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# Standing Committee on Environment and Sustainable Development

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Chair: Mr. Francis Scarpaleggia





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• (1100)

[*Translation*]

**The Chair (Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.)):** Good morning, colleagues.

Today's meeting is about Canada's emission reduction policies.

Before we begin, I'd like to discuss a few administrative matters.

First of all, you received a draft budget for the information sessions on emission reduction policies. If I have your approval, I'll be able to sign off on the budget and we'll be able to proceed with our study.

**Voices:** Agreed.

• (1105)

**The Chair:** The budget is therefore adopted.

Next, you were asked to suggest witnesses to the clerk for the pre-study of Bill C-73, but so far, she's received only one name, if memory serves. I remind you to send her your suggestions.

Third, before we break for the holidays, we'll have to give the analysts some pointers and suggestions to guide them in preparing the draft report on sustainable finance. We'll be discussing this in person, but in the meantime, please send your suggestions as soon as possible to the analysts and the clerk as to what you'd like to see in this report. That will give them some assurance if, for some reason, the committee doesn't have time to discuss it in person.

Unfortunately, the minister won't be able to be here on December 4. What do you think about the following idea: instead of dealing with the supplementary estimates that day, we could have a meeting on the Net Zero Accelerator Fund, which we were supposed to examine on December 16. Is there agreement to move this meeting to December 4?

Seeing no opposition, that's fine, we'll have that meeting on December 4.

[*English*]

**Mr. Dan Mazier (Dauphin—Swan River—Neepawa, CPC):** Are the officials available?

**The Chair:** Yes, everybody is available, so we can slot that in for the December 4 meeting.

Without further ado, we have the pleasure of having with us our Canadian ambassador for climate change, Ms. Catherine Stewart. We have an hour with Ms. Stewart, which will begin with her opening statements.

Ms. Stewart, the floor is yours.

**Ms. Catherine Stewart (Ambassador for Climate Change, Department of the Environment):** Thank you very much, Mr. Chair, for the opportunity to appear before this committee today. I am very pleased to be joined by colleagues from the Department of Environment and Climate Change Canada.

To help frame this discussion, I'd like to begin by speaking about my role.

In August 2022, I was appointed by the Prime Minister to represent Canada as climate change ambassador. I am one of six climate envoys in the G7. In addition, many of our like-minded partners have appointed climate change ambassadors, including Denmark, the European Union and the Republic of Korea.

I work internationally to advance and defend our interests on climate change and to provide advice to the Minister of Environment and Climate Change and the Minister of Foreign Affairs.

I speak about the devastating impacts of climate change, demonstrating that Canada is not immune to its devastating impacts on health and security, but I also speak about the economic costs associated with extreme weather events, natural disasters and rising temperatures. I also speak about the significant investments and work that Canada is doing to address climate change and the economic opportunities that accompany a clean growth agenda.

To advance my mandate, I work in collaboration with several government departments, but most notably ECCC, Global Affairs and our embassies and representatives abroad. When it comes to reducing GHG emissions, my message is clear: Canada is taking action at home and has many solutions to offer.

I'd like to give you some examples of the activities that I undertake.

I am a champion of the global methane pledge, which is an initiative launched by the U.S. and the EU with the goal of reducing global methane emissions by 30% by 2030. As champion, I look for key opportunities to highlight Canada's leadership in methane reduction. I promote the federal government's strategy and I point to the significant expertise we have on offer, including companies that specialize in methane detection and reduction technologies.

I continue to advocate coal phase-out in the energy sector, sharing Canada's experience in a just transition, including in the Powering Past Coal Alliance.

I've been tasked with developing and advancing the global carbon pricing challenge, which was launched by the Prime Minister in 2021. Due to my efforts, there are now 18 countries, including the EU, that have joined this initiative.

When it comes to those hard-to-abate sectors, Canada co-chairs the cement and concrete breakthrough initiative, which brings governments and the private sector together to accelerate investments in decarbonization, given the demand for cleaner solutions. On several occasions, I have represented Canada to highlight how these partnerships are helping to advance critical abatement technology.

[*Translation*]

Canada also has an important stake in the transition to clean energy that is currently taking place. We have strategies in place, such as the management of carbon, hydrogen, and critical minerals, to seize the economic opportunities as countries move toward cleaner energy solutions and greater energy security. Again, I'm looking for opportunities for Canada to be invited to participate in high-level international discussions on these important topics.

My experience has shown that there's a genuine interest in what our country is doing to fight climate change. It's not just about what we're doing, but how we're rolling it out and how we're working across society, with provinces and territories and indigenous peoples, to develop and implement our climate change plans.

• (1110)

[*English*]

All of this activity helps us to push greater ambition forward internationally.

At UN climate conferences, or climate COPs, the momentum we achieve throughout the year plays out in key multilateral settings, so much so that at COP28 in Dubai last year, over 190 countries were able to agree to key mitigation commitments to inform our next climate targets and plans, including methane reduction, coal phase-down and the transition away from fossil fuels in the energy sector.

On the topic of climate COPs, I have just returned from Baku, Azerbaijan, at COP29, where I served as head of delegation for Canada when the minister was not able to be there.

Among my activities, I played a key role in helping to conclude difficult climate negotiations, including establishing a new collective goal of \$300 billion per year by 2035 for developing countries. Climate finance to support developing countries continues to be a key part of Canada's approach to addressing climate change. In my

role, I highlight our priority areas of focus and the initiatives we are advancing with our current contribution of \$5.3 billion over five years. Since 2017, Canada's climate finance reduced or avoided over 230 megatonnes of GHG emissions and provided 10.5 million people with increased resilience to climate change. Our climate finance helps build trust among nations as we work together to tackle this global challenge.

No one country can address climate change on its own. That's why, in my role, I seek to build partnerships and opportunities for co-operation. I help advance Canadian solutions and underscore the economic opportunities that can be derived from climate action and green transitions. This work is not easy, but it's critical in order to drive global action while demonstrating Canadian innovation and leadership.

I am now available to take your questions.

Thank you.

**The Chair:** Thank you, Ambassador Stewart.

We'll start with Mr. Mazier for six minutes.

**Mr. Dan Mazier:** Thank you, Chair.

Thank you, Ambassador and others, for attending here today.

Ms. Stewart, according to the Climate Change Performance Index released during COP29, Canada now ranks 62nd out of 67 countries on environmental performance.

Given that your mandate includes representing Canada internationally, do you take responsibility for this ranking?

**Ms. Catherine Stewart:** Thank you very much for your question.

One of the main reasons it's important for me to engage internationally is so that countries can respect where we're coming from. Unlike peer countries, Canada's emissions were on a steady upward climb before we introduced the 2016 pan-Canadian framework.

It's important to note what we've been doing to reduce those emissions. By talking about—

**Mr. Dan Mazier:** Excuse me, Ambassador. The question was pretty straightforward.

Do you take any responsibility for Canada now ranking 62nd out of 67 countries?

**Ms. Catherine Stewart:** Thanks for your question.

**Mr. Dan Mazier:** Do you take any responsibility, yes or no?

**Mr. Adam van Koeverden (Milton, Lib.):** I have a point of order, Mr. Chair. A bit of respect and decorum for our non-partisan officials would be appreciated.

**The Chair:** That is noted.

Go ahead, Mr. Mazier.

**Mr. Dan Mazier:** It's yes or no. Do you take any responsibility for this ranking?

**Ms. Catherine Stewart:** I take responsibility for explaining—

**Mr. Dan Mazier:** Thank you. That's good. You answered the question.

**Ms. Catherine Stewart:** —what Canada is doing on climate change internationally.

**Mr. Dan Mazier:** Thank you.

Ms. Stewart, according to Minister Guilbeault's department, your work includes advancing the Prime Minister's global pricing outreach.

When you visit countries around the world, do you ever encourage them to implement a carbon tax of their own, yes or no?

**Ms. Catherine Stewart:** One of my responsibilities is to advance an initiative called the “global carbon pricing challenge”. We now have 18 countries that have signed up for this challenge. They recognize the value of carbon pricing as a policy tool to help reduce emissions. At this past COP29, we welcomed three more members to the table: Uruguay, Finland and Nigeria.

• (1115)

**Mr. Dan Mazier:** Again, Ambassador, do you encourage countries to implement a carbon tax? It's just a yes-or-no answer.

**Ms. Catherine Stewart:** I am promoting the global carbon pricing challenge to illustrate the value of carbon pricing as one of the important tools Canada is using to help reduce emissions. I'm very pleased to see that more and more members have been joining this initiative at the leader level, including the EU, France, Uruguay and Finland, to help advance carbon pricing.

**Mr. Dan Mazier:** Ambassador, can you explain—

**Mr. Adam van Koeverden:** I have a point of order, Mr. Chair.

**The Chair:** Go ahead on your point of order, Mr. van Koeverden.

**Mr. Adam van Koeverden:** I hope we can encourage members to be kind and courteous to our witnesses, who have taken time out of their busy schedules to be here and share their insights with us today.

**The Chair:** I agree.

Keep in mind that the ambassador is not an elected political figure. That should be taken into account.

Go ahead, Mr. Mazier.

**Mr. Dan Mazier:** I guess, in this conversation, I had just asked you this: Do you promote a carbon tax and encourage countries to implement one? I think you referred to “carbon pricing”—a carbon

tax. We know it as a carbon tax here in Canada. That is our system. You promote that.

**Mr. Adam van Koeverden:** On a point of order, Mr. Chair, as the member opposite knows, the Supreme Court has already said that our carbon pricing is not a tax. He knows that very well.

**The Chair:** That's true, but it's not a point of order. It's a point of information or debate.

Go ahead, Mr. Mazier.

**Mr. Dan Mazier:** Actually, I believe I was just asking Ms. Stewart to confirm that she promotes the carbon tax to other countries.

**Ms. Catherine Stewart:** I would say there is a genuine interest internationally in the global carbon pricing challenge, and there are now 18 members that have signed up because they see carbon pricing as a valuable policy tool to reduce emissions.

**Mr. Dan Mazier:** Okay.

I have another question for you. According to reports, you charged Canadian taxpayers \$254,000 in travel expenses in less than two years on the job. During your travel, did you ever promote or discuss Canada's carbon tax?

Please answer yes or no.

**Ms. Catherine Stewart:** I was appointed climate change ambassador for Canada to engage internationally—

**Mr. Dan Mazier:** To do what, Ambassador?

**Ms. Catherine Stewart:** —and I take my responsibilities very seriously when it comes to travelling.

**Mr. Dan Mazier:** What did you do? Did you—

**Mr. Adam van Koeverden:** I have a point of order, Mr. Chair.

**The Chair:** Excuse me, Mr. Mazier. I think we need to give Ms. Stewart a chance to respond.

Personally, I don't see why, on either side, this is so complicated. The ambassador's role is to promote our approach to fighting climate change. I would imagine the ambassador—

**Mr. Dan Mazier:** It's an easy question.

**The Chair:** —promotes all the policies we have, including capping methane emissions.

Were you still answering, Ms. Stewart?

**Ms. Catherine Stewart:** That's right, Mr. Chair. I promote all of the policies Canada is implementing and all of the incentives we've been promoting in order to help address climate change.

**Mr. Dan Mazier:** That's all of the policies, including the carbon tax. Thank you.

When was the last time you travelled to Canada in your role as Canada's climate change ambassador?

**Ms. Catherine Stewart:** I was in Canada in September.

**Mr. Dan Mazier:** Where is your main office located?

**Ms. Catherine Stewart:** I am based in Switzerland.

**Mr. Dan Mazier:** There are media reports that you were in Paris and London for “carbon pricing outreach.” During those trips, you charged Canadian taxpayers over \$400 a night for hotels.

What is carbon pricing outreach?

**Ms. Catherine Stewart:** As I mentioned, my role as climate ambassador is to talk about what Canada does to address climate change, including promoting the global carbon pricing challenge. To give some assurance to this committee of how seriously I take travel, I would like to turn to our CFO, chief financial officer, who is at the table—

**Mr. Dan Mazier:** No, that's okay. I have one more question for you, actually.

**Ms. Catherine Stewart:** —and can talk about the rigour I go through in order to determine my travel.

**The Chair:** We're going to have to stop there, because the six minutes are up.

Mr. van Koeverden is next.

**Mr. Adam van Koeverden:** Thank you very much, Mr. Chair.

Thank you very much to our ambassador for being here today.

I apologize for what you've already had to endure, and I hope the members on this committee can conduct themselves with a bit more decorum when addressing you. The work you do is important and valuable, and I, for one, thank you for what you're doing to address climate change on the global scale.

We'll hear often that climate change is something Canada can't solve on its own, and we know that. We know we need to work with our partner countries. Canada's a small country. Our emissions are outsized with respect to our population, but they're certainly significant. We're also an oil-producing nation, so we have a strong leadership role to play, and I thank you for playing that leadership role on the world stage.

We know there are massive business opportunities on the global scale for Canada, as well as for foreign direct investment in our country. Can you talk to us about some of your office's work with respect to Canadian businesses operating in other countries?

I'd love a bit of perspective or insight on those 17 member countries you've helped to recruit in the effort to lower emissions. I'd love to hear a bit more about the three you recently recruited at the most recent COP.

Ambassador Stewart, from our side, thank you again for your extraordinary work and efforts.

• (1120)

**Ms. Catherine Stewart:** With regard to your first point, because we are an oil- and gas-producing nation, it's important to be out engaging in the world and talking about how Canada is helping to

drive clean solutions. We want to make sure that Canadian workers and businesses can benefit from the energy transition that's happening. A lot of investors and individuals are seeking cleaner solutions, so it's important that we're at the table, describing what we are doing to take ambitious action.

I'll just give you some examples on methane. Being an oil- and gas-producing nation, we are doing a lot to reduce emissions in methane in the oil and gas sector, with waste and landfill, and also in the agricultural sector. Countries are genuinely interested in hearing about our regulations, which we've put out in draft form, to reduce methane in the oil and gas sector by 75% by 2030.

Canadian companies have a big opportunity, because they are already reducing emissions and advancing innovative technologies to be able to do that, so it's important that we can talk about how we are reducing emissions and putting in place regulations to enable innovation in Canada, and putting in place a carbon price, which also enables innovation.

Companies are being recognized internationally—like GHGSat, for example, for its ability to detect methane and help companies reduce and capture that methane, because it does have an economic value to it as well.

Another example would be in nuclear energy. It's important for Canada that we're at the table internationally to talk about nuclear energy and the fact that it makes up almost 85% of non-emitting energy in Canada. That's an important draw for a lot of companies that have investors wanting them to seek cleaner solutions. They will now consider Canada more as an option. Our nuclear energy has a lot to offer, and there are a lot of business opportunities as other countries seek cleaner solutions. We have decades of experience in providing safe nuclear energy.

Those are just a couple of examples of areas where it's important to talk about what we are doing to help showcase Canadian innovation.

**Mr. Adam van Koeverden:** Thank you very much.

**Ms. Catherine Stewart:** You did ask about the global carbon pricing challenge. I don't know if there's time to speak to that.

**Mr. Adam van Koeverden:** What's the time at, Mr. Chair?

**The Chair:** There is about a minute and a half.

**Ms. Catherine Stewart:** Thank you for that.

We had three new partners join the global carbon pricing challenge at COP29: Uruguay, Finland and Nigeria. This now brings the total to 18 partners and friends who all want to share their experiences in implementing carbon pricing and want to learn from one another. That's what this opportunity is about. It gives that government leadership push and gives that visibility to carbon pricing. Other countries have caught on to this, and they're very interested in sharing experiences.

We've had various events that we've organized, one at COP29 and also one in New York during Climate Week, where we've had interest from the World Trade Organization and from different international organizations that are recognizing the value of this initiative to drive that awareness internationally.

• (1125)

**Mr. Adam van Koeverden:** Thanks.

Would you characterize our initiatives to lower emissions as a huge economic advantage in Canada?

**Ms. Catherine Stewart:** It is, absolutely. I think we want to make sure that Canada is not misunderstood. I think there are countries that think that we really are doing a lot on climate change, so it's important for companies that we talk about what we're doing and how we're doing it. We're inclusive. You know, [*Technical difficulty—Editor*].

**The Chair:** Did we lose the ambassador? Anyway, the time is up.

**Mr. Adam van Koeverden:** Thank you, Mr. Chair.

**The Chair:** Okay, that was the end of our six minutes.

**Ms. Catherine Stewart:** I'm back. I'm sorry about that.

**The Chair:** We're glad you're back with us here, because we lost you for a few seconds.

Madam Pauzé is next.

[*Translation*]

**Ms. Monique Pauzé:** Thank you very much, Mr. Chair.

Thank you, everyone, for being here.

Good afternoon, Ms. Stewart. It's been a long time since we crossed paths. I'm pleased to see you.

I'll begin my remarks by talking about Canada's poor performance in the fight against climate change. My colleague Mr. Mazier said earlier that, according to the Germanwatch environmental organization, Canada ranks 62nd out of 67 countries. Therefore, Canada can't boast.

You have international knowledge. You know that the United Kingdom's advisory committee on climate change produces a report every month. It recommends changes, the report is published, the work is publicized and there is transparency. Wouldn't that committee be a model for Canada to follow to improve its performance?

[*English*]

**Ms. Catherine Stewart:** I would like to turn to Vincent Ngan, who is at the table and can speak to that, please.

**Mr. Vincent Ngan (Assistant Deputy Minister, Climate Change Branch, Department of the Environment):** You have asked several times about the Climate Change Performance Index. There are caveats we would like to put forward and share with you.

Number one, that particular report assigns significant weight to renewable energy adoption, energy efficiency and climate policies. China, despite being the world's largest emitter, is doing relatively

well in renewable energy, while Canada is not engaging power generation—

[*Translation*]

**Ms. Monique Pauzé:** Excuse me for interrupting you, Mr. Ngan, but I was referring more specifically to the United Kingdom, because it's a country that can resemble ours, it must be said. I don't understand why we don't draw inspiration from it.

Having said that, I'm going to ask Ms. Stewart another question.

The European Union's greenhouse gas emissions decreased by more than 8% in 2023 compared to the previous year thanks to renewable energy. We're not talking about nuclear energy or anything else. Net greenhouse gas emissions are now 37% below 1990 levels, while GDP has increased by 68% over the same period. This shows the continued decoupling of emissions and economic growth. We can do both. The EU remains on track to meet its commitment to reduce emissions by at least 55% by 2030.

What about in Canada, with the increase in oil sands production?

[*English*]

**Ms. Catherine Stewart:** Certainly, when it comes to the U.K., Canada has partnered with the U.K. on many occasions. I would underline the Powering Past Coal Alliance, which Canada and the U.K., at the ministerial level, set up in 2017. It now has over 180 members, including governments, subnational governments, the private sector and investors.

That is an initiative that I feel has helped to gain momentum on the importance of coal phase-out. It contributed greatly to the COP28 outcome, which recognized the importance of phasing out coal.

That's just an example of how Canada has partnered with some key countries around the world to drive ambition. They've also joined us in the global carbon pricing challenge.

[*Translation*]

**Ms. Monique Pauzé:** Ms. Stewart, I don't want to talk about coal. I know that the coal phase-out agreement was signed when Ms. McKenna was in office.

I'm talking about the increase in oil production in Canada. We know that oil from the oil sands is about the most polluting in the world. So what is the future of this oil in a world where countries would respect the Paris Agreement and therefore have to reduce their oil consumption?

• (1130)

[*English*]

**Ms. Catherine Stewart:** When it comes to decoupling, it's important to note that Canada has also decoupled its economic growth from its emissions. We know we have more work to do in the oil and gas sector. The minister has introduced draft regulations to put a cap on oil and gas emissions, as I'm sure this committee knows.

We've also done a lot of work to introduce an assessment framework and guidelines to help eliminate inefficient fossil fuel subsidies. We're also working on a framework right now to reduce public funding for the fossil fuel sector. We have methane regulations in the oil and gas sector, which I've mentioned, with a reduction of 75% by 2030. We also have clean electricity regulations coming forward.

[Translation]

**Ms. Monique Pauzé:** I'll stop you there, Ms. Stewart. Let's talk about emission reductions.

It's said that, by 2030, oil and gas sector emissions would be reduced by around 35 % compared to 2019 levels. However, the base year for Canada is 2005, which means that Canada must aim to reduce its emissions by 40% to 45% by 2030 from 2005 levels.

Why are we asking the oil and gas industry to do less by 2030? Why don't we ask it to base itself on 2005 levels, as we do for all other businesses?

[English]

**The Chair:** Could we have a brief answer, please? You have about 30 seconds, max.

**Ms. Megan Nichols (Assistant Deputy Minister, Environmental Protection Branch, Department of the Environment):** Thank you very much.

I would just like to add that Canada's approach to reducing emissions does not assume that every sector has to reduce by exactly the same amount. We recognize that every sector has its own unique situation and challenges. That's why we have a combination of the carbon pricing system, which applies across the economy but includes an industrial pricing system that recognizes that certain sectors are more vulnerable to competitiveness issues and carbon leakage.

Then we also realize—

**The Chair:** Thank you.

**Ms. Megan Nichols:** —that additional policies are needed for the highest-emitting sectors, such as oil and gas and transportation.

**The Chair:** We have to stop there and go to Ms. Collins.

**Ms. Laurel Collins (Victoria, NDP):** Maybe I'll pick up there.

Each sector has its unique context. One of the unique contexts of the oil and gas sector is that they are making record profits. They are raking in billions of dollars. This government still seems comfortable handing out money to this sector while saying that they need to do less than other sectors. It's concerning.

Ms. Stewart, I don't hold you responsible for that. You are not crafting the climate policy. You are our ambassador. Like my colleagues before me, I am concerned that Canada has maintained its position of 62nd in this year's Climate Change Performance Index. We are rated as very low in the ratings for GHG emissions, for renewable energy and for energy use categories. Again, that's not something that I hold you personally responsible for; that's something that I want the government to step up and change their policies on.

My questions for you today are really about this new context that we're in. Canadians are rightly concerned about Trump's recent electoral win and what it means for future climate policy. Project 2025 has laid out a pretty clear plan to undo the environmental protection act. I am concerned about what it will do to undermine the Inflation Reduction Act pieces and what this means for the Paris Agreement.

From your perspective, given Trump's tariff threats and his rejection of climate science, and given that America is Canada's largest trading partner, what can the Canadian government do to reduce emissions with the urgency needed while remaining economically competitive in this new context of a Trump presidency?

**Ms. Catherine Stewart:** Thank you to the honourable member for her question.

When it comes to the transition in administration in the U.S., there is a team set up within government that crosses many government departments and that is analyzing and anticipating the changes that will come with the new administration. I don't want to speculate, and won't speculate right now, on what those changes will be and what that means. I will just let you know that there is a team in place looking at all of that and talking about responding to eventualities when they happen. I don't engage in that a lot in my current role.

• (1135)

**Ms. Laurel Collins:** Has it changed at all? Has your team been planning at all for that shift? Have there been conversations with this government team, or has your team been doing any work in preparation for the transition?

**Ms. Catherine Stewart:** I think a lot of my engagement is in plurilateral and multilateral settings. There are still many countries that are very committed to climate action and that want to hear from Canada.

To your earlier point about the fossil fuel sector, there is a genuine interest in hearing about Canada's experience and what we're doing. We'll continue to push on that and the policies that we are advancing.

We recognize the urgency of action and the need to engage globally and work on it together with global partners. We continue to have lots of global partners that want to work with us. That's the way I look at it as I do my forward planning.

**Ms. Laurel Collins:** One thing that came up at a number of the previous different COPs, including COP29, was the presence of oil and gas lobbyists and how the industry has played a big role at these conferences.

Do you see it as a conflict or contradictory that 28 Canadian delegates have ties to the oil and gas sector, when the goal of COP is really to reduce our global emissions and this sector is disproportionately responsible for those increasing emissions?



**Ms. Catherine Stewart:** I think from Canada's perspective, when it comes to our delegation for COP, we aim to have an inclusive and diverse delegation, because we believe everybody needs to be at the table. Everybody needs to be involved in the solution.

Provinces and territories put forward the representatives that they want to see on our delegation. We, as a federal government, pay for indigenous representatives and youth and civil society to come, because we feel their voice is very important, but there are also members of Parliament who come, and senators and so on.

**Ms. Laurel Collins:** I wanted to focus specifically on the oil and gas industry representatives.

Given their large numbers and the kind of disproportionate role that they play in these conferences and have in COPs in the past, and probably will in COPs in the future, do you think the COP might achieve bolder agreements if we didn't have that kind of disproportionate representation from this industry?

**The Chair:** Answer rapidly, please, Ms. Stewart.

**Ms. Catherine Stewart:** I think COP outcomes are what parties agree to, and I would just underscore that at COP28 last year, over 190 parties agreed to language that notes the need to transition away from fossil fuels in the energy sector, so we were able to accomplish quite a bit. Many countries, as they're preparing their climate plans, know what they need to do based on that outcome last year.

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

We'll go to our second round. I'll make it a four-minute and two-minute round because we're a little short of time.

[Translation]

Mr. Deltell, you have the floor for four minutes.

**Mr. Gérard Deltell (Louis-Saint-Laurent, CPC):** Thank you very much, Mr. Chair.

Good morning, colleagues.

Ambassador, I would like to pay my respects.

You're appearing before this parliamentary committee virtually today, and that's a very good thing. Why are you testifying here virtually when you've made more than 30 trips in the past two years, at a very high environmental cost?

[English]

**Ms. Catherine Stewart:** I am based in Switzerland. My spouse is posted here from Global Affairs Canada and I'm here as an accompanying spouse, so I didn't feel it was necessary to pay the cost to fly to Canada for this committee appearance, and I do take lots of virtual meetings in the course of my role as well.

[Translation]

**Mr. Gérard Deltell:** Okay, but the problem is that you visited five continents. You've travelled everywhere and the environmental footprint is very heavy. By the way, you are participating very correctly. I'd rather you were here virtually than cross the Atlantic twice to talk about the environment.

Why didn't you meet virtually more often instead of travelling 30 times? Your trips cost taxpayers over \$250,000.

• (1140)

[English]

**Ms. Catherine Stewart:** I do take many virtual meetings as well as engage in person. As Canada's climate ambassador, I have been asked to represent Canada internationally, so that is why I travel. It is part of my role. I take that responsibility very seriously. That's why I would like to turn to the chief financial officer, who is in the room and who can speak to the rules and the directives that I follow in my role.

[Translation]

**Mr. Gérard Deltell:** You say that you take this very personally. That's very good, and I commend you for that.

We talked earlier about the \$250,000, according to the National Post. What's your environmental bill for travelling more than 30 times across five continents? What did you personally pay in terms of the environment for those trips that you could have done otherwise?

[English]

**Ms. Catherine Stewart:** I would like to turn to our chief financial officer to also speak about public servants and the offsets that are made for public travel of public servants, please.

[Translation]

**Mr. Gérard Deltell:** Can you explain to me why, when you were in Canada, you travelled from Toronto to Ottawa, back and forth, by plane, when you could have taken the train and demonstrated your commitment to the environment?

[English]

**Ms. Catherine Stewart:** When I am invited to be somewhere, I do look at all the options, and sometimes it makes more sense.... Air travel, as you know, is faster than the train, but certainly I do take this responsibility very seriously.

[Translation]

**Mr. Gérard Deltell:** That's okay.

Do you have—

[English]

**Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.):** I have a point of order, Mr. Chair.

**The Chair:** Go ahead on a point of order.

**Ms. Leah Taylor Roy:** I'm wondering about the relevance of this line of questioning to the purported purpose for which we have these officials here. Rather than grilling them on their specific choices on transportation methods, I think we have some rather larger policy issues that we should be addressing.

Don't you agree, Mr. Deltell?

**The Chair:** It's within the frame of the discussion, because we're discussing emissions reductions. I would agree that we're narrowing in on a partial but nonetheless important aspect of a very broad issue, if I can put it that way.

It's Mr. Deltell's time.

You have a minute left.

[*Translation*]

**Mr. Gérard Deltell:** Just a moment, Mr. Chair, this is a point of order. I can speak to that.

[*English*]

**Ms. Leah Taylor Roy:** I'm sorry. Can I just say something else, Mr. Chair?

[*Translation*]

**Mr. Gérard Deltell:** I have one final comment.

[*English*]

**The Chair:** Mr. Deltell has a response to your.... It's not a point of order.

**Ms. Leah Taylor Roy:** It's on relevance.

**The Chair:** You called it a point of order, but—

**Ms. Leah Taylor Roy:** It's a point of order on relevance.

**The Chair:** Yes. It's a point of order on relevance.

**Ms. Leah Taylor Roy:** We're talking about the Government of Canada's 2030 targets for reducing greenhouse gas emissions. We're not talking about the ambassador's personal travel schedule.

**The Chair:** I know. I understand that. It is far from the core of the issue.

Mr. Deltell, would you like to respond to that?

[*Translation*]

**Mr. Gérard Deltell:** The ambassador's mandate letter reads in part, “[...] implement the Government of Canada's environmental policies [...]”.

Taking a plane instead of a train and attending meetings abroad on five continents, when that can be done virtually, is that consistent with the policies of this Liberal government?

[*English*]

**Ms. Catherine Stewart:** I would like to turn to the chief financial officer to talk about public servants' travel.

Thank you.

**The Chair:** Go ahead, Ms. Drainville.

[*Translation*]

**Ms. Linda Drainville (Assistant Deputy Minister and Chief Financial Officer, Department of the Environment):** Thank you for the question.

As you know, before travelling, every public servant is strongly encouraged to consider all available means and, depending on the reason for the trip, to determine whether virtual participation is possible or whether it is preferable to take the train or plane.

**Mr. Gérard Deltell:** Who bears the environmental cost: is it the person travelling or the government?

**Ms. Linda Drainville:** It's the government.

**Mr. Gérard Deltell:** In other words, we are easing our conscience by saying we can continue to travel around the world if we buy trees.

**Ms. Linda Drainville:** Naturally, the current government has a way of doing things, which includes purchasing credits to fill—

**Mr. Gérard Deltell:** What was the total amount of money that Canadian taxpayers paid for the ambassador?

**The Chair:** Mr. Deltell, your time is really up.

I will now give the floor to Mr. van Koeverden for four minutes.

[*English*]

**Mr. Lloyd Longfield (Guelph, Lib.):** Actually, I think it's me, Chair, please.

**The Chair:** It's all the same to me. If it's Mr. Longfield, go ahead, but I have Mr. van Koeverden on the list.

Go ahead, Mr. Longfield.

• (1145)

**Mr. Lloyd Longfield:** Thank you, Chair.

Ambassador Stewart, it's great to have you here to talk about more than micromanaging your expense accounts from our committee, which might not be the best use of our time for either of us.

On Friday, I was in the port of Hamilton with our Minister of Transport, Minister Anand, and with the chair of the agriculture committee, Kody Blois. We met with the shipping companies in the port of Hamilton and with P & H Milling. They were talking about record wheat crops coming into the port. It's terrific news from our farmers. They're doing an outstanding job of feeding the world.

We had a conversation around the use of biofuel on freighters. We don't often talk about freighter traffic. Usually, we're talking about trucks and cars. They were saying that the opportunity for biodiesel is a real opportunity for them. I was saying, “How about nitrogen? Have you looked at nitrogen?” I've done some work in the past on stationary nitrogen power units.

Where are we at in terms of helping shipping companies? They were going to Africa and the EU and they had customers in Belgium. They're going around the world with ships. Where are we at in terms of promoting biodiesel?

**Ms. Catherine Stewart:** Thank you for your question.

I'm not sure if Megan Nichols, who's in the room, is able to answer that question. Otherwise, I'd be very happy to follow up on it.

**Ms. Megan Nichols:** Certainly—

**Mr. Lloyd Longfield:** I think a follow-up might be good in terms of managing time, but thank you, Ms. Nichols, for being here. I would like to give a detailed response to the shipping companies involved, as well as P & H. They are working together to try to reduce their footprint. They are looking at emissions from oil and gas on ships as one of their opportunities.

You also mentioned methane and agriculture. There's the Guelph statement in Ontario. We're working on sustainable agriculture practices and reducing methane outputs on the farm, particularly from dairy cattle and other cattle. Could you comment on the importance of methane reduction initiatives to our agricultural communities, which are embracing these initiatives?

**Ms. Catherine Stewart:** Yes. Thank you very much for your question.

I've met with members from the agriculture community, and they are indeed embracing many new and innovative ways of trying to reduce emissions, including through enteric fermentation, looking at different ways of harvesting crops and managing livestock, tillage and so on. There's so much innovation going on.

The government has launched an agriculture methane challenge as an example of one way of helping farmers promote that innovation to something that can be quite scalable. We still have quite a bit of work to do in the agriculture sector on methane, but Canadian farmers are innovating and are trying to reduce their footprint.

This methane challenge is one program, but there are other programs that the government is advancing to try to help in that regard. We could follow up on that as well.

**Mr. Lloyd Longfield:** Thank you.

I was managing director of a Canadian division of a German company that was doing work on methane electricity production on the farm. Germany is a leader in that area; Canada is not so much.

Is part of your role transferring technology?

**Ms. Catherine Stewart:** Part of my role is also learning what technologies are out there, noting Canada's keen interest and, where possible, helping to connect companies to the solutions that are being asked for.

**The Chair:** Thank you.

**Mr. Lloyd Longfield:** Thank you for your work.

[Translation]

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

**Ms. Monique Pauzé:** Ambassador, Canada must present its determined contribution at the national level. I'd like you to tell me when it will decide its target for 2035 and when it will make it public. Do you have any idea?

[English]

**Ms. Catherine Stewart:** Thank you very much to the honourable member for her question.

I will turn to Vincent Ngan, who has been working on our NDC, to answer that question, please.

**Mr. Vincent Ngan:** Thank you.

It will be in 2025.

[Translation]

**Ms. Monique Pauzé:** Will it make it public in 2025?

[English]

**Mr. Vincent Ngan:** Absolutely. The NDC will be submitted to the UNFCCC, and then it will be made public accordingly.

[Translation]

**Ms. Monique Pauzé:** Thank you very much.

I have a question about the oil and gas sector. According to the International Energy Agency, energy-related CO<sub>2</sub> emissions must be reduced by 80% by 2035 in advanced countries, and all countries must contribute. Furthermore, the organization says that to achieve net-zero emissions by 2050, new oil and gas developments must be stopped. Why is Canada doing this?

• (1150)

[English]

**Ms. Catherine Stewart:** It's important to know that in my role I advocate for what Canada is doing to help reduce emissions in the oil and gas sector. There is also recognition that there will be a continued need for oil and gas. The IEA also says that there will continue to be a need in 2050, albeit a much reduced need.

It's important to be able to highlight what we are doing as a producer in driving down emissions in Canada.

[Translation]

**Ms. Monique Pauzé:** Ambassador, you know that the International Energy Agency also says that we must reduce CO<sub>2</sub> emissions by 80% by 2035.

What does the Intergovernmental Panel on Climate Change say about the greenhouse gas emission reduction potential of carbon capture and storage measures, and their cost compared with other emission reduction options?

[English]

**The Chair:** Answer very briefly, in 10 to 15 seconds if you can, because we're well over time now.

**Ms. Catherine Stewart:** I'm sorry. I didn't quite catch the question.

[Translation]

**Ms. Monique Pauzé:** What does the Intergovernmental Panel on Climate Change say about carbon capture and storage measures and, more importantly, their cost relative to other greenhouse gas reduction options?

[English]

**The Chair:** I feel like we're wasting time. You can have 10 seconds.

What does the International Energy Agency say about carbon capture and storage and the cost relative to other options?

**Ms. Catherine Stewart:** Thank you.

I don't have that information at my fingertips.

**The Chair:** Thank you.

Ms. Collins, go ahead.

**Ms. Laurel Collins:** Thank you, Mr. Chair, and thanks again, Ms. Stewart.

I want to quickly highlight the hypocrisy of Conservative members taking this tack on in-person versus virtual when they voted against virtual options for members of Parliament. Many of their members scoffed when climate concerns were raised.

While I appreciate, Ms. Stewart, that you are virtually attending this and I'm glad that you're aware and making choices each time and taking emissions into consideration, I do think that line of questioning kind of reeked of hypocrisy.

I want to ask you specifically about the emissions from exported Canadian oil and gas. We know that these emissions have skyrocketed. From 2012 to 2023, they increased by 58%. The environment commissioner's reports show that Canada isn't on track to meet its target of 40% to 45%, but these emissions are emissions that are undermining global efforts to reduce greenhouse gas emissions. Greenhouse gas emissions don't know borders, as I know you are aware.

Can you talk about these emissions that will come back to haunt us when we're exporting them? Isn't it in our interest to decrease our emissions from exports?

**Ms. Catherine Stewart:** I think it's in everyone's interest to reduce emissions in the oil and gas sector. That's why Canada is showing leadership internationally on this front. We were the first country to introduce a framework assessment against inefficient fossil fuel subsidies, as an example. We're also the first country to introduce an oil and gas emissions cap, and we have ambitious methane reduction regulations. There are many examples of things we are doing in the oil and gas sector, and it's important to underscore that.

**Ms. Laurel Collins:** It does seem like you were talking about emissions intensity before, when emissions intensity won't necessarily make a difference when it comes to what we're exporting.

If we're increasing our production and increasing our exports, even if we make that more efficient and maybe it helps us in our individual targets as a country, if we're exporting oil and gas, and we're increasing that and still continuing, even though—

**The Chair:** We have to go to Mr. Leslie now. I'm sorry.

**Mr. Branden Leslie (Portage—Lisgar, CPC):** Thank you, Mr. Chair.

Ambassador, I'd like to start with the international shipping industry.

Minister Guilbeault was quoted in the Toronto Star recently as saying that he was very supportive of the new proposed global carbon tax on international shipping. When he came to committee last week, he kind of pretended that he'd never said those words before.

I'm curious. Have you in your capacity been involved in any conversations with anybody within the government or the international

community about this new global carbon tax on international shipping?

• (1155)

**Ms. Catherine Stewart:** The Department of Transport manages our participation in negotiations at the IMO, the International Maritime Organization. I think they would be better placed to answer that question. I'm happy to follow up with more information on that.

**Mr. Adam van Koeverden:** I have a point of order, Mr. Chair.

**The Chair:** Go ahead, Mr. van Koeverden, on your point of order.

**Mr. Adam van Koeverden:** I'd like to provide Mr. Leslie the opportunity to correct the record on this misquote of the minister.

**The Chair:** Which aspect is that?

**Mr. Dan Mazier:** How's that a point of order?

**The Chair:** It's a point of debate.

**Mr. Adam van Koeverden:** We can't be misquoting ministers in the meeting.

**The Chair:** It's not a good practice. There should be corrections made. We'll have to wait until the Liberals' turn to correct the record. It's noted that you feel that the quote was not accurate.

**Mr. Branden Leslie:** I have a point of order.

I'd like to table a document from the Toronto Star that's titled, "Trudeau government backs talks for a levy on shipping to help developing nations fight climate change". In the byline, it says, "Environment Minister Steven Guilbeault says the federal government is 'very supportive' of talks to create a new levy on greenhouse gas emissions from maritime transportation".

I would like to table that with unanimous consent, Mr. Chair.

**The Chair:** I know people rise in the House and ask to table things. In committee, is there such a procedure as tabling documents?

You can send it to the clerk, and the clerk can get it translated and distributed.

Now we're going to continue.

You have three minutes left, Mr. Leslie.

**Mr. Adam van Koeverden:** Might I respond to that, Mr. Chair?

**The Chair:** No, I'm afraid you can't, Mr. van Koeverden.

We'll go to Mr. Leslie for three more minutes.

**Mr. Branden Leslie:** Ambassador, in your capacity—and I appreciate that Transport Canada may be the lead through the International Maritime Organization—on the sidelines of perhaps the recent COP or any other conversations you've had, has this ever come up?

**Ms. Catherine Stewart:** Reducing emissions—

[Translation]

**Mrs. Sophie Chatel (Pontiac, Lib.):** Mr. Chair, I have a point of order.

[English]

**The Chair:** I'm sorry; I have a point of order.

[Translation]

**Mrs. Sophie Chatel:** My colleague Mr. Leslie asked if he could table a document—

**The Chair:** He asked if he could table a document with the committee, but I told him that, to do so, it must first be translated into both official languages. If he wants to share that with the committee, he'd have to send it to the clerk, who would be happy to—

**Mrs. Sophie Chatel:** He did that before the point of order.

**The Chair:** —have the document translated and sent to all members.

**Mrs. Sophie Chatel:** Okay.

With regard to this point of order for which we've asked to table documents, I'd also ask that we table the analysis of 300 economists for whom carbon pricing is the best way to transition to a low-carbon economy.

**The Chair:** If you want to table that document, we'll distribute it.

**Mrs. Sophie Chatel:** That's fine. Thank you, Mr. Chair.

[English]

**The Chair:** Go ahead, Mr. Leslie.

**Mr. Branden Leslie:** I think I am over a target here that the current government doesn't really want to talk about.

I'll let the ambassador finish her response.

**Ms. Catherine Stewart:** I engage in conversations about reducing emissions in every sector, because we're in a climate crisis, and the world needs to do more across the board. Whether it's the oil and gas sector, the agriculture sector, methane, shipping or aviation, the conversations are happening globally everywhere so that we can do more.

I know that Megan Nichols, who is at the table, could speak a little bit more about the International Maritime Organization in particular.

**Mr. Branden Leslie:** Go ahead, Ms. Nichols.

**Ms. Megan Nichols:** I'm happy to do so.

The International Maritime Organization has been working for a number of years now to identify potential pathways for the international shipping sector to reduce its emissions. It's one of the highest emitters in the transportation sector, and very challenging to decarbonize.

One of the options being discussed at the IMO is a carbon levy, along with the concept of a low-carbon fuel standard. These are live discussions that are happening, and Canada is participating in them.

**Mr. Branden Leslie:** Obviously, Canada is supportive if it is participating in this.

Has there been any reflection, as part of these conversations, on the economic impact for Canadians who are already struggling?

**Ms. Megan Nichols:** All countries that are IMO members participate in the discussions, regardless of their position on this particular concept.

In terms of economic impact, that is indeed part of the assessment among all the different options on the table at the IMO. They are looking at the impact on states, including countries on the path of development.

• (1200)

**Mr. Branden Leslie:** Ambassador, as outlined by the parliamentary environment commissioner, the Liberals are failing to meet their emissions target. In fact, they have the worst record in the G7, despite having a punishing carbon tax that is driving up the cost of everything and making us less competitive. The U.S. is ranked above us, but they don't have a carbon tax.

How is it possible they have a better track record than Canada?

**Ms. Catherine Stewart:** Thanks for your question.

We have very good relationships with G7 colleagues who want to hear about Canada's experience. They know not everything is easy. It wouldn't be called "ambitious" if it were easy. I think it's important to share our experience and learn from each other.

**The Chair:** Thank you.

**Ms. Catherine Stewart:** Canada has a unique situation, being who we are.

**The Chair:** Thank you.

We're going to Ms. Chatel for four minutes.

[Translation]

**Mrs. Sophie Chatel:** Thank you very much, Mr. Chair.

Ms. Stewart, in 2024, global energy investments are expected to hit a record \$3 trillion. The direct positive correlation between a company's environmental performance and its attractiveness for these investments has often been demonstrated. A reduction in greenhouse gases by a company is often seen as a positive signal to investors.

Earlier, I heard my Conservative colleagues say that we should no longer be talking about global carbon pricing. I have bad news for them. The world is making it a priority for economic reasons and business opportunities. In March 2024, more than 300 Canadian economists signed an open letter in support of a carbon pricing policy in Canada. They noted that carbon pricing reduces emissions "at a lower cost than other approaches." Perhaps the Conservatives have no interest in attracting foreign investment to Canada, which would be terrible for our economy.

Tell us about the huge business opportunities that our Canadian companies have with our climate policies.

[English]

**Ms. Catherine Stewart:** Thank you very much for your question.

It's definitely clear that there are many economic opportunities out there for Canadian companies innovating in clean tech and cleaner solutions. It is true that investors are interested in investing in cleaner solutions, which is one reason that we are leading on the cement and concrete breakthrough. It brings governments and businesses together to work on how they can advance abatement technologies, because there are huge economic opportunities there. By bringing the two together—government and businesses—we can make sure we are promoting the right policies. Carbon pricing has been one of them.

As an example, when we had Heidelberg Materials at a recent event in New York, they underscored the importance of carbon pricing and the predictability it provides for investments that the cement and concrete sector is making.

There are other examples I could provide, but I will leave it there.

[Translation]

**Mrs. Sophie Chatel:** All international organizations, including the United Nations and the Organisation for Economic Co-operation and Development, are discussing how best to transition to a green economy and attract those investments to their member countries. Does that surprise you?

[English]

**Ms. Catherine Stewart:** I'm not surprised that there's a lot of work being done to highlight the economic opportunities that exist with greener solutions. I think many companies out there will underscore the opportunities that have been open to them because they've been able to show how they can produce things in a cleaner way. I think Canada also—

[Translation]

**Mrs. Sophie Chatel:** Are you surprised that my Conservative colleagues are trying to prevent people from talking about one of the best policy tools to attract those investments to the economy of tomorrow?

• (1205)

**The Chair:** Ms. Stewart, you're lucky, we're out of time. Thank you for being here. We were pleased to connect with you and meet with you virtually.

I'd also like to thank representatives from the department who were with us this morning.

We're going to take a short break before welcoming one of our witnesses by video conference for the second hour.

• (1205)

(Pause)

• (1205)

[English]

**The Chair:** Welcome, everybody, to our second panel.

We have Mr. Normand Mousseau on the line.

[Translation]

He's a professor at the Institut de l'énergie Trottier and at the Université de Montréal. I can also tell you that the sound tests have been successfully completed.

[English]

From the Canadian Climate Institute, we have Dale Beugin, executive vice-president.

Then from the Canadian Taxpayers Federation, we have Devin Drover, Atlantic director and general counsel, who is accompanied by counsel or support staff.

From Environmental Defence Canada, we have Julia Levin, associate director, national climate.

We'll start with Mr. Mousseau for five minutes online.

Mr. Mousseau, go ahead, please.

• (1210)

[Translation]

**Mr. Normand Mousseau (Professor, Institut de l'énergie Trottier, Université de Montréal, As an Individual):** Thank you, Mr. Chair and honourable members.

The Commissioner of the Environment and Sustainable Development's reports on Canada's progress in reducing greenhouse gas emissions show that, while real progress has been made in recent years, it won't be enough to achieve the legislated targets for 2030 and 2050.

Moreover, those analyses are consistent with the results of the technical-economic modelling presented in the third edition of our "Canadian Energy Outlook". That report, published every three years, assesses the impact of existing measures in the context of a reference scenario and compares those results with the changes needed to achieve net-zero emissions by 2050.

The results of our work are as follows.

First, when you look at the clean electricity regulations and the zero-emission vehicle regulations, which are proposed but not yet adopted, our modelling shows that, for the first time, a reference scenario where greenhouse gas emissions are projected to decrease in Canada from 2005 is possible. In fact, instead of the 3% increase that was projected three years ago, we see a 14% reduction in emissions by 2030 from 2005, and a 25% reduction by 2040, again from 2005.

Nevertheless, when we observe the gap between our net-zero scenarios and the reference scenario for 2030, we come to the conclusion that it will, in fact, be impossible to achieve Canada's 2030 targets.

If we really want to achieve net-zero emissions by 2050 and make major changes, we must take longer-term measures now.

Another important aspect must be taken into account. Although federal efforts on zero-emission vehicle regulations overlap with those of the provinces, the bulk of structuring efforts for decarbonization come from the federal government. The provinces are making very little structural effort in this area. Given that energy is a provincial jurisdiction, it will be impossible for Canada to go much further unless the provinces make a real commitment.

Finally, we don't see how the industrial carbon market as it is currently set up could lead to significant emission reductions in the industrial sector. Other regulatory measures will be needed, among other things.

So our advice is similar to that of the Sustainable Development Commissioner.

In our view, one aspect isn't being addressed. Part of the problem that is slowing down implementation of the measures is a lack of cooperation from the provinces, as well as a lack of cooperation among the federal political parties. This forces the federal government to work much harder to develop regulations that will be court-proof, or that could survive changes in government. When we look at what's being done abroad, things work when all the political parties at least agree on the major objectives, which enables decarbonization to move forward.

One aspect that I feel is important and that I'd like to emphasize is that efforts have been made to improve modelling as a result of recommendations made by the Sustainable Development Commissioner in a previous report. Among other things, there's been collaboration among the federal Department of the Environment and the Energy Modelling Hub, an organization managed by the Institut de l'énergie Trottier at Montreal's École Polytechnique, the Institute for Integrated Energy Systems at the University of Victoria, and the School of Social Studies at the University of Calgary. So we are working to better understand the models and improve their quality. Things are moving in that direction.

If we want to speed up the transition, unless the provinces follow suit and commit to real cooperation, the federal government must really work on the environmental side, particularly by tightening important environmental standards. It must also develop sector-specific reduction strategies and a carbon budget, which can be defined in several ways. It can also support large-scale pilot projects to test transformative technologies in heavy transportation, carbon capture and sequestration, and other industrial processes. We think that's the only way we can move forward in this area.

• (1215)

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

[*English*]

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

**Mr. Dale Beugin (Executive Vice President, Canadian Climate Institute):** Thanks very much, members of the committee. Thanks for your time.

I'd like to make four points today.

First, current policies, both provincial and federal, are working. The Climate Institute's independent analysis uses economic mod-

elling to show that absent federal, provincial and territorial climate policies in place since 2015, national emissions would be on track to be 41% higher in 2030 than they otherwise would have been.

Trends in current emissions reinforce those findings. The institute's new early estimates of national emissions show that current emissions are around 7% below 2005 levels. Since 2017, shifts towards lower-carbon sources of energy have reduced annual emissions by 50 megatonnes. Improvements in energy efficiency have reduced emissions by 62 megatonnes. These reductions are greater than increases in emissions from growth in the economy, showing that Canada is decoupling growth of the economy from growth in emissions.

Second, swift policy implementation is a priority, both for competitiveness and for emissions reductions.

Achieving the full potential of policies not yet finalized requires implementing those policies pretty quickly. Policies take time to affect emissions. As the commissioner of the environment and sustainable development noted, slower implementation of planned policies will decrease emissions reductions in 2030.

Implementation also matters for competitiveness. Policy certainty—for example, on the details of investment tax credits—increases investment. It seems likely that at least some elements of the Inflation Reduction Act will be maintained in the United States. Canadian climate policy can help Canada attract investment to drive new sources of economic growth.

Third, ensuring that existing policies are working—especially industrial carbon pricing—is critical.

Climate Institute analysis finds that large-emitter trading systems, otherwise known as industrial carbon pricing, are Canada's most important climate policy, delivering up to half of the emissions reductions expected in 2030 from the main policies in the federal emissions reductions plan. That's about three times the emissions reductions, for example, expected from the consumer carbon tax. Examples of these large-emitting trading systems include Alberta's TIER program, Quebec's cap and trade system and the federal backstop.

When designed well, these trading systems drive both emissions reductions and competitiveness. These systems protect the competitiveness of existing industries while maintaining incentives to reduce emissions. Carbon credits also provide essential revenue for low-carbon projects, such as carbon capture and storage, clean electricity or clean steel, helping them to attract private investment.

These systems will only deliver these benefits if they're working as designed. Our analysis suggests that some credit markets are currently unbalanced in these systems. Excess supply of credits can devalue carbon credits, undermining their ability to help attract private investment and reduce emissions. Insufficiently stringent performance standards are one issue leading to more supply and less demand for carbon credits. Monitoring and updating policies over time can ensure they deliver on emissions and competitiveness benefits.

Fourth, addressing interactions between policies matters for efficacy, for cost effectiveness and for competitiveness.

In some cases, different policies overlap in terms of the emissions they cover. Governments should assess and manage those interactions carefully. Policy interactions mean that additional policies don't necessarily drive the same scale of additional emissions reductions they deliver on their own.

For example, policies such as investment tax credits can enable new low-carbon projects, but at the same time they make it easier to generate credits in those large-emitting trading systems, increasing the supply of credits and decreasing demand, thus depressing the effective price of carbon and the emissions reductions from industrial carbon pricing.

Those policy interactions also risk increasing overall costs, potentially increasing higher-cost emissions reductions but decreasing lower-cost emissions reductions.

Policy interactions can also undermine competitiveness by creating uncertainty about future credit prices. Attracting investment for large low-carbon projects depends not just on current prices for carbon credits but also on expected future prices. Interactions increase the risk that future carbon credits will have lower value.

Governments can address policy interactions either by streamlining policy packages or by explicitly accounting for interactions and adjusting policies to compensate.

To conclude, overall, delivering on emissions reductions in Canada is not a pass/fail test. Current policies are working, but we are short of the target. More stringent and more coherent policy packages with more policy stringency will drive more emissions reductions and more private investment.

Thank you very much.

**The Chair:** Thank you.

We'll go now to Mr. Drover.

• (1220)

**Mr. Devin Drover (Atlantic Director and General Counsel, Canadian Taxpayers Federation):** Thank you for the invitation to be here today.

My name is Devin Drover. I'm the general counsel and Atlantic director for the Canadian Taxpayers Federation. I'm here today on behalf of thousands of Canadian taxpayers who want to see the carbon tax scrapped.

This is for three key reasons. First, the carbon tax makes life too expensive. Second, Canadians should not be punished for the ne-

cessities of life, like driving to work or getting groceries. Third, the carbon tax is ultimately not working.

First, let's talk about that cost to Canadians.

It's currently \$80 per tonne, which adds 18¢ to a litre of gasoline, 21¢ to a litre of diesel and 15¢ to a cubic metre of natural gas. If you look at this, you see that it costs about \$13 extra for someone to fill up a minivan, \$20 extra to fill up a pickup truck and about \$200 extra to fill up a big-rig truck with diesel.

Let's talk about truckers. Nearly everything we need is brought by truck. This is nowhere more true than in my home province of Newfoundland and Labrador, where food is delivered by boat to the island's west coast and then trucked 900 kilometres to the island's east coast, where most of the population is. When you charge a carbon tax of 21¢ per litre on diesel, you are charging more for everything. The Canadian Trucking Alliance says that the federal carbon tax will cost that industry about \$2 billion this year.

It's not just about the truckers. Let's talk about farmers, who grow the food the truckers bring. They pay the carbon tax on fuels they use to heat their barns, dry grain and keep livestock alive through the very cold winter. The Parliamentary Budget Officer says that the carbon tax will cost Canadian farmers \$1 billion by the year 2030.

I'd like to use this opportunity to briefly thank the members of the Conservative Party, the NDP and the Bloc for voting to exempt farm fuels from the carbon tax. I understand the bill has been gutted by the Senate—the unelected Senate, but that's a matter for another day—and sent back to the House.

Let's talk about home heating. We live in a very cold country, and heating our homes is essential for survival. The government admitted that this is a problem when they exempted—for political gains, one would argue—certain fuels, predominantly benefiting Atlantic Canadians, while across this country, people are still struggling to heat their homes and did not receive any form of exemption. For example, the average Alberta household will pay about \$440 extra for home heating this winter. It's no surprise there's a constitutional challenge launched in Alberta to these exemptions.

We wish this government would consider the position of the late leader of the NDP, Jack Layton, who opposed putting a carbon tax on home heating fuels because ultimately it is wrong.



Second, let's talk about affordability. Canadians should not be punished for the basics of life, driving to work and heating their homes. They have, in most cases, no other choice but to do those things, yet about half of Canadians are within \$200 of not being able to make the minimum monthly payments on their bills. These people are scraping by. We're hearing from them every day. We're receiving letters and emails from supporters who are being pulled into difficulty by this carbon tax.

We can go back again to the recent PBO report, which shows that the carbon tax will cost the average household about \$400 extra this year and more than \$900 by the year 2030, and that's with the rebates factored in. Despite what the Prime Minister said in Brazil, I think those families who are in survival mode rightly value feeding their children over paying his carbon tax.

Last, the carbon tax is not working. In British Columbia, the place in Canada where this tax was first brought in, the government promised a 33% reduction in emissions below 2007 levels by 2020. Instead, emissions went up by more than 2%. In 2021, the federal government said it would reduce emissions by 40% to 45% below 2005 levels, and the data have clearly shown that this is not happening. We went up in emissions.

Overall, this carbon tax experiment is a failure. It is causing huge financial pain without the promised environmental gain. It's making life too expensive. Canadians should not be punished for driving to work and heating their homes. Ultimately, it's not working. Therefore, on behalf of thousands of Canadian taxpayers, we are here today to ask the government to scrap this carbon tax.

Thank you.

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

Ms. Levin, you five minutes maximum, please.

**Ms. Julia Levin (Associate Director, National Climate, Environmental Defence Canada):** Thank you for the invitation to appear before you today.

Although Canada has begun to bend the curve on emissions, we know we're not achieving the pace and the scale needed to hit our current targets, which are themselves insufficient and which do not represent Canada's global fair share of efforts.

One of the main reasons for this lack of progress is pressure from oil and gas executives. While other sectors, especially electricity, have been able to reduce their pollution levels, oil and gas emissions keep rising. In fact, the sector now represents nearly a third of our domestic emissions, despite making up only 3% of Canada's GDP, 0.7% of jobs and 0.7% of national revenue.

These executives spend a considerable amount of time and energy attacking climate progress. In 2023, the industry lobbyists registered 1,255 meetings with the federal government, averaging out to five times per work day, and that's only what's in the federal lobby registry. That's why new rules to cap carbon dioxide and methane emissions from the oil and gas industry are so crucial.

However, the current design of the proposed draft regulations will not drive the necessary emissions cuts. Essentially, the rules only ask companies to do what they've publicly said they can. Although it's essential to have that backstop because industry has nev-

er lived up to any of its voluntary commitments, we know that deeper cuts are necessary.

The government's emission reduction plan indicated that in order to reach Canada's target, emissions from the oil and gas industry would need to fall to 42% below 2019 levels. The proposed regulations, when you discount the compliance flexibility and the loopholes, would only drive down emissions by less than 30%, and far less if the assumed emission reductions between now and 2026 don't materialize. In fact, ECCC estimates only a 13.4-megatonne reduction from these rules, from a sector producing over 200 megatonnes yearly, so stronger rules are needed, and more importantly, they must be implemented urgently.

We know that tackling the climate crisis requires replacing fossil fuels with renewable energy. Though this is no small task, the good news is that renewable energy trumps fossil fuels on every level: price, reliability, ease of deployment and job growth opportunities. Renewable energy with battery storage is now a cheaper way to produce electricity than fossil fuels. That's why global renewable energy installations grew by 50% around the world last year alone.

Despite these advantages, Canada is falling behind the rest of the G20 in terms of deploying renewable energy and batteries. That's why the proposed clean electricity regulations are crucial, but the final rules must actually displace fossil gas from the grid.

The clean electricity regulations will provide system operators, power producers and investors with the certainty that Canada wants in on when it comes to the clean energy transformation. In addition to these regulations, the federal government has a role to play in facilitating the build-out of a clean energy grid by investing in transmission infrastructure.

In addition to electrification, an expanded focus on energy efficiency is required. The federal government has a role to play in making our lives, our homes and our industries more energy efficient. Energy retrofits have the additional benefits of lowering household bills and of making our homes more comfortable.

The science is clear. Existing levels of oil and gas production will lead us to a catastrophic future. This is the reason that at COP28 last year, all of the world's countries agreed to transition away from coal, oil and gas. At the very minimum, governments must stop facilitating the expansion of the industry. For the Government of Canada, that includes finally ending the provision of subsidies and public financing to oil and gas companies. Though Canada has taken some steps on this, the action to date has not translated into significantly lower levels of financial support, which surpassed \$18 billion last year.

The government is currently developing new rules to address public financing from Crown corporations, but there is concern that these might be too full of loopholes to actually turn off the taps. We also must ensure that we are being vigilant against the dangerous distractions that will do nothing to reduce emissions but will make it easier for oil and gas production to expand, especially carbon capture in the oil and gas sector, and blue hydrogen.

As a climate advocate, obviously my focus is on tackling the climate crisis, but transitioning off of fossil fuels is just as much about affordability. Climate solutions like electrified public transit, heat pumps and energy retrofits mean cheaper bills for Canadians. They have saved Canadian families thousands of dollars. Of course, government funding is a necessary enabler for families to access those savings. It's also about ensuring Canada's competitiveness.

• (1225)

When we hear arguments on the need to be the country that sells the last barrel of oil, that's like arguing to be the last Blockbuster to rent videos. Why are we so resistant to building an economy that can thrive in the future?

Regardless of what we do in Canada, demand for oil and gas is going to peak before 2030 and decline significantly thereafter—

**The Chair:** Unfortunately, Ms. Levin, we've run out of time.

We're going to go to the first round of questions. I'm going to make it a four-minute round, and the second round will be a three-minute round so that we can finish on time.

Go ahead, Mr. Kram.

**Mr. Michael Kram (Regina—Wascana, CPC):** Thank you very much, Mr. Chair.

Thank you to all the witnesses for being here today.

I would like to start with Mr. Drover from the Canadian Taxpayers Federation.

Mr. Drover, from what I understand of your organization, you are not necessarily opposed to all taxes at all times, but you tend to focus on getting good value for tax dollars so that Canadians can get good value for their money. Is that correct?

• (1230)

**Mr. Devin Drover:** Thank you for the question.

Our mandate is finding ways to reduce all taxes in Canada to make sure that the government is held accountable, so I wouldn't characterize it quite like that, but it is to make sure that we're cut-

ting taxes and putting as much money as possible back in the pockets of taxpayers.

**Mr. Michael Kram:** Okay. Very good.

In that context, last Thursday in question period, environment minister Steven Guilbeault stated that the carbon tax in Canada is “generating 25 billion dollars' worth of investment every year in our economy. It is putting more money in the pockets of eight out of 10 Canadians”.

Mr. Drover, does that statement match the observations of your members and your observations of Canadians in general?

**Mr. Devin Drover:** Absolutely not.

First, if we want to talk about the macroeconomic impact of the carbon tax, the government's own data show it's costing Canadians \$11.9 billion this year. That's \$295 going out of the economy for every Canadian.

If you look at every individual who is forced to pay this carbon tax on everything they purchase, I certainly think it's not good for Canadians as a whole. I think about my mother-in-law, who lives in a small community in rural Newfoundland. She has to commute 43 kilometres a day each way for work. She has no public transit. There's no electric public transit available. There are no electric charging stations. She has no other choice but to incur the carbon tax day in and day out just to get to work.

I absolutely disagree that it's providing benefit for Canadian taxpayers.

**Mr. Michael Kram:** Okay.

Earlier in this committee meeting, we heard from Canada's climate change ambassador. She was asked if she would characterize our efforts to address climate change as a huge economic advantage in Canada, and her answer was “Absolutely.”

When you consider climate policies in Canada such as the carbon tax, would you characterize them as a huge economic advantage for Canada?

**Mr. Devin Drover:** Absolutely not.

In your questioning, you mentioned the PBO report. If you look at not only at the direct costs but also the economic impact in the PBO report, it's wrong to classify all Canadians, or the average Canadian household, as being better off. In fact, the average Canadian household will be paying more in carbon tax than they get back in the rebates once you factor in the negative impact the carbon tax is having on things like employment in this country.

**Mr. Michael Kram:** Many Canadians, I think, would probably be surprised to learn that Canada has a climate change ambassador. She and her office are based in Switzerland, and part of her job includes promoting the global carbon pricing challenge, which is basically to promote the carbon tax to foreign countries.

Would the Canadian Taxpayers Federation consider this sort of activity a good use or a not so good use of Canadian tax dollars?

**Mr. Devin Drover:** It should be no surprise to any attendee here today that we think it's an absolute waste of money. When Canadians are struggling to get by and people are living paycheque to paycheque, we absolutely shouldn't be funding global ambassadors to spend our tax money travelling around to lavish parties and talking about how great our Canadian carbon tax is when the carbon tax is hurting Canadians.

**The Chair:** The time is up.

We'll go to Ms. Taylor Roy.

**Ms. Leah Taylor Roy:** Thank you, Mr. Chair.

I want to start by correcting the record on a few fronts, because there's been a lot of misinformation again at this meeting.

When it comes to Bill C-234, first of all, the assertion was made in testimony that farmers are paying tax on everything. We know that over 90% of the fuels farmers use are already exempt from the carbon levy. The ones that were being discussed in Bill C-234 were two that were left for heating barns and drying grain. The bill had come to a point where it was going to exempt the grain drying because there weren't alternatives, and it's already—

**Mr. Dan Mazier:** I have a point of order.

**The Chair:** Mr. Mazier has a point of order.

**Mr. Dan Mazier:** That's inaccurate. You're actually spreading more misinformation.

Farmers pay a carbon tax, and if—

**The Chair:** This is for everybody.

Mr. Mazier, challenging what everyone says could be an interminable game.

Ms. Taylor Roy has the floor. Some of the things that have been said on the Conservative side have been challenged, so, as I say, this could go on forever.

If Mr. Drover disagrees, he can answer in such a way to Ms. Taylor Roy.

Ms. Taylor Roy, continue, please.

• (1235)

**Ms. Leah Taylor Roy:** Thank you.

I think people and farmers know that farm fuels are exempt from the carbon tax, so I would just say that we can verify that by looking at the actual bill, if you'd like.

The other thing is that the bill has been reported back to the House. It's not moving forward because every time it comes up, the Conservative Party decides to trade a bill to put in front of it or debates it and has not allowed it to go to a vote. I'm just wondering... The idea that somehow we're not allowing this to go forward is incorrect. I just want to correct that.

The other thing I'd like to correct is something in one of Mr. Leslie's questions, when he again stated that the carbon levy was increasing the price of everything and causing an affordability cri-

sis. Just for the record, I'd like to state, and make sure that people are aware, that there is a Canada carbon rebate, which is more than people are paying out of their pockets.

Mr. Drover, when you say that people are paying more, an impact to the economy does not make them pay more and it is not divided across all Canadians in a consistent way. In fact, the PBO report you're referring to was a projection out to 2030 that showed that the difference in the GDP would be \$2.66 trillion versus \$2.68 trillion—less than a 0.5% reduction—and it doesn't in any way take into account the cost of climate events. I think we have to show things in relation and be sure that we have the facts right.

That's where I wanted to start, but I'd like to direct my next question to Mr. Beugin.

This morning, there was a Canadian Press article about the clean electricity regulations and their marginal costs in the context of Ontario's electricity grid.

Can you share what you believe will be the actual pocketbook impacts of expanding and decarbonizing our electricity grid at the same time, and why that is going to be positive?

**Mr. Dale Beugin:** I don't have an estimate of dollars for you. We have done work showing that making a bigger, cleaner and more flexible electricity system is essential to delivering on net-zero objectives, is also going to lead to a decrease in energy costs for Canadians over time and will allow us to have energy while at work.

The electricity grid council just recently released new work showing the same finding—that the costs over time of decarbonizing will lead to lower energy costs, and that includes operating costs and capital costs—and baking those in.

**Ms. Leah Taylor Roy:** I've also seen and heard that a lot of industries coming into Ontario are coming here because of our clean electricity grid and that this clean grid will attract further investment into Ontario. Is that correct?

**Mr. Dale Beugin:** I think that is correct. We're seeing over and over again that clean, affordable and reliable power as one of the biggest determinants for where firms are investing and where they are siting new projects. I think that's reflected in the fact that we're now seeing private firms procuring clean electricity as part of their business plans.

**Ms. Leah Taylor Roy:** Okay. Thanks very much.

[Translation]

**The Chair:** Thank you, Ms. Taylor Roy.

Ms. Pauzé, you have the floor.

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

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

Mr. Mousseau, you talked about jurisdictions, which will help me get you started on that subject.

Last week, when we heard from the Minister of Environment and Climate Change, I asked him a question. He answered that, as members of the Bloc Québécois, we should know that natural resources are a provincial responsibility, not a federal one. There are two areas of federal jurisdiction: pipelines—and I'm referring to the Trans Mountain pipeline system—and offshore oil and gas. The minister knew very well that I was talking about them, which are managed jointly by the federal government and the Atlantic provinces. So the federal government has a responsibility in that regard.

A note from the Library of Parliament states that the issue of jurisdiction over natural resources off the Atlantic coast has been resolved.

In 1984, the Supreme Court of Canada finally ruled as follows: "Canada has legislative jurisdiction over the right to explore and exploit the continental shelf off Newfoundland under its residual power over peace, order and good government."

We were talking about reducing greenhouse gases and biodiversity, which, as we know, are closely linked.

Mr. Mousseau, tell me who is telling the truth: is it the Library of Parliament, the Supreme Court, the laws or the offshore boards? Is it me? Is it the minister? Could you sort that out, please?

• (1240)

**Mr. Normand Mousseau:** I admit that I'm not a lawyer or a legal expert. However, as I understand it, the natural resources on the continental shelf do fall under federal jurisdiction. In fact, last year, we saw a bill to create a new structure by the provinces and the federal government to manage the installation of wind turbines on the high seas, for example.

**Ms. Monique Pauzé:** There are offshore wind turbines, but there are also drilling projects in areas designated as marine refuges, for example. Knowing that the government will continue to allow development projects like Bay du Nord, which no longer exists because investors listened to reason, thank God, can you tell us to what extent those projects have an impact on meeting the Government of Canada's targets for reducing greenhouse gas emissions?

**Mr. Normand Mousseau:** In a purely Canadian context, emissions from offshore extraction are lower than emissions from oil sands, for example. Obviously, we should choose industries that will reduce their net emissions. The export of oil means that emissions related to its combustion are not the formal responsibility of Canada. Instead, Canada is responsible for emissions related to oil production.

**Ms. Monique Pauzé:** You've developed emission reduction scenarios for Canada—I think it's called the Pathways Explorer—to make it easier to compare the potential transformation pathways to achieve net-zero greenhouse gas emissions in Canada by 2050. Can you explain how that can be done in Canada?

**Mr. Normand Mousseau:** To achieve net-zero emissions, our modelling tells us that we must first decarbonize our society as much as possible, which is to say, electrify a large part of our energy consumption with clean electricity. The second is to reduce emissions from the oil and gas sector. Our analyses show that it's difficult to do so in a cost-effective manner. We'll also have to reduce oil and gas production and make large-scale carbon capture

and sequestration. We are at over 150 million tonnes a year. So between 20% and 25% of greenhouse gases emitted in Canada should be captured and sequestered to offset emissions from agriculture and other sectors.

[English]

**The Chair:** Thank you.

Next we have Ms. Collins.

**Ms. Laurel Collins:** Thank you, Mr. Chair, and thank you to all the witnesses for being here today.

I want to start off with the witness from the Canadian Taxpayers Federation. You thanked the Bloc, the NDP and the Conservatives for their vote. I did want to note that while it does not have official party status, the Green Party also voted in favour of that exemption on drying fuels.

My questions are to Ms. Levin. You mentioned that last year, on average, oil and gas lobbyists were able to meet with the government five times a day. This year, from January to September, the Department of Environment and Climate Change met with these lobbyists 123 times. In our last committee meeting, the minister stated that this has little impact on regulations. I have a difficult time believing that these lobbying meetings aren't having an impact, given all of the loopholes in the draft emissions cap regulations and the watering down of other policies.

Can you speak a little bit to this?

**Ms. Julia Levin:** We can see the impact of fossil fuel lobbying. In fact, every single time the federal government has put forward any kind of climate policy, it's been attacked and then watered down by fossil fuel lobbyists, so there's a track record that clearly shows the influence of these meetings.

Of course, these lobbyists would not be spending hundreds of hours each year having meeting after meeting if they did not think it had an effect. If you meet with someone five times a day, you are going to be susceptible to their point of view.

Clearly, there is an influence by these lobbyists. It's also why the fossil fuel lobbyists and executives show up in droves at international climate negotiations as well. They're there to weaken climate progress, just as they've been doing for the last four decades.

**Ms. Laurel Collins:** Can you talk a little bit about what you've seen when it comes to the unfair burden and the loopholes provided to oil and gas producers? In your opinion, do you think it's fair that oil and gas companies can apply for CCUS grants to grow oil and gas exploration?

• (1245)

**Ms. Julia Levin:** Oil and gas companies, despite being some of the wealthiest companies operating in Canada and bringing in massive profits, continue to be one of the most subsidized sectors of the economy. This includes massive, massive subsidies for their technology fixes, meaning carbon capture and storage. CCUS has been around for 50 years, has a terrible track record and keeps getting downgraded by the IEA. However, the federal government is putting tens of billions of dollars towards these technologies.

In terms of the emissions cap, the cap on pollution from the oil and gas industry, which is a really important piece of Canada's climate plan, we saw that the design really did match what companies like those in the Pathways Alliance have said they could achieve. That is a very generous way to regulate an industry. Other industries are not regulated that way; other industries are asked to go further than what they publicly say they can do anyway. We see that in these compliance flexibility options.

Offsets and decarbonization funds are the two compliance flexibilities. Offsets mean that companies don't actually have to reduce their emissions, and every investigation that has occurred internationally into offsets has found that most of them are junk. Mostly, they're unverified climate reductions, greenhouse gas reductions. It's very difficult to prove that they're additional, that they're reliable and that they're durable. They're not.

This is the sector driving climate pollution in Canada. We need to hold these companies responsible for reducing their emissions directly—

**The Chair:** Thank you.

**Ms. Julia Levin:** —not provide them with escape mechanisms. That's what these regulations do.

**The Chair:** Mr. Leslie, you have three minutes, please.

**Mr. Branden Leslie:** Thank you, Mr. Chair.

Mr. Drover, the environment commissioner's audits reveal that the Trudeau government is not conducting value-for-money audits on various programs, such as the net zero accelerator initiative. In some of these cases, massive corporations are being given millions of dollars in taxpayer money with no clear indication of whether or not there's any value for money or which emissions will be reduced.

I'm curious about your view on the Trudeau government freely disbursing taxpayers' hard-earned money without any understanding of whether or not it has any purpose at all.

**Mr. Devin Drover:** There are a few things there to unpack.

First is the fact that the only way the government will ever get the books balanced in this country is if we stop wasteful spending. The most successful way that the government of the day in the 1990s was able to get there was through significant reviews of every dollar spent. We would like to see the federal government actually start to exercise that same level of caution that its predecessors did and actually start doing serious audits of all government programming.

Of course it's not a good use of tax dollars. It's also not a good use of tax dollars when we see governments handing out cash to

any business, regardless of the purpose. Generally, we're opposed to all forms of corporate welfare and think that this government needs to stop handing cash out, especially unaudited, to big business.

**Mr. Branden Leslie:** Thank you.

You may have heard the last conversation that we had at the last meeting with Minister Guilbeault when he was asked about a new international carbon tax on global shipping. What is your view, as an organization, on that?

**Mr. Devin Drover:** I'm sorry. You want our view on....

**Mr. Branden Leslie:** I want your view on a new carbon tax, a third one—at a time when everyone's suffering—to add carbon tax to everything we ship around the world and then send the money off to other countries.

**Mr. Devin Drover:** No, we're absolutely opposed to all carbon taxes. You say that there are just two carbon taxes. It's funny that you even build in the fact that the sales tax is then added on to the post-carbon-tax price on gasoline. It's just an out-of-control tax-on-tax system that we've set up in this country that absolutely needs to be repealed.

**Mr. Branden Leslie:** It is ridiculous.

I will let you comment on Bill C-234, because you were not given the opportunity to comment on a great piece of legislation that will help farmers despite the Liberals' opposition.

**Mr. Devin Drover:** My understanding is that the blockade right now that the Conservatives have brought in Parliament is for an accountability measure. I think if the Liberals want to get serious about passing that bill, then they can follow through with the government accountability and then bring that legislation to the floor.

**Ms. Leah Taylor Roy:** Can I have a point of clarification, Mr. Chair?

**The Chair:** Sure.

**Ms. Leah Taylor Roy:** I just want to clarify. The member opposite asked a question about three carbon taxes. I don't know of any carbon taxes in Canada, so I don't understand the witness's response.

**The Chair:** Well, that's—

**Ms. Leah Taylor Roy:** Could you please tell me what you're referring to, Mr. Leslie?

**The Chair:** No, that's not the format here—

**Ms. Leah Taylor Roy:** Well, it's a clarification. I don't understand the question—

**The Chair:** I don't think he really has to clarify, but I don't know what....

Maybe—

**Ms. Leah Taylor Roy:** Well, I don't know how the witness can answer either.

**The Chair:** —Mr. Ali can ask about the clarification, because he's next.

**Mr. Branden Leslie:** Perhaps the witness could give the best response to that.

• (1250)

**The Chair:** Well, okay, I stopped the time, but I'm going to start it up again.

I don't know. Maybe Mr. Drover wants to answer that question.

**Mr. Devin Drover:** A tax is a tax is a tax, no matter what you call it, so the carbon levy is absolutely a tax. It drives up the price of an item. It's a tax.

**Mr. Branden Leslie:** The minister refused to give a clear answer on whether or not he will stop at \$170 per tonne in 2030. What do you think a continuing rise in carbon tax is going to do to Canadians' livelihoods?

**Mr. Devin Drover:** Again, I think about my mother-in-law in rural Newfoundland and Labrador. If her gasoline price continues to increase, then obviously it will have a devastating effect.

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

We'll go now to Mr. Ali.

**Mr. Shafqat Ali (Brampton Centre, Lib.):** Thank you, Chair.

I think my colleague Leah Taylor Roy wants to ask a few questions. I'll share my time with her.

Leah, go ahead, please.

**The Chair:** Ms. Taylor Roy can take your time, yes.

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

I'd like to ask that we table section 36 from subdivision C of the price on pollution act so that we can clear up the confusion or the discrepancy about whether or not farm fuels are actually exempted. It's right in the legislation.

I think that would be useful to the conversation today, if that's acceptable.

**The Chair:** You could send it around.

**Ms. Leah Taylor Roy:** Everybody has access to the legislation.

**The Chair:** Okay. Are you making the point that it's in section 36 of the bill as it's come back to the House...?

**Ms. Leah Taylor Roy:** No. This is in the act that's been passed on the price on pollution, talking about the carbon levy. It's the section that exempts farm fuels from the price on pollution.

**The Chair:** Oh, yes. I understand. Your point is made.

**Ms. Leah Taylor Roy:** There seemed to be some confusion with Mr. Mazier that they're actually not exempted.

**The Chair:** Okay. I understand.

**Ms. Leah Taylor Roy:** I just wanted to ensure that this was actually in there. Thank you.

The other point I'd like to make, just to correct the record, is that there is no carbon tax currently in Canada. There is a carbon levy under the price on pollution program that is in place. That has gone up consistently every year. It has not been quadrupled.

I do not understand what the other two carbon taxes are, so I would actually like to hear, at some point, what we're talking about in this—

**The Chair:** Is this a question for Mr. Drover?

**Ms. Leah Taylor Roy:** No. I have no questions for Mr. Drover—oh, except perhaps you could tell me, Mr. Drover, your background in economics and pricing climate policies.

**Mr. Devin Drover:** Sure. I have a bachelor of science in economics from Memorial University. Then I completed a law degree and a master's in business administration with a focus in public policy.

**Ms. Leah Taylor Roy:** Are you experienced in pricing climate programs?

**Mr. Devin Drover:** I'm sorry; do you mean am I experienced in taxing Canadians on—

**Ms. Leah Taylor Roy:** No. I'm asking for your experience in pricing climate programs. You gave your opinion on climate programs.

**Mr. Devin Drover:** Yes.

**Ms. Leah Taylor Roy:** I'm just wondering what your experience is in pricing climate programs.

**Mr. Devin Drover:** My experience is in representing Canadian taxpayers who are being hurt by this tax every time they go out.

**Ms. Leah Taylor Roy:** Okay. Thank you. We heard your anecdotal evidence about your mother-in-law. I'm just wondering if you had any broader experience to rely on when you were making those statements.

**Mr. Devin Drover:** Sure. We can use your government's own data—

**Mr. Dan Mazier:** I have a point of order.

**The Chair:** We have a point of order from Mr. Mazier.

I hope it's a point of order.

**Mr. Dan Mazier:** Well, it's just that we need to treat our witnesses with some respect here.

**The Chair:** As a general comment, I would agree, but sometimes the exchanges get a little robust. That seems to be normal for committees, or at least for our committee.

Go ahead, Ms. Taylor Roy. You have about 30 seconds.

**Ms. Leah Taylor Roy:** I meant no disrespect. I was simply trying to ascertain the basis on which the witness had presented his statement regarding the carbon levy and the price on pollution program. There was no disrespect meant. I was just trying to understand where that perspective came from.

I'm not asking you a question, but thank you anyway.

Mr. Beugin, from the Canadian Climate Institute's perspective, if we were simply going to rely on technological innovation to reach our goals in 2030, would that be sufficient?

**The Chair:** Please make it a quick yes or no, Mr. Beugin. We're out of time.

**Mr. Dale Beugin:** It wouldn't be sufficient. Technology and innovation follow incentives from policy. They are interconnected.

**The Chair:** Thank you.

[Translation]

**The Chair:** Ms. Pauzé, you have the floor for a minute and a half.

[English]

**Ms. Leah Taylor Roy:** Thank you.

[Translation]

**Ms. Monique Pauzé:** Mr. Mousseau, how does Canada compare to other countries in the world? According to the Germanwatch organization, it ranks 62nd out of 67. Where do you think Canada stands internationally?

**Mr. Normand Mousseau:** Compared to other G7 countries, Canada has been lagging behind in terms of emission reductions since 2005—1990 is typically the benchmark for emission reductions—in part because it has been very slow to implement programs. They are starting to have an impact, but the magnitude of those effects still doesn't allow us to meet our climate goals. We need to redouble our efforts.

We need some consistency and stability in the deployment of measures, but we also need the various levels of government to play their role properly. The federal government still has an important regulatory role to play, and it could move forward on this issue. We've put a price on carbon and we have a carbon market, but those tools must be strengthened and more targeted, especially for the industrial market, so that Canada can achieve its goals. Furthermore, I'd say that we need real sectoral strategies that are clear and have specific objectives. That's still lacking in Canada.

• (1255)

**The Chair:** Thank you.

[English]

Madame Collins, you have a minute and a half.

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

I just want to take this opportunity to table a motion—not to move it, but just to table it. It's been sent to the clerk in both official languages as well. The motion reads:

Given that:

The environment commissioner reported that the government is not on track to meet their 2030 emissions reduction targets, and

The testimony heard by the committee from witnesses in the meetings which took place on November 20, 2024, November 27, 2024, and December 2, 2024, included concern with the government's emission reduction policies and progress,

The committee report to the House of Commons its disappointment regarding the government's slow progress in meeting 2030 emission reduction targets.

I'd like to give the very small remaining time to Ms. Levin to talk about the fact that our oil and gas exports, and the emissions from those exports, have risen 58% since 2012.

**The Chair:** You have 30 seconds, Ms. Levin.

**Ms. Julia Levin:** Under our current legal framework, countries are accountable for only their domestic emissions, but there's precedent in Canada to recognize that what we export has consequences, and we've taken action in areas like asbestos and exporting thermal coal. There's a recognition that our exports have global impacts.

Last year the emissions that come from the oil, gas and coal that we export reached one billion tonnes, far surpassing our domestic emissions. It is incumbent on all major oil and gas exporters to think about their global responsibility.

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

[Translation]

Mr. Deltell, you have the floor for three minutes.

[English]

**Ms. Laurel Collins:** I have a point of order, Mr. Chair. It's not for this moment, but something on which to get back to the committee.

In the past we've had conversations about whether or not tabling a motion takes away from your questioning time. If we could, just for—

**The Chair:** I didn't take it away from your time. I mean, you took your time.

There are two things we could do. I could say that after you tabled it, your time is gone, or I could say that it was part of your minute and a half. That's what I said, because we didn't start a debate or anything.

**Ms. Laurel Collins:** I don't want to take any more time with this, but could you just check with the clerk and come back to the committee at a later date on whether there is any precedence, once a motion is tabled, to have that as separate time and then you would keep your remaining time?

**The Chair:** Apparently it's basically at the discretion of the chair.

**Ms. Laurel Collins:** Okay. Thank you so much for the clarification.

**The Chair:** My rule of thumb is if you're just tabling the motion, you can continue until your time is up. If you're moving a motion and you're starting a debate, then you lose your time, or whatever was left.

We go to Mr. Deltell for three minutes, please.

[Translation]

**Mr. Gérard Deltell:** Thank you very much, Mr. Chair.

Welcome to our witnesses for this portion of our meeting.

Mr. Mousseau, I'm pleased to see you again at our meeting, this time by video conference, and I look forward to all your comments.

We're talking about oil and fossil fuels. We know that the federal Liberal government surprised everyone six years ago by suddenly announcing that it was buying the Trans Mountain pipeline to the tune of \$4.7 billion, before deciding to do the necessary work to expand it. At the end of the day, it was six times what it was supposed to be. The total price for the work and purchase is close to \$40 billion, or \$38.7 billion, which taxpayers invested in a pipeline. I have nothing against pipelines as long as they are needed. Obviously, I prefer Canadian oil to foreign oil.

However, economically speaking, was that the right choice? Are there any examples in the world where a country has decided to buy a pipeline and have taxpayers pay for it? Furthermore, how long will it take for it to be "cost-effective" for taxpayers?

• (1300)

**Mr. Normand Mousseau:** I haven't done any analysis on that pipeline. However, in a context of decarbonization, we can imagine that we could have taken that money to support decarbonization efforts and get Canada to meet its targets more quickly.

**Mr. Gérard Deltell:** Is it any wonder that a government that keeps lecturing everyone on decarbonization, that claims to be a world leader in decarbonization, spends close to \$40 billion of taxpayers' money on a pipeline?

Mr. Mousseau, you mentioned earlier that Canada is the worst country in the G7 and that it ranks 62nd out of 67 countries according to the COP29 Report, which is tabled every year. In the United States, some states have a pricing policy on emissions, but the United States as a country doesn't; President Obama and President Biden, who are big advocates of decarbonization, didn't take that approach.

So my question is this. Why is it that Canada, which has that ambition and has extended carbon pricing across the country, is worse than the United States, which doesn't have pricing in all states?

**Mr. Normand Mousseau:** As I was saying, there are two reasons for that.

First, there is a problem of consistency at the federal level, because it's very difficult to move projects forward when the parties have extremely different positions on the very objective of decarbonizing.

Furthermore, unlike the American states, some of which have made tremendous progress in decarbonization, there is stagnation at the provincial level. Apart from the decarbonization of electricity generation and the closure of coal-fired power plants, we don't see much of that happening.

**The Chair:** Thank you, Mr. Mousseau. That is noted.

We'll conclude the round with Mr. van Koeverden.

[English]

**Mr. Adam van Koeverden:** Thank you, Mr. Chair.

My question will be for Mr. Beugin.

Sir, I've heard a couple of different questions relating to performance. I've seen the graphs relating to how much various sectors have decarbonized in Canada. I imagine you have too.

Can you point to whether there is only one sector in Canada that is still continuing to increase emissions rather than decreasing its emissions, as most sectors are?

**Mr. Dale Beugin:** The sector that has grown most since 2005 in terms of emissions is the oil and gas sector. The building sector has also grown. Other sectors are either mostly flat or have made progress in reducing emissions.

**Mr. Adam van Koeverden:** Do you think that Canada's performance, as it has been described, requires the efforts of industry and these energy sectors to participate and to more actively decarbonize?

Second, do you think that Canada as a country has a chance at achieving its objectives—its climate commitments—without regulations to ensure that the energy sector participates?

**Mr. Dale Beugin:** To deliver on interim targets in 2030 or especially in terms of long-term targets of net zero by 2050, all sectors are going to have to contribute. All sectors are going to have to reduce their emissions. That's going to require policy that touches every part of the emissions inventory and creates incentives for emissions reductions all across the economy. That includes the oil and gas sector. It includes the industrial sector.

It is, again, relevant that there are interactions across multiple policies. Multiple policies work together to reduce those emissions. In the oil and gas sector, for example, there are incentives in the form of investment tax credits. There is the industrial carbon price that creates incentives in those sectors as well as the forthcoming oil and gas sector. How those things fit together matters.

**Mr. Adam van Koeverden:** Thank you.

Your analysis has shown the importance of industrial carbon pricing in getting to net zero, as you just stated. Some industry leaders, including the Pathways Alliance, which is a consortium of energy companies, have recently stated that the leader of the Conservative Party's intention to end industrial carbon pricing is already creating uncertainty and holding back massive investments in decarbonization. We've also seen that in Alberta.

Can you speak to why this uncertainty and a political position on industrial carbon pricing are already hurting our decarbonization efforts across our economy?



**Mr. Dale Beugin:** Expectations about the future of policy signals matter for mobilizing big investments for these big industries. The investments in technologies to reduce emissions are long-lived. That means expected future carbon prices and expected future incentives from policy matter almost as much as current incentives.

There is a cost of uncertainty regarding the existence of policy. There are costs of uncertainty in the robustness of those systems. It's why there's a live conversation and some current policy work around an instrument called "carbon contracts for difference" to try to mobilize some of those incentives through certainty.

• (1305)

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

I want to thank the witnesses for a robust and interesting discussion. Sometimes the more robust the conversation, the more inter-

esting it is. I want to thank everyone for being here, and Mr. Mousseau for being part of the discussion.

We'll stop here, and on Wednesday, we'll start up with the net-zero accelerator study.

I should mention that the documents that members and their staff have been able to consult are still available to consult, but in a different room. They're now available to consult in the clerk's office, whereas before they were in a dedicated room. That dedicated room is apparently under some kind of renovation, so we've shifted the location, but they're still available.

Thank you very much. Have a good day.

This meeting is adjourned.

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