income flows—of negative $600 million, so it would be a loss of about $600 million.

I'd also like to point out that in 2018, we were asked what the economic impact would be of a reduction in the discount at which Western Canadian Select sells compared to WTI. That was one of the rationales for buying the pipeline in the first place. We estimated at the time that a five-dollar reduction in the price of the discount at which WCS sells would increase nominal GDP by $6 billion, which is probably one explanation behind the decision to purchase the Trans Mountain.

● (1205)

Mr. Ted Falk: That means the current government bought a project that had a book value of less than $1.5 billion and a projected project cost of roughly $3 billion, and turned it into a $21-billion expenditure.

Mr. Yves Giroux: Well, that's—

Mr. Ted Falk: Only a Liberal government could do that.

You don't have to comment on that.

Mr. Yves Giroux: Thank you.

Voices: Oh, oh!

Mr. Charlie Angus: My God, James, don't look so shocked.

The Chair: I might have a comment.

Voices: Oh, oh!

Mr. Ted Falk: Do you have any analysis at all as to why the cost has risen from a projected $7 billion to—

Mr. Stewart Muir: Yes, I do.

The Chair: We're at the end of the five minutes, but if you can, give a very brief summary. Then we have to move on.

Mr. Stewart Muir: The Government of Canada has pointed out that the government revenue increase from TMX will be $46 billion over the course of its construction and the first 20 years. I know the economic impacts of the project were not studied, as Mr. Giroux told the CBC. The whole reason we're doing this project is to have an economic impact, so to not consider that question in any analysis of it, to me, is an oddity of process.

In terms of why the situation is what it is, we missed the window of cheaper construction costs due to delays. I count about 20 lawsuits that were brought forward by various pressure groups for the specific purpose of delaying and making the project more expensive. The end result is that the project has been made more expensive.

Mr. Ted Falk: I have a lot more questions, but—

The Chair: We'll have to stop there. You will have more rounds coming up.

Mr. Chahal, we'll go over to you. You have five minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for their testimony today.

Mr. Muir, I will start with you.

We have talked a lot about CCUS technology and its impact in our western provinces and about how it's extremely important to meet and hit our targets moving forward. Have you done any analysis on how many jobs would be created through CCUS and the economic impact of it?

Mr. Stewart Muir: The short answer is that no, I have not done that study, but what I would say is that we have an example developing right now. It's known as the Pathways Alliance, which represents half a dozen of the largest oil sands companies that have made a generational bet on CCUS. What they are going to do is capture carbon and put it in a pipeline. They are going to move it to a place in Cold Lake, Alberta, where it can be injected underground and kept there for the length of time it will be kept there, which is, I guess, forever. That's a multi-billion dollar transformation, according to this consortium or group, to have net-zero oil sands and take out the production side of carbon. The group has deemed this to be a viable investment.

I have mentioned already President Biden's bet on CCUS. I would note that we have seen the Boundary Dam in Saskatchewan as an early adopter. I know it's often criticized because it cost so much and the benefits took a while to come along.

To my surprise, when I was in the U.K. a couple of years ago, I was being told about the Teesside carbon capture project in the north of England, which was going to sequester carbon from the North Sea oil fields. It was a consortium of TotalEnergies, Shell and BP. I said, “Oh, that's interesting. Where's the technology from?” They said, “It's from Saskatchewan. They have this great carbon capture thing.” The company behind that in Saskatchewan can get meetings in China more easily than in Canada because somehow we have a cultural cringe about things we excel at ourselves.

I think the carbon capture story has a long way to go. Of course, it's going to need further investment and development. Everyone acknowledges that.

Mr. George Chahal: You mentioned the Pathways Alliance and the tremendous economic impact it will have in Alberta by creating thousands of jobs, so I would like to see further analysis on the numbers for that. You also mentioned the U.S., President Biden and the Inflation Reduction Act.

What other areas of investment would you like to see from the Government of Canada to make sure that we can compete, lead, hit our goals and targets when it comes to reducing emissions, invest and create jobs to get that economic impact? What would you like to see from the government?

● (1210)

Mr. Stewart Muir: That's a great question. Thank you.

I had a moment of insight yesterday. The Ottawa bureau of Bloomberg News published an analysis of the Biden IRA plans. It was about what that would mean from an Ottawa perspective and what the opportunities are for Prime Minister Trudeau and his government to operationalize the natural advantages we have. What I took away from this, and I believe it's true, is that there are only so many things we can do well. We're only 40 million people. We have certain things we're very strong in. Ms. Exner-Pirot mentioned critical minerals, and I agree. We have energy metals like copper and uranium. We have some lithium potential in this country too.

We should focus on a small number of things and try to do those really well. Let's draw from things we're already very good at, as we have natural resources in the ground and human resources. I call it “resource tech”. It's not a term that has caught on yet, but I think it's one of our greatest contributors to Canadian prosperity. It ought to be a category we talk about and take some pride in.

Mr. George Chahal: Thank you.

I'd like to go to Ms. Exner-Pirot from the Macdonald-Laurier Institute.

You talked about nuclear energy. Could you also comment on some of the areas of investment you would like to see from the Government of Canada given the supports provided by the U.S. and what we could do better?

Dr. Heather Exner-Pirot: I would note and acknowledge that they invested just under $1 billion in the SMR demonstration project, the biggest ever in the Canada Infrastructure Bank. But what the U.S. Department of Energy is doing is looking at nuclear fuel and enriched nuclear fuel. Most of the small modular reactors are going to need what they call HALEU fuel, which is high-assay low-enriched uranium. Right now Russia is the only commercial provider of that, and if we want to have most of the SMR models fuelled, we will need more of it.

The Americans have been investing to promote companies, with high upfront capital costs to do that, but that's restricted to facilities in the United States. Even though, for example, Cameco has joint ventures with partners in the United States, only the partner in the United States can benefit from those government supports.

If we want to be a leader in SMRs, we already have the uranium ourselves. We already produce enriched fuel in Ontario, but it's for the CANDU reactors. We might want to look at or consider that as well. This would be around $1.5 billion, so it is a lot of money, but given the market and the potential, it's not out of order.

The Chair: Thanks. We're out of time.

We'll go now to Mr. Simard. He will have two and a half minutes for his next round of questions.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

Mr. Giroux, you said earlier that we have not determined that the Trans Mountain project is not profitable.

I would now like us to consider the profitability of carbon capture and storage strategies. I don't know whether you are aware, but there are two big projects of this type in Alberta, for which 57 per cent of the financing comes from public funds.

Have you ever done a study to analyze that situation?

Mr. Yves Giroux: We have not yet studied carbon capture and storage projects and how profitable they are. However, what I know about the projects that have been started up elsewhere in the world to date is that they are profitable only if a substantial carbon tax is levied, of at least $100 or $150. I don't know whether that is the case for the Canadian projects.

Mr. Mario Simard: In order for those initiatives to be profitable, there would have to be substantial charges for carbon emissions.

Mr. Yves Giroux: That is my understanding in general, but...

Mr. Mario Simard: That is your understanding of what is done elsewhere in the world, is that right?

● (1215)

Mr. Yves Giroux: Yes.

Mr. Mario Simard: There is a question I have wondered about for a long time: is low-carbon oil profitable?

The committee has been presented with various initiatives and told that Canadian oil is one of the most ethical in the world, in spite of the fact that the oil sands probably have the highest greenhouse gas footprint.

Can a company start producing low-carbon oil without government assistance?

Mr. Yves Giroux: It depends on several factors, the main one being the price of oil on world markets. That question is probably more hypothetical than the questions I am normally comfortable answering.

Mr. Mario Simard: I understand.

Mr. Gunton, do you think low-carbon oil production is profitable, or does it necessarily require government assistance?

[*English*]

Dr. Thomas Gunton: Oil demand is declining worldwide. It's a declining industry according to the IEA. We're one of the highest-cost producers in the world. If you wanted to continue expanding oil production, you'd have to provide subsidies, but that would impose a cost on the economy. You'd probably be better off investing in growth sectors as opposed to a declining sector.

The Chair: Thank you.

[*Translation*]

Mr. Mario Simard: Thank you.

[*English*]

The Chair: We're going now to Mr. Angus for two and a half minutes.

Mr. Charlie Angus: Thank you.

Mr. Giroux, when the Parliamentary Budget Officer comes out with a report, it's usually widely read. I noticed that the people from the Canada Development Investment Corporation who are in charge of the cost hadn't bothered to read your report. I'm not suggesting they should, but I would think that if they were paying attention to taxpayers' dollars, a report that says Trans Mountain no longer continues to be a profitable undertaking would be something that a person spending the money would be ready to rebut or would have studied.

Do you stand by your conclusion that Trans Mountain is no longer a profitable undertaking?

Mr. Yves Giroux: Yes. I haven't seen any substantial changes in economic conditions to require us to change that position.

Mr. Charlie Angus: I look at what you've added: the present value, the cash flow of $3.9 billion and the original purchase price of $4.4 billion. That gives you a net value of $600 million. What I don't see in there is the long-term impact of subsidizing tolls. Mr. Gunton said that those subsidies would be in the order of $10.6 billion, which Canadian taxpayers would have to pay shippers over the course of this pipeline because there is no way they're going to make their money back. We have to subsidize tolls because they cost too much for the shippers.

Do you think the loss to taxpayers is actually higher than $600 million?

Mr. Yves Giroux: It depends, obviously, on what happens after the contracts in place expire. We have assumed that the same type of arrangements will continue after the initial 15- to 20-year period, but we could be in a different position in 15 or 20 years. In that case, the valuation could significantly change.

Mr. Charlie Angus: The prediction is that we're going to sell this pipeline to some other entity, but without subsidies, what entity would take it? Would it be fair for the taxpayer to say that if we sell it, we sell it at what it costs, and that we should not be carrying ongoing subsidies to a third party to cover the cost of shipping for very profitable oil companies?

Mr. Yves Giroux: I think this can be sold without subsidizing future usage of the pipeline, but that would probably mean selling it at a loss. That's the sense of what we say in our report.

Mr. Charlie Angus: Thank you very much.

The Chair: Thank you.

We're going to move now to Mr. Patzer, who has five minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Mr. Chair.

Thanks, everybody, for coming today.

Mr. Brooks, I'm going to start with you. If a company were a net-negative emitter, is that a good thing?

Mr. Keith Brooks: Sure.

Mr. Jeremy Patzer: Would it matter which section or segment of the economy it came from?

Mr. Keith Brooks: If it was net-negative, I suppose not, although for the fossil fuel sector we are talking about emissions that come from the production of fossil fuels. What's important to understand is that a lot of emissions come from the use and combustion of fossil fuels. Even if we did have net-zero oil and gas production, the selling and combustion of the oil and gas is still going to contribute to climate change, so I don't think that sector can ever actually be net zero.

Mr. Jeremy Patzer: If we're looking at the production side, though, there's already a company that's largely net-negative in Saskatchewan. There is another one in Alberta that's net-negative. The one in Alberta is net-negative at stages one, two and three, which is not just the production side but also the usage side. Again, does it matter what sector is doing it?

What I'm trying to get at here is, if the goal is ultimately emissions reduction and these companies are doing it to the point where they are actually net-negative, is that a good thing or is that not allowed?

● (1220)

Mr. Keith Brooks: If it were possible, it would be a good thing, but fossil fuels are hydrocarbons, and when they are burned, we're using the hydrogen and we're releasing the carbon. It combines with oxygen and becomes carbon dioxide.

Combustion of fossil fuels is responsible for 80% or more of the emissions that have caused climate change to date. You can't really get net-zero oil and gas production. I'm not familiar with the specific companies you are referring to, but I don't think it's possible. It's certainly not for scope 3 emissions, and I don't know of any cases, in fact, in which we're actually at zero on the production side either.

Mr. Jeremy Patzer: Whitecap Resources, in southeastern Saskatchewan, for stages 1 and 2 combined, in their 2021 report, were at about negative 740,000 tonnes. That is for scope 1 and scope 2. It is possible. It does happen. They use enhanced oil recovery for it, which is something that the Americans have included in their plan. This government doesn't have it in its plan. If we get to negative emissions, does it really matter?

I appreciate your input on this.

Mr. Muir, you were talking about American subsidies, what they are doing and what we are doing here in Canada. I'm just wondering if you want to elaborate a little further on what we should be doing with the carbon capture, utilization and storage to make it more competitive with what other countries are doing.

Mr. Stewart Muir: We've already seen one good Canadian company locate most of its activity in the U.S. where the climate is more welcoming. I forget their name but they are based in Squamish, B.C. Most of the growth has been in the States because there has been a greater impetus to create market conditions. We talk about subsidies. We should also be talking about incentives to decarbonize.

You mentioned Whitecap Resources. I've mentioned the Pathways initiative. I would challenge anyone to go into the regulatory filings of pretty much any publicly traded company in oil and gas in Canada and have a look at what they are doing in the field. All of them are working to reduce their carbon footprint. They know, and I think they take pride in being part of that story. The whole sector is mischaracterized as having some inherent pernicious, evil aim, and that runs through some of the subsidy polemic we've heard today. It is very misleading.

If United States President Biden, a Democrat president, has laid down a large bet on carbon capture, that's going to potentially draw more of the innovation from Canada to the United States, and we will lose it from our small energy start-up sector. We need to be competitive to keep that know-how here.

Mr. Jeremy Patzer: Yes, exactly. Thank you.

If any of you have more that you want to add to any of these issues, could you submit a brief to the committee as quickly as possible? We would appreciate that.

Mr. Helin, I'm just wondering if you could talk a little bit more about the importance of natural resource projects for indigenous communities and their ability for self-determination.

Mr. Calvin Helin: Thank you.

Most of the indigenous communities across Canada are located in very remote places, and the average unemployment rate among all of the reserve communities in Canada is over 25%. That's worse than the Great Depression numbers in the U.S.

People have been living on their land for 10,000 years or more—the people I come from, 14,000 years—and there are very few opportunities. That doesn't mean they're going to jump at any opportunity and abandon the environmental stewardship they've taken over the land for all of that time. That is always at the forefront of their consideration in entering into any project. When projects are proposed for their territory, they look at them very carefully. They examine them from a social and environmental point of view. When they decide to enter into those projects, that may be the only opportunity they would have for any kind of development.

In the community I'm from, Lax Kw'alaams, on the north coast of B.C., there was an LNG pipeline proposed. At that time, my brother John was the elected chief of the community, and the community voted 70% in favour of the project. The project would have flowed, over a period of time, about a billion dollars in benefits to the community. That included monies for education, training, housing, roads, all the things that most indigenous communities direly need.

When they vote to support a project, what really irks them is what they see as the meddling and interference from people who have been termed eco-colonialists, these groups whose only interest is in stopping projects, and government interference, where the government is only listening to the side of the project that supports their politics.

They feel it's very unfair. They feel that a lot of opportunities have been snatched from them. The feeling is so strong in western and northern Canada that in fact there's an event being organized on this very topic, called Indigenous Nexus 2023. It's—

● (1225)

The Chair: I'm sorry, Mr. Helin, but I have to ask you to wrap up. We're well over on the allotted time for this one, and I still have more questions I need to get to.

Mr. Calvin Helin: Okay.

The Chair: Thank you.

We'll jump now to Mr. Sorbara, who will have five minutes for his questions.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair.

Welcome, everyone. Obviously, this is a very important discussion that we're having this morning.

With regard to the ongoing transition that's happening not only with Canada's economy but with the global economy in terms of energy, I would frame the issue as a little triangle—energy security, energy affordability, and then layering in the goal of reducing greenhouse gas emissions to where we get to a net-zero world by 2050, or the countries participating in such. We obviously have developments along the way, such as the war in Ukraine, in terms of putting in place not only energy security and energy affordability but also food security and food affordability.

I would say that the Biden administration has been deft at putting in place legislation that has changed the economic landscape, both here in North America and globally, with the infrastructure act, the CHIPS and Science Act and the $250 billion there, and the Inflation Reduction Act, which, from reading all the commentary out there, is potentially a catalyst for north of $2 trillion of private investment that will combine with the $497 billion or whatever the number is. North of $2 trillion of investment may flow in renewable energy and sources there.

Layered on top of that, the United States is the largest producer of oil and gas in the world and is actually a net exporter of resources. Starting with the Obama administration, they have built I believe four to seven LNG facilities to export LNG. We're building LNG Canada, which I'm very happy will be put in place in the area of the world that I'm familiar with, because I grew up there.

With regard to the projects that are currently in place here in Canada, I have a question for Mr. Muir. When we think of investments, whether it's on TMX or on the private or public side, a lot of folks may get tied up in looking at one side of the ledger. They're not looking at the other side—the multipliers of the economic benefits of various projects upstream or downstream with regard to oil and gas revenues that come into Canada and the nearly one million Canadians who work in the sector.

How important is it that we make sure that we look at not only one side of the ledger, if I can use that term, but also the other side in terms of the ramifications of the multipliers to Canada's economy of both the renewable and the non-renewable side of our economy?

● (1230)

Mr. Stewart Muir: If anyone here is a soccer fan and watching the World Cup across the world, there's a great example of what LNG can mean to an economy. Until recently, the biggest LNG exporter in the world was Qatar. The U.S.A. is now. We let them get that opportunity. But in the last 10 years since announcing the World Cup, $250 billion has been spent by a country with 300,000 citizens. They have spent $10 billion on stadiums.

One might wonder where they got that money. They got that money by monetizing natural gas onto the global market. Recently, during the high prices for LNG in Europe at the early peak of the Ukraine crisis, we were seeing cargos.... It's very hard; the LNG industry globally is not very transparent. They don't talk about the value of cargos in ships, but you can glean things if you keep an eye on things. There were single shiploads of LNG changing hands for up to $200 million on the high seas going to different ports.

Mr. Francesco Sorbara: Mr. Muir, I'm going to interject there. I want to ask you for another comment, and I know you could go on for a bit.

One of the comments I heard today, and I believe you had referenced it, sir, was about comparative advantage. As an economist, I learned quickly in my studies that there's absolute advantage and comparative advantage in trade. Canada will need to find, and is finding, its place on the comparative advantage front when it comes to the ongoing transition.

For example, in the battery supply chain, we're ranked number two in the world, according to BloombergNEF, down at the G20. We are finding a comparative advantage there. With regard to LNG, we will need to find our comparative advantage, and we quickly are.

I would like to hear from you, sir, on how important it is—in the FES we've taken a number of steps in response to the IRA, although there's obviously more we have to do—to make sure we are flagging our comparative advantage.

Mr. Stewart Muir: The comparative advantage in theory from resources that are known to exist here versus what we're able to do or what we're doing.... In British Columbia, I know that the average time to develop a mine through permitting is 13 years. The amount of critical minerals and other metals we need is so vast that it would be very difficult, impossible. The Ring of Fire in Ontario is viewed in industry, I think, as a stalled opportunity. There are very complex issues there, which we're all aware of. If we don't solve them, we won't have the wherewithal to have the clean energy future. It's a big worry.

LNG is sought after in parts of the world that must rely on more emissions-intensive fuels. I know there is a determination by some voices we've heard that if a solution is not 100% effective in solving a problem, then it mustn't be pursued. I don't think that's how most of us approach anything in our lives. LNG will cause considerable relief for nations that are looking at ways...whether it's nuclear or firing natural gas instead of coal in their electricity sector, be it Korea, Japan, Malaysia, Indonesia or India. They really want this, and they also want energy security. They don't want just to rely on a single country in the Middle East to supply all of it because that's a poor principle, as they've found.

Canada has a role—

Mr. Francesco Sorbara: I think we're done there.

Just for the record, in the fall economic statement, I believe we've started down a path where there's a very effective response to IRA, and I applaud the Deputy Prime Minister—

[*Translation*]

Mr. Mario Simard: Excuse me, Mr. Chair, but the discussion has gone on for a while. I want to be generous with time too.

[*English*]

The Chair: I've been pretty generous with everybody, and we have time now to go into our third and final round.

That starts with Mr. Dreeshen, who will have five minutes on the clock.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Mr. Chair.

Certainly, thanks to all of the witnesses who are here today as we take a look at subsidizing different aspects of...or federal assistance into our natural resources.

If you don't want oil and gas from Canada, you do your level best to demonize it around the world, but I want to take the opposite position.

We do have this abundance of natural resources. We've been leading the way globally with clean technologies and advancement in the oil and gas sector. I think people should realize that 75% of the clean technology investments in renewables come from our oil and gas sector. It's because they are understanding that they are energy companies; they're not just oil and gas companies. I think that's the important part of it. You can't promote renewables unless you advocate for a responsible hydrocarbon industry. I think that's really the critical part of it.

Mr. Helin, I appreciate your work. I spent many years on aboriginal affairs and northern development. I've read your book *Dances with Dependency*, and I've also seen the work that you've done with first nations.

I'm wondering if you can speak briefly to what needs to be done by governments in order to give opportunities to indigenous communities, specifically looking at the red tape and regulatory burdens that your industry faces. What are the biggest culprits and the main things the government could do to get more investment to come to Canada so that you can be engaged with that?

You did mention before that one of the key components and one of the key problems that exist, of course, is that, quite frankly, environmentalists don't know what is best for indigenous communities, nor do all industry leaders know what is best. We need to work together to get past what I call “environmental colonialists”, which you call “eco-colonialism”.

I'm wondering if you can lay out your vision and some of the frustrations you have with the way in which your industries and the opportunities for your people have been challenged over the last number of years.

● (1235)

Mr. Calvin Helin: Thank you for the question.

The kind of frustration that's felt was characterized when the German Chancellor arrived in Canada asking for our LNG. I don't know in my lifetime when a German Chancellor ever arrived in Canada to ask for something. We're supposed to be supporting our democratic partners in Europe, and he was sent away with the promise of hydrogen in, I don't know, 10 or 15 years.

I think there has to be some kind of reality in the position we're in. From a geopolitical strategic point of view, Canada is in an excellent position. We have the resources everybody else needs, while all of our partners' resources are tied up in this war in Ukraine from Europe.

I think the best thing, from an indigenous people's point of view, is that the government can get out of the way and stop slowing and stopping everything. We have an environment in Canada where we have some of the strictest environmental regulations and a very good social environment. Indigenous people are coming forward and saying what they want.

It's time, I think, for the government to listen to people from different regions of Canada, because it's creating a lot of division and a lot of anxiety. If someone doesn't agree with your opinion, listen to them, because you've been elected to represent them. Indigenous people are clearly saying, “We want to be part of the economy. Because we were taken off our lands, we don't have any basis for raising capital.” There needs to be some kind of sensible financial incentive.

The Alberta indigenous opportunities fund is one that's just lent $1.12 billion to 23 first nations to buy into Enbridge's northern pipeline system. That asset will provide revenue for them long into the future.

To make a little sports comparison, I was watching a program on TV about the American basketball—

● (1240)

The Chair: Sir, we're going to have to end it here. I'm sorry to interrupt you, but we are out of time and I have others I need to get to. You have my apologies.

We are going to jump to Mr. Maloney, who's going to take over the next questioning for five minutes.

Mr. James Maloney (Etobicoke—Lakeshore, Lib.): Thanks, Chair.

Thanks to my colleague. I may not use all the time, but we'll see how it goes.

I'm glad to be back on this committee. It's been a while since I've been here. It brings back a whole range of emotions. I won't tell you what they are. They vary, depending on the moment and time in the committee.

Having said that, Mr. Muir, I have some questions for you.

I was intrigued by a couple of answers you provided. In response to Mrs. Stubbs about the investment climate, I interpreted what you said to mean that it's a darn good thing the government stepped up and bought TMX. When Mr. Falk was asking you questions about cost overruns, you seemed quite enthused about being able to identify the reason for those cost overruns.

One of the things people know about me is that I like to try to cut through the political nonsense you see in a lot of these discussions. Blaming cost overruns on Liberals, as if they would have magically disappeared if the Conservatives were in power, is, of course, entirely mythical.

What I'm asking you is this. If you accept the fact that we needed to get that pipeline built, am I correct in interpreting what you said as you being happy about the fact that the government stepped up and bought it so it could go forward?

Mr. Stewart Muir: The fact that it's being built is a positive thing for Canada. The economic impacts will far outweigh the costs of building the project.

Had the question been asked before the acquisition whether anyone wanted the federal government to go and do this, I don't think anyone would have wanted it to. The fact that it happened and that this acquisition was made to save a nation-building project was a difficult political decision. I can only imagine what the cabinet discussion was.

Mr. James Maloney: But it was the right decision. That's what you're saying.

Mr. Stewart Muir: They landed in the right place, because had they not—

Mr. James Maloney: Okay, thank you. I'm glad I was able to confirm that.

Mr. Stewart Muir: Indeed.

Mr. James Maloney: The reason that Kinder Morgan didn't go ahead with it.... We can talk about the regulatory context and whatnot, but that regulatory context didn't start on October 19, 2015. When I was elected then, along with many of the people around this table, I was hearing about all of these regulatory obstacles that were in place, and I continue to hear that today. The fact remains that it was necessary for the government to do that.

Had Kinder Morgan decided to go ahead and build this pipeline, they would have encountered the same cost overruns that the government is facing. Isn't that fair?

Mr. Stewart Muir: Yes.

Mr. James Maloney: Okay, so to be critical of the government about that is unfair, then. I think you have to agree with that.

Mr. Stewart Muir: Yes, absolutely.

Mr. James Maloney: Okay. I'm glad we cleared all of that up. I just wanted to clarify that. One thing that is troubling about these discussions is the political overtones. Sometimes many of us are on the same page and that gets lost in the discussion. That's why I wanted to make that point, and that was the only point I wanted to make.

Thank you, sir.

I will give the rest of the time to my colleague, Ms. Dabrusin.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): My question is for the Macdonald-Laurier Institute, if they are still there. It's about hydrogen and investments.

When we're talking about federal investments in hydrogen, I believe you wrote about the export of hydrogen and the opportunities. Can you tell us a bit more about that?

Dr. Heather Exner-Pirot: Thank you very much for the question.

Again, here is another natural resource that is getting a bit politicized in Canada. There are tremendous opportunities, including in the oil and gas industry, to do blue hydrogen. There are huge markets for blue hydrogen. There have been multi-billion dollar investments in this, including in the carbon capture to make it blue.

The government has taken a pragmatic approach, which I very much appreciate, that includes financing for blue hydrogen in their hydrogen strategic plan. B.C., Alberta, Ontario and Quebec all have hydrogen [*Technical difficulty—Editor*] which is a good indication that support for this resource is on all ends of the political spectrum.

As to the profitability or the feasibility of green hydrogen, on the Atlantic coast, which was the main focus of discussion with the European Union, it remains to be seen. Every forecast—and there is private money coming into this sector—expects a very large hydrogen economy. I would be cautious about how fast—and how profitably and how soon—green hydrogen can come out of Atlantic Canada. Blue hydrogen is much cheaper and has much bigger markets heading into Asia.

In general, I would say that Canada is on the right track. There is broad political support for this, and it is very encouraging.

● (1245)

The Chair: Thank you.

Next we'll go to Mr. Simard, who will have two and a half minutes.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

I would like to take this opportunity to discuss the motion for which I gave notice and that has been sent to all members of the committee. I can read it for you:

> That, pursuant to Standing Order 108(1)(a), an order of the Committee be issued to require the Canada Energy Regulator to produce, no later than December 16, 2022, an unredacted copy of any notices, analysis and recommendations of Canada Energy Regulator relating to the Government's decision to acquire, expand, operate, and eventually divest of the Trans Mountain Pipeline System, and any other relevant documents; if no such analysis has been produced by the Canada Energy Regulator, that the Canada Energy Regulator provide the Committee with written confirmation.

[*English*]

The Chair: Thank you.

I have Mr. Angus on my speaking list.

Mr. Charlie Angus: I think it's a pretty straightforward motion. Coming out of our meetings the other day, I didn't feel that I got a very clear set of answers from the Canadian regulator when we asked questions about the tolls and the other elements. If there are documents that would be helpful to our committee, I look forward to seeing them.

The Chair: On the speaking list, I have Ms. Dabrusin.

Ms. Julie Dabrusin: I have two things.

How long do we think this conversation is going to go? I suggest that we may want to dismiss the witnesses if we think we're going to be talking about it for another 10 minutes, because we are running into the end of the meeting.

That's the first part, and then I was going to propose an amendment.

[*Translation*]

Mr. Mario Simard: If you vote for the motion, it can be very short.

Ms. Julie Dabrusin: As I was saying, I have amendments to propose. That's why I asked the question first.

[*English*]

The Chair: I have Charlie on Julie's question.

Mr. Charlie Angus: I would normally let our witnesses go, but there may be a chance that I get my two and a half minutes in, and Mr. Simard has stepped on my toes. If we get this thing passed, then we can finish off our questions.

The Chair: Just so the witnesses know, we have only until 1:02 p.m. with regard to the resources. If we finish this before then, we can get another couple of minutes of questions in. If you can bear with us until one o'clock, we'd invite you to stay, and we'll see how quickly we get through the motion.

Ms. Dabrusin, we'll go back to you. I think you were going to speak about some amendments.

Ms. Julie Dabrusin: The first amendment that I want to propose is actually right off the top. It is that we change the word "require" to "request". The reason is that there hasn't been a refusal from the Canada Energy Regulator. This is really just a request at this point. There's nothing to show that they're trying to stop this production.

The Chair: Do you want to comment on that amendment, Mr. Simard?

[*Translation*]

Mr. Mario Simard: I have no problem with it.

[*English*]

The Chair: Do we want to put that amendment to a vote?

(Amendment agreed to [*See Minutes of Proceedings*])

The Chair: We have another amendment, and then we'll come back and deal with the motion as amended.

Ms. Dabrusin, what is your second amendment?

Ms. Julie Dabrusin: My second amendment would be to replace the words "an unredacted" with just "a". You were asking for a series of copies. I don't have the exact wording right here, but the amendment would be to just replace "unredacted" with "a".

[*Translation*]

Mr. Mario Simard: On that point, it would be...

Ms. Julie Dabrusin: I can tell you why.

[*English*]

The main reason is that we don't even have anything yet showing that there are going to be redactions. We don't know what that would look like. We don't have an idea of what the extent of the redactions would be if there are any. We can ask first for just the copies, and if turns out that there are all sorts of redactions that we want to question, then we can go back to them.

The Chair: Mario, go ahead.

[*Translation*]

Mr. Mario Simard: Obviously it would be unacceptable to receive copies with information blacked out. That would not help us do our work. The Canada Energy Regulator has to provide us with the documents we ask for, and I think it would be unacceptable to allow certain parts of its analyses to be redacted.

● (1250)

[*English*]

The Chair: Mr. Angus, go ahead.

Mr. Charlie Angus: I love unredacted documents. I think that's the lifeblood of Parliament. My concern is this: If there's anything to do with commercial interests, we have to be careful about that. I say that from having been on other committees where we've asked for information. If we're going to say off the top that we want all documents and all of them unredacted, we may need to have a discussion about what happens if there are commercial sensitivities.

I don't know if it's a big issue, but I think we always have to do due diligence if we're taking documents. I'm willing to have them in unredacted form. I'm willing to see them as they are. I'm also willing, if there are any commercial issues that are flagged—for example, if one company is getting a better deal than another.... There may be unintended consequences.

I would like to see if our Liberal friends on the government side have any recommendations as to how we could make sure that we're not stepping to a point where we might be beyond our jurisdiction.

The Chair: Ms. Dabrusin, go ahead.

Ms. Julie Dabrusin: My proposal was just to see what they produce. I mean, it might be very straightforward. Once we actually get the records, we will see, if there are redactions, what they are, and it might be pretty much on its face that you can see that it's part of the business-type materials.

We just don't have anything to show that they're going to be severely redacted at this point. We could ask for them and see what we get back. If we find that they are overly redacted, I'm fine with the idea of going back and asking for them to reconsider it.

The Chair: Not having anyone else to speak on it, we'll put this amendment to a vote.

Ms. Dabrusin, do you want to give us the amendment again?

Ms. Julie Dabrusin: It would be to replace the words “an unredacted” with just “a”. I take out those two words, and then I put in the word “a”.

The Chair: Is everyone clear on that amendment?

(Amendment agreed to [*See Minutes of Proceedings*])

The Chair: Ms. Dabrusin, go ahead.

Ms. Julie Dabrusin: It's a final one. We saved the best for last.

December 16 is the proposed date right now. That's coming up within two weeks. It's really soon. It's going to be a tight timeline all around, and then everybody leaves this place.

I was going to suggest that we move it to January 20, 2023. That is still before we come back. It still allows us to get them before we're back in committee. Either way, we're not going to have a committee meeting immediately afterwards. Either way, you're going to have to wait until the end of January before we're sitting again and having a committee meeting.

The Chair: Mr. Simard, go ahead.

[*Translation*]

Mr. Mario Simard: If the analysts receive the documents on January 20, my concern is that they will not have enough time to do an analysis.

Mr. Ross Linden-Fraser (Committee Researcher): It depends on how the committee wants to use the documents.

Mr. Mario Simard: I can agree to setting January 20 as the date, no problem.

[*English*]

The Chair: Okay.

Is everyone in favour of amending the date to January 20, 2023?

(Amendment agreed to [*See Minutes of Proceedings*])

The Chair: Thank you.

Now, we'll vote on the motion as amended. Do we need to have that written out or read out? I'll turn to our clerk to see if she has it to give to everybody. Then we'll call the vote.

● (1255)

The Clerk of the Committee (Geneviève Desjardins): The motion as amended would read:

> That, pursuant to Standing Order 108(1)(a), an order of the Committee be issued to request the Canada Energy Regulator to produce, no later than January 20, 2023, a copy of any notices, analysis and recommendations of Canada Energy Regulator relating to the Government’s decision to acquire, expand, operate, and eventually divest of the Trans Mountain Pipeline System, and any other relevant documents; if no such analysis has been produced by the Canada Energy Regulator, that the Canada Energy Regulator provide the Committee with written confirmation.

The Chair: Okay.

(Motion as amended agreed to: yeas 10; nays 1)

The Chair: The motion is carried. Thank you.

Now we have five minutes left in the meeting. I have two 2.5-minute rounds of questions.

Mr. Simard, you still have two minutes and 25 seconds on your clock if you'd like to take it. Then we'll move to Mr. Angus, and we can finish off the meeting at one o'clock.

[*Translation*]

Mr. Mario Simard: I will be brief, to give my friend Mr. Angus a bit of time.

Mr. Gunton, I have a quick question about what Mr. Brooks said regarding the financial assistance given to the gas and oil sector by the federal government.

Does the $12 billion per year figure that came from Export Development Canada seem right to you?

[*English*]

Dr. Thomas Gunton: Sorry, the $12 billion for what? I didn't catch that.

[*Translation*]

Mr. Mario Simard: I'm talking about the $12 billion per year that the gas and oil sector is given by Export Development Canada. Does that figure seem right to you?

[*English*]

Dr. Thomas Gunton: Yes, I really can't confirm that figure. It's not part of my studies.

[*Translation*]

Mr. Mario Simard: Mr. Brooks, I would like to hear what you have to say on this subject.

[*English*]

Mr. Keith Brooks: Yes, that number is on Export Development Canada's website, on a list called “Aggregate Business Facilitated by Industry Sub-sector for the period ending September 30, 2022”. We can send the link to you. They list export development supports for all industries, including oil and gas. Right here on their website, $5.961 billion is the number for 2022.

[*Translation*]

Mr. Mario Simard: Does that figure take into account the WTO's definition of a subsidy? If not, would a different figure result if the WTO definition were taken into account?

[*English*]

Mr. Keith Brooks: This is federal support to the industry.

As I referenced earlier in my comments, the WTO's definition does say that fiscal support to an industry does count as a subsidy under their definition. If we were to apply that definition, these would all be counted as subsidies.

[*Translation*]

Mr. Mario Simard: Thank you.

[*English*]

The Chair: Thank you.

We'll now go to Mr. Angus for his final two and a half minutes.

Mr. Charlie Angus: Thank you.

In October, the Alberta Federation of Labour, along with Unifor in western Canada, the boilermakers in Alberta, building trades in western Canada, IBEW, and district 3 steelworkers wrote to the Prime Minister saying they wanted to see serious investments in a clean energy economy. Calgary Economic Development and Edmonton Global have stated that they see that investments in clean tech will create a $61-billion opportunity for Alberta and 170,000 jobs.

Yet, Mr. Gunton, when I look at direct tax subsidies to oil and gas, the $18 billion you predict in tolls to undercut the cost of TMX, the $15 billion that we see from Export Development Canada and the $21 billion spent on TMX, this is almost the equivalent of what would be generated in the market if we had a clean-tech economy.

Do we see anything close to the scope of investments in clean tech to kick-start this economy that the workers have been calling for, as well as the Calgary Economic Development? Is it anything close in comparison to what is being given right now to oil and gas?

Dr. Thomas Gunton: I haven't done a comparison of the financial support for the different sectors, but if you took the $21.4 billion that we have now committed to Trans Mountain and invested it in other sectors, or even if we increased the tolls on Trans Mountain to reduce the losses, we'd have more funding available for these high-growth sectors.

The economic benefits would be significantly higher than investing it in a declining sector. Invest it in a growing sector that's clean.

● (1300)

Mr. Charlie Angus: I was in Germany last week meeting with the German government, and they were very clear. They said that, if we couldn't get them LNG within the next two years, they weren't interested. They want hydrogen, and they want hydrogen on a major industrial level.

Mr. Gunton, would you think that the $21 billion we're spending on TMX and the massive subsidies that will be given on tolls could be put into a hydrogen economy to make deals in Europe right now? We could put that money into where the Europeans are going, rather than the 20th century economy that's continually being promoted by big oil.

Dr. Thomas Gunton: Yes, I certainly agree with that.

You want to go into the growth sectors, not the declining sectors, if you want a healthy, sustainable economy.

Mr. Charlie Angus: Thank you.

The Chair: Thank you.

That brings us to the end of the time we have for our meeting today.

I'd like to thank all the witnesses for being here with us, both in person and virtually.

I'd also like to indicate that, if anybody has any additional thoughts you would like to provide us with, up to 10 additional pages in writing following today's conversation, you're welcome to submit that to our clerk.

Based on a motion that we had for receiving testimony, we set five o'clock on the Friday following the last hearing, which is today, so if you were going to send anything, we would need it by the end of the day tomorrow. I know that's a tight turnaround, but that is what we're working with.

For committee members, the next meeting is November 29, next Tuesday. We're going to be reviewing version two of the draft report on the greenhouse gas emissions for the oil and gas sector study. We're keeping 30 minutes at the end to provide drafting instructions.

Mr. Simard, go ahead.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

I would like to say something for just a minute.

If we want to get the Parliamentary Budget Officer's report on the pipeline so it can be considered by the analysts, should we request that right away?

[*English*]

The Chair: Any material that we can get in right away on both would be.... We can always ask. If that's not possible, we can have them request an extension. Then I'd have to bring it back to the committee on Tuesday for that.

[*Translation*]

Mr. Mario Simard: I think it's a public document.

[*English*]

The Chair: Perfect.

If there is nothing else, folks, thank you for the good meeting today.

Folks, we're adjourned.