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Standing Committee on Natural Resources

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• (1105)

[English]

The Chair (Mr. George Chahal (Calgary Skyview, Lib.)): I call this meeting to order.

Welcome to meeting number 112 of the House of Commons Standing Committee on Natural Resources.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, June 6, 2024, the committee is resuming its study of the Trans Mountain pipeline expansion.

Today's meeting is taking place in a hybrid format. I would like to remind participants of the following points. Please wait until I recognize you by name before speaking. All comments should be addressed through the chair.

Members, please raise your hand if you wish to speak, whether participating in person or via Zoom. The clerk and I will manage the speaking order as best we can.

I would now like to welcome our guests appearing with us today.

We have the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, and the Honourable Jonathan Wilkinson, Minister of Energy and Natural Resources.

From the Department of Finance, we have Greg Reade, assistant deputy minister, economic development and corporate branch.

From the Department of Natural Resources, we have Kimberly Lavoie, assistant deputy minister; Jeff Labonté, associate deputy minister; and Scott Clausen, director of petroleum and biofuels division, analysis and operations branch.

Welcome to everybody.

We'll start with our opening statements.

Minister Freeland, you have five minutes for your opening statement.

[Translation]

Hon. Chrystia Freeland (Deputy Prime Minister and Minister of Finance): Thank you, Mr. Chair.

I'm really pleased to be here with you.

Our government acquired Trans Mountain and the pipeline expansion project in 2018. We knew then that we were making a necessary investment to enhance Canada's sovereignty and resilience, and to grow the Canadian economy.

[English]

Today I want to highlight four areas where the project is delivering positive results for Canada.

First, this project is helping to ensure that Canada gets fair market value for our resources. One of the key ways to see the economic impact of this project is the higher price that Canadian resources are getting on the global market, often measured by the price differential between Canadian oil and American oil. In 2018 the price differential between each barrel of West Texas Intermediate and Western Canadian Select peaked as high as \$50 a barrel. That's a discount representing almost 70% of the WTI price on every barrel of WCS sold.

Since the Trans Mountain expansion was brought into service in the second quarter of this year, this average differential has closed, sitting at about \$12 U.S. per barrel, or just 17% of the WTI price. This is really important. This is money that Canada was just giving away. This is now money that Canada has for ourselves, for Canadian workers and for provincial and federal governments to invest in the things Canadians need.

Second, this investment contributes to good jobs and economic growth across Canada. Canadian workers in the oil and gas sector earn, on average, about \$3,000 per week, almost two and a half times the average weekly earnings in Canada overall. The Bank of Canada has estimated that the Trans Mountain expansion will increase GDP by about 0.25% in a single year. That is a considerable boost to our economy.

All of this means good jobs and more revenue for federal and provincial governments that can be used for public services that really matter to us, such as health care, education and housing infrastructure.

[Translation]

The pipeline is also having a positive impact on central Canada's manufacturing industry, creating stable demand for materials and industrial products. According to the Canadian Steel Producers Association, approximately 30% of all steel used in Canada is used by the oil and gas sector. This is just one example of how the pipeline's benefits extend beyond Alberta. In fact, it's a national infrastructure project that's stimulating economic growth and creating good jobs across the country.

[English]

Third, this project is helping get Canadian resources to world markets, even as the western alliance is constraining Russia's access to global markets for its oil. In a very real way, this project is helping us to support the brave people of Ukraine and to constrain Putin's ability to fight against them.

Fourth, this project is an important step towards economic reconciliation with indigenous peoples. Indigenous peoples have benefited from the project and will continue to do so.

Is my time up?

The Chair: You have one minute.

Hon. Chrystia Freeland: Okay. Great.

During construction, indigenous people represented 10% of all workers on the expansion. Over 20% of construction contracts went to indigenous contractors, resulting in more than \$6 billion awarded to indigenous businesses and partnerships.

[Translation]

Clearly, the new, expanded network offers economic and social benefits for Canada. Its acquisition, construction and operation represent a significant investment in the Canadian economy today and for years to come.

[English]

This project is good for our workers. It's good for our economy. It is good for our national security and the security of our allies. It's a project Danielle Smith and Rachel Notley both support. I think that is really evidence it's something in the national interest. I'm glad we were able to get it done together.

The Chair: Thank you, Minister Freeland, for your opening statement.

I'll now go to Minister Wilkinson for your opening statement.

You have five minutes.

Hon. Jonathan Wilkinson (Minister of Energy and Natural Resources): Thank you, and thanks for the invitation to be with you today.

Immediately prior to 2015, major projects simply could not get built in this country because Stephen Harper and his Conservative government gutted environmental protections and sidelined indigenous voices. They eroded the confidence that Canadians had in environmental processes in this country. That was true in the case of many major projects, including the Trans Mountain pipeline expansion.

When this government came to power, we did so with a commitment to ensure additional examination and consultation in the review and a medium-term commitment to restore the integrity of federal assessment processes. There were 156 binding conditions relating to safety and the environment placed on the project, and an indigenous advisory monitoring committee was established.

In 2018, a new government of B.C. made a commitment to use every tool in the tool box to halt TMX. Its actions created such un-

certainty that the project proponent decided to walk away. The federal government intervened to ensure that this project, one that was and is of national significance, would be completed. The project has generated and will continue to generate significant economic benefits for Canada. During construction, 37,000 jobs were created and 25% of contracts awarded were for indigenous businesses and partnerships, totalling \$6.5 billion.

In operation, TMX is having significant positive economic impacts. The Bank of Canada says the project will increase Canada's GDP by up to half a percentage point. Ernst & Young says the project will result in \$38 billion in additional provincial royalties, \$21 billion in corporate income taxes and \$127 billion in GDP increase over the next 20 years. Moreover, the price differential, as the deputy prime minister said, has narrowed by several dollars and analysis shows this could further narrow by the end of the year. Every dollar that the differential narrows is equivalent to \$1 billion added to our economy.

I think all members would agree that selling our energy at a discounted rate and not enabling Canada to extract full value for its resources is not a good idea, and this was a very key rationale underlying the construction of the pipeline.

As I noted, the pipeline was built with an emphasis on ensuring safety and environmental protection. Shipping oil by pipeline rather than by rail is far preferable, both in terms of safety and emissions. We also worked hard to ensure that TMX would be fully compatible with Canada's climate plan. All emissions associated with pipeline construction, operation and the production of oil that flows through the pipeline have been accounted for in the climate plan.

● (1110)

[Translation]

Our climate plan is one of the most comprehensive in the world. It addresses emissions from all sectors of the economy, including the oil and gas sector. Initiatives such as methane regulations and the upcoming emissions cap, which will require the sector to significantly reduce its emissions, have enabled Canada to become a climate leader.

The climate plan is working. We have fundamentally changed the trajectory of emissions in Canada, which were rising steadily under Stephen Harper. Emissions are now 8% below 2005 levels, and on a downward trajectory. Emissions would be 41% higher had the Conservatives remained in power. Unfortunately, given the NDP's recent decision to reject carbon pricing, their approach to tackling climate change would result in at least 212 million tonnes more emissions by 2030.

[English]

Our climate plan is not just a plan for reducing emissions. It is also a plan for ensuring a prosperous future for Canada. To remain economically competitive, we must recognize that the world is transitioning to a low-carbon future and we must take thoughtful actions to seize key areas of opportunity.

Governments around the world are increasingly taking action. Our major allies are all putting in place strategies for accelerating clean industrial growth. Beyond our allies, China is moving aggressively to dominate opportunities in wind, solar, EVs and critical minerals. China's major bet on the energy transition is something that should be a wake-up call for those politicians in Canada who continue to pretend that future prosperity lies in pursuing pathways that the energy transition is fundamentally disrupting as we speak.

TMX was and is a project of national significance. It is producing significant economic benefits for the country and ensuring that as we transition to a low-carbon future over the coming 25 years, Canada is extracting full value for its natural resources. We have ensured that it is consistent with Canada's climate plan and our drive towards a net-zero future.

With that, I welcome your questions.

The Chair: Thank you, Minister.

We'll now go to our first round of questions.

We'll start with Mrs. Stubbs for six minutes. The floor is yours.

Mrs. Shannon Stubbs (Lakeland, CPC): Thank you, Mr. Chair.

Thank you, Minister Freeland and Minister Wilkinson, for being here today.

Of course, the Conservatives always supported the nation-building Trans Mountain pipeline expansion, which was undeniably in federal jurisdiction. What we advocated for, though, was for the federal government to assert federal jurisdiction and the rule of law to ensure that the private sector proponent could get that pipeline built on their dime and on their schedule.

Minister Freeland, do you agree with StatsCan in its report from last Thursday that if Canada didn't have contributions from oil and gas right now, it would be in a recession?

• (1115)

Hon. Chrystia Freeland: The strength of the Canadian economy today and in the past is very much built on our oil and gas sector. I absolutely recognize the value that it brings in terms of jobs, in terms of revenues and in terms of our trade balance.

Mrs. Shannon Stubbs: The two things that report said are keeping Canada's economy going are public sector spending and oil and gas production. The problem is that, because your government killed two other potential export pipelines, northern gateway and energy east, and only now is getting the Trans Mountain expansion built and starting to operate as a \$34 billion liability on taxpayers, pipeline capacity is actually full, which will automatically cut production as well as Canadian energy businesses, jobs and opportunities.

Based on that, how can the Liberals and their anti-energy, anti-private sector colleagues possibly justify imposing a job-killing oil and gas cap on Canada?

Hon. Chrystia Freeland: I'm going to start answering the question, and Minister Wilkinson may want to offer some thoughts.

I do think that in the areas where it's possible for everyone on this committee and everyone in our House to agree, we should. I think that it is really meaningful and actually great that we have completed a nation-building project that both Rachel Notley and Danielle Smith support. That is a good thing for Canada.

I also absolutely agree, as do all economists, that oil and gas is an important part of Canada's economy.

Mrs. Shannon Stubbs: My question was about the emissions.

Hon. Chrystia Freeland: Hang on.

Having said that, it is absolutely inappropriate for Conservatives to criticize our government when it comes to pipelines. We got a pipeline built to tidewater, and Conservatives did not. That is the reality. This is a nation-building project.

In the Calgary Herald, there was a senior Alberta energy leader who talked about this as a nation-building project, and it was our government that got it built.

Mrs. Shannon Stubbs: Minister Freeland, I asked about the emissions cap.

Potentially you can answer this question: Does the United States, Canada's biggest competitor and customer, because of your lack of getting pipelines done, impose a job-killing oil and gas cap on itself? Does it?

Hon. Chrystia Freeland: The key question here is this: Who got a pipeline built, and who didn't? The answer is that our government built it. It's a nation-building project that is contributing meaningfully to our national prosperity and to good wages for Canadian workers.

Mrs. Shannon Stubbs: The answer is that the United States does not. How about Mexico? Does Mexico impose an oil-and-gas emissions cap on itself?

I'm asking about [Inaudible—Editor].

Hon. Chrystia Freeland: I think that is a good record that I'm proud to stand on.

Hon. Jonathan Wilkinson: I'm happy to answer the question about the emissions cap.

Mrs. Shannon Stubbs: I'm asking Minister Freeland, Mr. Wilkinson. Thanks for your offer.

Hon. Jonathan Wilkinson: The emissions cap has not actually been announced to date, but it is both an important part of reducing carbon emissions in line with what science tells us we must—

The Chair: Minister Wilkinson, can I ask you to hold on for one second?

We have a point of order.

Go ahead, Mr. Falk, on a point of order.

Mr. Ted Falk (Provencher, CPC): Mrs. Stubbs specifically asked a question of Minister Freeland, and I think it would only be appropriate and proper for Minister Freeland to answer the question and not Minister Wilkinson.

Hon. Jonathan Wilkinson: I would say that the emissions cap actually falls within my area of authority.

The Chair: Sorry, Mr. Falk, but I'm going to ask you to hold on for one second.

To address your point of order procedurally, a question was asked of Minister Freeland, but the emissions cap does fall under Minister Wilkinson's mandate and jurisdiction. If you want a specific answer on that, I think it is appropriate for Minister Wilkinson to respond.

I will go back to Mrs. Stubbs, because it is her time to ask questions.

This is a good reminder for committee members that if you ask a question, allow the ministers to answer so they can give a fulsome response to the question asked.

Mrs. Stubbs, I'm going to go back to you. If you'd like to direct that question over there, please go ahead.

Mrs. Shannon Stubbs: Well, Chair, I certainly will, when the question is actually answered.

Minister Wilkinson, can you confirm whether or not the United States, Canada's biggest competitor and customer; OPEC producers, Canada's biggest competitors in hostile regimes; Mexico, Canada's North American competitor; Norway; European countries; countries in southern Africa or in South America impose on themselves a job-killing oil and gas emissions cap? Can you confirm that?

• (1120)

Hon. Jonathan Wilkinson: Well, it is a cap that is actually intended to drive employment in oil and gas-producing areas in this country. There will be thousands and thousands of jobs created because of the initiatives around carbon capture and sequestration and the implementation of methane reductions. It will strengthen the long-term competitiveness of the industry.

The world is moving towards lower carbon, irrespective of what the UCP says, which, on the weekend, decided that climate change is not an issue anymore, somehow. It is something that actually will help us to reduce emissions—no sector gets a pass—but it also is going to strengthen competitiveness and create jobs and economic opportunity in Alberta, Saskatchewan, British Columbia and Newfoundland and Labrador.

Mrs. Shannon Stubbs: In truth, European countries are all backing away, actually, from these policies because they're causing unreliable and too expensive essentials like energy, power and fuel.

Hon. Jonathan Wilkinson: That's actually not true.

Mrs. Shannon Stubbs: It is absolutely true. If you actually watch what the rest of the country is doing....

Hon. Jonathan Wilkinson: It is not true.

Mrs. Shannon Stubbs: The truth is that there is no other oil and gas-producing country on earth imposing this policy on itself—

Hon. Jonathan Wilkinson: You just talked about Europe. Europe is actually doubling down on the energy transition because it's both an energy security and a climate issue.

Mrs. Shannon Stubbs: Germany is firing coal back up and Sweden has announced a suspension of all activities towards their goal—

Mr. Majid Jowhari (Richmond Hill, Lib.): I have a point of order, sir.

The Chair: Ms. Stubbs, I ask you to hold. We have a point of order.

Go ahead, Mr. Jowhari.

Mr. Majid Jowhari: For the sake of the interpreters, we have two people—the minister and the person who was asking the question, Ms. Stubbs—talking over each other. Aside from allowing the minister to respond or the question to be finished, I'm worried about the interpreters.

The Chair: Thank you, Mr. Jowhari. It's a very good point that you raised on a point of order.

Colleagues, speaking over each other does not make the job of our interpreters any easier. It makes it much more difficult.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): I have a point of order.

The Chair: I'll address you, sir, in one second.

I would ask you, Ms. Stubbs, to ask the question within your time, and also to allow the minister a reasonable amount of time to answer the question. I hope that addresses your concern and the concerns of this committee member as well.

Mr. Hallan, go ahead on a point of order.

Mr. Jasraj Singh Hallan: Thank you, Chair.

I agree with my colleague Mr. Jowhari about showing respect for our interpreters, but I hope, Chair, that you would see in the last exchange that Ms. Stubbs actually did not get to her question, and it was the minister who interrupted her. I would also ask the minister to please respect the interpreters and let Ms. Stubbs finish before he attempts to answer the question.

The Chair: Thank you, Mr. Hallan, for providing that and agreeing with Mr. Jowhari.

I just will say that Minister Wilkinson was interrupted as well while providing his answer, so it goes several ways. I would ask all colleagues to ask and allow an answer from the minister. I think we can set the ground rules so that we can give them enough time to make sure they can give a fulsome answer to the very important questions that you're asking.

You have about 20 seconds left, so I'm going to turn it back over to you. You can get a quick question in if you like, and we can move forward. Thank you.

Mrs. Shannon Stubbs: The reality is that none of those countries are imposing a job-killing oil and gas emissions cap on themselves because they know it will hurt their people and their economies.

Your collective failures, after nine years on pipelines, have maxed out pipeline capacity. Those combined will cut oil and gas production, jobs, businesses and money from Canada, no matter what you say. That is actually the truth about what is occurring here. You do owe it to Canadians, especially the small and medium-sized producers, operators, indigenous communities and contractors who altogether—including chambers of commerce and other private sector proponents—are saying that your emissions cap will damage Canada catastrophically.

The Chair: Ms. Stubbs, we are at time.

Minister, we are at time. If you have a five or 10-second answer there that you can provide, I can give you 10 seconds. Go ahead.

Mrs. Shannon Stubbs: I didn't ask a question. I made a statement.

The Chair: Go ahead if you'd like to provide a short answer.

Hon. Chrystia Freeland: The fact is that our government built a pipeline to tidewater. The Conservatives failed to do so. As a point of fact, the capacity is not yet fully utilized. That's the fact.

Mrs. Shannon Stubbs: Yes, but by next year it will be.

The Chair: Thank you, Minister.

We now go to Ms. Lapointe. Ms. Lapointe, you have six minutes. The floor is yours.

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

Minister Wilkinson, you weren't able to provide a fulsome response to the.... Whether they were questions or statements we're not quite sure. Can you please provide that fulsome response now, especially as it relates to what we're seeing some of the European nations doing around this area?

Hon. Jonathan Wilkinson: Thank you.

As I started to say, the oil and gas emissions gap is part of a broad approach to addressing the climate issue in a manner that actually will create jobs and economic opportunity. No sector gets a pass if you actually believe that the science of climate change is real. I think 99.9% of scientists do, even if Danielle Smith's party does not.

At the end of the day, oil and gas represent 31% of emissions in this country. It must begin to go down, just as transportation, electricity and everything else. If you are thoughtful about this—not backward-looking from an economic perspective, but forward-

looking from an economic perspective—you look to see how you can actually extract value from that. Decarbonized oil and gas is going to have value in a world that is moving towards low carbon and many new products, like low-carbon hydrogen and a range of other things are going to have markets that will be there for people who actually are thoughtful about moving forward.

At the end of the day, we see this very much in Europe, which is continuing its transition toward a low-carbon future. That is why it is coming to countries like Canada for critical minerals, for hydrogen and for a range of other things. It is important for us to respect the science of climate change and also to look to seize the economic opportunities of the future.

• (1125)

Ms. Viviane Lapointe: Thank you, Minister.

Minister Freeland, can you provide some insights on how the TMX might strengthen Canada's position in the global energy economy?

How might this translate into greater financial stability for the Canadian energy sector as we transition toward that clean energy?

Hon. Chrystia Freeland: Thank you for the question.

I'd like to make two points.

The first, I think, was central in the thinking around ensuring that the pipeline could be built. There is just no good reason for Canada to be giving money away to America for free. There is no reason for us to allow that differential to exist. When there is a big differential, that is money that goes directly into the United States—into the U.S. economy—to benefit U.S. refiners and U.S. consumers. It's money we're taking away from Canada.

I believe that we have a lot of needs in Canada. I think we need to invest in our health care system. We need to invest in education. We need to invest in infrastructure for housing. By closing that differential, we're getting more money for Canadians, both in terms of money in the economy, jobs in the economy and also direct revenues for federal and provincial governments.

In terms of the global picture, this is also a project that supports our own national economic security. Given the illegal Russian full-scale invasion of Ukraine, it actually supports the energy security of the western alliance.

I have been having conversations with some of our partners who have specifically said that this pipeline is going to make it possible for us to further constrain Russia and Russia's sales of its energy into the global market. That is really significant.

Ms. Viviane Lapointe: Can you tell us how this pipeline aligns with other fiscal strategies that the government is implementing to attract private capital into clean energy initiatives?

Hon. Chrystia Freeland: Sure. I'll say two things.

The first is—and Minister Wilkinson has alluded to this—that we have been working as a government on another huge, potentially nation-building project. That is a major CCUS project with the Pathways Alliance. We have now voted into law investment tax credits for CCUS, which would facilitate that project. There are good conversations going on between the Canada Growth Fund and the Pathways Alliance.

I think that is exactly what Jonathan was alluding to when he said that we really believe that Canada can and Canada must decarbonize our economy, even as we create more good-paying jobs and pull in more private sector investment.

Ms. Viviane Lapointe: Minister Wilkinson, can you talk to us about the long-term benefits that the pipeline and this infrastructure will bring to our resource sector, including support for renewable energy initiatives that improve the access to clean energy markets?

Hon. Jonathan Wilkinson: As Minister Freeland talked about, part of the underpinning of the reason this project moved forward was to be able to reduce the differential so that Canada is actually extracting full value for its resources. That is important from an economic perspective as we look toward a world that is transitioning toward lower carbon. That is going to require investments in a range of different things, including renewable energy, nuclear technology, hydrogen and biofuels, and investments in a range of technologies, such as carbon capture and sequestration.

It is important for us to be extracting that value as part of investing in our plan for economic growth going forward. We have now committed to invest over \$160 billion in the clean energy transition, the vast majority of that going into projects to create good jobs and economic opportunities that will be sustainable going forward.

• (1130)

The Chair: Thank you.

We'll now go to Monsieur Simard.

Monsieur Simard, you have six minutes.

[*Translation*]

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

Thank you, Madam Minister and Mr. Minister.

Madam Freeland, in 2022, when the cost of the pipeline rose from \$12 billion to \$21 billion, you said publicly that you wanted to assure Canadians that there would be no additional public funding for Trans Mountain. The cost then was \$21 billion, but now it's \$34 billion.

In 2022, you also created the Canada Growth Fund, initially managed by the Canada Development Investment Corporation, the company that sort of owns the pipeline. However, in 2023, you made changes as part of Bill C-47, so that the Canada Growth Fund is now completely outside the reporting perimeter and beyond any government control. The Parliamentary Budget Officer can't look at its activities and, ultimately, you can do whatever you want.

You mentioned earlier that you're currently in discussions with the Pathways Alliance about funding for carbon capture and sequestration.

So, we're talking about \$34 billion for a pipeline, \$12.5 billion in tax credits and \$15 billion that could potentially be used for the gluttons of the oil sector, which are posting record profits.

Today, I want to know if you can reassure me and Canadians and Quebecers that not one penny of the \$15 billion Canada Growth Fund will go to the oil companies. Can you tell me that?

Hon. Chrystia Freeland: Thank you for the question.

I would first like to clarify that the Canada Growth Fund has already made significant investments. We're not talking about \$15 billion, because the investments have already been made.

Mr. Mario Simard: Are these investments in the oil sector?

Hon. Chrystia Freeland: I can give some examples of investments, for example that of the Eavor company, a world leader in geothermal technologies, which is headquartered in Calgary. The first existing project is in Germany. As Minister Wilkinson mentioned, this country is very interested in renewable energy sources.

Mr. Mario Simard: Yes, but I really want clarification on the following. We're talking about \$34 billion for a pipeline. But the Parliamentary Budget Officer told us that this pipeline would not be profitable at a cost of \$21 billion. For it to be profitable, we'll have to calculate its profitability over 100 years.

So we're talking about \$34 billion for a pipeline and tax credits amounting to \$12.5 billion. What's more, you seem to be saying that the Canada Growth Fund could invest in carbon capture and sequestration strategies. However, the committee heard from the president and CEO of Suncor Energy Inc., Mr. Rich Kruger, who told us that, in his opinion, too much effort was being invested in the energy transition.

The big players in the oil sector are telling us that too much effort is being invested in the energy transition, and Canada is investing indecent sums to support the oil sector. What I'd like to hear you say today is that not one penny of this famous growth fund will go to the oil and gas sector.

Hon. Chrystia Freeland: First, I'd like to make a correction to what you said about the profitability of the pipeline. It's very important to be clear that this project is really profitable for Canada. The economist Trevor Tombe, for example, has published an article in which he says that, in his opinion, the federal government and Canadians will realize profits of between \$4 billion and \$8 billion. Yes, it's a big investment, but—

• (1135)

Mr. Mario Simard: The Parliamentary Budget Officer doesn't think so.

Hon. Chrystia Freeland: The markets are showing today that this investment will benefit Canadians and Quebecers. That's the reality.

Mr. Mario Simard: Can you guarantee that no money from the Canada Growth Fund will be reinvested in the oil and gas sector? I believe your government will be making an announcement this morning about a cap on greenhouse gas emissions. Surprisingly, on the other hand, you seem ready to invest colossal sums of money in this pipeline.

In the budget, you presented electrification as one of the federal government's most ambitious plans. When I look at the \$34 billion spent on the oil and gas sector, the \$12 billion in tax credits and more, just for one sector of economic activity, I find it unconscionable. I have to tell you, I find it unconscionable.

Moreover, it goes against your claim that you want to reduce the carbon intensity of the Canadian economy. In fact, you want to increase production, because if you want to make your pipeline profitable, you're going to have to increase production. So we're paying for the myth of low-carbon oil.

Hon. Chrystia Freeland: A very important point is that we are not paying for the pipeline. From a fiscal point of view, the pipeline has already been shown to be a good investment for Canadians. That is the reality and that is what the market has shown.

As to the Canada Growth Fund, it is indeed a federal investment. We recognized that it is better to have professional investors do the investing. I have a lot of respect for Patrick Charbonneau, who manages the fund's assets and decides where to invest. He has the mandate to invest in all sectors to decarbonize the Canadian economy. I think that is a vision that everyone can support.

[*English*]

The Chair: Thank you.

Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.): I have a point of order, Mr. Chair.

I apologize, but I was trying to listen to the minister's comments, and Mrs. Stubbs was having a side discussion with Mr. Patzer. She seems to do that quite a bit.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): I have a point of order.

Mr. Peter Schiefke: Given that the ministers are here, we'd all like to hear each other. I would like to ask my honourable colleagues to not talk while a minister is responding.

Thank you.

The Chair: Thank you.

I'll address your point of order, Mr. Patzer, after I deal with Mr. Schiefke's.

Colleagues, you can have conversations. If you want to have conversations around the table, take them outside of the room or into the back corner. Whisper in a very low voice if there's a conversation you need to have with one of your colleagues. I know it can be disruptive for colleagues if there are cross-conversations interrupting our focus and attention.

Thank you.

I'll go to you, Mr. Patzer, on a point of order.

Mr. Jeremy Patzer: Thank you very much, Mr. Chair.

That's pretty ridiculous. That's what that is. It wasn't even a point of order, Mr. Chair. Colleagues always have little conversations among themselves at the table.

The Chair: Can you tell me what your point of order is, Mr. Patzer?

Mr. Jeremy Patzer: My point of order is that he's deliberately trying to waste time. It wasn't even relevant. We can have conversations about what's going on in the room here. We don't need him to go "uncle paternalistic" on everybody.

The Chair: Thank you, Mr. Patzer.

Members—

Mrs. Shannon Stubbs: To add to his point of order, we're all doing a job here for debate, and—

The Chair: Thank you, Mrs. Stubbs and Mr. Patzer for the point of order.

We are doing our jobs. Mr. Angus is waiting patiently so he can do his job. I will ask colleagues to not be disruptive. Let's focus on the committee meeting that we have today with the ministers.

I'm going to you, Mr. Angus. You have six minutes.

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

I have a simple question, Ms. Freeland.

Do you believe there's a direct connection between increased fossil fuel burning and the climate catastrophe?

Hon. Chrystia Freeland: Of course.

Mr. Charlie Angus: Oh, good. Everybody I've asked who supports TMX says there isn't, so I wanted to know where the buck stops on this.

I remember when the Prime Minister went to Paris. He made legally binding commitments. He said "Canada is back", and since then oil production in Canada has increased 41%. Thanks to TMX, Cenovus production will increase from 800,000 barrels a day to 950,000 barrels a day. Heavy bitumen is going to increase by 500,000 barrels a day.

I noticed that you mentioned all the positive things, but you didn't mention climate. Do you think all of this increased oil production is going to have an impact on the climate?

Hon. Chrystia Freeland: Mr. Angus, with total sincerity, I respect you so much and the work you've done for many—

Mr. Charlie Angus: That's not the question.

Hon. Chrystia Freeland: I know that, but—

Mr. Charlie Angus: I don't care whether you respect me or not.

Hon. Chrystia Freeland: Well, I care.

Mr. Charlie Angus: Do you think this increased fossil fuel burning is going to have an impact, yes or no?

• (1140)

Hon. Chrystia Freeland: I care, and here's what I want to say. We can have a climate plan and an economic plan that go together. We can have a plan for working people and good jobs in Canada and for energy security and for climate at the same time.

I want to quote one of your colleagues, Heather McPherson, whom I also respect. She said, "The NDP has always been the party that supports the working class".

Mr. Charlie Angus: Absolutely.

Hon. Chrystia Freeland: She also said, "we will always make sure that we don't leave the workers behind.... One of the things we've learned is, if we don't balance protecting the climate and protecting Alberta workers, you don't get buy-in."

I agree with that.

Mr. Charlie Angus: I would love to have a Heather McPherson here in your position, but she's not.

My question is this: Do you believe there is a connection between this increase that's happened under the Prime Minister and the climate crisis, yes or no? That's all. I don't need all the other stuff.

Hon. Chrystia Freeland: No, the reality actually is that our government has bent the curve for the first time, and we are simultaneously having economic growth and emissions going down.

Mr. Charlie Angus: Yes, but not in the oil sector.

Hon. Chrystia Freeland: That is a huge accomplishment. It is an accomplishment that all sectors need to contribute to, and they are.

Mr. Charlie Angus: Okay. Thank you for that.

The number one thing you said was the fair market value, that we've closed the barrel differential to \$12. Yet we're subsidizing, according to the Energy Regulator, \$13 a barrel that comes down the pipe. How does that work?

Hon. Chrystia Freeland: I'm glad you talked about the price differential. I'm going to quote another great NDP woman—

Mr. Charlie Angus: I'm actually asking about our subsidizing.

Hon. Chrystia Freeland: —and that's Rachel Notley.

Mr. Charlie Angus: I don't care about the differential.

Hon. Chrystia Freeland: I hope you care what Rachel Notley has to say.

Mr. Charlie Angus: I actually care what you have to say.

Hon. Chrystia Freeland: What Rachel said is, "Money that should be going"—

Mr. Charlie Angus: Do you believe we should be spending...52% for every barrel of bitumen should be paid by the public and not Cenovus, yes or no?

Hon. Chrystia Freeland: I don't think that's what's happening, Mr. Angus.

Mr. Charlie Angus: Well, that's what the Canadian Energy Regulator told us.

Hon. Chrystia Freeland: The reality is that this pipeline, purely as a financial transaction, is of benefit to the people of Canada.

Trevor Tombe, whom I hope we will all agree is a reliable economist—

Mr. Charlie Angus: Okay, but—

Hon. Chrystia Freeland: —has estimated that we'll make \$4 billion to \$8 billion—

Mr. Charlie Angus: —is there any pipeline in the world that subsidizes 52% of the cost of every barrel?

Hon. Chrystia Freeland: I disagree with that assertion.

Mr. Charlie Angus: I'm making that up?

Hon. Chrystia Freeland: No, but I think it is a misapprehension of the situation.

Mr. Charlie Angus: Okay.

Hon. Chrystia Freeland: The Canadian Energy—

Mr. Charlie Angus: PetroChina has—

Hon. Jonathan Wilkinson: Maybe I can just add one thing, Mr. Angus.

The Chair: I've given some leeway here. I want to make sure that the interpreters can interpret the conversation and the questions back and forth.

Mr. Angus, if you can ask and then give enough time for an answer, we can go back and forth as much as we like.

Mr. Charlie Angus: Fair play, Mr. Chair. Absolutely.

The Chair: That would give the interpreters the ability to interpret.

Thank you.

Mr. Charlie Angus: Absolutely.

Ms. Freeland, PetroChina has just pulled its shipments out of TMX, because they say they're having to pay too much already, as they're paying 48% of the cost of the barrel.

Are you going to make sure that the companies pay the whole shot coming down the pipe, or is it going to be the public who continues to subsidize?

Hon. Chrystia Freeland: I could not disagree more strongly with the assertions implied in your question. TMX, purely as a financial investment, is delivering value for money for Canadians every single day. This is a profitable, nation-building investment in terms of tax revenues, in terms of jobs—

Mr. Charlie Angus: But we're subsidizing it at \$13 per barrel.

Hon. Chrystia Freeland: —and in terms of the actual money we are getting.

I will say that in terms of the tolls, that is a decision for the CER.

Mr. Charlie Angus: Ah. Right.

Hon. Chrystia Freeland: We have an arm's-length body that makes those decisions. I think all of us should be building up rather than tearing down national institutions like that.

Mr. Charlie Angus: Oh, oh!

Hon. Chrystia Freeland: No, seriously; it's actually true.

Mr. Charlie Angus: Okay. Sorry. The last thing I want to do is tear down a national institution that's giving 52% per barrel to Cenovus.

Hon. Chrystia Freeland: That's good; no, but it's actually important. There's a case right now—

Mr. Charlie Angus: I have a final question before we go too far down the rabbit hole.

It cost us \$34 billion. Are you going to get that money back, or are you going to strike the debt as some kind of national reconciliation, fighting Putin, saving the planet initiative? Are we getting our \$34 billion back? How are we going to get it back if we're not getting 100% of the tolls?

Hon. Chrystia Freeland: First of all, Mr. Angus, I object very strongly to a mocking reference to fighting Vladimir Putin. He is the biggest menace to global security right now.

Mr. Charlie Angus: That has nothing to do with bitumen coming down the pipe.

Hon. Chrystia Freeland: No, but you threw that—

Mr. Charlie Angus: This is what you brought into this.

Hon. Chrystia Freeland: —into your question, okay?

Mr. Charlie Angus: This what you brought into this whole conversation.

• (1145)

Hon. Chrystia Freeland: Because it's relevant.

Mr. Charlie Angus: Are we getting our \$34 billion back—

Hon. Chrystia Freeland: Because it's relevant—

Mr. Charlie Angus: —at the tolls?

Hon. Chrystia Freeland: —and I didn't say it mockingly.

In terms of the actual value, let me be categorical: I am very confident that Canadians will get a good deal on this. They already are, and they will.

Mr. Charlie Angus: A good deal.... Will we get the \$34 billion back?

Hon. Chrystia Freeland: I'm very confident we will, yes.

Mr. Charlie Angus: Thank you very much.

The Chair: Time's up. Thank you.

We'll now go to Mr. Hallan for five minutes.

You have five minutes, sir. The floor is yours.

Mr. Jasraj Singh Hallan: Thanks, Chair.

Minister Freeland, how many Canadian jobs will be lost with your job-killing oil and gas cap?

Hon. Chrystia Freeland: I was under the clearly mistaken impression that we were here to talk about the TMX pipeline, a pipeline that we got built and the Conservative government didn't, and—

Mr. Jasraj Singh Hallan: It's very fair that a minister comes to committee.... We're open to sharing and can ask whatever we like, especially in on Canadian natural resources.

Hon. Chrystia Freeland: —since we're talking about jobs, I'm glad to point out that 35,000 jobs were created during the building of the pipeline, and that's great.

Mr. Jasraj Singh Hallan: How many jobs will be lost with the emissions cap? I just need the number, Minister.

Hon. Jonathan Wilkinson: There will be tens of thousands of jobs created as a result of the emissions cap.

Mr. Jasraj Singh Hallan: I just need a number. How many jobs will be created?

Hon. Jonathan Wilkinson: If you look at the Shell Polaris project, the Strathcona project, the Pathways project, which we all hope will move ahead, and all the jobs that were created through the implementation of methane reduction technologies—

Mr. Jasraj Singh Hallan: What's the number?

Hon. Jonathan Wilkinson: This is an enormous opportunity that will create tens of thousands of jobs in Alberta.

Mr. Jasraj Singh Hallan: Tens of thousands.... What's the number of that?

Hon. Jonathan Wilkinson: You see it with Linde and its products. You see it with Dow and its first net-zero petrochemical facility.

Mr. Jasraj Singh Hallan: Minister, what's the number?

Hon. Jonathan Wilkinson: You see it with the Imperial biofuel facility.

Mr. Jasraj Singh Hallan: Minister, I just need the number.

Hon. Jonathan Wilkinson: My goodness, go and have a look at what's happening on the ground.

Mr. Jasraj Singh Hallan: I just need a number. If you don't have the number, just say so.

A voice: Oh, oh!

Hon. Jonathan Wilkinson: It's tens of thousands.

Mr. Jasraj Singh Hallan: Okay, so you're saying tens of thousands of jobs will be created. Deloitte has estimated that 110,000 jobs will be lost in Canada due to your job-killing oil and gas cap.

Are you confirming today that the tens of thousands of jobs will be more than the 110,000 jobs that you're going to drive away from Canada, yes or no? I just need a yes or no.

Hon. Jonathan Wilkinson: The oil and gas cap is intended to incent economic activity and the long-term competitiveness of the oil and gas sector, while doing what we need to do to address the climate issue.

It is very disturbing for me that—

Mr. Jasraj Singh Hallan: I'll take that as a no.

I have a very limited amount of time, so I'll have to go on.

Hon. Jonathan Wilkinson: —the Conservative party of Canada, increasingly, seems to be a group of climate deniers.

At the end of the day, you have to actually address that issue and address it in a manner that's going to create economic opportunity.

Mr. Jasraj Singh Hallan: Minister, your non-answer—

Hon. Jonathan Wilkinson: Your questions are ridiculous. At the end of the day—

Mrs. Shannon Stubbs: I have a point of order, Chair.

I think we just went through this in previous exchanges.

The Chair: We have a point of order.

Ms. Stubbs—

Mrs. Shannon Stubbs: The minister is very elevated, cutting off my colleague.

The Chair: Do you know what? Once again, colleagues—

Mrs. Shannon Stubbs: I wouldn't deign to lecture anyone about decorum, but just for your consistency—

The Chair: Ms. Stubbs, I want to answer your point of order, if I could ask you to pause.

Thank you.

Colleagues, once again, ask a question and allow time for an answer, just so that, Mr. Hallan, you have time to ask your question, and the minister has time to provide a fulsome answer to your question.

Mr. Jasraj Singh Hallan: I'll take my time back, Chair. That's fair enough.

The Chair: If we can work within those parameters, I think everything can go smoothly.

Mr. Jasraj Singh Hallan: I'll move on because the minister, obviously, with his non-answer, proves that he admits that the jobs will not be recovered—the ones that he's going to lose with this emissions cap. I'll move on.

I think it's important to note that it's my constituents, and Albertans, who are going to be impacted the most with this oil and gas cap. They know how many jobs will be lost. Most of them will be out of work in that field because of you.

Minister Freeland, you preside over one of the worst GDP per capita growth rates since the Great Depression. Can you confirm that you've done an impact assessment of what this oil and gas cap will do to your deficit?

Hon. Chrystia Freeland: There were so many untrue statements embedded in what you said, so I'm going to have to go after them one by one.

Mr. Jasraj Singh Hallan: I just want an answer to my question.

Have you done an impact assessment on GDP and GDP per capita growth?

Hon. Chrystia Freeland: I actually wasn't given a chance to answer.

Mr. Jasraj Singh Hallan: I just need that answer. I didn't ask for anything else.

The Chair: Once again, Mr. Hallan, you've asked your question. I want to give the minister an opportunity to answer your question.

Minister Freeland, please go ahead and provide an answer.

Hon. Chrystia Freeland: It is absolutely appropriate for me to make clear the falsehoods embedded in your question. It is not okay for me to just drive by those. I'm going to go through them systematically.

Mr. Jasraj Singh Hallan: Just the GDP per capita.... Is it not the worst growth since the Great Depression?

Hon. Chrystia Freeland: If that was the only question you wanted to ask, you didn't need to offer all of the false fluff to begin with, so let me go after the fluff.

Mr. Jasraj Singh Hallan: It would be nice for you to answer so that we can move on.

The Chair: Mr. Hallan and Ms. Freeland, if could you get direct and answer the questions that he has asked, and provide an answer.

The floor is yours.

Mr. Jasraj Singh Hallan: I'll be direct.

Thank you, Chair.

I'll move on.

The Chair: No, hold on, Mr. Hallan.

I want to give Minister Freeland the time to answer the question.

Minister Freeland, briefly provide an answer to the question.

Mr. Jasraj Singh Hallan: Briefly, please....

Hon. Chrystia Freeland: I simply can't let the falsehood stand.

First of all, you began by saying something untrue about what my colleague Minister Wilkinson said. Minister Wilkinson was very clear that we believe that our policies are both bringing down emissions and bringing good jobs to Canada and to Canadians.

Mr. Jasraj Singh Hallan: That is not true.

Minister, since you're not going to answer—

Hon. Chrystia Freeland: We believe we can and must do both.

• (1150)

Mr. Jasraj Singh Hallan: I have about a minute left. I'd like to move on.

Hon. Chrystia Freeland: In terms of GDP, since we're here to talk about—

Mr. Jasraj Singh Hallan: Minister, the Canadian dollar is at 72¢—

Hon. Chrystia Freeland: You didn't actually allow me to answer.

Mrs. Shannon Stubbs: I have a point of order, Chair.

The Chair: We have a point of order.

Minister Freeland, I know you're going to the GDP answer, but I have a point of order from Ms. Stubbs.

Mrs. Shannon Stubbs: Yes, we just note the bizarre spectacle of extremely powerful, elite ministers of the Government of Canada, a G7 country, constantly—

The Chair: That's not a point of order.

Mrs. Shannon Stubbs: —shutting down and cutting off both women members of Parliament and an ethnically diverse member of Parliament. Perhaps these guys who love to play identity politics should just answer the questions.

The Chair: Colleagues, first of all, Minister Freeland is also a strong woman in the government who's here answering questions.

Mrs. Shannon Stubbs: Yes, I certainly don't think she has a problem with the heat.

The Chair: Let's not target members based on their gender or their ethnicity. I'll ask everybody to just take a deep breath—

Mrs. Shannon Stubbs: If you guys want to [*Inaudible—Editor*] this is how it works.

The Chair: Let's tone it down a notch, so we can get back to the issue at hand today, which is the Trans Mountain pipeline expansion.

Mr. Jasraj Singh Hallan: Chair, I only have a little bit of time.

The Chair: You do have time, Mr. Hallan. I have it on hold.

Mr. Jasraj Singh Hallan: Let me move on to my next question.

The Chair: I do have a point of order I have to address.

Mr. Jasraj Singh Hallan: I'd like my time back .

The Chair: Minister Freeland, I want to give you a chance to answer briefly on the GDP answer you were just about to give, and then I'm going to go back to you, Mr. Hallan.

Hon. Chrystia Freeland: TMX, which we're supposed to be here to talk about, is adding 0.25% to Canada's GDP. That is important.

In the G7, Canada will have the second strongest GDP growth this year. The IMF forecasts that we will have the strongest GDP growth next year and it looks like we're achieving a soft landing after the greatest recession since the Great Depression. That's something we should all be celebrating.

Mr. Jasraj Singh Hallan: Minister, just to correct your falsehood, you said 0.25% of GDP. In fact, your oil and gas cap is going to cause a 1% hit to our GDP, according to Deloitte.

You can shake your head all you want, Minister Wilkinson, but that's the truth.

The dollar is trading at \$72 right now. In your budget, you had projected that WTI would be at \$78. Currently, it's at \$71.

The PBO recently said you will blow through your projected budget by \$7 billion, which we know because either you can't do math or you can't manage, or both.

Can you please confirm just the number? How much worse will the deficit be?

The Chair: The time is up. Give a brief answer, please.

Mr. Jasraj Singh Hallan: What will the deficit be?

Hon. Chrystia Freeland: Mr. Hallan's question was incoherent. It wasn't clear. He said the dollar is trading at.... I think he meant oil—

Mr. Jasraj Singh Hallan: The Canadian dollar is trading at \$72.

Hon. Chrystia Freeland: —but he mushed up his words in his word salad. It's really impossible to answer a question that is so incoherent and—

Mr. Jasraj Singh Hallan: That's because you don't want to answer. You know how bad the answer will be.

The Chair: The time is up.

We're going to our next speaker.

Mr. Jowhari, you have five minutes. Please go ahead, sir.

Mr. Majid Jowhari: Thank you, Mr. Chair.

Let me start by welcoming both ministers to the committee.

I'm going to take us back to TMX. My line of questioning, as part of this study and over the life of the study, has been on the economic benefit.

Minister Freeland, I'll start with you.

It was very nice how you compartmentalized it around four pillars. You talked about the fair market value. You talked about good-paying jobs. You talked about access to the world and the global market. You also talked about the economic reconciliation with the indigenous people, which is a theme that I want to follow up on in this line of questioning.

Can you share some information that you may have on how this project may have impacted indigenous communities?

I know you touched about two elements, but I'd like you to expand on that, if possible.

Hon. Chrystia Freeland: Sure. I do think it's a really important question.

If there are Canadians listening to us, I would really like to ask them to see past the ritualized jousting and the incivility here and recognize that there are some things that have happened with this project that I think every single MP elected to the House of Commons should be celebrating and every Canadian should celebrate.

There aren't that many things we all agree on. I think this is a project that we should all agree, as I think the committee has heard, is in the national interest. It helps our economy. It helps workers. It helps our economic national security. It also is a project in the direction of economic reconciliation. I really believe that historians are going to look back on recent years and say that Canada has turned a corner in the relationship between indigenous peoples in Canada and the economy.

One of the things that I am the most excited about is moving toward putting indigenous prosperity at the centre of the relationship of indigenous people with governments and with companies. This project is part of that great shift.

To give you some numbers, during construction, \$6 billion was awarded to indigenous businesses and partnerships and \$690 million was invested in 69 mutual benefit agreements, MBAs, signed with 81 indigenous groups. This is really about indigenous prosperity. It's about indigenous people participating directly in the economy of our whole country. That is a really good thing. I hope we'll be seeing more of it in the future.

• (1155)

Mr. Majid Jowhari: Thank you.

To both ministers, Minister Freeland explained the economic gain, and now I'd like to go to the process and specifically to the consultation process. I think that will lead to some of the other questions that I'm going to ask Minister Wilkinson.

Can you talk about that consultation process? How did it start, how did it evolve, and where is it now?

Hon. Jonathan Wilkinson: Thank you. As I said at the beginning, one of the challenges this government faced in coming to power in 2015 was the fact that the previous government had gutted environmental assessment processes and had essentially eroded the social licence to be able to get any major projects built in this country.

That was true for communities and particularly true indigenous communities. We made a commitment to address this in the context of the continuing work that was being done on Trans Mountain, and we made a commitment to actually fix this process more generally. That was what we did through the Impact Assessment Act.

One of the most important changes made in the Impact Assessment Act was early engagement with indigenous communities on all projects that are subject to a federal environmental review. That is very important to ensure that communities understand and have an opportunity to weigh in. We also went beyond that and said that many of these communities actually are really interested in being participants in projects, whether it's hydrogen projects, critical minerals projects, transmission lines or a range of other things, and we created tools like the indigenous loan guarantee program to allow access to low-cost capital for indigenous communities to be partners in these projects moving forward.

Mr. Majid Jowhari: Minister, we heard a lot about regulatory uncertainty and the role that it played.

With whatever time is left, can you expand on that? How will we manage it as we go into future national building projects?

The Chair: Provide a short answer, please, because we're near the end of the time.

Hon. Chrystia Freeland: I think this is a good example of how we can get big projects built in Canada, big nation-building projects that are good for governments, that are good for the private sector, that are good for workers and that are good for indigenous people.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you.

We'll now go to Monsieur Simard for two and a half minutes.

[*Translation*]

Mr. Mario Simard: Ms. Freeland, I note some obvious inconsistencies in what you said before. In large international forums, the expectation is that oil consumption will decline over the next 50 years. In principle, for your pipeline to be profitable, oil consumption will have to intensify. So that is already an inconsistency as to the pipeline's profitability.

The second inconsistency is the following. I have heard your colleague Mr. Guilbeault say on numerous occasions that he wants to put an end to fossil fuel subsidies. It seems that you have found a new way of supporting fossil fuels directly through the Canada Growth Fund. So it seems that your interest in ending fossil fuel subsidies is not as strong as what I have heard from Mr. Guilbeault.

I have a very simple question for you: Do you consider support for Pathways Alliance to be a type of fossil fuel subsidy?

Hon. Chrystia Freeland: No.

Mr. Mario Simard: Don't carbon capture and sequestration initiatives represent a fossil fuel subsidy?

Hon. Chrystia Freeland: No. They are an investment in decarbonizing the Canadian economy. They are a good investment for the planet and for the economy.

Mr. Mario Simard: Okay.

Hon. Chrystia Freeland: May I talk about the issue of profitability that you raised initially?

Mr. Mario Simard: Right now, I would just like to know why companies have sent multiple signals that low-carbon oil is not profitable.

In my opinion, one of the foundations of capitalism is assuming risks. People who invest their money assume a certain kind of risk.

In the case of the oil and gas sector, however, there is no risk. For the pipeline, you assumed the risk. The same goes for the decarbonization of the oil and gas sector. Two publicly funded projects have been disasters. Now, massive tax credits totalling \$12 billion have been granted through the Canada Growth Fund to support the same kind of project, probably because you don't seem to be denying that it does represent that kind of support.

In my opinion, you are assuming the risk that should be assumed by the oil and gas sector, which is obviously some kind of financial support. Otherwise, it would not be socially acceptable.

• (1200)

Hon. Chrystia Freeland: I am absolutely convinced that to achieve decarbonization, the government has to adopt an industrial policy and invest in the process. Some people maintain that decarbonization is not important and might also think that it can be achieved without government investments. I disagree, and I note that all major economies that really want to work towards decarbonization have a government industrial policy that allows them to invest in the process. That is what we are doing, in the aluminum, steel, construction and automotive construction sectors in particular.

Mr. Mario Simard: Yes, but it is disproportionate.

Hon. Chrystia Freeland: That is what the government has to do in order to have a strong, decarbonized economy.

[English]

The Chair: Thank you.

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

Mr. Charlie Angus: Thank you.

The PBO has stated that there was no business case for TMX. He said that the numbers that you used were based on a 100-year operating lifetime, which is pretty fun math, I would say.

Is that what you're basing this on, that we're going to get our money back in the next 100 years?

Hon. Chrystia Freeland: No, not at all. You had the CEO of TMX here testifying before you. He is a businessman, and he said to you that he is confident that the government can get its money back.

Trevor Tombe, a reliable and very good and objective economist, has also written and testified that he thinks this project, the project itself, not even talking about all the tertiary benefits, is going to—

Mr. Charlie Angus: It's costing between \$581 and \$1,248 per household.

Yes, I'll get you the Simon Fraser report. Don't worry; I'll send it to you. It's pretty straightforward.

That's a big chunk of money. This idea that it's financially doable when we are paying—and you've disagreed with me—52% of the tolls... That's what the Canadian Energy Regulator... I don't think you should be tearing down a national institution when they come here and testify and then say they're wrong.

Why are we expecting that the Canadians who paid up to \$1,200 per household for this thing are going to get their money back when

we're subsidizing the way that we're going to get paid back, which is by the pipeline tolls? It's simple.

Hon. Chrystia Freeland: Well, we're going to get our money back because we do not intend to be the long-term owner of the pipeline. If you look at market analysis right now, the consensus view is this that is a project that is worth a lot of money, and if the—

Mr. Charlie Angus: Is it worth \$34 billion?

Hon. Chrystia Freeland: Yes, and if the government—

Mr. Charlie Angus: So we'll sell it for \$34 billion, or are we going to take a haircut in the—

Hon. Chrystia Freeland: I hope that we're going to sell it for more.

Mr. Charlie Angus: —interest of reconciliation?

Hon. Chrystia Freeland: The way we get our money back is how much we sell it for. You're absolutely right that the tolls are important. Right now, the CER has arguments before it about what the correct level of tolls should be. Certainly—

Mr. Charlie Angus: Yes, the companies say it's too high.

Hon. Chrystia Freeland: Certainly TMX is presenting a strong case for an appropriate level of tolls. That's absolutely the case.

Mr. Charlie Angus: Is it 100%, or only 53%? He said it could go up. I think he said something like 50¢ a barrel, and he thought that would be fair. I said, "Wow, okay, we're subsidizing him \$13 a barrel?" He said, "Well, we'll increase the toll 50¢ a barrel." I mean, you're hosing the public at that rate in a substantial way, right?

• (1205)

Hon. Chrystia Freeland: I absolutely disagree. There are two revenue streams, two direct sources of revenue from the pipeline. One is the tolls. The second is the ultimate value that the people of Canada get from the ultimate sale.

I am absolutely confident that simply as a stand-alone infrastructure project, this is going to deliver value for money for Canada and Canadians. That is not even including all the jobs that it supported during its construction and is supporting today. That is not even including all of the tax and royalty revenues that it is supporting. That is not including the economic security value.

I am absolutely sure that, any way you slice it in economic terms, this project is in the national interest.

The Chair: Thank you, Ministers.

Mrs. Laila Goodridge (Fort McMurray—Cold Lake, CPC): I have a point of order.

The Chair: Yes, go ahead on a point of order, Ms. Goodridge.

Mrs. Laila Goodridge: We started our meeting a little bit late. I would just ask if we could have permission to complete even a partial third round. This is critical for Canadians. We don't often have an opportunity to have two ministers—

The Chair: Ms. Goodridge, I was just about to address that. Thank you.

We are unfortunately at the end of our time. The ministers did give us the first hour at committee today.

I want to thank both Ministers Freeland and Wilkinson for joining us.

Mrs. Laila Goodridge: Mr. Chair—

The Chair: The meeting is suspended.

• (1205) _____ (Pause) _____

• (1210)

The Chair: We are back for our second hour.

Joining us in our second hour today is Anne David, director of corporate finance and asset management, Department of Finance.

We will start our first round of questioning this hour with Mr. Chambers.

Mr. Chambers, welcome to committee. I'd like to give you the floor.

Mr. Adam Chambers (Simcoe North, CPC): Thank you, Mr. Chair.

Thank you to the officials for appearing.

I want to get a better handle on the process by which the asset is valued.

My understanding is that the entity that owns or controls the asset, CDEV, as a third party, provides a methodology. That valuation is then confirmed by an external auditor. My understanding is that the Auditor General's office looks at that valuation and enlists a third party external auditor to validate that valuation. Then, that number is rolled up into the government's balance sheet.

Do I have that about right? There are two external evaluations— an evaluation by CDEV and an evaluation by the Auditor General.

Mr. Greg Reade (Assistant Deputy Minister, Economic Development and Corporate Finance Branch, Department of Finance): Let me say it back to make sure we're saying the same thing.

CDEV has audited financial statements. A third party firm audits CDEV's financial statements, including its subsidiaries, which include the Trans Mountain Corporation. That can be subject to an Auditor General special examination, but it's not every year. It is available and can happen.

When the financial statements are presented and tabled, they represent that third party's audited financial statements.

Mr. Adam Chambers: Thank you very much.

You mentioned that the Auditor General's office may review that valuation. Could you confirm the last time it reviewed that valuation and signed off on it?

Mr. Greg Reade: They signed off this year.

In fact, my colleague just corrected me. The Auditor General signs off every year.

Mr. Adam Chambers: They sign off every year. Okay. I understand.

I would think, then, that it should be very unlikely that there would be a surprise writedown in valuation. If you have two external auditors plus the Auditor General's office plus CDEV, we should be very confident there won't be a surprise writedown in the future.

Is that correct?

Mr. Greg Reade: Yes. There was a significant amount of attention this past year on all of the financial statements, including the carrying value of this asset.

• (1215)

Mr. Adam Chambers: Okay.

My understanding is that the government has already written down the goodwill portion of that investment rate of about a billion dollars.

Mr. Greg Reade: That's correct, yes.

Mr. Adam Chambers: Okay.

What do you think should happen to ensure the integrity of the accounting process along the way? I'm concerned that we're going to be in a situation where something will happen and there will be a surprise writedown. I'm trying to understand how we can protect against a surprise for taxpayers. It sounds like we have a robust process.

If there is a surprise valuation, I'm wondering about accountability for the process.

Mr. Greg Reade: I don't have a comment on that.

Mr. Adam Chambers: I know you interface with the folks at CDEV very frequently. I think it would be nice to let them know that there are a lot of people looking at the valuation. Obviously, you understand and have mentioned that it's been highly scrutinized. If there is a surprise valuation, there will absolutely be accountability for that. Somebody will have to answer for why the government is holding an asset on its balance sheet for a longer period of time. External individuals have questioned the valuation of the government holding this asset on its balance sheet. It would be a very unfortunate circumstance for taxpayers and the integrity of our entire public accounting system if there is a surprise writedown in the future.

I'll leave that there, if that's okay.

I couldn't help but notice that the minister referenced the market analysis. I believe she said, "If you look at market analysis", we are very confident that we'll get repaid.

I guess my question would be, could you share that market analysis with the committee?

Mr. Greg Reade: You know, we have publicly available sources that have been cited even at this committee. There have been, you know, news articles. The fact is that, to date, we've been very focused with Trans Mountain on starting the operations of the pipeline. As I think you heard from Mr. Maki, there are a few uncertainties—

Mr. Adam Chambers: That's fair enough. I'm going to run out of time here, so I guess the question is.... The minister referenced a market analysis that she's seen. I'm asking if you could provide that market analysis that she was relying on to the committee—both public and private information that has flowed to the minister's office in a briefing note.

Mr. Greg Reade: We can follow up.

Mr. Adam Chambers: You can pretend that it's a freedom of information request, and you can redact whatever you like, but that would be very helpful if the minister is going to reference those materials.

My second and final question would be this: Is there an economic impact statement about jobs that might be lost with respect to the announcement today on the emissions cap?

Mr. Greg Reade: I might ask my colleagues.

Mr. Jeff Labonté (Associate Deputy Minister, Department of Natural Resources): The proposed emissions cap, I think, is going to be announced later today, according to the media aspects—

Mr. Adam Chambers: I'm just asking if you've done an economic impact analysis.

Mr. Jeff Labonté: You'd have to ask Environment and Climate Change Canada.

Mr. Adam Chambers: Finance isn't interested in the economic—

The Chair: We are at the end of the time for this round. Thank you. I hope we can pick that up later.

We will now go to Ms. Lapointe for six minutes.

Go ahead.

Ms. Viviane Lapointe: Thank you, Mr. Chair.

Mr. Reade, when we had the CEO of TMC here, he talked about being both a disciplined buyer and a disciplined seller. From your perspective, what do you think this means?

Mr. Greg Reade: There are a number of uncertainties facing the pipeline right now that, with a bit of time, will start to become more and more certain. As we know, evaluation of an asset like this involves a number of criteria for which a buyer will want more and more certainty and for which they'll be willing to pay more.

In particular, I would cite the tolls process that's under way at the CER; that will underpin the revenue stream that will come from this asset. More certainty around that will come with the conclusion of that process. I think that's a really important piece.

The track record of the pipeline—and it's been good so far—is important for a potential buyer to see some operations, over a peri-

od of time, that have occurred. The uptake on the spot capacity—the 20-year contracts of up to 80% of the capacity—are highly valued and certain for 20 years. However, to see how much above that is filled in the pipeline will also allow someone who might be interested in acquiring the pipeline to understand better what the value could be.

I think Mr. Maki is thinking of those factors and that, with a certain amount of time, that will become more certain and allow us to better understand the high value of the pipeline.

• (1220)

Ms. Viviane Lapointe: You mentioned that the CER will be reviewing this project. Can you give us a sense of when this will occur, the process around it and the parameters?

Mr. Greg Reade: Do you mean around the tolls process? Sure.

The CER does have available the projected timeline, but where we're at is.... There's a process to determine the interim tolls. There are a couple of milestones that are coming up with exchanging information. It's been going on for about a year now. In May, there will be a hearing that will be the culmination of the evidence that has been provided by the shippers, the users of the pipeline, and Trans Mountain's information back. In May, there could be, as an outcome of that process, a decision on interim tolls, or that would follow a month or two later. Then we would expect to very quickly move into establishing final tolls. That, then, really is a matter of the final auditing of the costs of the project because part of the toll methodology involves the cost of the pipeline. Parties would agree, and the CER would adjudicate that all the costs have been properly classified.

Does that answer your question?

Ms. Viviane Lapointe: Yes, it does. Thank you.

Mr. Labonté, the Minister of Natural Resources has talked about an indigenous advisory monitoring committee. Can you speak to what this is and what the role of this committee will be?

Mr. Jeff Labonté: Certainly.

There is an indigenous advisory and monitoring committee for the pipeline. Its inception was when the pipeline was first approved. That committee is composed of federal officials, indigenous communities throughout the pipeline route, and the CER. It focused its attention at first on reviewing the conditions that were set for the project to proceed. Then it focused on the monitoring of the operations of the existing pipeline because there was an existing pipeline; it was being twinned. Then it focused on the construction activities related to it.

Within the indigenous advisory and monitoring committee, there are subgroups related to, for example, marine shipping, emergency response, community engagement, and safety of the operations. There are different groupings of federal regulators and indigenous communities working together to kind of examine how the CER is looking at the pipeline, how the conditions are being met and when those are presented.

When the pipeline was approved, it had a set of conditions that had to be approved before it could actually proceed with construction and then, eventually, move forward with the opening.

That monitoring committee has now been in place, I believe, since 2017—so, for about six years. It was recently renewed in the budget so that it could continue its activities over the next number of years as the pipeline moves to operation.

Ms. Viviane Lapointe: This project is often spoken about in the context of energy transition. How is Natural Resources Canada supporting the energy transition in the form of renewable energy?

Mr. Jeff Labonté: With the department's work on energy, we work in a number of different ways. We have, for example, scientific laboratories and science and experts who are working on new technology to reduce environmental impacts, to reduce emissions, to decarbonize different parts of the existing energy system, as we know it, that's fossil fuel based. As well, we have people working on renewable energy and new renewable energy technologies, for example carbon management around carbon removal and carbon capture use and storage, along with programming to focus on transitioning to more renewable energy forms for electricity generation, as well as the work that happens with different provincial jurisdictions, whether it's in the electricity sector or in the oil and gas sector.

We work in a number of different ways. Sometimes it's through science and research. At other times it's through programmatic work, where we're sponsoring or providing funding to jump-start something to happen more quickly. At other times, moreover, we are working with communities that are actually consuming the energy for their own reasons, whether they be indigenous communities or much broader communities around electricity generation with provincial utilities, for example, or in the case of Alberta and Ontario—which have partly regulated markets—with private sector partners.

The Chair: Thank you.

We'll now go to Mr. Simard for six minutes.

[*Translation*]

Mr. Mario Simard: This question is for all of the witnesses.

I pointed out earlier to Ms. Freeland that she had said in 2022 that there would no additional public funding for the Trans Mountain pipeline. I also said that in 2022, the project cost was \$21 billion, while it is now \$34 billion.

Has there been any further public investment since then?

• (1225)

Mrs. Anne David (Director, Corporate Finance and Asset Management, Economic Development and Corporate Finance Branch, Department of Finance): Thank you very much for the question.

As you said, the finance minister announced in 2022 that there would be no further public funding for the pipeline and that the project would be completed using money from capital markets. Since then, Trans Mountain Corporation has set up a line of credit with the big banks in Canada and the United States. That capital market line of credit is funded by the banks, and Trans Mountain is the borrower.

Mr. Mario Simard: I will ask you the same thing I asked Mark Maki, from Trans Mountain: Can you provide the committee with a

document indicating the company's current financial structure, how the public funds have been invested, and what has been funded through the markets?

Mrs. Anne David: Yes, we can do that.

I want to point out that it is publicly available in the annual reports that Trans Mountain tables in Parliament, and in the summary of its business plan, which is submitted every year to the Canada Development Investment Corporation. In addition, the Export and Development Canada website indicates all the funding it has provided to Trans Mountain.

Mr. Mario Simard: I don't think the government can assume \$34 billion in risk without doing a profitability analysis. You probably have one; not having one would be irresponsible. I have heard about a profitability analysis done by TD Securities and BMO, but with an outlook of 100 years. It says that the pipeline will be profitable over 100 years.

Can you provide that kind of document to the committee, the profitability analyses you have done?

Mrs. Anne David: I will repeat what my colleague Greg Reade said in answer to one of your colleagues earlier: The finance department will look into this matter and provide an answer to the committee thereafter.

Mr. Mario Simard: Okay. Are you aware of the analysis done by TD Securities and BMO? Is the outlook 100 years?

Mr. Greg Reade: I don't think so, but we will follow up on that.

Mrs. Anne David: The outlook is not 100 years, but the department will follow up on that.

Mr. Mario Simard: Okay.

How do you explain the striking difference between the profitability analyses and the financial structure you had before you in your decision-making process and the Parliamentary Budget Officer's conclusions?

It will be updated in due course, but in 2022, the PBO said that, at \$21 billion, the project was not profitable. The PBO also said that the government's claim that the profits would be reinvested in clean energy was misleading.

The minister said earlier that, in her opinion, the project would be profitable. How can you explain this glaring difference between your analyses and those of the PBO?

[*English*]

Mr. Greg Reade: Maybe I can start with the question that the analysis undertaken by the PBO is a discounted cashflow analysis. I think we agree that is a way to start to understand the value of this type of project. It's very sensitive to assumptions, including discount rates and uptake or utilization of the pipeline. We'll be keen to look also at the revised report. We did see the previous report. I recall that the tolls also increased partly in response to cost overruns. There was a sharing, a cross-sharing of information.

I'd also just add that the ultimate value of the pipeline will be determined in the market, and acquirers will take into account factors well beyond this type of analysis. There could be value for different types of buyers, institutional buyers, pension funds, etc., or strategic. There may be value for their companies. There are other ways to think about valuation beyond those analyses.

• (1230)

[Translation]

Mr. Mario Simard: Thank you. You would agree with me, however, that it would be surprising for an update to show that a project was profitable at \$34 billion if a previous analysis showed that it was not at \$21 billion. We will see what the PBO has to say about that.

We have heard many times that all profits from the Trans Mountain project would be reinvested in clean energies. That is something Mr. Guilbeault said. I don't want to put words into your mouth or put you on the spot, but isn't that just a talking point rather than something that can really be done?

[English]

The Chair: Mr. Simard, we are at the end of time.

Can you provide a very brief answer to that.

Mr. Greg Reade: I can just say that the pipeline is on the cusp of returning funds, as it is just starting operations and filling. The moment is in the future.

The Chair: Thank you.

We'll now go to Mr. Angus for six minutes.

Mr. Angus, the floor is yours.

Mr. Charlie Angus: Thank you, Chair.

Mr. Reade, what is the connection between the TMX Corporation and TMP Finance?

Mr. Greg Reade: TMP Finance is a subsidiary of CDEV, the Canada Development Investment Corporation. It was created at the point of acquisition as an entity that could receive financing from the government. In the early start, there was an acquisition for financing and then the first part of the pipeline was built with direct financing from government. That was an entity that could receive the financing and then send it into the operating part of Trans Mountain. That was important so that we could preserve the commercial structure of Trans Mountain for an eventual divestiture. It also allows for full transparency for CDEV's reporting to show the financing that comes in and goes out.

Mr. Charlie Angus: Fair play. The financing came through TMP Finance, which makes sense. Where does the debt sit?

Mr. Greg Reade: You can think of it in terms of sources and uses. We have debt that was drawn from the Canada Account, at least for the first tranches. There's also debt sitting with the banks. That's then recorded on Trans Mountain's books.

Mr. Charlie Angus: Trans Mountain Corporation?

Mr. Greg Reade: Trans Mountain Corporation, which is consolidated up through CDEV.

Mr. Charlie Angus: How much debt do they have on their books?

Mr. Greg Reade: We can follow up with the financial statements.

Mr. Charlie Angus: Can you? What we've been told is that TMP Finance was basically a shell company that's holding the debt, which makes TMX Corporation look viable because the debt is being held by TMP Finance. Is that true?

Mr. Greg Reade: No. TMC records the debt that it holds. It has a combination of debt and equity. What was sent down from TMP Finance was sent down as both debt and equity. Again, this was to emulate a commercial structure and to try and create a commercial structure that could be divested.

Mr. Charlie Angus: Can you show us so that we know where the debt is?

Mr. Greg Reade: We can show you so you can see how its debt that came over and how it sits as debt and equity on Trans Mountain's balance sheet.

Mr. Charlie Angus: When TMC only charges the shippers 48% of what it costs, where does that extra 52% of the cost go?

Mr. Greg Reade: I need to—

Mr. Charlie Angus: Does that just sit up in the air?

Mr. Greg Reade: I don't think that's accurate.

Mr. Charlie Angus: That's what the Canada Energy Regulator told us.

Mr. Greg Reade: I think that's a quote from someone who provided input into a CER process, if I'm not mistaken.

Mr. Charlie Angus: We asked the CER, and they said that, yes, it was between \$11 and \$13 in subsidy per barrel at the present rate.

Mr. Greg Reade: The CER is—

Mr. Charlie Angus: I'm just wondering, because this is a commercial business that is operating and is supposed to be getting our money back. If we're going to cover 52% of the cost of every barrel shipped, on whose books is that going to be? Is it going to be TMP Finance? Is it going to be TMC? How does this work?

Mr. Greg Reade: The information I have in front of me does not suggest we are covering 52% of every barrel. In fact, the net income of Trans Mountain shows to be positive in the coming years when the cash flows start. The cash flows are sufficient to pay for operating costs, to pay for financing costs and to pay down some of the debt.

• (1235)

Mr. Charlie Angus: Okay, that's funny, because the Canadian... I expected that I would have been scolded by the Canada Energy Regulator for bringing false facts when I threw the number out there, and he said the numbers were accurate.

Mr. Greg Reade: I apologize. I can look more closely at the transcript, but what I saw was a quote from someone who inputted into the CER.

Mr. Charlie Angus: Are you saying then that the full cost is being covered by the shippers, or is the public covering it?

Mr. Greg Reade: To be more accurate, you need to understand that what the CER is adjudicating is a commercial agreement that is a formula on how to set tolls, so they are looking at that formula that was established prior to the government even owning the pipeline to understand whether it's still relevant. That is a market-based rate that appears competitive—

Mr. Charlie Angus: It should be.

Mr. Greg Reade: —within the market and seems to be returning money onto the balance sheets.

Mr. Charlie Angus: The Tsleil-Waututh Nation, which did an excellent report questioning the CER's decision, said:

A commercial enterprise operating on a commercial basis would not file an application that recovers less than half of the project's costs, nor would the CER approve such an application. Instead, a commercial enterprise would be applying to the CER for full recovery of project costs, and the CER would conduct a hearing on the prudence of those costs.

What we were told by the CER is that they would think a 50¢ increase was okay, but how is it that the CER approved a project that was not committed to the full recovery of costs? Who pays?

Mr. Greg Reade: I expect that when Trans Mountain has the chance to provide their information about the process that quote comes from, they will provide information to suggest otherwise.

Mr. Charlie Angus: We've also been warned and we are concerned, as West Coast Environmental Law did an interesting report. They accused you guys of “accounting magic”—I thought that was an interesting term—and that by setting up TMP Finance, you were also setting it up so that the minister could just erase the debt—that this shell company is there to hold the debt, and you would erase the debt—and then it would become a viable operation.

Have you gamed out the scenarios for erasing the debt?

Mr. Greg Reade: No. No debt has been erased.

Mr. Charlie Angus: I didn't say it was erased. I asked if you have gamed out the scenarios, because that's one of the scenarios behind the reason for having a shell company hold your debt: You could just erase the shell company, and, boy oh boy, suddenly it's a viable operation.

The Chair: Mr. Angus, your time is up. Thank you. If you want to provide a short answer, go ahead.

Mr. Greg Reade: No, we haven't gamed anything out.

The Chair: All right. Thank you.

We'll now go to our next round, and we'll start with Mr. Patzer.

Mr. Patzer, you have five minutes.

Mr. Jeremy Patzer: Thank you very much, Mr. Chair, and thank you to the officials for being here. I just want to quickly follow up with the Department of Finance on a line of questioning that my colleague Mr. Chambers had begun.

Can you confirm for this committee that the Department of Finance does not have jobs data in relation to the emissions cap that's about to be announced this afternoon?

Mr. Greg Reade: I don't have them in front of me, but the Department of Finance has access to the RIAS that will be tabled.

Mr. Jeremy Patzer: You have them and they will be tabled with this committee. Is that correct?

Mr. Greg Reade: I don't know. We're here to talk about Trans Mountain. I'm sorry I'm not prepared to....

Mr. Jeremy Patzer: Okay. Well, can you please table them with this committee?

Mr. Jeff Labonté: I think my colleague said the RIAS will be released with the draft regulations this afternoon. That's a publicly available document that talks about the economic impacts of the proposed regulation.

Mr. Jeremy Patzer: Okay.

When the minister was here, she said something quite fascinating in that she thinks she can get more than \$34 billion for the Trans Mountain pipeline. Do you have any study papers or documentation that would show it is possible to get more than \$34 billion for the pipeline?

Mr. Greg Reade: I mean we've already undertaken to provide you what we have, and so we will do that.

Mr. Jeremy Patzer: Do you have studies that show you can get more than \$34 billion for the pipeline?

Mr. Greg Reade: We'll have to look at all the studies that we have.

Mr. Jeremy Patzer: Okay. Was she right to say she can get more than \$34 billion for the pipeline?

Mr. Greg Reade: There will be a point in the future when this goes to market, and the market will decide on the value.

I think what I was trying to convey earlier was there are a number of things that will happen in the next couple of years that will be meaningful to understand the value of the pipeline when it eventually gets to market that we can't foresee yet. There are certain analyses that can be done. A cash flow analysis is one of them. We can look at and comment on specific assumptions and variables, but that's what we have at this point.

● (1240)

Mr. Jeremy Patzer: Really what we have at this point is pure speculation by the minister. It's not necessarily based on any hard facts and data, because we know the pipeline is not sellable at this point in time, right? For example, the CER hasn't finished coming up with the toll rate, but even with the toll rates the way they are, there's a lot of uncertainty around where this is going to land.

I think it's pretty wild that the minister would come in here and say she can get more than \$34 billion. Just one more time, do you have any data that shows it can be done?

Mr. Greg Reade: We have lots of data that we've undertaken to provide, and we will do that.

Mr. Jeremy Patzer: Okay.

I'll give it to both of you guys to answer this. I'll start with Finance. I want you to try this first.

Did the minister ever ask the department to figure out how to reduce costs for the pipeline during construction?

Mr. Greg Reade: Well, yes, and my hesitation is only because there are a couple of layers that were overseeing the project. The Trans Mountain board and management built a pretty significant project management team, and throughout the life of the project, especially at points of cost increases, there was quite a dialogue between government and Trans Mountain. There was a special third party committee created by the Trans Mountain board to challenge and test at that level the plans and the progress to see if there were any efficiencies to be gained all the way along. That happened again when it came into government to approve revised corporate plans and borrowing plans that enabled the increased borrowing to finish the pipeline. Treasury Board took quite a long look and challenged on efficiencies and whether there was any more optimization possible and really just to understand the drivers of the costs.

Does that answer your question?

Mr. Jeremy Patzer: Yes.

Natural Resources, were you asked how we can reduce costs?

Mr. Jeff Labonté: We're not responsible for the Trans Mountain Corporation. It's part of the Finance portfolio.

Mr. Jeremy Patzer: Okay. Thank you.

Was it ever brought to your attention about...? Again, we got to \$34 billion, which is a jaw-dropping number. The private sector proponent walked away at \$7 billion to \$10 billion. Was there ever an analysis done to compare if the government building it could be done cheaper than the private sector could have built it for?

Mr. Greg Reade: I'm not aware of one, but we can look.

There were certainly a lot of analyses along the way that took into consideration not only the costs that had already been sunk, but also what the expected economic benefits were from the pipeline. Beyond the costs, there are some fiscal advantages, some economic advantages to finishing the pipeline, which was also part of the calculation along the way. But a specific as you describe it, I can certainly look. There are probably pieces for sure.

Mr. Jeremy Patzer: Okay, thanks.

The Chair: Thank you.

We'll now go to Mr. Jowhari for the next five minutes.

Go ahead, Mr. Jowhari.

Mr. Majid Jowhari: Thank you, Mr. Chair.

Thanks to the officials for joining us today.

In my last line of questioning with Minister Wilkinson, I ran out of time, at least for him to respond to some of the regulatory uncertainties that played a key role in the delay, both from a timeline as well as the cost overrun.

Can you, Mr. Labonté, share with us what some of those uncertainties were and how it translated into dollars, as well as the timeline? What was the lesson learned? I'm sure our government is interested in building more nation-building projects. How would that help us?

Mr. Jeff Labonté: Thank you for the question.

There are a number of things that certainly added complexity to the project. One of them was the project decision being overturned by the court and the government needing to reconsider the project. In the reconsideration of the project, the government had to instruct the Canada Energy Regulator to re-examine the marine shipping, the environmental and safety aspects and all of the different components of the regulatory decision-making on the pipeline. At the same time, the court told the government it had not adequately consulted with indigenous peoples. The government had to reconstitute its consultation team to work and meaningfully engage and consult with indigenous peoples along the route of the pipeline.

Those things took more time because they added, I think, nine months' worth of examination by the CER, and it was close to 10 months, perhaps, for the government to reconsider indigenous consultation. Those two things happened in parallel. Doing so required a more thorough assessment of a number of the elements.

Of course, those come with benefits and they come with costs. The benefits would be a much more significant examination of marine shipping and the impacts of the proposed tanker traffic in the Salish Sea and the port of metro Vancouver area. There were much more sophisticated examinations on emergencies, species and a number of features.

At the same time, the consultations with the indigenous groups—128 of which happened with a team of federal officials from the Department of Natural Resources, Justice, Environment and Climate Change and Fisheries and Oceans—examined all of the different components that were raised as concerns by indigenous peoples.

Both of those things are examples of how it took more time and there was some regulatory uncertainty.

At the same time, the Province of British Columbia at the time had said it was opposed to the pipeline and wanted and expected a very different outcome. That was supplemented by the work the government did, as well as the consultations of indigenous peoples. It is something we've now carried on in other large, major projects, looking at that consultation using the benchmark the Federal Court of Appeal had, which was a meaningful and engaged two-way dialogue with indigenous peoples. That's been an important part of the reconciliation path for the federal government with respect to section 35 rights.

• (1245)

Mr. Majid Jowhari: Thank you.

Mr. Chair, at this time, I'd like to move that we resume debate on the abandoned well motion.

Thank you.

The Chair: Thank you, Mr. Jowhari.

Thank you to our witnesses.

We are resuming debate on a previous motion that was brought to committee.

Witnesses, I don't know how long this could take. It could be a—

Mrs. Laila Goodridge: I have a point of order.

The Chair: Yes.

I'm sorry. We have a point of order.

Mr. Jowhari, I'll get back to you in a moment, because you have the floor, but we have a point of order.

Mrs. Laila Goodridge: Thank you, Mr. Chair.

My understanding of process and procedure is that you don't just resume debate because someone has asked to resume debate. There actually has to be a process followed, as well as a vote.

It is timely that this government member doesn't want to hear this. We're here to talk about TMX. We have witnesses here. They want to shut down debate and get back to something that is an attack on our home province.

The Chair: Mrs. Goodridge, thank you for your point of order.

As Mr. Jowhari has brought forward a motion to resume debate, this will go right to a vote.

(Motion negatived: nays 6; yeas 5)

The Chair: We will go back to where we were with the questions.

We will go back to Mr. Jowhari. Go ahead.

Mr. Majid Jowhari: Okay, so we're back on TMX.

The Chair: Go ahead.

Mrs. Shannon Stubbs: Mr. Chair, how much time do we have?

The Chair: We have about a minute.

Mr. Majid Jowhari: Okay, great.

Now, let's go to Finance. We were talking about the processes and what might happen over the next couple of years that we need to take into consideration when we are positioned to be able to do the final evaluation. Can you talk about those elements?

• (1250)

Mr. Greg Reade: Chair, thank you for the question.

I think, first and foremost, is the conclusion of the tolls process that's in front of the CER right now. It's important for evaluation.

As I mentioned, just the track record of the operations, which have been going well so far, will be important for a potential purchaser to understand, as well as utilization of the pipe—so beyond the contracted amount, the spot amount in particular.

Mr. Majid Jowhari: My understanding is that the utilization is going to increase. There is some excess capacity, but utilization plan is to fully get to maximum capacity over the next couple of years.

Mr. Greg Reade: Yes, 100%.

Mr. Majid Jowhari: Is there a time frame for that?

Mr. Greg Reade: There isn't yet, but it's already starting to be used, and so we expect and hope that it fills quickly.

Mr. Majid Jowhari: Okay. Thank you.

The Chair: Thank you.

We will now go to Monsieur Simard for two and a half minutes.

[*Translation*]

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

Ms. David, I would like some details on the operation of the Canada Growth Fund.

At the outset, in 2022, the fund was created and entrusted to the Canada Development Investment Corporation, which owned Trans Mountain. If I understand correctly, in 2023, pursuant to Bill C-47, the fund was completely removed from the books, meaning that it is no longer subject to public scrutiny, if I am not mistaken. That means that neither the PBO nor the Auditor General can comment on it. I also understand that the Minister of Energy and Natural Resources intends to use the fund to finance the Pathways Alliance.

Is that correct?

Mrs. Anne David: Thank you for your question, Mr. Simard.

You are asking about the operating framework of the Canada Growth Fund. As you said, the government created the Canada Growth Fund in 2022 as a Crown corporation and subsidiary of the Canada Development Investment Corporation. The Canada Growth Fund is still a subsidiary of the Canada Development Investment Corporation.

In the budget implementation act of 2023, the government gave PSP Investments, the pension investment fund, permission to manage the funds of the Canada Growth Fund. That means that the Canada Development Investment Corporation holds shares in the fund, but the investments are made by the professionals at PSP Investments.

As to reporting, the Canada Growth Fund reports to Parliament through the Canada Development Investment Corporation. It tables its annual reports and business plans in Parliament through the corporation. One of its auditors is the Office of the Auditor General of Canada.

Mr. Mario Simard: Thank you.

In her testimony, the Minister of Finance stated that certain projects had been funded from the initial \$15 billion and that the fund therefore no longer included that initial amount.

Can you provide the committee with a breakdown of the amounts? Was any of that \$15 billion used to finance the Trans Mountain project?

Mrs. Anne David: Thank you for the question.

Yes, we can provide the committee with a list of investments by the Canada Growth Fund. I can confirm that no monies from the Canada Growth Fund were invested in the Trans Mountain project.

Mr. Mario Simard: Okay.

I would like to know more about the process. The growth fund does not use the same process that is generally used by the finance department to provide financial support for various projects. I understand the controls are different. Is that correct?

[English]

The Chair: Monsieur Simard, we are out of time.

[Translation]

Mr. Mario Simard: Okay. Thank you.

• (1255)

[English]

The Chair: Thank you.

We now go to Mr. Angus. Mr. Angus, go ahead for two and a half minutes.

Mr. Charlie Angus: Thank you, Mr. Chair. I turn it over to Mr. Morrice.

Mr. Mike Morrice (Kitchener Centre, GP): First of all, thank you, Charlie.

Before I turn to questioning the Finance officials, I want to start by.... I'm just bewildered by some of the testimony we've heard from the finance minister today. Her claim is that this project is about economic reconciliation. When we had the spokesperson for the Tsleil-Waututh Nation, whose community is directly affected by the pipeline, he called it "economic smallpox".

We just heard our finance minister brag about how the leader of the Conservative party of Alberta supports the project, when that party just passed a motion, days ago, questioning the most basic climate science about whether carbon pollution even contributes to the crisis that we are in.

We also had the finance minister tell us that this is a pipeline—a pipeline that's going to add 84 megatonnes of emissions—that is going to transition us to green energy. It feels like I'm in *Nineteen Eighty-four*. What we didn't hear is the reality that this pipeline is going to further cause our global emissions to continue to rise, when we're already hundreds of megatonnes ahead of our domestic emissions. What we didn't hear is that the UN Secretary General already told us that, "Investing in new fossil fuels infrastructure," at this stage of the crisis, is both "moral and economic madness".

It's that point that I want to ask Finance officials about, because we've yet to hear an answer on how many years would be required for this pipeline to operate. Separate from our children's future, the health risk of spills and the interests of first nations, even if we just look at the financial implications—which, to me, is absurd to begin with—media have been asking Finance officials, "How many years the pipeline would need to operate for?" PBO tells us that the 100 years being put forward is unrealistic. Their view is that a pipeline operates for only 40 years. Can the Finance officials tell us how many years this pipeline needs to operate for it to be commercially viable?

Mr. Greg Reade: Thank you for the question. I wish I had a direct answer, but let me try to unpack it.

Mr. Mike Morrice: I only have 10 seconds left, so if there's no direct answer, can Finance submit to this committee an answer to the question, specifically, how many years the project needs to be viable for, and can I ask that to be submitted within a week?

Mr. Greg Reade: Sure. I would just say that an asset can be commercially viable while it holds debt, as long as that debt can be serviced through the revenues. There are cash flows we project that will be generated from the pipeline, that will be able to operate to service the debt and pay down the debt.

Mr. Mike Morrice: Just to be very clear, what I've requested—and it's been said yes to—is how many years the pipeline has to operate for. That's the answer I'm looking for.

The Chair: Mr. Morrice, thank you. The time is up. I gave you the leeway to ask the question and to Mr. Reade to answer your question. We're at the end of the time and of that round.

Colleagues, we are approaching one o'clock. I just want to thank our witnesses today for taking the time out of their schedules to join us today at the committee.

Mrs. Laila Goodridge: I have a point of order.

The Chair: We have a point of order.

Mrs. Laila Goodridge: We started the meeting late, and now you are proposing that we're going to end the meeting early. I think that is absolutely ridiculous. We have time. We could do, at least, part of a third round. Mr. Chair, this is a pattern, your shutting down conversation on this important topic.

Mr. Ted Falk: Okay. Let's go.

The Chair: Look, we have two minutes each, if that's what committee members would like, but I do want to respect the time of our witnesses. We do have a minute and a half—

Mr. Charlie Angus: I have a point of order.

The Chair: Go ahead, Mr. Angus, on a point of order.

Mr. Charlie Angus: Actually, what really disrupted the entire meeting were the endless points of order by the Conservatives while the ministers were here. Instead of our getting to ask questions, we had to listen to a gong show.

We are at one o'clock. I think all of us have suffered enough. I certainly respect the chair, and I don't think the chair is trying to shut anything down. It is one o'clock, so I think we should adjourn.

The Chair: Colleagues, we are at the time.

Thank you to everybody for participating today.

Thank you to the witnesses for joining us and giving us their time.

Colleagues, the meeting is adjourned.

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