



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Environment and Sustainable Development

EVIDENCE

NUMBER 016

Thursday, May 5, 2022

Chair: Mr. Francis Scarpaleggia



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• (1145)

[English]

The Chair (Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.)): I call the meeting to order.

I'd like to welcome Mr. Benzen, who is here substituting for Mr. Seeback.

Mr. Bob Benzen (Calgary Heritage, CPC): I'm happy to be here, Chair.

The Chair: Before we get started, I would just like to mention to the members that it looks like the ministers Wilkinson and Guilbeault are not available on May 12, as we had expected. We're working on another date, and we'll schedule them in at some other time. On May 12, we'll probably just continue reviewing the nuclear waste report.

At the last meeting we adopted the estimates, and I assume you would like me to report our votes back to the House. It wasn't specified, unfortunately. I'll do that tomorrow.

Just as a heads-up, at one o'clock I'll be asking whether members want to stop at one or continue a bit longer. You can let me know then.

I would just like to mention that there are no opening statements. We have representatives from the Department of the Environment and the Department of Finance. We have Hilary Geller, Saba Khwaja and Joyce Yuan from environment. From finance, we have Miodrag Jovanovic, Oliver Rogerson and Nada Vransy.

We'll just get started with the rounds of questioning with Mr. Carrie, for six minutes.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Mr. Chair.

I want to thank the witnesses for being here.

Given the news with Enbridge Line 5, we've seen that the previous minister of natural resources did at least do the bare minimum. The concern is that the government is not enforcing the pipeline treaties.

I am very concerned about job losses. I note, Ms. Geller, that you're in charge of the strategic policy branch. Considering that the government is concerned...or that they do want to move towards stopping the fossil fuel industry here in this country, what is the strategy as far as a just transition to replace jobs that are going to be lost due to government policy?

Ms. Hilary Geller (Assistant Deputy Minister, Strategic Policy Branch, Department of the Environment): Thank you very much for the question.

I am going to pass it to my colleague from NRCan, who is responsible for just transition and those issues, if I could.

The Chair: I'm sorry to interrupt you, Ms. Geller.

Ms. Taylor Roy has her hand up. Is that a point of order?

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Yes. Thank you, Mr. Chair.

I just want to be sure. Although we have department officials here today, this is still the continuation of...or the last meeting of our study on ending the subsidies on fossil fuels. Is that correct?

The Chair: Absolutely.

Ms. Leah Taylor Roy: Okay, I am just curious as to what that question has to do with ending fossil fuel subsidies.

The Chair: I would concur that it's a bit of a stretch.

Mr. Carrie, I don't know how you want to link that to fossil fuel subsidies, but I'll let you have a shot at doing that briefly.

Mr. Colin Carrie: Basically, different policies put stress on the sector. Given the timeliness of the Line 5, Mr. Chair, I'm sure, as a member of Parliament for Quebec—and I am a member of Parliament for Ontario... We have the opportunity to have officials in front of us. This is extremely serious given the immediate effect on gas prices and inflation. I am just hopeful that we do have a strategic plan moving forward.

If the NRCan official could please enlighten us, that would be wonderful.

The Chair: You're asking whether fossil fuel subsidy policy could help or hinder or whatever.

Mr. Colin Carrie: Absolutely. Thank you, Mr. Chair.

The Chair: Ms. Geller, give it your best shot. If you find it's not germane, then we'll ask Mr. Carrie to ask another question.

Ms. Hilary Geller: Thank you, Mr. Chair.

These issues are actually covered by the Department of Natural Resources, both the just transition and pipeline issues. I am hoping, if she's able, to pass it to my colleague, Ms. Vransy.

Ms. Nada Vransy (Director General, Petroleum Resources Branch, Department of Natural Resources): I'm happy to respond.

The government has been very clearly supporting Enbridge in its efforts to keep Line 5 open. As you're probably aware, government officials have been working closely with U.S. officials under the treaty. First of all, we had informal meetings and discussions. Then the treaty itself was triggered last fall. Since then we've been holding negotiations under the treaty, all with the objective of keeping the pipeline open.

The government recognizes how important that pipeline is to the four provinces of Alberta, Saskatchewan, Quebec and Ontario. To that end, we've been holding weekly or biweekly calls with provincial officials and Global Affairs. We have a team Canada approach to this. We're very much concerned about the pipeline remaining open, because it is so important.

• (1150)

Mr. Colin Carrie: It is extremely timely and I do thank you for your comments.

I was wondering what the department has done in terms of estimating how eliminating fossil fuel subsidies or related tax measures would impact things like fossil fuel production, greenhouse gas emissions, employment in the fossil fuel industry, Canadian employment in renewable energy and investment in industries. I was wondering if you would be able to table any consultations that you have done with industry.

Again, my questions are related to how it's going to affect jobs and people working in the industry. In Ontario, as you're probably well aware, up to 250,000 manufacturing jobs are related to Canada's energy sector—good-quality union jobs. With this drive to slow down production and the transition there are huge concerns about it.

Ms. Nada Vransy: Are you going to jump in?

Hilary, go ahead.

Mr. Colin Carrie: Ms. Geller, it would be great if you want to take the lead on that.

Ms. Nada Vransy: I can follow up if there's anything....

Ms. Hilary Geller: What I was going to say is that there's been significant progress in meeting the government's commitment to eliminate and rationalize inefficient fossil fuel subsidies in the tax sector. There have been over eight tax measures so far—

Mr. Colin Carrie: Has there been consultation, though, with industry?

Ms. Hilary Geller: Yes, I'm going to pass that—

Mr. Colin Carrie: Can you table that?

Ms. Hilary Geller: Yes. We'll pass that to Miodrag Jovanovic, who is the ADM of tax at the Department of Finance. He's the most familiar.

Mr. Miodrag Jovanovic (Assistant Deputy Minister, Tax Policy Branch, Department of Finance): Thank you for your question. I agree that this is an important question and actually an im-

portant aspect of the question as to how to phase out fossil fuel subsidies.

On the tax side since 2007, if we include the recent proposal in budget 2022 to phase out the flow-through shares for oil, gas and coal exploration, that's nine tax ventures that have been phased out.

With respect to your specific question, the impact on jobs, for instance, and generally speaking the social and economic impact, that's part of the assessment we make every time as we look at one specific measure. When we present our advice to the Minister of Finance, in this case, it does include that assessment. If there's any doubt as to the importance of the potential effect of phasing out a specific subsidy, that's where the design of the phase-out and the time we give industry to adjust becomes quite important. When you look back to 2007, in the way that these tax expenditures have been eliminated very often there is a substantial period that is being provided to adjust.

Mr. Colin Carrie: Mr. Chair, if the officials could actually provide the estimates of the effects of eliminating these fossil fuel subsidies on the production, greenhouse gas emissions, employment, renewable energy and investment in the industry, it would be greatly appreciated. People are asking us for—

The Chair: I'm sorry. We're going to have to move on. We'll make that request to the department. Hopefully we'll be able to get that information.

We'll go to Ms. Taylor Roy now, please.

Ms. Leah Taylor Roy: Thank you very much, Mr. Chair.

Thank you to all the witnesses who are here today from the three departments to answer our questions on the elimination of fossil fuel subsidies.

I really want to address some of the international commitments we have made and have not made regarding eliminating fossil fuel subsidies, to better understand why our government has done some things and not others, and what progress we're making on that.

I'd like to ask you about two in particular, and I'm not sure who the best person is to respond. The first is the statement on international public support for the clean energy transition, which came from COP26. As I understand it, we are a signatory, one of the approximately 40 countries that signed on to that agreement.

The second one is the World Trade Organization statement on fossil fuel subsidies, which to me seemed very similar in some respects, yet I believe Canada, at least when I last looked, had not signed on to it. I'm not sure if we have now or if we had any particular plans to sign on to it.

I wonder if you could just speak a little bit about the role that the statement on international public support for clean energy that we signed plays in ending subsidies to the fossil fuel sector, and then I'll follow up with you on the other one. Thank you.

• (1155)

Ms. Hilary Geller: I think it would be most helpful if Ms. Vraný started on what we refer to as the Glasgow commitment, because NRCan is leading the work on that.

On the WTO issue, my understanding is that the Department of Finance is continuing to examine issues surrounding signing on to that, so unless he tells me otherwise, I think that's likely Mr. Jovanovic.

Ms. Leah Taylor Roy: Thank you, Ms. Geller.

Ms. Nada Vraný: Thank you very much.

First of all, the statement the government committed to suggests that the government will prioritize support for the clean energy transition, consistent with the goals of the Paris Agreement and will end support for unabated fossil fuel energy. The public finance institutions operating in the international sphere will take a look at their processes and their policies and adjust accordingly.

The statement was made in November. We have, since that time, been working with other government departments very closely to understand how it would apply and what policies would need to be adjusted. We've also been speaking with our international counterparts to understand, particularly in those cases where it's been applied or implemented, what lessons they have learned. I would also note that there are other countries that are at the same place we are, which is that they are firmly in the grips of developing their implementation policy.

We're advancing on this we and take it very seriously. It's very important.

I hope I've answered your question, but please let me know.

Ms. Leah Taylor Roy: That's great, and I'm really encouraged to hear that you are learning from best practices or what countries have done on this, because I appreciate the fact that it talks about prioritizing our support fully towards the clean energy transition. I think that's very important.

Mr. Jovanovic, then, would you mind commenting on the WTO?

Mr. Miodrag Jovanovic: Absolutely. Thank you.

Ms. Leah Taylor Roy: I see it as being complementary and really important in terms of making sure we have a level playing field with other countries.

Mr. Miodrag Jovanovic: Absolutely, I think that Canada recognizes the importance of creating momentum at the international level in addition to Canada's commitment per se, which has been reaffirmed and accelerated in this regard. We think we play a good and key role, and Canada believes at this point that the role played through the G7, G20 and APEC is crucial.

With respect to the WTO statement per se, we recognize that at this point a relatively limited number of members have signed. I believe the statement that was issued last December was signed by 15 members. Some key members like the United States are still not

there, so we're kind of in the process of assessing the value added in terms of additional momentum and what it creates, really, to participate in the additional initiatives, given everything else that is being done through other forums. This is something we continue to look at, absolutely.

• (1200)

Ms. Leah Taylor Roy: Just as a quick follow-up, if I have time, I realize that it's not a large number of signatories, perhaps, but it does include the United Kingdom and the European Union, I believe.

I think the thing about this agreement that I thought would be helpful, perhaps, is that it talks about WTO transparency in reporting that will enable the evaluation. I think, from the perspective of the industry and us, it's important for us to be able to see what other countries are doing and have that transparent reporting. I would encourage the Department of Finance to look at that and perhaps be a signatory to that as well.

Thank you.

The Chair: Thank you.

[Translation]

I now give the floor to Ms. Pauzé.

Ms. Monique Pauzé (Repentigny, BQ): Thank you, Mr. Chair.

I thank all the participants for attending the meeting.

My first questions will be for the representatives of the Department of Finance.

How can the Government of Canada commit to eliminating inefficient fossil fuel subsidies when your department dismissed the Office of the Auditor General's recommendation that you define them?

Mr. Miodrag Jovanovic: Thank you for the question.

I'd like to start by clarifying the Department of Finance's response to the Office of the Auditor General in 2019, I believe.

The Department of Finance disagreed with the Office of the Auditor General's statement that the department had not established a definition of an inefficient subsidy.

[English]

We agreed to disagree on this.

[Translation]

The primary reason for our disagreement is that the Office of the Auditor General expected to get a very prescriptive and clear definition of an inefficient subsidy—

Ms. Monique Pauzé: Yes, but have you defined it, on your end? That's what I want to know.

Mr. Miodrag Jovanovic: You must understand the way the Department of Finance assesses the concept of inefficiency.

We are currently conducting a review with Environment and Climate Change Canada of fossil fuel subsidies, and as part of that exercise, we are refining the concept of inefficiency, if I can put it that way.

That said, until 2018, the Department of Finance assessed taxation measures based on the principles of efficiency and relevance. In the context of a fossil fuel subsidy, we were looking specifically at socio-economic, environmental and other effects to determine whether a measure was efficient or not. The department took context into account. So it was a contextual analysis.

Ms. Monique Pauzé: Yes. You're talking about 2019, but I'd like to go back to 2009, because that's when the Government of Canada committed to eliminating inefficient fossil fuel subsidies. In all that time, the government has yet to come up with a real definition.

In our sessions on this topic, we had witnesses who had a very simple definition: any benefit to the oil and gas industry is a fossil fuel subsidy.

I won't hide that I strongly disagree with your broad analysis of inefficient subsidies. The ultimate goal is not to reduce oil's carbon intensity, but to begin the transition. We have no choice but to make that transition.

In addition, witnesses told us that Canada's financial support for the oil and gas industry is 14.5 times higher than its financial support for the renewable energy sector. This is basically a disincentive to innovate in renewable energy. Are you restoring the balance between funding to the oil and gas sector, which is currently far too high, and the renewable energy sector, which is far too low?

Mr. Miodrag Jovanovic: If I may, I would like to clarify, because I think there's confusion around some important concepts.

From at least 2009, the Department of Finance used a fairly clear definition setting out the meaning of a fossil fuel subsidy in a tax context. In fact, this definition was in the Office of the Auditor General's report. There was no ambiguity.

For some years now, our annual report on tax expenditures has included our understanding of it, of taxation measures that support the production or consumption of fossil fuels. That was made clear.

The disagreement with the Office of the Auditor General lies in the definition of an inefficient subsidy. This is where, again, the department has—

• (1205)

Ms. Monique Pauzé: I see; that's where the misunderstanding happened. I'll stop you there, because time is running out.

You outlined a number of elements for which you seem to have a definition. Could you send those definitions to the committee? According to witnesses, it seems quite complicated to get them.

I'm going back to the carbon capture and storage tax credit. Some 400 scientists asked the government not to introduce this type of tax credit. After all, this industry is not short on money. Even former Environment Minister Catherine McKenna had serious reservations about the tax credit. In early March, she said that it was frustrating because the technologies that worked were already known and therefore there was no need to wait. She said there was no need for a tax credit intended for an already rich sector.

The government keeps saying it governs based on science. Why it didn't listen to the scientific community before creating the tax credit announced in the last budget?

The Chair: Mr. Jovanovic, you have 30 seconds to answer the question.

Mr. Miodrag Jovanovic: The government's position on carbon capture technology is very clear. The tax credit proposed in the last budget is not an inefficient fossil fuel subsidy. In the emissions reduction plan that the government recently put forward, it is clear that this technology is critical to meeting the targets for 2030 and then those for 2050.

One of the reasons we certainly think this is not an inefficient subsidy is partly because of the way the credit was designed. For example, an important feature of this tax credit is that it will not be granted if the technology serves to increase per capita oil production.

The Chair: Thank you. That explains it better.

Mrs. Collins, you have the floor for six minutes.

[English]

Ms. Laurel Collins (Victoria, NDP): Thank you, Mr. Chair.

Maybe I could follow up on my colleague's questions on CCUS. You said that this new fossil fuel subsidy...and it sounds like you agree that it is a fossil fuel subsidy but not an inefficient fossil fuel subsidy, according to your definitions, although your definitions don't sound all that clear.

This can be given to profitable oil and gas companies who are increasing their production overall. Is that correct? While it can't be used for enhanced oil recovery, it can be given—

Mr. Miodrag Jovanovic: Well, we are—

Ms. Laurel Collins: I'd like just a yes or no. Can it be given to companies who are increasing their production?

Mr. Miodrag Jovanovic: The company may increase the production, but there's no direct link between that incentive and any incentive to increase production.

Ms. Laurel Collins: Thank you.

ECCC has been working on a definition. What is the status of that definition? Can you share it with the committee?

Ms. Hilary Geller: The work to put parameters around a definition of "inefficient" is ongoing. I think it's interesting and instructive to—

Ms. Laurel Collins: Thank you. Do you want to give me any kind of timeline? If it's not done yet, how are you reviewing subsidies to be phased out by 2023?

Ms. Hilary Geller: We're on a timeline to be able to provide advice to the government so that it can make decisions in time to have the phase-out of the non-tax inefficient fossil fuel subsidies done in 2023, as per their mandate commitments.

Ms. Laurel Collins: When will the definition be provided?

Ms. Hilary Geller: That's unclear at this time, because the work is still under way.

Ms. Laurel Collins: Okay. Thank you.

I want to ask a few questions about public financing. In the mandate letters to the Minister of Finance, Minister of Environment and Climate Change and Minister of Natural Resources, all of them were instructed to work together to accelerate Canada's G20 commitment not only to eliminate fossil fuel subsidies by 2023 but also to develop a plan to phase out public financing of the fossil fuel sector.

How do each of your departments define public financing? Does that include more than fossil fuel subsidies?

• (1210)

Ms. Hilary Geller: That work is still at the planning stage. We are all working together on it, as per the mandate letters.

I will note that work that flows from the Glasgow commitment that Ms. Vransy spoke about is a component of that, but we haven't moved beyond to fully scope it at this point in time.

Ms. Laurel Collins: Is there any timeline for phasing out public financing of the fossil fuel sector, especially including Export Development Canada?

Ms. Hilary Geller: No, because it's still at the planning phase.

Ms. Laurel Collins: Okay, so there's no concept of any timeline whatsoever looking forward.

Ms. Hilary Geller: The timeline as it's known today is attached to the work that Ms. Vransy is doing coming out of the Glasgow commitment.

Ms. Laurel Collins: Thanks.

The emissions reduction plan says Canada "is developing a plan to phase out international public financing of the unabated fossil fuel sector, including by federal Crown corporations." We were talking a little bit about CCUS. It's a form of emissions abatement.

Will there be any limits to federal supports or subsidies related to CCUS?

Mr. Miodrag Jovanovic: With respect to the investment tax credit, it is a tax credit, so it's provided through the Income Tax Act. There's no cap per se. There is, however, a time limit. First, the higher income tax credit rates will be enforced until the end of 2030. Then, from 2031 to the end of 2040, the rates will be cut in half.

Ms. Laurel Collins: Thank you.

Under the plan being developed, will Export Development Canada be expected to phase out financing for the fossil fuel sector as a whole, or only unabated projects?

Ms. Hilary Geller: We'd anticipate that EDC would be part of this public financing commitment that's still at the planning phase. As for the—

Ms. Laurel Collins: When will the plan be completed?

Ms. Hilary Geller: I can't tell you that, because it's at a very early planning stage.

Ms. Laurel Collins: Okay.

On my question around abatement, it's important that the oil and gas companies reduce their emissions intensity in production. Ideally, that would be funded by them, since they're making record profits. Emissions from production are only a small fraction of our overall emissions. Eventually the oil and gas is going to be burned, even if that's not in Canada. Is the department tracking these downstream emissions?

Ms. Hilary Geller: Ms. Vransy, I'm wondering if that's a question for you. I'm not sure I understand it completely. I think it's about tracking emissions—scope 1, 2 and 3.

Ms. Nada Vransy: So do I. I think some of your colleagues at ECCC would be doing that, and various departments, depending on if it's transportation or whatever.

Ms. Laurel Collins: Will these downstream emissions be something you're taking into consideration when designing programs that subsidize oil and gas?

Ms. Hilary Geller: I think the question of the creation of new programs potentially is a very important one, and I can tell you that, as part of our work to identify inefficient fossil fuel subsidies, we are looking at ways to future-proof, if you like, any new programs that are being created or any grants and contributions that come out of any existing programs.

Ms. Laurel Collins: And so—

The Chair: We're out of time, Ms. Collins. I'm sorry about that.

Ms. Laurel Collins: Thank you so much, Mr. Chair.

The Chair: We have Mr. Dreeshen for five minutes, please.

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

The first thing I'd like to do is put on the record a letter that we all got from the Government of Saskatchewan last week. It says:

Please accept this letter, on behalf of the Government of Saskatchewan, as our province's expert witness submission for the Standing Committee on Environment and Sustainable Development's study of Fossil Fuel Subsidies (the Committee).

As per section 92A of The Constitution Act, the exploration, development, conservation and management of non-renewable natural resources is provincial jurisdiction. In executing this authority, the Government of Saskatchewan is, and will continue to be, a proud supporter of the oil and gas sector, which prides itself on working with industry, rights-holders, other stakeholders and Indigenous communities and peoples, to develop Saskatchewan's natural resources and provide the world with ethical and sustainable energy products.

Again, they speak to the fact that:

The lack of any federal engagement, logical definitions and a clear scope for the Committee make it difficult to form a complete response.

I think we've heard that this morning. It continues:

Saskatchewan does not share the extreme and ever-expanding definition of subsidies that some parties do and as an order of government, we believe Saskatchewan is not bound to take actions in areas of exclusive provincial jurisdiction based on unilateral commitments made by the federal government—particularly commitments made without any prior meaningful engagement with the province.

What level of consultation has been taking place with provinces where the oil and gas industry is a critical part not only of their success but of that of this country?

• (1215)

Ms. Hilary Geller: If I could, I'll point to consultations that are ongoing in the context of significant new initiatives that the government has announced, for example, the oil and gas emissions cap—

Mr. Earl Dreeshen: Excuse me, but that doesn't direct back to the question I had about the previous ones. New initiatives, it's great that they're talking about that.

I'm wondering. We hear a lot of, "This is what we're going to tell you is going to happen," but the provinces are looking at this and saying, "I'm sorry, you're not doing that." Maybe you want to talk about what's going to happen in the future, but these are the subsidies and these are the questions that we have for today.

Can we relate it to that first?

Ms. Hilary Geller: As I said earlier, most of the work that has happened so far in meeting the G20 commitment has happened on the tax side. My colleague Mr. Jovanovic could talk about what the consultation process is on the tax side. There have been oil sands subsidies, etc., that have been eliminated on the tax side.

Mr. Earl Dreeshen: Certainly, and I appreciate that. Coming from Alberta where, for over 20 years, we have had a carbon price on emissions, which is what developed our carbon capture, utilization and storage programs, we understand that.

I'd like to move to another point. We have had EDC come in and we've had discussions with them. The argument is that anything that is ever loaned out to an oil company or to businesses is some form of subsidy, which has been debunked by the corporation.

However, I want to use this line of reasoning. We have commitments, as a Canadian government—and we've had them for decades—to do well in other countries, to take our human rights records, to take our environmental expertise and to look at helping them. That is part of our government strategy. That is a subsidy, if you like, if you look at our international goals. That doesn't necessarily happen with other investors in other countries, but this is something that Canadians do and have done for decades.

I'm curious to know if the bit of extra help that you might get on a preferential loan and so on couldn't be considered as us doing our part to help this world.

Ms. Hilary Geller: In the context of the work that is ongoing right now to identify inefficient fossil fuel subsidies, I'll note that EDC is not scoped in to that work because what they do does not meet the definition of a subsidy. However, we would anticipate looking at EDC in the context of the public financing commitment, which is still at the planning stage.

Mr. Earl Dreeshen: Thank you.

It is important when we look at what is happening with the relationship between Russia and China, and how all of the other countries in the world are ramping up their coal development. We constantly hear from the minister, not to worry and that he's talked to a few people who are in the EU and they're definitely onside to change things. However, that isn't the reality of what is taking place when we consider what is happening in Europe and when we consider the real actions that various countries are taking.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mr. Dreeshen.

Go ahead, Ms. Thompson.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses today. I'd like to begin with the Department of Finance and whoever is most suited to jump in to answer the questions.

Could you speak to government's commitment to provide tax relief to businesses that create zero-emission technologies?

Mr. Miodrag Jovanovic: You're probably referring to the budget 2022 commitment to eventually introduce an investment tax credit of up to 30% for clean technology. The approach here will be to start discussing and do targeted outreach with experts to determine what types of technologies would qualify for that credit.

I would note that there's already some base in the tax system in this regard. For instance, in the previous budget, we introduced a 50% corporate income tax rate reduction for Canadian manufacturers of clean technology.

We also have what we call an accelerated capital cost allowance, which essentially provides firms the ability to write off certain assets more quickly. That allows for full write-offs for investment in clean energy technology, for instance. That's what we call class 43.2. and class 43.1.

I hope this answers your question.

• (1220)

Ms. Joanne Thompson: It does. Thank you.

Still staying with budget 2022, could you detail the government's plan to phase out flow-through shares for oil, gas and coal activities?

Mr. Miodrag Jovanovic: Sure. The proposal is to essentially allow contracts like flow-through share contracts entered until, I believe, March 31 of next year, 2023, to still qualify for the flow-through treatment. However, for the flow-through agreements in relation to oil and gas and coal, any agreement that will be entered into after March 31, 2023, will no longer be eligible.

Ms. Joanne Thompson: Thank you.

This is my final question for you, sir.

Could you speak to why government has decided to deliver the climate action incentive quarterly and how that change will be made?

Mr. Miodrag Jovanovic: Yes. The climate action incentive payment is how the federal government returns the proceeds, so the federal fuel charge, essentially, in four provinces in Canada. About 90% of the fuel charge proceeds are being returned in these provinces through the climate action incentive payment.

Until recently, Canadians were claiming that payment through their tax returns. They received it just once a year. Now the government is moving that to quarterly benefits so that Canadians can get that payment more regularly.

That's going to start in July of this year. For the first year, it's going to cover the equivalent of six months of payments. Going forward, the payment will be provided on a quarterly basis, but always at the beginning of the quarter, so it's going to still be an advance payment, if you will.

Ms. Joanne Thompson: Thank you.

I'll turn now to the environment witnesses and whoever would like to take the question.

Could you speak to what role the commitment on inefficient fossil fuel subsidies plays in supporting Canada's 2030 emissions reduction plan and Canada's effort to cap oil and gas emissions?

I know this was referenced earlier, but just give the specifics to this question.

Ms. Hilary Geller: Yes, thank you.

The commitment to set emission caps, I think, is separate from the commitment on inefficient fossil fuel subsidies. There are a number of commitments that relate to the oil and gas sector in the ERP. Emission caps is one; methane is another, the clean fuel standard, etc.

At the very highest level, inefficient fossil fuel subsidies are seen to distort the market and make it less likely that the correct investments aligned with the government's vision of a net-zero future with a clean, reliable, affordable energy system will happen. At a very high level, that's the goal of the exercise.

Ms. Joanne Thompson: Thank you.

If I can ask a final question, when will government complete its peer review under the G20 process?

The Chair: Answer very briefly, please. Give just a date, if you have one.

Mr. Miodrag Jovanovic: The objective is by the end of 2023. It's also going to be dependent on the time frame with the OECD, which is the chair of the process.

The Chair: Thank you.

[*Translation*]

Ms. Pauzé, you have the floor.

Ms. Monique Pauzé: Thank you, Mr. Chair.

I will now turn to representatives of the Department of the Environment.

The World Trade Organization, OECD, IMF, International Energy Agency and World Bank all have a definition of what constitutes a fossil fuel subsidy. However, at her appearance, Ms. Lavery of Export Development Canada did not appear to have a definition.

I spoke about this earlier with one of the representatives from the Department of Finance. Is there a definition in Canada that applies across the board, to all departments and Crown corporations?

I would ask you to answer the question quickly, please, because I only have two and a half minutes.

• (1225)

Mr. Miodrag Jovanovic: Once again, I would like to clarify. If you look up the definition of the word "subsidy," basically, I think most people agree that the reference point is the World Trade Organization's definition. This has already been discussed. Starting from that definition of the word "subsidy," the second step is to apply it more specifically to fossil fuels.

Ms. Monique Pauzé: I want to know if, yes or no, the same definition applies to all relevant departments.

Mr. Miodrag Jovanovic: At the federal level, we have not yet established or published...

Ms. Monique Pauzé: All right, you haven't done it yet. I'll stop you right there—

Mr. Miodrag Jovanovic: —a definition of what constitutes a fossil fuel subsidy that would apply to all departments. This is the exercise we are currently undertaking.

Ms. Monique Pauzé: Very well.

My next question is for representatives of the Department of the Environment.

There is little news about the Sustainable Finance Action Council set up in the summer of 2021. It will be a year old soon.

Are there any public documents on your work?

[English]

Ms. Hilary Geller: I suspect the establishment of the sustainable finance action council is what is being referred to here. The answer is, yes, they have submitted a report and there will be others coming. I believe that the report I'm referring to is on the website.

They have regular meetings. They have a work plan—

[Translation]

Ms. Monique Pauzé: I'll stop you there, as I have one last question to ask.

The commissioner criticized the half measures, the lack of transparency and, at times, the refusal to give him documents, as was the case in 2017.

I asked the commissioner about the \$5 billion invested to advance the international fight against climate change. He was unable to answer me because it falls under Global Affairs Canada.

Is there a mechanism to track these funds and ensure that they are actually going to organizations working to address climate change?

The Chair: You have 10 seconds at most to answer the question.

[English]

Ms. Hilary Geller: Thanks.

I was referring to the domestic work on sustainable finance. I'm aware that the international work, which is also referred to as "sustainable finances", is different. We'll have to get back to the committee with an answer to that question.

The Chair: Thank you, Ms. Geller.

Ms. Collins.

Ms. Laurel Collins: Thank you, Mr. Chair.

Section 23 of the Canadian Net-Zero Emissions Accountability Act has still not come into force. That's the one about financial reporting requirements.

When I asked about this before, the answer provided by ECCC was, "The provision will come into force on a date that will be fixed by the Governor in Council. This will ensure that the government is prepared to act on the obligation."

The rest of the act has been enforced for almost a year now. Why isn't the government prepared to act on this financial reporting obligation?

Ms. Hilary Geller: I'm afraid I don't have any information for the committee on this point. We'll have to discuss with our colleagues and get back to the committee.

Ms. Laurel Collins: Could I request that you send something in writing, ideally something more fulsome than the answer I got last time, which I just quoted back?

Ms. Hilary Geller: We'll do our best.

Ms. Laurel Collins: Thank you.

We've talked a little bit about CCUS. I'm deeply concerned that the government is proposing to give billions of dollars to subsidize these projects, especially because oil companies can count twice the

reduction from these projects against their other climate obligations.

Can you confirm that these subsidies in the budget will not overlap and be double-counted in other programs and credit-generating initiatives, which are supposed to actually lower carbon emissions, like the clean fuel standard, for example?

Mr. Miodrag Jovanovic: I am not in a position to confirm this at this point. The finalization of the legislation on this program is ongoing.

Ms. Laurel Collins: Okay, if you're not able to confirm that... They are overlapping. The clean fuel standard was originally supposed to generate almost 30 megatonnes of reductions. Now, based on the modelling just released by the Pembina Institute, Canada will be lucky to see a three-megatonne reduction—that's 10 times less—because of this kind of double-dipping.

Are you aware that other jurisdictions—Quebec for example—expressly prohibit these kinds of double-counting schemes? Why aren't the clean fuel standard regulations being designed to eliminate this kind of double counting?

• (1230)

Mr. Miodrag Jovanovic: I can confirm that I am aware of the Quebec system, which also is tied to the California system, I believe. The California system prevents credits generated from export fuels, or in the case of California, fuel not finally used in Canada, to access that clean fuel standard market. We are aware of that.

With respect to your other question in the Canadian context, that would be a question for ECCC. I don't think my colleague, Hilary, is necessarily in a position to answer either. My understanding is that each of us is working on finalizing the CFS regulations.

The Chair: We'll have to go to Mr. Mazier.

Mr. Dan Mazier (Dauphin—Swan River—Neepawa, CPC): Thank you, Chair.

The Government of Saskatchewan provided a letter to the committee on fossil fuel subsidies, expressing a concern with the "lack of any federal engagement".

How many of Canada's oil and gas producing provinces did the government consult with when looking into defining and eliminating fossil fuel subsidies?

Ms. Hilary Geller: Again, the work that's happened to date has largely been on the tax side, so I'll turn to Mio.

Mr. Miodrag Jovanovic: Thank you, Hilary.

On the tax side, we have to understand that these measures are announced typically through budgets. Like any tax measure, the way consultation is done at the minimum is, once the proposal is announced, the department enters into some consultation mode, often through what we call our summer release, which is the draft legislation being released during the summer, in addition to generally receiving any feedback following a budget announcement, including any feedback from provinces. Depending on the measure, there could be some consultation done before the fact, but that's not necessarily always the case.

Mr. Dan Mazier: Could you provide the committee with any information related to what Canada's oil and gas producing provinces recommended to the federal government on this matter?

Mr. Miodrag Jovanovic: I'm sorry. When you say on this matter, what...?

Mr. Dan Mazier: After your consultation, could you follow up? What kinds of conversations have you had so far, and could you provide that feedback from the provinces to the federal government?

Mr. Miodrag Jovanovic: On defining an efficient fossil fuel subsidy...?

Mr. Dan Mazier: On defining and eliminating fossil fuel subsidies.

Mr. Miodrag Jovanovic: As I said, on eliminating fossil fuel subsidies, that's done through the budget process. We advise the Minister of Finance, the government makes its decision and then it's announced through the budget process. What happens is that often it's not necessarily counted as an official consultation that is being made, but we are, within the tax policy branch, meeting and always ready to meet with stakeholders. That's part of the process. In addition to that, there's a release of the draft legislation in the summer, through which we collect information.

I'm not sure I'm going to be able to tease out specific information received from provinces across all of that process, so I cannot promise this committee to provide something specific on this.

Mr. Dan Mazier: An IISD report classified funding for a diesel-generating station in a northern Ontario first nation as a fossil fuel subsidy. Could the department provide the committee with information on how the federal government has financially supported diesel-generating stations in remote and indigenous communities since 2015?

Ms. Hilary Geller: Nada, do you want to take the "off diesel" question, perhaps?

Ms. Nada Vranjic: Yes. What I would say on that is that the department definitely has a program and is working with communities. I can provide additional information. I just don't have it at hand, but I could definitely follow up in writing on that question.

Mr. Dan Mazier: That would be great. Thank you.

Can the department provide the committee with a list of all financial incentives, tax measures and loan programs the federal government offers businesses and organizations in Canada to reduce their greenhouse gas emissions?

Ms. Hilary Geller: We can provide a list of programs and investment opportunities that have been announced through the government's various climate plans that are available to the provinces and territories.

• (1235)

Mr. Dan Mazier: That's specifically to reduce greenhouse gas emissions, which is the objective of this reduction in taxes.

Ms. Hilary Geller: That's correct.

Mr. Dan Mazier: Thank you.

As you know, the United States included enhanced oil recovery in their tax credit for CCUS. Why did the government not include enhanced oil recovery in their CCUS tax credit?

Mr. Miodrag Jovanovic: The objective of the CCUS tax credit is to create a real incentive for large emitters to invest in that technology sooner than later, in order to advance potential emission reductions to reach objectives sooner.

The objective was to have an incremental effect of 15 megatonnes by 2030, so that is the primary objective. At the same time, there was a concern that providing the technology for enhanced oil recovery would also create incentives for incremental production of oil and gas.

The Chair: Which makes it a fossil fuel subsidy....

Mr. Miodrag Jovanovic: Potentially it would have. It would potentially change the assessment.

The Chair: Thank you.

Mr. Duguid, you are next.

Mr. Terry Duguid (Winnipeg South, Lib.): Thank you, Mr. Chair.

Thanks to our witnesses and to colleagues for their great questions.

Mr. Chair, I'm going to refer to this excellent brief from the Library of Parliament. In it, I observed the various definitions of "subsidy", from WTO, IMF, International Energy Agency and World Bank. Let me quote from the Canadian Climate Institute's 2022 report. I'd like a comment from Ms. Geller, or anyone else who would like to comment.

Rather than being caught up in definitional issues, the authors advise that, Canadians should focus on "whether existing and proposed government measures support or hinder the private investment needed to drive Canada's long-term success through the global low-carbon transition."

Ms. Geller, does that statement resonate with you?

Isn't that what is really guiding our approach to the emissions reduction plan? I think you'd agree that we have to keep our eye on the ball. I don't think the atmosphere cares how we do it, just that we get those emissions down. Have we not in fact made a decision, particularly on carbon capture and underground storage, that it is not an inefficient subsidy, because we have endorsed that approach?

As a side comment to my prairie colleagues, the Government of Saskatchewan has been calling for support for CCUS for the better part of a decade now, going back to Premier Wall. That's one thing I do agree with Premier Wall on.

Ms. Geller, I wonder if you'd have a comment on that.

Ms. Hilary Geller: Thank you very much.

We read the institute's report with interest. It had a very helpful series of suggestions for how to think about where the government might want to continue spending in support of the transition to a net-zero economy by 2050 with a reliable, clean, safe energy supply for Canadians. By definition, what that means is that the government will decide that, at certain points in time, it will keep investing in the transition of the fossil fuel sector. The CCUS tax credit is one example of that, which the committee has heard a lot about.

We did note with interest that other countries that have gone before us in fulfilling their G20 commitments basically adopted a similar approach. They looked at the list of fossil fuel subsidies they may have, and then they pointed to the ones that they didn't feel fit anymore in the context of their national interest. I think what the committee has been hearing, at a high level, is that Canada should do the same.

Mr. Terry Duguid: Mr. Chair, my next question is to Ms. Vransy.

We've heard a lot about the 45Q tax incentive, a tax credit in the United States. While there are some differences in our approach, as has already been pointed out—and I may have to ask you to speculate here—would not having the tax incentive here in Canada put our energy sector at a competitive disadvantage?

Again, referring to the just transition and transitioning to that new future that I think many of us support, perhaps you could speculate on what would happen if we hadn't brought in the tax incentive. Would that investment go south and leave our industries at a competitive disadvantage?

• (1240)

Ms. Nada Vransy: I'm afraid I cannot speculate, but I can tell you that, in discussions with industry, with companies in the oil and gas sector, this tax credit was very important.

I'm sure that the committee is aware of the oil sands pathways initiative. They've outlined a plan to get to 2030 and to 2050. It's a big heavy lift to get to 2030, and this tax credit is really important—as they say to us—to get there.

The Chair: Thank you.

Ms. Nada Vransy: It's not my speculation. It's from them.

The Chair: Thank you.

Before the next round, I'm going to ask if there is a desire to continue beyond one o'clock. I'll ask for a motion to adjourn and see where that goes. I don't sense a big desire to go beyond one o'clock, to be honest with you, but we'll see what happens at one o'clock.

So that I can gauge the time for the next round, is there a sense that we want to go beyond one o'clock? No. Okay.

On this round, then, we'll have to cut the time a bit, so I'm going to go three, three, two, two, three, three.

Mr. Carrie, you have three minutes. Go ahead, please.

Mr. Colin Carrie: Thanks, Mr. Chair.

I have another question along the same line as Ms. Collins's and Madame Pauzé's.

Ms. Geller, we know environment is the overreaching driver here, and you're in charge of the strategy. The Auditor General said that you don't really have a definition of what an inefficient fossil fuel subsidy is, and we've been trying to get a little bit of clarity on that. This is what this study is all about.

From a strategic standpoint, how can you eliminate a subsidy if you can't define it?

Ms. Hilary Geller: This was a point made by the Climate Institute in the report that was just referred to as well: that perhaps trying to define words is not getting us where we need to go. What we need to do is look at government spending in the fossil fuel sector and its role—

Mr. Colin Carrie: I know, but if we can't better define it... The government has had seven years, Madam Geller. You can hear the frustration in my voice. I'm not frustrated with you, but it's 2022, and industry needs certainty. Ms. Collins, Ms. Pauzé and I are just trying to find out. It's been seven years, and we can't come up with a definition of what an inefficient subsidy is. You said there are ongoing consultations.

Maybe a better question would be whether you could provide to the committee the results of the consultations you've already done and whether you are perhaps able to give us an idea of the date on which you actually started the consultations. I am worried about the billions of dollars of investment that we're losing. Industry does need certainty, and I know they want to work with the government.

Ms. Hilary Geller: Yes. Thank you.

We can provide information on the consultations that were held in 2019, but perhaps I'll try it this way. The government, I think, can be clear on what an inefficient fossil fuel subsidy is not, and that was outlined in the G20 commitment itself, which talked about dramatic GHG reductions, renewables and clean energy. I think it's important to keep that in mind as well.

Mr. Colin Carrie: Yes, it's good to keep it in mind. Unfortunately, industry needs certainty.

As I was saying, in Ontario we are losing... Two hundred and fifty thousand jobs in the energy sector have really traditionally relied on the oil sands and the energy sector. We do pipe. We do valves. We do computers. They're all good-quality union jobs that keep people at work, and these investments are competitive internationally.

I don't think I have much more time left, but have we ever had a WTO challenge on these inefficient subsidies? Do we have something to worry about?

• (1245)

The Chair: Could we have a yes or no? Then we'll go to Mr. Weiler.

Have we ever had a challenge at the WTO on the definition of subsidies?

Ms. Hilary Geller: We would need to get confirmation from our colleagues at—

The Chair: At trade...yes.

Ms. Hilary Geller: It's the work of the lawyers.

Mr. Colin Carrie: Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you, Ms. Geller.

Mr. Weiler.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair.

I'd also like to thank our witnesses for joining our committee today.

My first question is for the Department of Finance.

There was a question earlier about how we're getting rid of the flow-through shares for oil, gas and coal exploration and production this year. I am hoping you can give me an example of other tax measures that are currently in place that may be considered inefficient fossil fuel subsidies.

Mr. Miodrag Jovanovic: Where we stand currently is that we believe the nine measures identified using the approach we used up until recently—not presuming the outcome of the current framework analysis we're doing with ECCC—that we by now have eliminated or announced that we will eliminate, because it is still a proposal.... Those nine were identified through the tax expenditure, so in our tax system, and are considered to be supporting the production or the consumption of fossil fuels.

Mr. Patrick Weiler: Which ones have not already been eliminated and are currently in place? Could you give us an example of one?

Mr. Miodrag Jovanovic: Do you mean ones that are still in the phase-out? Although the elimination has been announced, they may still be in a phase-out. Is that what you're suggesting?

Mr. Patrick Weiler: I'm not asking about ones that are already phasing out, but the ones that are still in place that haven't been targeted for phasing out.

Mr. Miodrag Jovanovic: As I said, where we stand now, we think that we've phased out or announced a phase-out of all of them. If you look at our tax expenditure report, there's a specific section there that mentions the tax expenditures that are supporting the fossil fuel sector. All of them have either been already phased out or are in the process of being phased out.

Mr. Patrick Weiler: Thank you very much.

I have a quick question for ECCC and NRCan. How does Canada's proposed CCUS tax credit compare with the level of support offered by Norway and the Netherlands?

Ms. Hilary Geller: I can't answer that question. I don't know if that is a finance question or for Nada.

Ms. Nada Vransy: I wonder if finance could answer that.

Thank you.

Mr. Miodrag Jovanovic: I'm not 100% sure I can give the answer to that.

What I can say is that it's a bit difficult to directly compare, because the nature of the support was different, I believe. My understanding is that, in Norway, the support was getting up to probably around two-thirds. Again, the support we are proposing is an up-front, refundable, investment tax credit that has a 50% rate of capture and 37.5% rate on transport and injection.

[Translation]

The Chair: Ms. Pauzé, you have the floor for two minutes.

Ms. Monique Pauzé: Thank you, Mr. Chair.

I have two questions.

Can the federal government use the money saved by eliminating fossil fuel subsidies—nine was the number given earlier—to fund a just transition? Is this feasible, yes or no?

Mr. Miodrag Jovanovic: Eliminating a tax measure causes a reduction of tax revenues. Since these are tax measures, that money is returned directly into the consolidated fund, and any other measures that support renewable energy would be funded from the government's consolidated fund.

Ms. Monique Pauzé: So there is no—

Mr. Miodrag Jovanovic: There is no direct link between the two, but the answer is yes.

Ms. Monique Pauzé: All right.

I'm going back to the carbon capture and storage tax credit.

We know that after five years, the companies that use it must undergo an initial audit. Earlier, I spoke to you about transparency problems. If a company benefitted from the tax credit for five years and wasn't transparent, it could have diverted funds from the subsidy program. Are there any penalties in such a case?

• (1250)

Mr. Miodrag Jovanovic: I would like to distinguish between two things.

You are correct, an evaluation occurs every five years. As announced in the budget, and as we will see in the upcoming bill, if the captured carbon is not permanently stored, be it in the soil or concrete, for example, and the credit served to produce oil instead, the company will have to pay back the portion of the credit used for non-eligible purposes. So there would be a reimbursement.

The Chair: Perfect. That answers one question, in any case.

Mr. Miodrag Jovanovic: The second—

The Chair: Unfortunately, you will have to stop there, Mr. Jovanovic.

[English]

Ms. Collins, you have two minutes.

Ms. Laurel Collins: Thank you, Mr. Chair.

Going back quickly to the clean fuel standard, you said that you couldn't answer the question about double-dipping. Can you tell me why you're not able to answer that question?

Mr. Miodrag Jovanovic: First of all, I'm not in a position to answer it because ECCC is responsible for the regulations.

Ms. Laurel Collins: Could we go to ECCC? Why haven't the clean fuel standard regulations been designed to eliminate doubled accounting to achieve real reductions, not just paper ones?

Ms. Hilary Geller: My colleague John Moffet, who I think is well known to the committee, is the ADM in charge of this file.

Unfortunately, I'm not in a position to speak to it.

Ms. Laurel Collins: Okay.

Maybe then going back to some of my colleagues' questions about the peer review, I see that Canada is years behind schedule in its peer review. The last we heard was that Canada was starting the process of doing a self-review. Can you give a quick update on when we can expect the self-review, at least, and ideally also a timeline for the peer review to be done?

Mr. Miodrag Jovanovic: I can answer that.

As I said previously, the end goal here would be to have the final self-review—

Ms. Laurel Collins: I understand that the deadline is the end of 2023, but I'm just curious about the self-review.

Mr. Miodrag Jovanovic: Yes, I'm getting there.

As I was saying, that's the end goal. We have to understand what the steps are before that. To get to the self-review report to give enough time to get and to do the—

Ms. Laurel Collins: Do you have a date you can give me?

Mr. Miodrag Jovanovic: —international peer review, we probably need a few months before that. Therefore, we're probably aiming for the summer of next year at least to get to that December 2023 deadline.

Ms. Laurel Collins: You're aiming for the self-review to be done in the summer of next year?

Mr. Miodrag Jovanovic: That would be the aim in order to get to the—

Ms. Laurel Collins: Okay.

The Chair: We have to go to Mr. Dreeshen now.

Mr. Dreeshen, you have three minutes.

Mr. Earl Dreeshen: Thank you very much.

The library researchers have done a great job bringing some information to us. Of course, they discuss some of our G20 commitments at COP26. I really think one of the key things, and one of the key statements they made, was that “Definitions of fossil fuel subsidies vary, and each country has the flexibility to interpret its G20 commitment in accordance with its national circumstances.” Also,

they talk about “rapidly scaling up the deployment of clean power generation and energy efficiency measures”, including getting rid of the coal aspect, and once again dealing with national circumstances.

My basic question is why we are, a country that has fantastic research and amazing natural resources.... What sense of pride do we feel to be the most aggressive in this particular situation? It takes me four hours to fly from Ottawa to Calgary. If you live north of the 49th, you realize there's a different world up there. Why does this government, and your departments, feel it is so necessary to be so aggressive in that regard?

Secondly, and finally, with the investment tax credit of 30% for clean technologies, what types of technologies are you really defining as clean? As I've mentioned before, if you're going to flood massive tracts of land for hydro power, there's an environmental impact. All types of energy sources have an environmental impact. When are we going to talk about the realities of everything that happens in this country before we throw ourselves at the mercy of a bunch of folks at the next COP meeting?

• (1255)

Mr. Miodrag Jovanovic: Maybe I can start with the last part of your question.

Again, we will need to engage with experts to determine the technologies that would end up qualifying for the up-to-30% credit that's been announced in the budget. The focus will likely be on net-zero technologies, including battery storage solutions and clean hydrogen—for instance, green hydrogen—to give you some ideas there.

Mr. Earl Dreeshen: Again, I agree, but we're simply taking a more aggressive point. That was my position. We should be looking at what all Canadians have at their fingertips and what we do, rather than feeling embarrassed about having the greatest riches in the world and the greatest technology to get it to the world so that we can help.

I cede my time.

The Chair: Mr. Longfield, you're batting cleanup here.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Mr. Chair and Mr. Dreeshen.

This study has been on fossil fuel subsidies. We did get a summary indicating that all nine subsidies that have been identified have either been eliminated or are being scheduled to be eliminated. I'd like to go back to NRCan and ECCC on the tax treatments, which I know aren't subsidies, on whether we've modelled the tax treatments of carbon capture and storage, and whether increasing the stringency of regulations make it economically viable to keep production in Canada, given some tax advantages, versus shutting it down altogether and having leakage go to other countries.

Ms. Hilary Geller: I apologize, as I'm not sure I'm 100% clear on the question.

Mr. Lloyd Longfield: I think Mr. Jovanovic might know where I'm going on that one.

Mr. Miodrag Jovanovic: I can try to answer that. I believe what you're suggesting here is the nature of the trade-off between ensuring that we're still competitive in this area while ensuring that we're meeting our environmental objective in a way.

Mr. Lloyd Longfield: That's correct.

Mr. Miodrag Jovanovic: The role of the investment in CCUS is actually a good example of this approach because, maybe on the one hand, you can say, we do have this output-based pricing system for large emitters with a given stringency that will increase over time. I cannot speak to it. That's more for ECCC, but it's there. At the same time, we have this investment tax credit that encourages these same players to invest in a technology that would help reduce their emissions.

As for where these both meet, I would explain the existence of both as follows: With respect to the level of stringency, the concern is that you have to increase stringency in a manner that's not too harsh on the sector such that it affects employment, for instance. That's one thing to calibrate this properly, which leads to your argument about international competitiveness. On the ITC side, they're actually to encourage those who can, those who have access to technologies, to actually implement those sooner rather than later. Even if they may already meet their regulatory obligations under the OBPS, we want them to go further and more quickly. That's the—

Mr. Lloyd Longfield: The tax credit does not include enhanced oil recovery.

Mr. Miodrag Jovanovic: Exactly. It does not.

The Chair: Thank you.

Thank you to the witnesses.

I'm going to ask if there's a motion to adjourn, but before I do, I just want to mention that on Tuesday, in addition to going over the first draft of the report on nuclear waste, we're going to start by giving drafting instructions to the analysts for this particular study, the fossil fuels subsidy study.

Do I have a motion to adjourn?

Mr. Colin Carrie: Could I just make a quick point of order, Mr. Chair?

Could I just confirm that the department will provide the committee with the estimates and the consultations with industry and provinces on how eliminating fossil fuel subsidies or related tax measures would impact fossil fuel production, greenhouse gas emissions, employment, investments and our competitiveness internationally?

I did ask those questions and I believe we weren't able to get the answers to them. Thank you.

• (1300)

The Chair: I believe Ms. Geller said they were going to get you some information on the consultation.

I don't want to put words in your mouth, Ms. Geller.

Ms. Hilary Geller: We are able to provide information on the consultation that we held in 2019. It won't necessarily have all of the elements the member is referring to, but it will be complete in terms of what we did in 2019.

The Chair: Okay. Thank you.

Mr. Colin Carrie: Thank you very much, Ms. Geller.

The Chair: There is a motion to adjourn.

I don't see any objection, so I'll assume there's unanimous consent.

(Motion agreed to)

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