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• (1530)

[*English*]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): Good afternoon, colleagues. Let me call this meeting to order.

I would like to acknowledge, as we always do, that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number 15 of the House of Commons Standing Committee on Natural Resources. Today we meet for two hours to consider the supplementary estimates (B).

This meeting is taking place in a hybrid format, pursuant to the Standing Orders. For interpretation, for those in the room, you can use the earpiece and select the desired channel. All comments should be addressed through the chair.

Colleagues, I think you know that we're being televised today, so I know that the comments and questions will be extra respectful.

Allow me to welcome the Honourable Tim Hodgson, Minister of Energy and Natural Resources, who is joining us for the first hour.

Welcome, Minister.

Welcome as well to the following officials: Michael Vandergrift, deputy minister; Jeff Labonté, associate deputy minister; and Francis Brisson, assistant deputy minister and chief financial officer.

Thank you to all for taking the time to appear today.

We will begin with opening remarks from Minister Hodgson.

Minister, you have the floor for five minutes.

Hon. Tim Hodgson (Minister of Energy and Natural Resources): Thank you very much, Chair.

Thank you, colleagues, for inviting me here today on the unceded ancestral territory of the Algonquin Anishinabe, as was just mentioned, to discuss the supplementary estimates and answer your questions.

Right now, Canada stands at a pivotal moment. Faced with global volatility; a changing climate; technological revolution, particularly in AI; and an affordability crisis, it is clear that our old ways of doing business no longer serve us well. As Minister of Energy and Natural Resources, I hear a common message from coast to coast: Canadians want us to leverage our resource abundance to become an energy and natural resources superpower. That means diversifying our exports to those who share our values, not just our borders; growing our economy to be the strongest in the

G7; and using our energy and natural resources to build lasting prosperity at home and fund the programs and services that Canadians rely on.

This is why we are undertaking what I have called a wartime-like effort to retool our economy, unlock our domestic resources and accelerate our major projects with provinces and territories, indigenous partners and industry. Our government's core mission, much of it led by Natural Resources Canada, is to build Canada strong by empowering Canadians, strengthening our economic security and seizing new opportunities while carrying out vital work in areas like forestry, mining, energy, wildfire management and clean technologies. This work will give us more than any foreign government can take away from Canadians.

You see this ambition in budget 2025, in our climate competitiveness strategy and in our efforts through the Major Projects Office, all of which will help ensure that Canada leads in both conventional and clean energy and clean technology. We will make sure that it seizes the opportunities that lie in the global shift toward low-carbon energy and secures supply chains for our allies and for ourselves. We cannot control what other nations do, but we can control how and what we build here in Canada.

[*Translation*]

As the Prime Minister often says, we can give ourselves more than others can take away from us.

• (1535)

[English]

This is why we created the new Major Projects Office. We have already referred two waves of nation-building projects, including critical mineral projects, new transmission infrastructure, LNG terminals to the west coast, the G7's first small modular reactors, off-shore wind and potential new transmission in Atlantic Canada, as well as major projects that expand the port of Montreal and get Iqaluit off diesel power. Taken together, these projects will get Canadian resources to global markets faster. They are expected to attract almost \$116 billion of investment, create thousands of good jobs and strengthen energy security while reducing emissions.

The supplemental estimates for 2025-26 advance these goals by increasing Natural Resources Canada's reference levels by \$50.3 million, bringing the department's total budget to \$5.23 billion.

One example is the defence stockpiling initiative that I announced while hosting the G7 energy and environment ministers' meeting at the end of October. A transfer of \$23.3 million from the Department of National Defence under the defence industrial strategy will support a defence stockpiling regime that accelerates domestic critical minerals processing for defence and dual-use applications. The estimates also support our work with National Defence to assess the feasibility of nuclear microreactors to supply reliable heat and electricity for remote and northern bases of operations.

In both my past life and this role, it is clear that we can only build a strong Canada in partnership with indigenous peoples, first nations, Inuit and Métis. These estimates also include indigenous equity and ownership in major projects through the indigenous loan guarantee program so that indigenous communities can be full partners in Canadian resource development.

Together, these targeted investments reflect a bigger story. Natural Resources Canada, like the rest of our new government, is focused on delivery, not delay. We are using our natural advantages to build Canada strong while centring clean growth, innovation, investment certainty, reconciliation with indigenous peoples and greater security in a turbulent world.

[Translation]

I think we all agree that our vast natural resources are one of our biggest advantages.

[English]

Responsibly developing these resources will allow us to grow our economy, enhance our climate competitiveness and become an energy superpower.

Colleagues, the wealth of our country lies in these vast resources, but our greatness as a nation lies in how we choose to harness them. With the support of Parliament, these investments will help Canada unlock our full potential as a nation, secure our energy future and ensure prosperity for all Canadians. I look forward to our discussion today.

Thank you. Now is the time to act. I welcome your questions.

The Chair: Thank you, Minister.

We will now turn to questions, and we're going to start with Mr. Chambers for six minutes.

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

Minister, it's a pleasure to see you here. Thank you for taking time out of your busy schedule. You have a big job.

Forgive my brevity, but I have a few questions here, so I don't want you to take it the wrong way. I'm curious about the process for the Major Projects Office. Who makes the final decision about whether a project is referred to the MPO? Is that a decision you make personally? Is it one that cabinet makes? Is it one that the Prime Minister makes? Who holds that decisional right?

Hon. Tim Hodgson: Projects come forward either from industrial proponents that choose to bring them directly to the MPO or from the relevant department. They can be brought forward by a province or territorial government, and oftentimes, the provinces and territorial governments are very close to what's going on in their particular jurisdictions. They're often working with these proponents, and they often contact us and ask for us to meet with them. They can also come forward from indigenous groups—

• (1540)

Adam Chambers: I'm sorry to cut you off—I mentioned brevity before—but my question isn't how they come forward. My question is, when they are referred, who makes the final decision about how to refer that project? How does it get on the list? Is that a decision you make by yourself, or is it a decision that cabinet makes or that the Prime Minister makes?

Hon. Tim Hodgson: Projects get screened by the Major Projects Office. When the Major Projects Office thinks that they may be of help, those projects are presented to the Build Canada committee. The Build Canada committee reviews those projects and then presents the ones that get through to Minister LeBlanc, as the minister responsible for the Privy Council. Minister LeBlanc presents them to cabinet and then, ultimately, to the Prime Minister.

Adam Chambers: The Prime Minister is involved, obviously, throughout this process, but it sounds as though the final decision is a cabinet decision. Is that correct?

Hon. Tim Hodgson: It is a cabinet decision, yes.

Adam Chambers: I assume the Prime Minister's Office would be consulted throughout the process before it appears in cabinet.

Do you ever have one-on-one conversations with the Prime Minister about these projects, or are officials always present?

Hon. Tim Hodgson: There are always officials present.

Adam Chambers: Can I ask a question about the tanker ban? It came up in question period today.

It seems that you're trying to put some distance between yourself and the policy decisions of a previous government. Can you state clearly that this current government would either exempt or repeal the tanker ban if oil can make it to the west coast?

Hon. Tim Hodgson: What I can say is that we will work with proponents that have proposals. We have been clear with the proponents that if they have the support of first nations and they have support of the jurisdictions, we will work with them to clear whatever barriers there are.

Adam Chambers: Would that include clearing the barrier of the tanker ban?

Hon. Tim Hodgson: I can't answer because I don't have an idea of a particular project you're talking about, so I have no idea whether—

Adam Chambers: Do you think there's no particular proponent because it's unclear whether the government would repeal the tanker ban in order to move that product overseas?

Hon. Tim Hodgson: I don't deal in hypotheticals.

If you're referring to the Alberta government, the Alberta government has said it will work on a proposal and bring it in the spring of next year. When it brings that, it will have had to do the work, just as any other proponent would. If and when it has done the work and it's gotten the support of first nations and the support of the jurisdiction, we will work with it to see how we can make things happen.

Adam Chambers: Does that include getting rid of the tanker ban?

Hon. Tim Hodgson: Again, I'm not going to talk about hypotheticals.

Adam Chambers: Do you think there's a reason there is no proponent loudly coming forward now? Is it because the government is being unclear?

You have cabinet colleagues who are clearly wedded to the decisions of a previous government. Are you not willing to clearly state that you'll remove that barrier?

Hon. Tim Hodgson: I'm willing to say that we have been talking with a potential proponent—the Government of Alberta. We have been working on, as has been widely reported, a memorandum of understanding. That is a work in process right now. I think we are getting close to a place...and when that gets done we'll have some more clarity.

The Chair: You have 30 seconds remaining.

Adam Chambers: In my remaining time, I can't help but... You've worked on both sides of the border. You have fairly lengthy and admirable experience in America and in Canada, on both sides of the business communities. We're nine months from when President Trump brought in unjustified tariffs. How long do you think

the Canadian economy can survive in the current state without a deal?

Hon. Tim Hodgson: Look, we are in a trade war. It's a trade war we did not ask for. It is a trade war we have to win. President Trump has decided, for whatever reason, to change the way the entire world trades with the United States. These are difficult negotiations.

I can tell you that we have the best deal of any country in the world today. That is in some ways cold comfort, but I want to be clear: We have the best deal of any country. No other country in the world has 85% of its trade crossing a border tariff-free today.

The Americans are systematically attacking us in a series of sectors. We are working hard to mitigate that while we continue to negotiate. What we've been clear on is that we will not do a bad deal. When you look at the deals that other countries have done, they are much less attractive than the deal we have today.

● (1545)

Adam Chambers: Thank you, Mr. Chair.

The Chair: We're going to move on to Mr. Danko for six minutes.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Chair, and welcome, Minister, to the natural resources committee.

Critical minerals have been a big focus of the Prime Minister, a big focus of the budget and a significant focus of this committee as well. Many projects of national interest involve developing critical minerals. This committee has heard that critical minerals are essential for Canada to maintain our leadership role in a global transition to an electric future.

My first question is, how will our investment in critical minerals enable a better future for Canadians?

Hon. Tim Hodgson: I'll go back to the reality we find ourselves in today.

As the Prime Minister said, we are in a “hinge moment”. We are in a moment of economic rupture when, for whatever reason, the United States has decided to change the way the world trades. It has decided to charge for access to its market. This is a very difficult time for many countries in the world that are faced with this challenge. It is a particularly difficult time for Canada, given that we are the most integrated economy in the world with the United States.

I know all of you watched the exchange between President Trump and President Zelenskyy, where it was explained to President Zelenskyy that he had no cards and that he needed to do the bidding of the United States at that point. I have been relentlessly focused on how we make sure that Canada never finds itself in that situation. That causes me to turn to critical minerals.

We are in a global reality today in which we are shifting from the post-Bretton Woods order and the fall of the Berlin Wall, when we had one unipolar world, to a much more dangerous world in which we have major countries, which are not democratic, seeking to assert their political will on the world.

Some of those actors have sought to corner the market in the production of critical minerals and the processing of critical minerals. That became very apparent in the last six months, particularly when one country chose to put export controls on a number of critical minerals, and that was fundamentally affecting the ability of many of our allies' economies to operate.

There is a critical point of vulnerability for the west right now. The great news for Canada is that while all of our G7 allies are short of critical minerals and don't have those critical minerals, we have them. If we develop them responsibly, it gives us a great set of cards—I go back to that. It gives us a set of cards that we need to play to get the trade deals we want with the rest of the world. That's why critical minerals are so important. They're important for the transition to net zero in 2050, because we can't get there without the critical minerals to power that transition. However, they're really important for the geopolitical reality we find ourselves in as Canadians. That's why we are spending so much time on this.

Our Prime Minister has actually taken a lead in that. I would point out to the committee that it was in the summer at the Kananaskis G7 that Canada put up its hand and said, “We will address this challenge in supply chains. Canada will take the lead and develop what's called the critical minerals buying alliance, or the buyers club.” Canada worked tirelessly from the summer to the time of the G7 energy ministers' meeting at the end of October. I won't take credit for it, but my colleagues here worked incredibly hard. We announced 26 transactions with our allies. Nine different countries, every G7 ally, put money into Canadian mines and Canadian processing facilities, so we can provide those resources to both Canada and our allies.

That puts cards in our hands. I would point out that the Americans were investing in some of those. It gives us cards when we are negotiating in this challenging environment so that we can deal with the 15% we talked about a minute ago.

• (1550)

They want our critical minerals. We will use those cards to extract the best deal that we can for Canada.

The Chair: Thank you, Minister. That's your time.

[*Translation*]

Mr. Simard, you have six minutes.

Mario Simard (Jonquière, BQ): Before I begin, I just want to make sure that the minister is on the right channel and that he can hear the soft voice of the interpreters rather than my gruff one.

Is that the case?

[*English*]

Hon. Tim Hodgson: It is not as eloquent as yours, Mario, but I can hear it.

[*Translation*]

Mario Simard: Thank you very much.

Thank you for being here, minister.

When I was looking over the headlines from the past few days, I saw an article about you, the Prime Minister and the Clerk of the Privy Council, Mr. Sabia.

When it comes to the pipeline between Alberta and British Columbia, I get the feeling that the government is the proponent of that project. I want to state that plainly. I'm a bit on edge about this because once bitten, twice shy. I lived through the whole Trans Mountain expansion project in which the government invested \$34 billion.

My question is simple. Can you guarantee today that the federal government will not be the proponent of this new pipeline?

Hon. Tim Hodgson: Thank you for your question. My French is not very good, so I will respond in English.

Mario Simard: That's fine. Thank you.

Hon. Tim Hodgson: Thank you.

[*English*]

The Alberta government has said it would like to be a proponent. It is working on a project. It has said it will bring it in the spring of 2026. I do not know what it will bring. It has not shared that with me at this point. When it comes, it will be evaluated in the same way any other project would be evaluated, just as a project would be evaluated in Quebec.

I will be clear. The Prime Minister has given us a KPI, a key performance indicator. The goal of the major project is to attract \$500 billion of private sector capital. That is the goal. When we attract that kind of private sector capital, it creates new jobs, new opportunities and new careers for the people who may well be displaced by the trade war.

[*Translation*]

Mario Simard: Let me explain why I am asking you that and tell you what my main concern is. I have had meetings with you and with people in the mining sector. I know that you're a numbers guy. That was clear in our meetings. You are very familiar with the economics behind projects.

I am looking at Canada's major oil sands players and producers, which include the Pathways Alliance, Canadian Natural, Synovus, Imperial and Suncor. They account for 80% of oil sands development, but 60% of these companies are owned by American interests.

I am therefore having a hard time seeing how the government can say that we need to develop infrastructure to wean ourselves off the American market because of the tariff war, while still preparing to invest taxpayer money in setting up infrastructure that will serve American interests.

From 2021 to 2024, these oil companies made record profits of \$131 billion. When we look at how these amounts were distributed, \$79.7 billion, or nearly \$80 billion, left Canada, went abroad and was not invested here. If we do a quick calculation, that is \$6 out of every \$10 that is going to the United States.

I can't understand how we can build a pipeline using taxpayer money only to allow foreign companies to repatriate the profits to the United States. That is what concerns me.

• (1555)

[English]

Hon. Tim Hodgson: Thank you for the compliments.

Let's go through some facts and figures, given the world we find ourselves in. We need cards. The United States consumes 20 million barrels of oil a day. They claim they're an energy superpower. They produce 12. You can do the math. They are a large net importer of oil.

We are a huge net exporter of oil. We produce five million barrels a day and send them four. We are the largest supplier to the United States.

That gives us cards. If you look at the reserve life of the U.S. oil reserves, it's about seven years. That's pretty short. When you look at Canada's reserves, it's about 98 years. That's pretty good. We have cards.

We need to be able to sell those resources to other people.

[Translation]

Mario Simard: I understand. You have a powerful argument, minister, but so do I. Even if we own these resources, at the end of the day, they are still mostly in the hands of American companies. What is more, most of the profits are going to the United States.

What I am seeing, and what I have seen in recent years, is that we paid \$34 billion for pipeline infrastructure. The government paid for that pipeline and the profits went to the United States. That is what people are concerned about today when they hear about a pipeline project.

[English]

The Chair: Please give a short response.

Hon. Tim Hodgson: I would point out the royalties paid on that oil to provincial governments. The income taxes paid to provincial governments and the federal government are some of the biggest single sources of revenue to governments in this country. They are important if we are going to build an independent, secure and sovereign economy in this difficult world.

The Chair: Thank you both.

We'll go to our second round of questions, and we're going to start with Mr. Tochor for five minutes.

Corey Tochor (Saskatoon—University, CPC): You promised a “Canada Strong”, elbows-up platform. Do you remember that? However, before the dust had even settled on the election, a multi-year, multi-billion dollar contract was awarded to U.S. companies, allowing Americans to carry out a corporate raid on our strategic nuclear research assets at CNL. Did you approve this transaction?

• (1600)

Hon. Tim Hodgson: That characterization of the contract is completely inaccurate. The—

Corey Tochor: Minister, we'll try something else. If it's not that, will you undertake to provide the committee with dates of every time you were briefed about this decision and any memos you received explaining it?

Hon. Tim Hodgson: The way this works is that there is an RFP issued—

Corey Tochor: I understand about the contract. We'll get back to that.

However, will you provide this committee with those documents, yes or no?

Hon. Tim Hodgson: Those documents are done by an independent agency. It is not the purview of this committee—

Corey Tochor: However, you approved this transaction.

Hon. Tim Hodgson: Let me reiterate. The—

Corey Tochor: That's okay. Let's move on to the other question.

Hon. Tim Hodgson: No, let me finish. Let me finish the answer to the question.

All the management of the entity that is managing these activities is based in Canada, with 95% of employees being in Canada. Every employee is in Canada.

Corey Tochor: It's American-owned.

Hon. Tim Hodgson: Are you against any American company operating in Canada? I don't think that's consistent with the Conservative—

Corey Tochor: It's inconsistent with the “elbows-up” campaign you just ran.

Hon. Tim Hodgson: “Elbows up” means lots of things. “Elbows up” means developing—

Corey Tochor: Do you think this was in the national interest, then?

Hon. Tim Hodgson: You're not letting me finish. Can I please finish?

Corey Tochor: No. I only have a limited amount of time. Is this in the national interest?

Hon. Tim Hodgson: Then let me finish answering the question, please.

“Elbows up” means negotiating with all the countries in the world, doubling our exports and creating alternatives to Americans. That's what we're doing.

Corey Tochor: Canada is a world leader in the production of life-saving medical isotopes. There are concerns that American companies engaging in a corporate raid at CNL could lead to a monopoly. This has already triggered multiple ongoing Competition Bureau investigations.

Are you concerned about the Americans having a monopoly on these life-saving isotopes?

Hon. Tim Hodgson: Again, your characterization—

Corey Tochor: It's the Competition Bureau.

Hon. Tim Hodgson: —that it is a raid is completely inaccurate.

I have personally visited Darlington, where the isotopes are done, which is owned by a Canadian company, Ontario Power Generation. I have visited Bruce Power, where those isotopes are also produced, which is owned by two Canadian entities—OMERS, the Ontario Municipal Employees Retirement System, and TC Energy. They are Canadian companies.

Corey Tochor: Then why is the Competition Bureau concerned that it's a monopoly that we're giving over to the Americans?

Hon. Tim Hodgson: The Competition Bureau is an independent entity. It's actually not in my department. It's in ISED.

Corey Tochor: They have concerns, though.

Hon. Tim Hodgson: No, they're reviewing a transaction as they normally do.

I was in the investment banking world for my entire life. It is normal for transactions to be reviewed. A transaction just being reviewed in no way implies there's anything wrong. It's a normal process.

Corey Tochor: According to the Conflict of Interest and Ethics Commissioner, the latest report has Prime Minister Carney owning shares in BWXT, which is an American company leading the takeover at Canadian Nuclear Laboratories. It's also being investigated by the Competition Bureau, as I mentioned earlier.

How can Canadians trust that it is not about lining an individual's pockets at the expense of Canadians?

Hon. Tim Hodgson: You are, again, inferring something that is simply not true.

Our Prime Minister has complied and always will comply with all the ethics guidelines. To my knowledge, there is no inconsistency in what he has done. The assertion or the innuendo that he's somehow doing something wrong is not consistent with what the Ethics Commissioner has said.

Corey Tochor: I have one last question.

Regarding large conventional nuclear, between the CANDU and the AP1000 reactor designs, which, in your view, is more Canadian?

Hon. Tim Hodgson: That's a hypothetical question.

Corey Tochor: They exist.

Hon. Tim Hodgson: If you're asking whether we support the proponents' reviewing both technologies and making a choice, yes, we do.

Corey Tochor: Okay.

The Chair: Thank you both.

We're going to move on to Mr. McKinnon for five minutes.

Ron McKinnon (Coquitlam—Port Coquitlam, Lib.): Thank you, Minister and officials. I welcome you, as do my colleagues, to the committee today.

I'm going to branch out a bit. I want to talk about trees.

The forestry industry, as we know, is a critical part of the Canadian economy, and particularly so in British Columbia, which is my province. We have heard that there are tremendous opportunities to leverage investments in forestry in terms of housing and sustainable construction.

What actions are we taking to exploit this opportunity and to grow this sector?

• (1605)

Hon. Tim Hodgson: Thank you for that question.

It's something that's near and dear to my heart. As I think you know, when I was a young teenager, I lived in a forestry town in northern Vancouver Island. I know how important forestry is to small towns all across this country.

We are in the process of looking at retooling our forest sector. For context—I think it's really important to understand the context—I look at the forest product sector and I see it as the canary in the coal mine.

We've had free trade with the Americans, theoretically, since the time of Brian Mulroney, a Conservative prime minister, and Ronald Reagan. During that entire time, the Americans have launched trade war after trade war on the forest product sector. We're in our fifth version of that trade war. Every time we go to the tribunals under the free trade agreement, or to the WTO, we win, and then the Americans find another excuse to start the trade war again.

This has had a very challenging impact on the sector. Quite frankly, what we're seeing now in these other sectors, the 15% we talked about, is the Americans using the same tactics they've used on forest products for the last 30 years.

We, particularly in forestry, rely heavily on exports to the United States. We need to work hard to reduce that dependence on commodity products going to the U.S. That's how we will build strong. That's how we will create reliable jobs.

The Prime Minister has talked about how we do two things. First, we find new export markets for our solid wood; second, and more importantly, we build here in Canada to use more of our own solid wood. The Build Canada Homes program is designed to take our annual housing starts from around 220,000 or 240,000 a year to 500,000 a year by the end of the decade. That's a big goal.

We have been very clear that, as that goal rolls out, we would like it to be manufactured homes, because that is the affordable way to build. That's the way we drive down the costs of housing. We have said that those manufactured homes will be built with Canadian solid wood, particularly mass timber.

To get to your question, we are laser-focused with provinces like British Columbia. I've spent time with Minister Parmar, who's very focused and has a shared vision. We need to be helping the commodity solid wood business evolve to the value-added mass timber business to support the rollout of Build Canada Homes.

I was just in Castlegar, British Columbia, a week or two ago, meeting with a fantastic entrepreneurial company called Kalesnikoff, a company very similar to the one in Chibougamau that you have shared and I intend to get to, where they are designing product to go from tree to sawmill to mass timber to manufactured homes, radically driving down the time and cost it takes to build a home.

If we do that, we will significantly increase the amount of solid wood we use in this country. That's how we give ourselves more than anyone can take away from us, and that's what we're focused on.

The Chair: Thank you.

[*Translation*]

Mr. Simard, you have two and a half minutes.

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

Minister, I would like to continue talking to you about the forestry industry.

Earlier, you had a bit of a difference of opinion with my colleague about the expression “elbows up”. To a francophone, elbows up means drinking to forget, and that is not what we want for forestry workers.

I want to come back to something rather essential. There is a proposal that has been around for a while that was made by people from Chantiers Chibougamau, which you just mentioned, Domtar and the major unions in Quebec.

As you know, nearly \$12 billion in countervailing and anti-dumping duties are lying dormant at the border right now. It was proposed that the government buy back some of those amounts. I understand that is a big pill for the government to swallow, but these people are trying to compromise. What they are currently proposing is that the government buy back 50% of the countervailing and anti-dumping duties at the end of every month, which would allow them to continue to have access to the market and protect the jobs in question.

We know very well that the forestry industry is a big chain. As soon as one link in the chain is cut, it becomes very difficult to maintain the entire ecosystem. These people are concerned because what is happening now is equivalent to cutting multiple links in the chain. I therefore think that this is a reasonable suggestion that does not go against our trade agreements because there are hedge funds that are buying back these duties.

I would like to hear your comments on that. What do you think about this proposal?

• (1610)

[*English*]

Hon. Tim Hodgson: Thank you for the question.

We are in this difficult negotiation with the Americans. We need to be playing chess, not checkers.

We are—and I am personally—in regular contact with the CEOs of various leading companies, the heads of family-owned businesses. We are dealing with a number of trade unions, including in Quebec, and the companies you mentioned. I was sitting with them as recently as last Friday, thinking about how we make sure that the \$1.2 billion we've already allocated to the industry is allocated to their support as quickly as possible.

One of the things we've been focusing on is the liquidity support. We have already provided \$700 million in liquidity support. I will be sitting with the heads of all the commercial banks this evening to talk about making sure that money will be going to all the companies that need it as quickly as possible. I've personally undertaken that.

In the conversations, as recently as Friday, there are differences of opinion around whether buying the duties would be a good thing.

The Chair: Thank you, Minister.

We're going on to Monsieur Martel.

[*Translation*]

You have five minutes.

Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Mr. Chair.

Minister, thank you for being here with us today.

I want to come back to the Major Projects Office. As you know, the United Kingdom created the Major Projects Authority to oversee its major projects. Initially, it failed in several cases because of a lack of power and follow-up.

How can the Canadian government ensure that its Major Projects Office will not make the same mistakes?

[*English*]

Hon. Tim Hodgson: We have an extraordinarily experienced Prime Minister who has allocated capital at the highest levels all over the world. We have a Clerk of the Privy Council who is one of the most sophisticated businesspeople ever to hold that role. I would point out that, in addition to being CEO, he was also CFO, so he was a C-suite member of not one, not two, but three different blue-chip Canadian corporations, as well as CEO of the second-largest pension plan in the country allocating capital. We have a chief of staff who ran the infrastructure investments of the second-largest pension plan in the country. I think you know my background.

I would put those backgrounds up for understanding how to get projects built against any government in the world. I would also highlight that choosing the right person to lead the major projects is an incredibly important decision. I believe it was Premier Smith who said in the National Post that she could not think of a better person to run the Major Projects Office.

The proof will be in the pudding, but I think we're doing the right things and we're putting the right people against the problem.

• (1615)

[Translation]

Richard Martel: Minister, you came to Saguenay. You saw that we have the potential to market our products and that we have excellent facilities.

For my region to prosper, it needs projects. For those projects to be carried out, investors are needed. To attract investors, there must be an attractive regulatory environment. Do you think Canada is offering that right now?

[English]

Hon. Tim Hodgson: I think we should look at what CEOs are saying. We should look at what the CEO of Shell Global said, which is that this is the most attractive time he's ever seen to invest in Canada. We should look at the CEOs of Teck and Anglo American, who've said that Canada is a great place to invest.

I was in the Saguenay at Rio Tinto, which is investing, I believe, almost \$3 billion in a new aluminum smelter because it believes Canada is a great place to invest.

At the G7 ministerial meeting, we announced that multiple G7 allies of ours were investing in the scandium processing plant in Saguenay because they think it's a great place to invest.

[Translation]

Richard Martel: However, we know that it is difficult to get permits, that every economic development project depends a great deal on timing and that every time that timing is thrown off because of regulations it undermines our credibility on the international stage.

We are talking about bureaucracy. Will there be any measures in that regard?

[English]

The Chair: You have 30 seconds, Minister.

Hon. Tim Hodgson: The goal is for something referred to the Major Projects Office to get a conditions document within two years. If we do this, we will be the best in the OECD. If someone who allocated capital had that kind of clarity, I would be excited about putting money to work.

We're also announcing "one project, one review" with each of the provinces. Let me tell you what that means. In the case of the Ksi Lisims project in British Columbia, the British Columbia government approved that project at 4 p.m. on a Monday about a month ago. The federal government approved it at 4:30.

The Chair: Thank you both.

Wrapping up this round, we have Mr. Danko for five minutes.

John-Paul Danko: Once again, thank you, Minister.

I'm going back to economic development.

You spoke very eloquently about the fact that we are currently at an inflection point in our nation's history, and you gave a fairly frank assessment of the geopolitical realities we're facing.

Natural resources have always been a cornerstone of Canada's economy since the founding of the country. My question on economic development is, what is the scope and the scale of natural resources as part of Canada's future economic growth? What opportunities do we have, both domestically and globally, to leverage the vast natural resources across this country?

Hon. Tim Hodgson: What I have seen when I've travelled to other countries, and what I have heard from my colleagues who've also travelled to other countries, is that they all want what Canada has. Whether it's the *Mittelstand* companies in Berlin—which are feeling the threat of their uncertain supply chains, from a critical minerals perspective—seeing Canada as a solution...or whether it's our LNG or any of our resources, they see Canada as a reliable and fair trading partner. They see Canada as a country that will not use their energy or critical minerals for coercive political ends and that shares their values. What I hear, over and over again, is that they want Canada. Canada provides them the diversity of supply, the security and the sovereignty they are looking for.

I was really struck—I was in Germany speaking with people from a number of the large utilities there—when they said to me that they relied on Vladimir Putin for their natural gas, but that was a huge mistake. They said that their economies ground to a halt at the start of the war in Ukraine. It has taken them an immense amount of time to get off that reliance. They're now being told they have to buy their LNG from another supplier. While they may be comfortable buying some of their natural gas from that supplier, they have no interest in becoming beholden to that other supplier.

By the way, when they can get Canadian LNG, which is produced in the most environmentally responsible way out of any LNG in the world—we have the lowest carbon intensity of any LNG producer in the world, and we do it in partnership with first nations—they say, "I like that. That's consistent with my values. If I have a choice between two suppliers, that's a supplier I want to buy from." I use that as an example.

I could do the same thing with critical minerals: They want to buy from us, not from non-market actors who will use their critical minerals for coercion.

• (1620)

John-Paul Danko: Thank you, Minister.

We have just a couple of minutes remaining, so I want to give you the opportunity to add anything else that you think was missed in this discussion.

Hon. Tim Hodgson: We are at a difficult time in which we have to figure out how to win this trade war, but this trade war is also an opportunity to put our differences away, come together and re-engineer the Canadian economy so that we are stronger coming out of this. The more we can diversify our economy and be the supplier of choice for our allies around the world, the more sovereign, secure and economically better off we will be.

That's good for Canadians. That creates jobs, as well as the tax and royalty revenues that pay for \$10-per-day day care, pharma care, health care and post-secondary education, be it at a community college or a university. These types of resources, when we develop them in the right way, are good for Canada, and I think that's what Canadians are looking for.

The Chair: Thank you, Minister.

I'm wondering whether you have a hard stop at 4:30 p.m. That's the time we advertised for you. We may have a short round of a couple of minutes for each member, if that's okay with you. We're going to—

• (1625)

Hon. Tim Hodgson: I serve at the pleasure of the committee. I do have something in a while, but I will be—

The Chair: Let's go with one round of questions. Let's go two, two and one. How about that?

There's time for a quick question for you, Mr. Tochor.

Corey Tochor: Thank you very much.

The IEA has just recanted its original claim that oil demand has peaked worldwide. Do you agree that oil demand has not peaked?

Hon. Tim Hodgson: I'm sorry to do this again, but I fundamentally disagree with your premise. The IEA does not make predictions. The IEA provides scenarios.

Corey Tochor: They recanted that it's not peak oil—

Hon. Tim Hodgson: No. They have added scenarios. I've read the report. I've actually looked at it. They have scenarios that look at net zero, and they have added other scenarios. They have additional scenarios.

Corey Tochor: Okay. We'll agree to disagree on that one.

Hon. Tim Hodgson: Okay.

Corey Tochor: The Competition Bureau is currently investigating the awarding of the management of CNL to American companies. What recourse is there if the Competition Bureau rules against them?

Hon. Tim Hodgson: As someone who spent his life doing M and A, I believe what happens is that, when the Competition Bureau rules, they have what are called remedies.

They offer remedies. It's up to the parties to figure out whether they accept those remedies or not. This may involve the divestment of portions of the business. It may involve other remedies.

The parties to that transaction will have to decide whether they accept those remedies. If they don't accept those remedies.... I am not the agency. The agency runs that. I expect—

Corey Tochor: I have one quick follow-up question.

When the Competition Bureau began its investigation, this resulted in a delay in the handover of the management of our nuclear labs and forced the government to pay to keep temporary management indefinitely. How much has this miscalculation—leading to a Competition Bureau investigation—already cost taxpayers?

The Chair: There's just one minute.

Hon. Tim Hodgson: There is a provision to delay the takeover until, I believe—

Corey Tochor: Just the cost, though—

Hon. Tim Hodgson: There's none so far.

Corey Tochor: There's no cost to the taxpayer.

Hon. Tim Hodgson: No, until March...is my understanding. I feel that what I should do is turn it over to my deputy—

The Chair: That will have to—

Corey Tochor: Or just a written response....

The Chair: —take place a little later. We have the officials for an hour.

Mr. McKinnon, we have just two minutes for you.

Ron McKinnon: Thank you, Mr. Chair.

I have so many questions and so little time. Let's talk about economic reconciliation. As you know, and as we all know, it's a priority for our government, and it's extremely important for Canada. Can you explain in these two minutes how your work advances economic reconciliation with indigenous people?

Hon. Tim Hodgson: Thank you for the question.

It's something that's really near and dear to me. In my capacity as the former chair of Hydro One, I saw what well-orchestrated economic reconciliation can do. I stand by the view that when we do economic reconciliation—actually, engagement and reconciliation in general—it accelerates projects. It doesn't slow them down. I saw that first-hand in my role at Hydro One. We were building more transmission lines in Ontario than in any other jurisdiction in North America because we were doing it in partnership with first nations.

Specifically, to answer your question, this government is creating an unprecedented opportunity for indigenous peoples to participate in the economic growth of this country by building in—as one of the five objectives to advance reconciliation—the indigenous advisory group. This will focus on how we encourage all forms of reconciliation, especially economic reconciliation. Adding the \$10-billion indigenous loan guarantee program, which we doubled the size of in this last budget, will create untold opportunities for first nations.

I sat with Chief Campbell at Woodfibre and heard about what that project will do for his community. I sat with Chief Nyce of the Haisla and heard what that project will do for her community. I sat with Chief Eva Clayton from the Nisga'a and heard what the projects will do for her community. Up in Timmins, at Crawford, I sat with the chiefs, and when we announced the project was being referred, we got a standing ovation from the four different first nations involved because they know what it means for their communities.

• (1630)

The Chair: Thank you, Minister.

We will wrap up with Mr. Simard, for one minute or so. There's just time for a brief question and a brief answer.

[*Translation*]

Mario Simard: Minister, in my opinion, decarbonizing the economy is like going on a diet. There is a fairly simple principle behind it: When a person is on a diet, they do not eat poutine. There is no such thing as a diet poutine.

I think it is equally impossible to have low-carbon oil and that low-carbon oil is a bit of a pipe dream. Even oil companies have told us that they do not really think it is possible. However, the budget allocates funds for the Pathways Plus project.

I am therefore wondering whether the government is basing its decision-making process on clear information because this seems to be unclear even for the oil industry. It does not seem as though any cost-benefit analyses have been conducted for low-carbon oil. Is this a government fiasco in the making?

[*English*]

The Chair: Give a brief response, Minister.

Hon. Tim Hodgson: I'll start by saying I really like poutine. I'll go for poutine whenever you suggest it.

I'll use the example of when I was in Germany, a pretty environmentally responsible country. The Germans were very clear to me that they view LNG as a transition fuel. At the same time, they said very clearly that given national security, AI and the dramatic increase in electricity required because of the AI revolution, they will need a lot more LNG, and they will need it for longer. If they need more and they need it for longer, they would like to buy it from Canada because we produce the lowest-carbon-intensity LNG in the world. My view is that, if our allies are going to use it, they want it and we can provide the best in the world, Canadians expect us to take advantage of that.

The Chair: Thank you, Minister, and thank you to colleagues for a very stimulating first hour.

Minister, we'll let you go, and we'll have your officials for the second hour.

Colleagues, we are suspended.

• (1630)

(Pause)

• (1640)

The Chair: I'm calling the meeting back to order.

For the second panel, please allow me to welcome additional officials from the department. We have Isabella Chan, senior assistant deputy minister, lands and minerals sector. Welcome, it's good to see you back.

We also have Glenn Hargrove, assistant deputy minister. Glenn, it's nice to see you again.

Thank you all for joining us.

We will now start the rounds of questions. We don't have a statement.

We will start with you, Mr. Chambers.

Adam Chambers: Thank you, Mr. Chair.

Thank you for appearing at committee. It's always nice to have officials.

I wanted to follow up on the few questions I had for the minister, but with respect to the Major Projects Office process. To your knowledge, have any of the projects announced so far been subject to a conflict of interest screen?

Jeff Labonté (Associate Deputy Minister, Department of Natural Resources): Under the act, if the project were to be considered for designation, a conflict of interest screen would be established, as well as a security review and an assessment.

Adam Chambers: I'm sorry. I'll clarify. Have any of the decisions that have been made been subject to a screen that is in place to shield someone from learning about the project or its decision? Usually, if there's a conflict screen in place and someone is not supposed to hear about any information, the document says the decision is subject to a screen and cannot be shared with either the individual or the individual's office.

Jeff Labonté: As part of the normal practice in the public service, if there's a conflict of interest screen related to a specific individual, that's put into the information set.

Adam Chambers: I guess the question is this: For any projects that have been announced so far, has anyone been screened from seeing any of the projects or decisions?

Jeff Labonté: I can't speak specifically to any of the projects, but I'll just say that where a screen is necessary with specific individuals, it's put into place for the projects if they are the ones impacted by the screen. The screens exist for different individuals at different levels. I'm sure you know what it's like. You have the same responsibilities under the Conflict of Interest Act.

Adam Chambers: Absolutely.

I'll get specific—the Ksi Lisims project. Was that project put through the process, allowing everyone who has to see that information, including the Prime Minister's Office and the Prime Minister, to observe that information?

Jeff Labonté: To my knowledge, the projects were screened and assessed by officials working across departments. That information fed into the Build Canada committee, where it was discussed amongst—

Adam Chambers: It is not subject to any ethical screen in the Prime Minister's Office, to your knowledge?

Jeff Labonté: I don't actually manage the screen in the Prime Minister's Office, so—

Adam Chambers: Well, I know, but you would know if one exists, because you need to know who not to speak to.

Jeff Labonté: There is an individual who manages that process in the Privy Council Office. I think that is the right place. That person determines whether or not the project fits in and out, or anything for that matter—

Adam Chambers: I guess I'm just asking for confirmation that this project is not, in your view or to your knowledge, subject to the screen.

Jeff Labonté: I don't have any further knowledge about this particular project.

Adam Chambers: Okay, that's helpful.

In that way, I guess it would appear, even with your own department and with your own minister, that none of these projects gave rise to a conflict of interest with him either. Is that correct?

Jeff Labonté: That's correct.

Adam Chambers: Okay.

I'll follow up on the same line of questioning I had with the minister on what we call the tanker ban. My understanding is that there are discussions under way with the province, as identified by the minister. Some of you may even be aware of these conversations. Is the tanker ban on the table as part of the negotiations?

Jeff Labonté: I'm afraid we can't really speak to what is on or off the table with respect to the negotiations with Alberta or any other province.

Adam Chambers: Okay.

If oil were to get to the west coast, how would it leave? It doesn't teleport.

Jeff Labonté: Well, in fact, oil leaves from the west coast today through the Trans Mountain project.

Adam Chambers: Would you have more or would you allow more...?

• (1645)

Jeff Labonté: Through the Trans Mountain project, it leaves the Westridge facility in Burnaby, British Columbia. It leaves the west coast—

Adam Chambers: Would you allow increased traffic?

Jeff Labonté: It's not for me to allow. The project in British Columbia that's operating today exports oil off the Burnaby Westridge—

Adam Chambers: Hypothetically, you would be able to exempt something from the tanker ban.

Jeff Labonté: I'm not sure we really speak to hypothetical projects.

Adam Chambers: That's fair enough.

I noticed the minister on the question of oil demand peaking... Does Natural Resources Canada have a view on whether global oil demand has peaked? I assume you have a view.

Michael Vandergrift (Deputy Minister, Department of Natural Resources): We follow those studies very closely. We noticed with great interest the IEA's report and, as the minister noted, the revised scenarios that are there. Those scenarios inform the work we do.

Adam Chambers: Do you have a view? If we're thinking about increasing conventional fossil fuels and making them available, presumably there would be a view of the government to say whether or not oil demand has peaked and there's an opportunity to meet that demand.

The Chair: Give a quick answer, please.

Adam Chambers: Does Natural Resources Canada have a view?

Michael Vandergrift: We understand that a variety of scenarios are possible.

Adam Chambers: Okay. It's possible, then, that oil demand has not peaked. Is that your testimony?

Michael Vandergrift: People are putting out a variety of scenarios for what the future could look like.

The Chair: Thank you both.

Adam Chambers: Thank you, Mr. Chair.

The Chair: Thank you.

We're going to Mr. Guay for six minutes.

Go ahead, Mr. Guay.

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you, Mr. Chair.

It's good to see all of you. Thank you for the work that you do.

Ms. Chan, this question is for you.

I've taken many meetings with different stakeholders in the mining sector, related to critical minerals, and in this committee, we had many witnesses come talk to us. They've told us that permitting is not the number one issue they have. They talked more about funding through different phases that may be less or more difficult, depending on the phase. They talked about the need for infrastructure, because many times, it's very remote. They also talked about the need for energy.

As they face these challenges, what kinds of services and assistance do we offer the proponents of these mining projects to help them either get their capital or meet their needs in infrastructure and energy?

Isabella Chan (Senior Assistant Deputy Minister, Lands and Minerals Sector, Department of Natural Resources): Thank you for the question.

I'll come to the issue of funding and the difficulty in raising capital these days. Some key challenges are that there is so much price volatility and that there are non-market practices. As the minister alluded to, this is why the Prime Minister announced a critical minerals production alliance under the G7 presidency of Canada to pool the demand side and bring our projects online.

There were already a number of projects announced under the G7 production alliance, including offtakes by Canada and a number of countries. This was done to address the price volatility issues head-on and to ensure that the project can come online.

When it comes to infrastructure, Canada is definitely blessed with many deposits, many reserves, all across the country, but many of them are in remote areas. This is why, under the critical minerals strategy, in 2022, we launched the critical minerals infrastructure fund, with a \$1.5-billion investment. We have already announced over \$300 million to build not only roads but also clean energy, including a transmission line.

A couple of projects have already been announced. One is the B.C. highway project to unlock the mining projects in the golden triangle. As well, there is the B.C.-Yukon grid, which will also support some of the mining projects in Yukon.

Together with the investments under the critical minerals infrastructure fund and the G7 presidency, we're hoping to support the mining industry.

Thank you.

Claude Guay: Thank you.

My next question is also for you, if you don't mind.

We just announced in budget 2025 that we are going to extend the list for the critical mineral exploration tax credit to bismuth, cesium, chromium, fluorspar, germanium, tin and tungsten to help increase the number of projects. Can you explain why, and then how this measure is going to help?

• (1650)

Isabella Chan: I'll start from this point. We already have the mineral exploration tax credit, which applies broadly at 15%. It's a 15% non-refundable tax credit on eligible exploration expenses. We

also note that many critical minerals need additional support, as I noted in the point about price volatility and non-market practices.

This is why, under the strategy, we have also launched the critical mineral exploration tax credit, which is different from the mineral exploration tax credit. The critical mineral exploration tax credit is a 30% non-refundable tax credit for the list of critical minerals that you mentioned, Mr. Guay. It is harmonized in five provinces, when it comes to the provincial tax incentive, and it is to support exploration, to get it done and to get more critical mineral projects online.

Claude Guay: Thank you.

Mr. Hargrove, I believe this question might be for you.

In the budget, we have \$500 million to be administered by NR-Can to help the forestry sector diversify. We all know the challenges that this industry faces.

What kind of transformation do we plan to support with the \$500 million over the next few years?

Glenn Hargrove (Assistant Deputy Minister, Department of Natural Resources): There is a range of programs that this funding will support. Largely speaking, it will support projects that invest in innovation and retooling of mills to move them up the value chain to better automate and provide the prefab and modular construction components that the minister spoke to earlier.

There's also funding for the research and development of new products and processes. There's funding for demonstration projects for the use of mass timber in those types of applications, again, that the minister spoke of. There's funding for increasing the participation of and economic opportunities for indigenous groups in forestry. There's also funding to support offshore market development and different types of international work in the forest sector space, as well as funding to improve our data and monitoring around the forest resource.

The Chair: Thank you.

[Translation]

Mr. Simard, you have six minutes.

Mario Simard: Thank you, Mr. Chair.

Deputy Minister, earlier I asked the minister a question about the Pathways Plus project, which is also found in the budget. The minister talked a lot about a trip he took to Germany.

I, too, would like to talk about the trip I took with Mr. Wilkinson to Germany, where we visited the Siemens facilities. When we talked about carbon capture and storage strategies with the folks at Siemens, who I think are very reliable, they told us that that this was all very well and good, but that they did not believe that governments would ever seriously get involved in such a venture because the technological risk was too high.

If the government is investing money in strategies for capturing and storing such high volumes of carbon, then I assume you have scientific analyses showing that this is feasible. I assume that your decision-making process is based on the expertise of people who have shown that these strategies are feasible.

Once again, I am saying this because most of the experts that we talked to at committee as part of a study on this subject told us that it was unrealistic to apply these kinds of strategies to such high volumes of carbon. Perhaps you can reassure us.

Michael Vandergrift: Thank you for that important question.

Carbon capture and storage technology is important for Canada. Nine business projects are currently under way in the country. The department has invested a lot in research and development to advance these technologies. We are convinced that Pathways Plus is a good project that will help us to meet important targets in this area.

• (1655)

Mario Simard: I would simply like to know what expertise your decision-making process is based on. I assume that the department has analyses on this subject. It might be helpful to the committee if you shared the analyses that show that these projects are feasible and profitable.

Does this type of analysis exist?

Jeff Labonté: We could talk about the process that supports carbon capture and storage projects. Companies are the ones that decide to design and implement projects to reduce greenhouse gas emissions. We are not the ones who approve industry projects.

However, in our department, a lot of research is being done on these technologies and other carbon capture technologies in the context of carbon management, so there are other technologies. We have a \$319-million innovation program that—

Mario Simard: Mr. Labonté, perhaps you will understand why I am raising my eyebrows. You just told me that companies are the ones that will show whether this works, so you are going to provide financial support to companies that have to prove to you that carbon capture and storage works. However, I see lines in the budget for carbon capture and storage. Maybe I am just being suspicious, but that does not seem right to me.

I looked into carbon-neutral aluminum for a company in my region, Rio Tinto, and I saw that the specifications they would be expected to meet are very demanding. I cannot believe that you do not have any information and that you are leaving this in the hands of companies when there is a line in the budget to say that the federal government is going to fund carbon capture and storage and that companies say it is feasible.

Experts have appeared before the committee and told us that this does not seem feasible for the volumes of carbon that we are talking about. I think this is rather astonishing.

Michael Vandergrift: There is a process in place for the tax credit. Companies have to submit a plan for their project and we have experts who assess those plans to determine whether a company and its project are ready and whether they are eligible for the tax credit.

Mario Simard: Do you know what this reminds me of? During the pandemic, the government set up the emissions reduction fund to support the oil and gas industry. A year and a half later, you came back here to committee to tell us that this did not actually reduce emissions but that you had increased production. Personally, my concern is that you will do the same thing with carbon capture and storage. You will come back in two or three years and say that you gave the oil industry a lot of money and that you did not actually capture any carbon but you increased production. That is rather pointless, don't you think?

[English]

The Chair: Give a quick answer, please.

[Translation]

Jeff Labonté: This is a tax credit. We are not giving money directly to the companies, but some things are eligible for—

Mario Simard: If you are giving me a tax credit, then you are giving me money. I can assure you of that.

Jeff Labonté: Yes, if you will.

Some activities are eligible for a tax credit, but the companies have to submit an application to the Canada Revenue Agency. They have to reach a certain emissions reduction threshold to get the tax credit. There are things that have to be checked to ensure that the reduction thresholds were met.

Mario Simard: Thank you, Mr. Labonté.

[English]

The Chair: Thank you, Mr. Simard and Mr. Labonté.

We'll go to our second round, colleagues, starting with Mr. Tochor and followed by Mr. Hogan and Mr. Simard.

Mr. Tochor, you have five minutes.

Corey Tochor: Have any of NRCan's staff been seconded to the MPO?

• (1700)

Jeff Labonté: Yes, we have a number of staff—I think there are four—who were seconded to work at the MPO.

Corey Tochor: Did any of the projects referred to the MPO have outstanding NRCan permits?

Jeff Labonté: The Department of Natural Resources' primary responsibility for regulating activities is under the Explosives Act. At this point, I don't know whether any projects had specific outstanding explosive permit applications.

Corey Tochor: Was NRCan asked for input into any of the MPO referral lists?

Jeff Labonté: Most certainly, it was. The Department of Natural Resources, Fisheries and Oceans Canada, Transport Canada, the Privy Council Office, and Housing, Infrastructure and Communities Canada—all the departments that have a significant amount of work that would contribute to an assessment of a project, whether it's economic, regulatory, indigenous participation or indigenous relationships—contributed to the assessment of different projects.

Corey Tochor: I'm changing gears to go back to Chalk River and the nuclear labs, because I think that is the most pressing issue right now in the nuclear community in Canada.

Regarding the new GoCo contract to manage Canadian Nuclear Laboratories, what requirements for Canadian content were there to ensure that American companies managing one of Canada's most important scientific assets will be maximized for the benefit of Canada?

Michael Vandergrift: If I could take a step back, this contract was run by AECL, which is a Crown corporation, and an independent agency with an independent board. They ran a competitive procurement process, and it was AECL's decision as to whether or not to award the contract based upon the results of that competitive process.

Corey Tochor: The Government of Canada could step in, though. If it was a foreign entity that risks our sovereignty and some of our technology, the Canadian government could step in.

Michael Vandergrift: This was run by AECL according to their requirements.

Corey Tochor: There's nothing the government can do, then, to stop Americans from taking over our nuclear labs. I have a hard time believing that to be true.

I'll cede my time to Jonathan Rowe, please.

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): Mr. Chair, I would like to move the following motion, which was put on notice on October 17, 2025, by MP Shannon Stubbs:

That, pursuant to Standing Order 108(2), the committee undertake a study on the decision of Atomic Energy of Canada Limited (AECL) and the Liberal government to award a contract reportedly worth \$1.2 billion per year to a consortium entirely composed of U.S. companies to manage Canadian Nuclear Laboratories, and, for the purpose of this study:

- (a) schedule no fewer than three meetings;
- (b) invite the Minister of Natural Resources to appear, by himself, for one hour;
- (c) invite appropriate officials from AECL, including Fred Dermarkar, President and CEO;
- (d) invite appropriate officials from Natural Resources Canada;
- (e) invite appropriate officials from the Treasury Board Secretariat;
- (f) invite other witnesses the committee deems appropriate; and
- (g) order the production of all memoranda, briefing notes, e-mails, text messages, instant messages, records of conversations, and any other relevant documents related to this decision in the possession of AECL, Natural Resources Canada, any minister's office, the Treasury Board Secretariat, the Privy Council Office, and the Prime Minister's Office, and that these documents are to be sub-

mitted to the clerk of the committee in both official languages and without redaction within three weeks of the adoption of this motion.

I'm not going to read it in French, just to spare myself the embarrassment.

The Chair: Thank you, Mr. Rowe.

Colleagues, this is up for discussion, as you know, and we're going to start with Mr. Tochor, followed by Mr. Guay and then Mr. Danko.

Corey Tochor: Thank you, Chair.

To the committee, I think what we've heard today is a bit of a cover-up. An all-American group will be in charge of our nuclear labs in Canada, with all the research and all the technological breakthroughs we've had with medical isotopes. The concerns we have—for example, that the Competition Bureau has investigated and found this would create a monopoly on our medical isotopes, which would be controlled by another country—are things that I think all Canadians should be alarmed about. We have heard that this can't be stopped, that it is in AECL's hands and that it has nothing to do with the government, but these are taxpayers' dollars. This is Canadian technology that is about to be transferred to Americans to manage for their benefit, not ours. That in itself is worth the study, along with the other points that this study would get into.

We don't know how much this has cost. It's a big black hole. They won't tell us—is it \$1 billion, or is it \$2 billion a year? We heard earlier today that the minister wasn't concerned or that there was no taxpayer cost for the delay in the handover of this management contract. However, whistle-blowers and sources have said that there are tens of millions of dollars on the line or that it has been rushed to get approval as a stopgap between the American takeover and the Canadians who are running it right now. It's a little concerning.

We have things such as hot cells that can't just be walked away from, and we have contractors who are now being ordered or asked to continue with some of the operations for safety. How much are those contractors getting paid? When the ministers say there are no additional charges for this delay, that's patently false.

I will go back to what they do at Canadian Nuclear Laboratories. It's our cutting-edge research into nuclear technologies. I'm grateful that this government has recently found the benefit of nuclear and has spoken kind words about how this is a strategic resource for Canada, but that strategic resource is built at Canadian Nuclear Laboratories, and we're giving that away to American companies to manage. This has significant implications for our energy security, our medical isotope sovereignty and the future of nuclear research in Canada.

The study in the motion—

• (1705)

Claude Guay: I have a point of order, Mr. Chair.

The Chair: What's your point of order, Mr. Guay?

Claude Guay: It's just a question. I'm not experienced in committees. How long is Mr. Tochor going to go on like this?

The Chair: He has the floor.

Claude Guay: For how long?

The Chair: This is in order.

Corey Tochor: I will be wrapping up. I have a minute left in my comments.

Claude Guay: How long does he want?

The Chair: He's going to wrap up.

Corey Tochor: It's a minute. We'll see how long others are going to speak to this.

Some hon. members: Oh, oh!

The Chair: Colleagues, order.

Mr. Tochor, why don't you finish up?

Corey Tochor: Well, I do have the floor, and I'm going to be talking about the importance of the Chalk River nuclear labs, and how having them taken over by an American company—which is allowed by a government that claims to be “elbows up”—is a travesty. We found out that Prime Minister Mark Carney has shares in one of the companies that is taking over. There are alarm bells.

This is worthy of a study, and I can't imagine anyone in this committee not agreeing with this study going forward after the forestry study wraps up—there's no reason. Canadians are asking for these answers. We need to hear directly from AECL about the travesty that is taking place.

The Chair: Thank you, Mr. Tochor.

Mr. Guay, you have the floor.

Claude Guay: Thank you, Mr. Chair.

AECL, right now, is in a competitive bidding process to issue its contract, and the process was done independently from the government. The contract is now being reviewed by the Competition Bureau, which ensures that contracts are in the best interest of Canada. This review by the Competition Bureau is done independently from politicians, whether Liberal, Bloc or Conservative, and so, for me, the Conservative motion would interfere with this process.

I call on my Conservative colleagues at the committee to respect the independence of the Competition Bureau and its review of the

contract. I have no problem doing a study in the future on atomic energy, the role of Chalk River and all of that, but I think we need to respect that, Mr. Chair.

The Chair: Mr. Danko, go ahead.

John-Paul Danko: Thank you, Chair.

Ron McKinnon: Mr. Chair, I have a point of order.

The Chair: Yes, what is your point of order?

Ron McKinnon: I was wondering whether we could release our witnesses.

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

However, colleagues, can we let our witnesses go? It looks as though this is going to go on for a bit.

Some hon. members: Agreed.

The Chair: Yes, we're okay with letting our witnesses go.

Thank you for that suggestion, Mr. McKinnon. It wasn't a point of order, but it was a point of courtesy.

Yes, go ahead.

Kyle Seeback (Dufferin—Caledon, CPC): On a point of order, Chair, I just want to make sure the witnesses understand that, because of this, they may have to come back.

• (1710)

The Chair: Well, if the committee so wishes, we can call them back, yes. This is their second time here. I know they love this committee as much as we do.

Thank you, Mr. McKinnon.

Go ahead, Mr. Danko.

John-Paul Danko: Thank you, Chair.

I served on a municipal council for nearly seven years. One of the most difficult things for me to get used to is the Conservative tactic of lying with impunity under the—

Randy Hoback (Prince Albert, CPC): I have a point of order.

The Chair: Mr. Danko, you know that's not parliamentary language, so please.

Randy Hoback: Give an apology, please.

John-Paul Danko: They are falsifying information with impunity under parliamentary privilege.

The Chair: Mr. Danko, if you would refrain from using that word, I think the whole committee would be grateful. Please continue.

John-Paul Danko: Thank you.

I also spent 20 years in construction as a structural engineer. In most of that time, I avoided legal action, as I did in my role on council.

I find that these tactics of stating these outrageous conspiracy theories, under the protection of parliamentary privilege, are really cowardly, and I would encourage all Conservative members to grow a pair and say what you say, in committee, outside.

The Chair: Mr. Danko, use parliamentary language, please.

Randy Hoback: Give an apology.

The Chair: Okay, colleagues, let's have some order.

Mr. Danko, if you could get to your major point, that would be appreciated by all of us.

John-Paul Danko: That would be my point.

Thank you.

The Chair: Mr. Hoback has the floor, and then Mr. Tochor.

Randy Hoback: Thank you, Chair.

I'm just stepping into this committee, and for the last half hour, I've been looking at what's going on. I'm amazed. If you think that this is all a hoax and there's nothing there, then you should agree with the motion and actually come through, and then the committee will have a chance to deal with it. If they want to cleanse their name and their reputation, that's the best place to do it.

Let the witnesses come forward. Do you think it's a conspiracy theory? Well, bring your witness in, let them look at it and dispense of it, but to make accusations based on your own conspiracy theories and to insult your fellow members on the committee is totally unprofessional.

There was no apology given, Mr. Danko, which I find totally unprofessional. As someone who's been in municipal council, you should understand that there are places that you can and can't cross. I've been here for 17 years. I have never insulted a Liberal member like that in my life, and I never would. There is a level of professionalism that usually shows up in the committees. You've broken that level of professionalism, and I expect an apology—I do.

The Chair: Thank you, Mr. Hoback.

We have Mr. Tochor, and then Mr. Hogan.

Corey Tochor: Thank you, Chair.

This was referred to as a competitive bidding process that we can't get involved in. Well, it's done; it was awarded. We are investigating why billions in Canadian taxpayers' money is going to flow to American companies, with no safeguards that our technology and our secrets will not be used for the benefit of a different country.

We talk at length in this committee and in the chamber about looking out for Canadians' best interests. I'm asking for three meetings to investigate how this travesty has occurred, that there's no Canadian component.... We heard the rationale that there are Canadian employees. Well, they work for American companies. We know there have been other concerns about American companies—associated with our data being stored on American servers and in foreign countries—demanding access to secrets. This contract is in the billions, and the technology drain is such that we could also be talking about billions of dollars of technologies that Canadians

have paid for, that should be for our benefit, just getting swept away under the cover of night into servers located in the States.

We're asking for some answers and some accountability on how this happened. How did only American companies win a tender to manage Canadian Nuclear Laboratories in Canada? Those answers, I believe, have to come under oath from the Minister of Energy and Natural Resources himself.

We also heard a bit about how they can't touch this because AECL is an outside organization. Well, it's taxpayers' money that pays for this contract and those workers. In this committee, we should be able to ask questions on value for Canadian taxpayers' money when we know that it is just going to be paid to American companies. Officials from Natural Resources Canada should also be at this committee.

On top of all this is the Treasury Board Secretariat, because, once again, there are thresholds of money. We're talking not about \$16 glasses of orange juice but about \$1.2-billion contracts. We may think of all the troubles we have in Canada and how many millions of people are lining up at food banks, yet right now we're stroking a cheque annually for \$1 billion to American companies to manage our labs. Something stinks here. We then find out some of the ownership structures of these companies.

These are questions that I think Canadians should be asking. What is happening in Ottawa? We are running out of money because we have billions of dollars going to contracts such as these. The documents that we're asking for are basic documents that would shed light on this. For weeks we've been blocked on this motion. This motion was put on notice on October 17, and it's taken until today to see the light of day. As long as I'm a member of this committee, I'll keep bringing this up. I'll keep fighting to find the answers on what is happening with Canadian taxpayers' dollars.

• (1715)

The Chair: Thank you, Mr. Tochor.

Go ahead, Mr. Hogan.

Corey Hogan (Calgary Confederation, Lib.): Thank you, Chair.

This is a highly integrated sector. There's incredible strength here in Canada. There's incredible strength of Canadian companies in the United States and of United States companies here as well. Ownership and benefits on both sides of the border have flowed literally for decades since the creation of nuclear energy. We have our problems right now with the United States, but they are still a friend and ally. Many of us have relatives down there. We have friends down there. We have connections far and wide, and the rhetoric has gotten a little superheated here. Words like “cover-up” are a bit silly. Suggestions that anyone is running out of money, particularly the Government of Canada, which has the strongest balance sheet in the G7, are a bit unserious.

We're currently in a forestry study. It's a very important study. As the opposition was discussing even at the last meeting, this is a long-standing crisis that needs to be addressed with seriousness. In my opinion, this is not the time to address this motion. It is not a motion I would currently support. I would like to finish the forestry study; perhaps then we can take up consideration of the motion. For that reason I move to adjourn debate.

The Chair: That motion is in order, colleagues.

(Motion agreed to: yeas 5; nays 4)

The Chair: Debate is adjourned.

Colleagues, we have the supplementary estimates (B) to pass. It's one of the purposes of our meeting today, along with seeing the minister and having him answer questions.

I am going to go right to the votes on the supplementary estimates, if I could have everybody's attention.

Does the committee wish to vote on the supplementary estimates (B) now?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: In all, there are three votes in the supplementary estimates (B), 2025-26. Unless anyone objects, I will seek the unanimous consent of the committee to group the votes together for a decision. Is there unanimous consent to proceed in this way?

Some hon. members: Agreed.

CANADIAN ENERGY REGULATOR

Vote 1b—Program expenditures.....\$6,596,427

(Vote 1b agreed to on division)

DEPARTMENT OF NATURAL RESOURCES

Vote 1b—Operating expenditures.....\$1,323,339

Vote 10b—Grants and contributions.....\$15,100,000

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

The Chair: Shall I report the votes back to the House?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Colleagues, I have one last thing before we adjourn. The clerk prepared a budget in the amount of \$500 for today's meeting. It's ridiculous.

An hon. member: There are sandwiches.

The Chair: I guess it's for the ceiling. I haven't had my sandwich yet.

Is it the will of the committee to adopt this budget?

Some hon. members: Agreed.

The Chair: Thank you, colleagues.

We are now adjourned.

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