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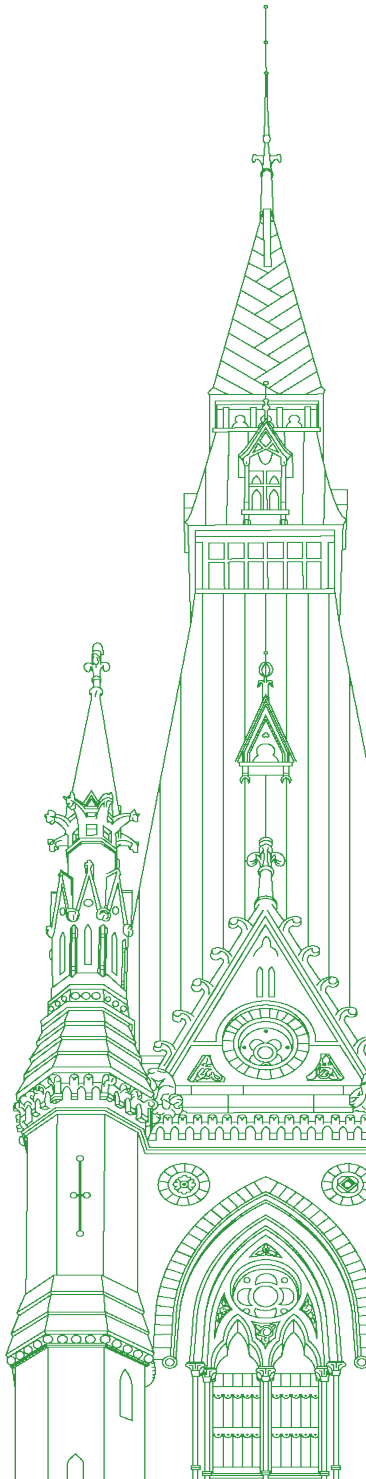

Chair: Angelo Iacono

Standing Committee on Environment and Sustainable Development

Monday, October 27, 2025

● (1105)

[*English*]

The Chair (Angelo Iacono (Alfred-Pellan, Lib.)): I call the meeting to order.

Welcome to meeting number 10 of the Standing Committee on Environment and Sustainable Development. This meeting is taking place in a hybrid format and is in public.

We have witness testimony for the full two hours. For those attending in person, please follow the health and safety guidelines for using the earpieces, which are written on the cards found on the table.

[*Translation*]

The committee is resuming its study on the effectiveness, potential improvements and capability of Canada's 2030 emissions reduction plan.

[*English*]

This morning, we are meeting with the following witnesses. From Clean Prosperity, we have Etienne Rainville, vice-president for central Canada. From the Pembina Institute, we have Janetta McKenzie, director of oil and gas, joining us by video conference. From Keystone Agricultural Producers, we have Colin Hornby, general manager, also joining us by video conference.

Colleagues and witnesses, when you see this yellow card going up, you have one more minute to speak. When you see this side of the card, you must stop speaking because your time is up. Thank you.

I will start with some opening remarks.

Mr. Clerk, please highlight the comments we received from the minister's office with respect to her visit.

The Clerk of the Committee (Leif-Erik Aune): Environment Canada has written to the committee to advise that Minister Dabrusin has not yet confirmed her availability, but officials from the department are available to appear before the committee on Monday, November 3, if it's the will of the committee, to discuss the work of the department. That's the update.

The Chair: Thank you.

We will start with the witnesses' opening remarks.

[*Translation*]

Mr. Étienne Rainville, you have the floor for five minutes.

[*English*]

Etienne Rainville (Vice President, Central Canada, Clean Prosperity): Thank you, Mr. Chair and members of the committee, for the invitation to present today.

My name is Etienne Rainville. I am the vice-president for central Canada at Clean Prosperity, which is a not-for-profit, non-partisan Canadian climate policy organization that advocates for market-driven solutions to build a low-carbon economy and reduce emissions.

The 2030 emissions reduction plan, or ERP, presented by the former federal government included dozens of measures aimed at reducing emissions, but for the purposes of this presentation, I'll focus on the merits of only one: industrial carbon pricing.

Industrial carbon pricing is the single most significant policy detailed in the ERP. Industrial emissions account for 42% of Canadian emissions, and this single policy is projected to achieve as much as 50% of Canada's reductions by 2030. Further, it achieves that while being among the lowest economic costs to Canada, being sensitive to trade-exposed sectors, creating minimal pass-through costs to consumers and being widely supported by industry.

The history of industrial pricing in Canada started in 2007 with Alberta's creation of the specified gas emitters regulation. Other provinces, such as British Columbia, Quebec and Ontario, later followed suit and introduced their own systems. Industrial pricing went nationwide in 2018 with the passage of the federal Greenhouse Gas Pollution Pricing Act.

While industrial pricing systems vary by jurisdiction in Canada, most provinces operate output-based pricing systems. These systems work by establishing a performance benchmark for each facility and setting a stringency rate that prices a specific fraction of a given facility's emissions. That benchmark tightens every year, slowly escalating both the price and the fraction of emissions covered.

Facilities that exceed the benchmark face a compliance cost, and those that outperform it are able to generate credits to sell to those that have exceeded it. In this way, a market is created. The market is broadly technology- and industry-agnostic, and it works to identify and pursue the lowest-cost decarbonization opportunities within a given jurisdiction. This allows the economy to target the lowest hanging fruit, prioritizing investments that can reduce emissions for, say, $50 per tonne, instead of $500 per tonne. Non-pricing regulations, by contrast, are often more indiscriminate, less flexible and more economically burdensome, and they often fail to distinguish between high-cost and low-cost emissions reductions.

While I expect that most members of the committee are familiar with how the consumer carbon tax or fuel surcharge is operated, there are two key differences I would highlight about industrial pricing that explain how it keeps costs low.

First, the consumer carbon tax worked by charging a price on every tonne of emissions. Industrial pricing systems work differently by charging a price on only a fraction of emissions today. It's roughly 20% in most jurisdictions.

Second, the consumer carbon tax charged the full carbon price on each tonne. Output-based emissions pricing systems provide the option to pay by credits instead, with credits often trading at a discount to the headline price, subject to supply and demand in a given market.

What’s the catch? The primary challenge with industrial pricing in Canada is long-term certainty. Initial emissions reductions can often be made through efficiency projects, but when those options are exhausted, facilities may consider deploying new technology, like carbon capture, electrification or fuel-switching options. All of these are capital-intensive projects, and their economic case rests in part or wholly on generating revenue via credits in their output-based pricing systems. A lack of long-term certainty in the durability and the rules of the system means they aren’t as investable as they should be. Without investment, you aren’t deploying technology, and without technology, you aren’t getting emissions reductions or the low-carbon growth you’re looking for.

This is having real-world impacts. In our recent report, “Market Force”, we calculate that over 50 billion dollars' worth of projects across Canada need a stable carbon market to advance. This uncertainty also helps explain why the emissions reduction plan’s modelling is falling short of real results. In our 2024 report, “Missing Megatonnes”, we found that uncertainty around carbon pricing could prevent Canada from achieving as much as 33 megatonnes of industrial emissions reductions per year by 2030, and the situation has only worsened since then.

Thank you for your time. I look forward to your questions.

● (1110)

The Chair: Thank you, Mr. Rainville.

I'll pass the floor now to Janetta McKenzie for five minutes.

Janetta McKenzie (Director, Oil and Gas, Pembina Institute): Thank you, Mr. Chair and committee members.

My name is Janetta McKenzie. I'm the director of the oil and gas program at the Pembina Institute. I hold a Ph.D. from the University of Waterloo, where I researched oil and gas regulatory development. I've also worked on regulatory compliance in the pipeline industry here in Alberta.

In investigating the efficacy of Canada's emissions reduction plan, today I'd like to highlight two sectors whose emissions have changed dramatically over the last 20 years. I believe they tell a story of how strong, durable climate policies can work without damaging industrial competitiveness.

First, Canada's electricity sector has achieved a massive reduction in greenhouse gases while growing its output. The sector has reduced 68 million tonnes, or 60%, of its carbon emissions over the last 20 years while increasing generation by 10%. On the other hand, the oil sands, the handful of companies in Alberta where bitumen is produced, have seen an increase of 55 million tonnes in emissions since 2005. That's an increase of over 150%.

The difference is simple: policy. The electricity sector responded to clear, long-term climate policies. Ontario began its phase-out of coal-fired power in 2003. Building on that success, in 2012 Prime Minister Stephen Harper mandated a nationwide coal phase-out by 2061. Federal and provincial governments of different stripes built on that commitment, resulting in regulations that sought to eliminate coal emissions by 2030 nationally, all while giving provinces flexibility to meet that goal and industry the runway to invest in other forms of power generation.

In Alberta, despite protestations that it couldn't be done, in 2024 the last coal-fired power plant went off-line ahead of schedule, despite coal powering 60% of the grid just a decade before. Meanwhile, Alberta was initially flooded with billions of dollars of private investment in wind and solar projects, from which local governments collect millions of dollars annually in municipal tax revenue.

In other words, coordinated coal regulations are a prime example of durable, predictable climate policy that companies can use to make long-term investment decisions. It's also a good reminder that climate policies don't only reduce emissions; they also show the world that Canada is open for business for low-carbon investment. Globally, clean energy investment now outnumbers that in fossil fuels at a rate of two to one, reinforcing Prime Minister Carney's statement that climate action is not simply a moral duty but an economic imperative.

Now let me turn to oil sands. In contrast to electricity generators, oil sands companies have not yet been subject to policy, either federal or provincial, that has effectively checked their overall pollution. Despite rhetoric about climate policies damaging the sector, oil sands production and emissions are at an all-time high. The oil and gas industry overall is responsible for almost one-third of Canada's emissions, though only one-twentieth of our GDP.

For the oil sands and for all sectors, we need strong policies guided by clear targets and predictable timelines that investors can have confidence in. Conversely, as we have seen south of the border, whiplashing policies are damaging to industries, suppliers and workers.

Industrial carbon pricing is Canada's best tool for driving innovation in high-emitting sectors like the oil sands. It has enjoyed the support of heavy industry, including oil and gas executives, for well over a decade because of how it slowly and predictably gets stronger, allowing them to plan out more and more investment in decarbonization over time.

Unfortunately, the Province of Alberta has recently taken backward steps that weaken its industrial price, despite the fact that complying with the current system costs oil sands firms just a few dollars on the barrel. If what we want is a cleaner, future-proofed oil sands, or anything approaching decarbonized barrels of oil, then strong industrial carbon pricing systems efficiently channel millions of dollars of private capital towards that goal.

Finally, the fact that we are not yet on track to meet our 2030 climate targets does not mean that the emissions reduction plan has failed. Such measures as industrial pricing, clean electricity regulations and electric vehicle sales standards are long-term measures whose benefits will only be fully realized if they're given the time to do so. Much like preparing for a marathon, where every training run you do improves your fitness, every tonne that we don't emit and every low-carbon investment that is made improves our climate competitiveness. However, as the contrasting examples of the electricity and oil sands sectors show, we won't get there without long-lasting regulations and policies that investors can work with and depend on.

Thank you again for having me today. I'd be happy to take your questions.

● (1115)

The Chair: Thank you, Ms. McKenzie.

Mr. Hornby, the floor is yours for five minutes.

Thank you.

Colin Hornby (General Manager, Keystone Agricultural Producers): Thank you, Mr. Chair.

Good morning, committee members. I appreciate the invitation to share some thoughts today on behalf of Manitoba farmers.

My name is Colin Hornby. I'm the general manager for Keystone Agricultural Producers, Manitoba's general farm organization, representing the interests of all Manitoba farmers. Our membership includes over 6,000 direct-paying individual farms and 20 commodity group members, representing the entire sector.

Farmers care deeply about the environment. They live on the land. In the many conversations we've had throughout the years, one common theme persists. They want to leave the land the same or better than when they put that first seed in the ground.

They depend on it every day for their livelihoods, their families and their futures. Nobody has a greater interest in protecting our soil, our water and our air than the people who work the land themselves. However, what I hear again and again from farmers across the province is that there's a growing sense of frustration and, frankly, a loss of trust in government environmental initiatives and programs.

When targets and initiatives are undertaken, I can appreciate their being aspirational and impactful; however, these must be grounded in the realities of how modern farming operations function.

Let's take fertilizer emissions as an example. In 2022, ECCC released its “A Healthy Environment and a Healthy Economy” plan, setting a target of reducing fertilizer emissions by 30% below 2020 levels by 2030. This was described as a voluntary target, but farmers quickly realized the challenges with its feasibility. They understood that cutting emissions by 30% without cutting fertilizer use was simply not realistic, especially with today's crop yields and soil conditions.

Farm groups, including us and the CFA, made it clear that this target could hurt production, lower farm income and weaken Canada's ability to compete on the world stage. Why did Ottawa not understand this?

Canadian farmers are not opposed to efficiency or innovation. In fact, they've been world leaders in both. They've adopted precision agriculture, zero till, cover crops, rotational grazing and 4R nutrient management strategies that reduce waste and emissions.

Agriculture has untapped potential. Compared to many other industries, agriculture can, in fact, remove emissions through carbon sequestration. Researchers have shown these effects. Farmers have created these effects. What farmers want are policies that work with them, not against them. They want policies grounded in science, not ideological assumptions about how agriculture works.

There's also the carbon tax. While we greatly appreciate the fact this drastically unreasonable policy was eventually reversed, when it was implemented farmers paid more to dry their grain, heat their barns and transport their goods. These are not optional activities. They're the core of modern farming. Every extra dollar spent on fuel is a dollar taken away from investing in better equipment, new technology, employees or next year's seed and inputs.

I've personally seen the countless utility bills from our members over the years, showing additional thousands of dollars spent per month to conduct these core business operations where there are no alternatives. KAP and other farm groups across the country were clear in our opposition, yet our voices fell on deaf ears. The carbon tax put farmers at a competitive disadvantage. This was one instance where the entire sector was unified and lobbied together against a single policy with one shared voice.

Canadian farmers sell into global markets where they compete against producers in countries without these added costs. When input prices are already climbing for fertilizer, fuel and feed, the extra layer of taxation makes it even harder to stay competitive.

That's why, as I mentioned, there was such strong industry and multi-party support in Parliament for Bill C-234 in the previous Parliament. It proposed to exempt on-farm natural gas and propane used for essential processes like heating livestock barns and drying grain. Farmers were simply asking for fairness. We saw the efforts to stop that bill from being fully implemented, and it was disheartening for farm families across Canada.

When government says it wants to partner with farmers, it needs to show that it's actually listening. Instead, what many producers see and feel is a pattern of Ottawa setting targets and timelines without meaningful consultation and without understanding how those decisions play out in the field. The result is a widening trust gap.

This deepens the urban-rural and east-west divides that persist, especially in the Prairies. Farmers want to do their part, but they're tired of feeling like they're being treated as if they're the problem. They are part of the climate solution, and that's the truth. Farmers are stewards of some of the most productive and sustainable farmland in the world. They're already adopting practices without programs telling them to do so. What they need from Ottawa is predictability, competitiveness and a genuine partnership based on respect for the expertise they bring to the table.

My message today is simple. Let's rebuild trust and listen to the people who feed our country and drive the economy. Economic growth must anchor any policies brought forward, including those in the environmental file. You can't be green when you're farming in the red.

Let's craft policies that strengthen, not weaken, Canadian agriculture. Let's implement policies that help farmers stay competitive while continuing to care for the land they love—with them at the table, not on it.

Thank you for listening.

● (1120)

The Chair: Thank you very much, Mr. Hornby, for your opening remarks.

[*Translation*]

We'll start with the Conservative Party.

Mr. Leslie, you have the floor for six minutes.

[*English*]

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

Thank you Mr. Hornby. I'm glad we were able to get an agricultural perspective added to this study.

I appreciated one of your lines, which was that farmers need to be part of the solution and, in fact, are part of the solution for the emissions reductions that we have seen in this country. I'd like to start with a specific policy, though.

You work on behalf of thousands of farmers in Manitoba. Have any of them ever indicated to you that they support the Liberal's electric vehicle mandate?

Colin Hornby: Thank you for the question.

That's not a topic that I've heard brought up from our membership, no.

Branden Leslie: You are a general farm organization, meaning that you're not commodity-specific, and you advocate for rural issues, broadly.

Do you think it is wise to force farm families living in rural Manitoba to purchase electric vehicles, where there are barely any charging stations and it's regularly below -30°C in the wintertime?

Colin Hornby: What I would say is that, in general, any time I speak to a farmer, when you talk about anything forcing, requiring or making prescriptive a certain purchase, activity or behaviour, generally, they would oppose it.

What we want is for farmers to be able to choose what best suits their operation. It could be that, perhaps, somebody does choose to purchase an electric vehicle; that could be their choice. However, not everybody has the means, nor is it practical, necessarily, depending on whether you're in, say, Ethelbert, Manitoba. It may not be realistic for you if the infrastructure doesn't exist. I think, today, that's not necessarily feasible for many producers.

Branden Leslie: Thank you.

During your opening remarks, you outlined some of the frustrations that many of us from the farming community have in terms of the Liberal government, which is the fact that we seem to be completely ignored. Farmers are an afterthought.

You mentioned some of the laws that have been made without, really, any consultation. How frustrating is it for the farmers you represent that Ottawa just passes laws and regulations that drive up their costs of doing business without even consulting them?

Colin Hornby: Some of the sentiment that I've heard from our members is about more than just agricultural policy. We've seen this throughout the country. As I mentioned, there's a rural-urban divide. There's a feeling that there are those who, perhaps through no fault of their own as they represent individuals in areas that are more urban, don't necessarily have an understanding of the realities of rural lifestyles and agricultural operations. It is frustrating, for sure, that many seem to feel that way, and I don't personally believe there is ill intent. However, I think it's just a reality that needs to be talked about more and more.

When we meet with members from urban areas, something we try to frame for them is how agriculture impacts them. Agriculture actually creates one in eight or one in seven jobs in Canada, regardless of where you are. If you look in Manitoba, down in St. Boniface, there's what we call “bacon corner”, where Maple Leaf has 3,000 jobs at a pork processing plant. We're the bacon capital of the world, essentially. That's an urban area, so agriculture creates jobs and impacts members everywhere in Canada.

Branden Leslie: I hope you continue to share that message loud and proud because we are a critical industry within this country.

You mentioned the fertilizer use cap that was proposed back in 2020. The farming community, rightfully, was completely outraged with, again, the lack of consultation on this idea that did not take into account, or listen to, the fact that we have adopted 4R nutrient stewardship technologies and no- or minimal-till operations that have significantly reduced our emissions.

I wonder if you could talk a bit about some of those practices and the fact that we, as the farming community in Canada, have increased our output significantly while not increasing emissions. Where do you think that could be going for Canadian farmers?

● (1125)

Colin Hornby: There's a lot that's been done over the years. I'm not an agrologist or an agronomist, so speaking to the specific numbers or processes isn't, perhaps, something I could do.

I do know that, for example, for 4R nutrient stewardship in Manitoba, the model we've adopted is a memorandum of understanding among industry, government and producer groups like ourselves, so it's KAP, Fertilizer Canada and the Government of Manitoba. This has gone back 20 years.

It's a shared commitment, with farmers, government and industry producers of fertilizers at the table. We say, “Here's a system with 4R nutrient stewardship that encompasses many different strategies and components. How do we work together to advance these principles and to increase the number of acres we are using for our practices?” We have seen a consistent increase in that over the years from this partnership.

That's one example where we could say that this is a success. It's not prescriptive. It's being collaborative. It's having government, industry and producers all together at the table saying that this is something we all agree on and this is something we can push forward together on, in our different respective ways.

Branden Leslie: Thank you.

In my view—I assume you share this—the world actually needs more Canadian agriculture. We should be darn proud of the strides we have made in our industry to stabilize emissions while increasing our production significantly. The intensity has been increased.

At a time when we see countries around the world devastating their forests and destroying landscapes to try to produce crops anywhere near the same quality and quantity that we do, how frustrating is it to see the federal Liberal government imposing penalties—

The Chair: Thank you.

I'm sorry, Mr. Leslie.

[*Translation*]

Mr. St-Pierre, you have the floor for six minutes.

[*English*]

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you for attending here today.

My question is for you, Ms. McKenzie.

The Pembina Institute put together a report in 2024 called “All Together Now: A provincial scorecard on shared responsibility to reduce greenhouse gas emissions in Canada”. Firstly, can you provide a copy of that report to this committee?

The report found a wide variation in performance across Canada's governments. Some provincial climate plans were more advanced than others. Can you share the performances of provinces, for example Alberta, and the impact that certain provinces will have on Canada's nationally determined contributions?

Janetta McKenzie: Yes, of course. We will send a copy of that report after this meeting.

In 2024, the Pembina Institute worked with Simon Fraser University to identify 23 indicators that represent best practices in climate and energy policy. We used those indicators to assess how Canada's federal and provincial governments were performing on climate and clean economy preparedness. We awarded provinces green, yellow and red ratings based on these indicators and based on their current policies and plans.

Some of our main findings were that two provinces are really leading. British Columbia and Quebec, as well as the federal government, are really showing leadership with emissions reduction targets backed up by public monitoring processes, with sector-specific measures like zero-emissions vehicle incentives or methane reduction targets and strategies to protect populations from the worst effects of climate change.

Two provinces are falling further behind. Even since last year, they have fallen even further behind. Alberta and Saskatchewan still don't have targets to reduce emissions by 2030. The climate plans they have released lack sufficient detail to be considered credible. They are also still actively opposing some federal climate measures like the phase-out of coal in Saskatchewan or measures to tackle oil and gas emissions in Alberta, mostly on economic grounds, while refusing to recognize that the economic impact of runaway climate change is quite significant or while failing to seek out billions of dollars of low carbon-aligned investment.

I'd like to highlight Alberta specifically. It's a good example because while it has a climate plan that was released in 2023, there's very little in the way of actual policy levers that would facilitate achievement of that plan. That is why Alberta was awarded mostly red ratings.

It's quite notable as well that one of the province's only green ratings—which is whether the province has a carbon price on industrial emitters that meets the federal benchmark—is now likely to be red given recent changes to TIER, especially the freezing of the headline price at $95 per tonne, which Alberta says it will retain for the foreseeable future. This threatens to undermine investment in key low-carbon technologies including carbon capture.

● (1130)

Eric St-Pierre: Great. Thank you.

Earlier this year, the Pembina Institute also produced a report called “Down But Not Out”, which showed that the moratorium on renewables in Alberta caused the cancellation of 53 renewable energy projects. Firstly, can you provide a copy of that report to this committee?

What impact has such provincial action, such as the moratorium, had on Canada's 2030 targets?

Janetta McKenzie: In short, it makes meeting those 2030 targets quite a bit harder. Up until two and a half years ago, Alberta was the destination of choice for renewable energy investment in Canada. For years, it led the country on new additions of wind and solar, generating billions of dollars in investment and adding new low-cost generation options to the province's electricity grid.

In August of 2023, the Government of Alberta announced a sudden and surprise moratorium on approvals for all renewable projects. As you noted, the immediate effect of that was quite sharp, with 53 projects pulling out essentially overnight.

In February of 2024, the moratorium was formally lifted; however, there have since been a number of new policies and contemplated changes directly affecting the renewable energy sector that have undermined confidence in this once very booming industry.

In August, 2025, two years after the moratorium was announced, a Pembina Institute analysis found that, although the Alberta Electric System Operator project development queue is “now back at pre-moratorium levels, there is a concerning increase in cancellations—suggesting that while investors may be joining the project queue, many are then leaving before their project is approved, or deciding not to put shovels in the ground even after they have the approvals in hand.”

Indeed, we found that almost 11 gigawatts of wind, solar and energy projects have been cancelled since the start of the moratorium. For reference, that's more than Alberta's average total power demand. What's happening to Alberta's renewables market is decidedly quite contrary to global investment trends in renewables, suggesting that these policy choices by the Government of Alberta are having a real direct effect on investor confidence.

Eric St-Pierre: Thank you, Ms. McKenzie.

I have 45 seconds with Mr. Rainville.

You mentioned the “Missing Megatonnes” report. Can you provide a copy of that to this committee? Also, Clean Prosperity has had an exceptional leadership role in CCFDs, carbon contracts for differences. Can you quickly explain how CCFDs could get us to our 2030 or 2050 targets?

Etienne Rainville: I'm absolutely happy to provide the report.

CCFDs are a mechanism that are hard to elaborate on in one minute. They're a mechanism from the financial sector drawn from the derivatives markets that are used in Canada now by the Canada growth fund in order to provide certainty around industrial pricing and the revenues associated with it.

The Chair: Thank you very much.

[*Translation*]

Mr. Bonin, over to you for six minutes.

Patrick Bonin (Repentigny, BQ): Thank you, Mr. Chair.

Ms. McKenzie, I believe you made some comments related to the strategy the federal government is going to propose to promote climate competitiveness. Is that correct? Could you possibly table that document with the committee?

[*English*]

Janetta McKenzie: Yes, we would be happy to send our notes on the climate competitiveness strategy to the committee.

[*Translation*]

Patrick Bonin: Thank you.

I think you're talking about reinforcing the corporate carbon tax. I'd like to hear your comments on that and on the fact that Alberta has refused to increase the tax. Do you think that's a setback? Is it currently equivalent to what is being done elsewhere in Canada in terms of the carbon tax?

[*English*]

Janetta McKenzie: Industrial carbon pricing can really be the key policy in Canada that catalyzes private investment in clean technology deployment and projects that reduce emissions from heavy industries.

The Province of Alberta, in the last year, has made some key changes—or signalled some key changes—to its industrial carbon pricing system, including freezing the headline price for carbon at $95 a tonne and investigating new ways and new additional compliance flexibility for farms, which threaten to undermine what is already a weak credit market and which open the door to reducing the price signal for farms to invest in emissions reductions, including in carbon capture.

To your question as to whether this is aligned with what we're seeing across the country, it depends a little bit on the province. There are certainly issues with the strength of industrial carbon pricing across Canada, including in the federal output-based pricing system. The upcoming federal review of both the federal output-based pricing system and then the equivalency agreements with the provinces in 2026 will be quite critical to ensuring that those systems can be adjusted, can be made more stringent and can get heavy industry on track with our 2030 emissions reduction targets and beyond, and really begin to see significant investments in heavy industry decarbonization.

● (1135)

[*Translation*]

Patrick Bonin: Earlier this month, you released a report entitled "A Not-so-Grand Bargain". In that report, you estimate that the carbon capture project of the oil and gas industry's Pathways Alliance would not be enough to offset the increase in greenhouse gas emissions that would be generated by a new pipeline carrying one million barrels a day. The pipeline is being considered by Mr. Carney and Alberta, among others.

[*English*]

Janetta McKenzie: Yes, our report called "A Not-so-Grand Bargain" looked at three different scenarios of what oil sands emissions could look like in Canada.

When we looked at an additional new million-barrel-a-day pipeline, along with the emissions associated with it and the production that would need to be brought online to fill it, it would result in a scenario where, even if the Pathways Alliance project were built in full, emissions from oil sands would still likely be higher in 2035 than they are now. That's not really aligned with decarbonized barrels or beginning to see emissions come down from this very high-emitting sector.

We proposed in that report that the Pathways Alliance project on its own represents a significant capital investment, if it can be fully realized, but that a good, strong industrial carbon pricing system, in addition to the public support already on the table via the federal carbon capture investment tax credit and provincial grants, is sufficient to incentivize investment in that project.

[*Translation*]

Patrick Bonin: Between regulations and carbon capture and storage technology, which do you feel is the more effective measure to reduce greenhouse gas emissions in the oil and gas sector?

[*English*]

Janetta McKenzie: Beyond industrial carbon pricing, I'd also like to highlight methane and the success that some parts of Canada, British Columbia in particular, have had in reducing methane from oil and gas emissions.

Our research has found that British Columbia is the first jurisdiction in Canada to have met its 2025 oil and gas methane emissions reduction target, and they did so two years ahead of schedule. Notably, B.C. achieved this while also growing national gas production, highlighting the fact that stringent methane regulations do not undermine the industry's ability to operate.

In fact, methane abatement is one of the lowest cost and most readily available emissions reduction opportunities in the oil and gas sector. It also creates jobs, particularly in small and medium-sized businesses that work to develop world-leading methane abatement technology and assess leaks at oil and gas sites and things like that.

It really is a success story that we've seen in British Columbia when it comes to reducing methane from oil and gas.

[*Translation*]

Patrick Bonin: You also mentioned taxonomy, I believe. Can you tell us what you would like to see in terms of climate action in the Canadian financial system? For example, should we require action plans aligned with the 1.5-degree target, a taxonomy or something else?

[*English*]

Janetta McKenzie: There's already been quite a bit of work done by the sustainable finance action council attached to developing a sustainable investment taxonomy in Canada.

There are some really significant changes or ways to prompt investment—

The Chair: Ms. McKenzie, I'm sorry, but the time is up.

If you can, reply to Mr. Bonin in writing and forward your response to the clerk. Thank you.

Mr. Bexte is next for five minutes.

● (1140)

David Bexte (Bow River, CPC): Thank you very much.

Thank you witnesses and committee chair. I appreciate the opportunity today.

Mr. Hornby, Canadian producers compete in a global market. Could you comment on the system that has been imposed for drying grain and heating? The costs have gone up for drying grain and heating barns. Are they passed on, or do they just reduce competitiveness on the world stage? Can you expand on that, please?

Colin Hornby: Sure. Thank you for the question.

The big thing to think about here is that farmers are price-takers, not price-makers, so input costs rise due to things such as additional taxes or whatever it may be. The carbon tax is a significant additional cost, especially if it's a year where you're trying to dry a lot of grain or it's a cold year. In Manitoba, we get to -40°C, so it's pretty cold here, and the summers get hot. You have to really make sure you keep a consistent temperature in your barns for animal welfare purposes.

The big thing is that those costs cannot be passed on to the consumer. The farmer has to eat them, and they're going to be paid for their product whatever the market is dictating. Sometimes they've already signed a contract for that price. They've locked in a price for part of their crop that year, so if they've locked in that price and the carbon tax goes up, for example, as it did—thankfully, it doesn't exist anymore—they have to eat that cost entirely.

It causes significant issues because the less money the producer has, the less money they are going to invest in their business. Also, farmers drive rural economies. When they have additional dollars in their pockets, they are going to invest in their communities whether by purchasing more products at the local seed dealer, buying new equipment or doing whatever it might be in the community. That's another downfall. Rural communities thrive when farmers are successful.

David Bexte: Thank you.

Do you have any data on how much per acre these carbon taxes are costing per operation?

Colin Hornby: Off the top of my head, no, but I could—

David Bexte: Are there any reports you can submit to the committee?

Colin Hornby: Yes, I will look something up.

David Bexte: I appreciate that.

Farmers' contributions to carbon management have been disregarded; you've alluded to that, and others have spoken to it.

Carbon credits could be rewards for good practices. Could you explain the hypocrisy of the circumstance right now and how farmers are doing the right thing but are not being rewarded for it?

Colin Hornby: I'm sorry, but could you clarify your question around carbon markets?

David Bexte: The question was about how farmers aren't being rewarded in the carbon markets for all the good practices they are doing.

Colin Hornby: We've seen a bit of a challenge with carbon markets. They just haven't really worked for producers. I'm not sure fully what the issues have been. It just doesn't seem like there's an interest in or a demand for that. The way we should be rewarding producers for their contributions is through market-based approaches—not through a stick but more through a carrot. I think more generally—

David Bexte: There should be recognition for self-started programs. Is that correct?

Colin Hornby: That's correct, and if we can try to figure out a way to reward those early adopters—people who are putting their necks out there to do the right thing when it doesn't pay off—I think that would also be welcomed by the industry.

David Bexte: You suggested that with the 4R nutrient management programs. They're best practices, and they're done because they're the right thing to do and there's a value proposition, but there are no rewards in the carbon market.

Colin Hornby: Yes. I mean, I guess the reward for the producer is that they're going to spend less on inputs and they're going to know that they're doing the right thing. The 4R protocols can reduce up to 35% of your emissions.

David Bexte: As you mentioned, there was overwhelming support among farmers for Bill C-234 to exempt farm fuel use from the carbon tax, yet the government fought hard to stall and water it down. What message did this send to farmers? How seriously is the Liberal government taking their concerns?

You have 30 seconds.

Colin Hornby: Thank you. I'll try to be quick.

I think Bill C-234, as mentioned, was a prime example of where industry rallied together. We saw multiple parties. I met with members from multiple parties. There was support across Parliament and support across industry. It was just a disappointment and a frustration that farmers were being punished for doing core components of their operation for which there was no alternative.

If you want to dry grain, you have to use fossil fuel. If you want to heat your livestock.... Here's the thing: We're in a cold climate in Manitoba. When it's -35°C and you—

● (1145)

The Chair: Thank you. I'm sorry.

Ms. Miedema, you have the floor for five minutes.

Shannon Miedema (Halifax, Lib.): Thank you very much to all the witnesses today.

We know that the current state of play with our emissions in Canada, in terms of sectors, is that the emissions are increasing in the oil and gas sector and also in the agricultural sector. I've actually been thinking about this and trying to better understand the collaboration with the agricultural sector, because we definitely need to work together on some solutions.

Mr. Rainville, can you tell us about Clean Prosperity's net-zero pathways for Canada project and how Clean Prosperity advocates for Canada's net-zero goals? If you have anything to contribute from an agricultural perspective, I would appreciate that as well.

Thank you.

Etienne Rainville: Thank you very much for the question.

With our net-zero pathways project we looked at different pathways for achieving net zero. One thing you have to do whenever you're talking about decarbonization is to look at it sector by sector to figure out which technologies to use and when to apply them. It's very different for every industry and for different sectors in Canada. Everything is also hyperlocal. There are different opportunities to decarbonize in Alberta electrically than there are in Ontario. There are different options for carbon capture in Alberta than there are in Ontario or Quebec or Nova Scotia. It was a broad report that looked at opportunities across the country.

In terms of the agricultural sector, that's one we've had our eye on. There is a natural opportunity, as I think one of the other members of the committee was getting at, to involve agriculture in carbon markets. It's really just a question of how. With agriculture having biogenic sources of carbon, it can make it very difficult to audit and monitor in standards that are sought out and looked at in terms of industrial carbon markets.

There are opportunities there to create what we call "offset protocols" in order to recognize emissions reductions when you're reducing methane from cattle and things like that and having those rewarded by creating offset credits. There are just technical challenges in terms of the verifiability of the sources of emissions reductions that aren't there when you're talking about a carbon capture and storage project, for instance, where you have a flue stack coming out of a facility. It's much easier to recognize the difference between emissions at one end of the pipe versus the other end.

Shannon Miedema: Thank you very much.

I'll note that the federal government recently announced $370 million to provide a per-litre production incentive to Canadian biofuel producers. This is really to help improve the competitiveness of Canadian renewable diesel and biodiesel production, of which canola oil is a key feedstock. The details are still coming on that, but that is one way to think about supporting the agricultural sector in climate action.

I'll switch to you, Ms. McKenzie. I know that the Pembina Institute has investigated the cost of clean electricity grids in Atlantic Canada. One of the major challenges for the federal government is getting provinces to collaborate on the shared infrastructure needs associated with such a project. What role do you see for the federal government in supporting Atlantic provinces in moving towards this initiative?

Janetta McKenzie: There's certainly a coordination role that the federal government can play along with providing policy signals for the cleanliness and the low-emitting nature of the grid over time. Electrification, running as much as possible on low-cost, abundantly available electricity, can really be the backbone of Canada's economy, in Atlantic Canada in particular. To achieve that, we need a lot more electricity supply than we have today. We need that supply to be as low cost as possible. That means wind, solar and battery storage, some of the cheapest forms of power available. It also means bolstering them with grid modernization measures, such as better interties between provincial grids to increase their resiliency and efficiency measures to make the most of the electricity that we do have.

Shannon Miedema: Thank you.

Just quickly, to go back to you, Mr. Rainville, you have the 2023 "Pillars of Decarbonization" report showing how our electricity demand in Canada is going to go up to about 40% in 2050. Can you comment on the need to invest in a clean electricity grid now to accommodate this growing demand and on why it's important?

● (1150)

Etienne Rainville: Yes. I recently did a panel on nuclear energy and data centres, which I think is emblematic of the questions we have around energy growth or electricity demand in this country.

We have new sources of demand, such as the data centres that are coming online. There's obviously a lot of interest in them, but there are also other things like electric vehicles and heat pumps. All of these different pieces collectively mean that we're going to need a lot more electricity in the very near term—

The Chair: I'm sorry about that, Mr. Rainville.

[*Translation*]

Mr. Bonin, you have the floor for two and a half minutes.

Patrick Bonin: Thank you, Mr. Chair.

Ms. McKenzie, I would like to come back to the tax credit for the production of renewable energy. We hear that municipalities that are involved in renewable energy projects would not currently be entitled to the credit. Do you think the eligibility for this credit should be extended to municipalities, indigenous people and other institutions?

[*English*]

Janetta McKenzie: Yes. Having the ability to spur investment in renewable power in municipalities, and on indigenous land as well, is going to be a really key part of ensuring that low-cost and abundant electricity is available for Canadians all across the country.

In particular, ways to ensure there's predictable policy through things like the clean electricity regulations are really key to work with investment tax credits in order to provide the certainty for that kind of investment.

[*Translation*]

Patrick Bonin: Are you in favour of carbon border adjustments, as the Europeans are doing? Is that something that Canada should be putting forward?

[*English*]

Janetta McKenzie: Things like carbon border adjustment mechanisms or pricing carbon at the border can be really key ways to make sure that heavy-emitting industries, or industries just generally across the board, are not overly exposed to trade or competitiveness pressures globally.

With a strong industrial pricing system, Canada can also prepare for other countries or other jurisdictions like the European Union putting in their own carbon border adjustment mechanisms, ensuring that we don't pay a fee to places like the European Union for our emissions and that we keep that revenue in Canada to reinvest in emissions reductions. A carbon border adjustment mechanism that Canada develops can work well in concert with things like domestic industrial pricing to prompt investment in decarbonization both at home and abroad.

[*Translation*]

Patrick Bonin: In your opinion, would a new pipeline carrying oil from the oil sands be compatible with climate competitiveness in Canada or with the Paris Agreement and Canadian commitments?

[*English*]

Janetta McKenzie: Given the emissions that would come online from a new, large oil pipeline, whether it's to the west coast or somewhere else, and that those would be significant emissions, we would need reductions elsewhere in the economy to make up for the emissions that brings on. We would also need to really carefully and robustly account for upstream oil and gas emissions, the production of which would go into that pipeline.

The Chair: Thank you very much.

For five minutes, Mrs. Anstey, the floor is yours.

Carol Anstey (Long Range Mountains, CPC): Thank you to the witnesses.

Thank you, Mr. Hornby, for the work you do for our rural communities. I represent a very rural riding in Newfoundland and Labrador. Eighty per cent of the goods and services in Newfoundland are brought into the island portion. One of the things we've heard a lot of conversation around for close to a decade is how we can really promote this industry and, as a province, become more food secure.

I'm just curious. Is the current Liberal government setting up this industry...? Particularly as it relates to expanding a new industry in Newfoundland and Labrador, is the current regulatory environment setting them up for success?

Colin Hornby: Thanks for the question.

We do our work in Manitoba. I can't necessarily speak to the specifics of Newfoundland. However, I would say that there are certainly challenges with the current regulatory environment. We look at things like innovation and how the PMRA, the Pest Management Regulatory Agency, is working to promote Canada being on the cutting edge. We have thorough regulatory oversight in this country; however, we do have instances where Canadian regulations don't necessarily align so well with other jurisdictions, and that does cause challenges for competitiveness for producers.

Your question, I guess, is on the expansion of industry and investment as well. There's agricultural policy, but there's also tax policy. There are all of these different components as well. We did see proposed changes to the capital gains tax treatment recently, which would have been devastating for farm transitions. However, that has been rescinded, which was positive.

I would say that there have been some examples in the past few years where there have been some definite concerns with how that's being dealt with.

● (1155)

Carol Anstey: You said in your opening comments that when the government introduced the net-zero advisory board, it failed to include a representative from the agriculture sector. Do you think it may have contributed to or be an example of the growing frustration and erosion of trust among farmers?

Colin Hornby: The general feeling, more broadly, from farmers is that they want to be in at the ground floor. They want to be there because they have a perspective and knowledge that others don't. When it comes to agriculture, it's been passed on for generations. In most cases, it's from their parents. A parent has passed it on to their child. They've learned and seen throughout the years what has and hasn't worked through trial and error and the loss of lots of dollars. They've seen successes as well. That's the thing.

There have been some efforts to include producers in consultations. I won't dispute that. I've been at many of those consultation sessions. However, when you're consulting with farmers, having them in at the ground floor and having them shape the discussion is key.

Carol Anstey: I want to give you an opportunity to expand on something you mentioned in your opening statement. You said farmers "understood that cutting emissions by 30% without cutting fertilizer use was simply not realistic, especially with today's crop yields and soil conditions."

I'm curious. What have you heard from farmers and producers about the impacts they have had to face because of caps like the fertilizer emissions cap, the oil and gas emissions cap and the carbon tax? Are these regulations practical in a real-life sense?

Colin Hornby: The fertilizer emissions and the 30% reduction that was discussed—I can't recall, but it was maybe three years ago—created a lot of fear among the producers. That was not a regulatory approach. That was more of a "we're going to set this target" situation, and it was not communicated well. We've seen in the past that governments have brought forward ideas without consulting the industry fully and without providing all of the details. There was a sentiment of "they're going to cut our fertilizer use by 30%", because the only way you can reduce emissions by that much is through fertilizer use.

There's a bit of a duality as well, where agriculture is being asked to produce more food, fuel and fibre for various inputs on the one hand, while on the other hand, there's a push to reduce emissions. We need to say we can't have both all the time. We have to really make sure that we're—

The Chair: Thank you.

Colin Hornby: I'm sorry, Chair.

The Chair: Thank you very much.

Mr. Fanjoy, you have five minutes.

Bruce Fanjoy (Carleton, Lib.): Thank you.

Mr. Rainville, can you give us your definition of climate competitiveness? How does it help us reach our imperative of being competitive in a world economy while reaching our GHG objectives?

Etienne Rainville: One of the significant things that's talked about when you talk about carbon policy and carbon border adjustments in all of these cases is carbon leakage. It's an inelegant term because it doesn't really describe what you're talking about very well. It's not understood by an average person.

It is industry responding to industrial policies, such as industrial pricing, by changing jurisdictions. What you want when you're looking for good, robust climate policy is something that avoids this carbon leakage. You avoid a facility moving from jurisdiction A to jurisdiction B because it has favourable treatment in one province versus another, for instance.

I know the government has a forthcoming climate competitiveness strategy, which we look forward to. When we talk about climate competitiveness, what we want is something that will reduce emissions but maintain the jobs in the industry in the country so that we don't have this depression effect on industry, but we have an environment in which industry can grow and produce at the same time it reduces emissions.

● (1200)

Bruce Fanjoy: Thank you.

Mr. Hornby, in your opening statement, you talked about how farmers have a tremendous vested interest in the environment. They make their living from the environment. I live in a riding that is both on the edge of the city and very much in the country. I meet with farmers all the time. They're very hard-working, practical and focused on outcomes.

I was wondering if you could share with us some practical solutions that you see, based on your experience in Manitoba. How can the agricultural sector help Canada meet its objectives in addressing climate change, while making sure our farmers continue to thrive?

Colin Hornby: There's a lot that can be done. A lot of it is in the way we're approaching the problem. I mentioned earlier the 4R nutrient stewardship agreement we have in Manitoba. That's a positive one. It's finding those areas of common ground. It's leaning, really, into the knowledge that producers have. It's avoiding anything that will punish their operations where there is no alternative. This was the big challenge when it came to the carbon tax. There was no alternative, so that was the issue. That's a big thing, for sure.

Market-based incentives would really be a good approach. There has been some success through programs like the on-farm climate action fund. I've heard from producers that having the funds available to adopt best management practices that will work in their operations and flexibility like that is what's really key, because every operation, even a mile down the road, is going to be different from the next one. I'm sure you know that from speaking to producers in your backyard.

Bruce Fanjoy: Thank you.

Ms. McKenzie, the Conservative opposition members are on record opposing market-based solutions to addressing the climate crisis, as well as non-market-based solutions.

Are there other solutions that we're not looking at, or is this just a reflection of the fact that they do not have an environmental policy?

Janetta McKenzie: I'd like to highlight, to answer your question, that market-based solutions and non-market-based solutions—the latter being things like policy and regulation that obligate farms to reduce their emissions—both have a role in reducing emissions and in stimulating investment in low-carbon emerging industries. I'd like to highlight the electricity sector again here.

In terms of what climate competitiveness could mean in that sector, Canada is projected to be operating a 90% emissions-free grid by 2030. This puts us just second after France amongst the G7. However, there are many countries now joining the clean electricity race, so if Canada wants to retain our clean power advantage, we can't really afford to let demand growth result in new multidecade investments in high-emitting, high-cost gas and coal power stations.

We need both market and non-market mechanisms in order to ensure that we can stay apace with the rest of the world. We've already seen massive cost reductions in renewable power.

I will stop there.

The Chair: I would like to thank all the witnesses for their testimony this morning. The witnesses are now excused.

The meeting will suspend while we prepare the next witness panel.

Thank you.

● (1200)

_____(Pause)_____

● (1210)

[*Translation*]

The Chair: I call the meeting back to order.

The committee is continuing its study on the effectiveness, potential improvements and capability of Canada's 2030 emissions reduction plan.

[*English*]

This afternoon, the committee is meeting with the following witnesses.

[*Translation*]

We have with us the Hon. Sonya Savage, who is here as an individual.

From Elbows Up for Climate, we have former mayor David Miller.

[*English*]

From the National Coalition of Chiefs, we have Dale Swampy, president and chief executive officer.

Thank you, witnesses, for being here today. Every witness has five minutes for their opening remarks.

We will begin with Sonya Savage.

Thank you.

Hon. Sonya Savage (Senior Counsel, BLG, As an Individual): Thank you, Mr. Chair.

I am senior counsel at Borden Ladner Gervais, having returned to the private sector after serving as minister of energy and minister of environment for the Province of Alberta.

In 2023, I released Alberta's emissions reduction and energy development plan, which was a plan to cut emissions to net zero by 2050 without compromising affordable, reliable and secure energy. Since leaving government, I now spend a significant amount of my time working with and advising companies that are pursuing projects in the clean energy space.

Let me state at the outset that the science is clear that global temperatures are rising and urgent action is needed to reduce emissions. However, urgency cannot simply ignore feasibility. Any climate road map needs to be achievable. It serves no purpose to pick rigid, inflexible targets that cannot be reached.

Canada has a long history of missing targets and we're not on track to meet 2030. This is unfortunate, but it's also not a surprise. To be successful, there needs to be collaboration and that has been missing. Over the past decade, Ottawa has ignored advice from industry and has trampled provincial jurisdiction.

Fortunately, there are signs of a more pragmatic approach. I was encouraged to hear Prime Minister Carney say that a new climate competitiveness strategy will “focus on results over objectives”. If this means that both the climate and the economy are important, then maybe the economic decline we've seen can be curbed.

A new climate competitiveness strategy could also better align provincial and federal climate plans and focus on areas that are working. Three areas that come to mind are carbon capture, industrial carbon pricing and critical minerals.

Without carbon capture, it's not possible to achieve net zero. Alberta and Ottawa have already made significant progress incentivizing carbon capture. This is not just about the oil sands and the pathways initiative but also about multiple sectors across the economy, from power generation to hydrogen, cement, fertilizer, petrochemicals and steel. In 2022, Alberta awarded rights to 25 carbon sequestration hubs across the province. What is needed for these hubs to be successful is supportive policy.

Industrial carbon pricing, if priced right and left to the province to implement, can help attract investment into a low-carbon economy. Alberta's TIER program, which dates back to 2007, is a great example. That's why it was left in place in Alberta's 2023 climate plan.

Without critical minerals such as lithium, cobalt, nickel and uranium, energy transition is not possible. Developing a full value chain, from extraction to processing and manufacturing, should be an essential part of not only climate policy but also economic, industrial and foreign policy.

There is a key characteristic to all three things I just mentioned and that is collaboration with the provinces and industry.

There are other areas in Ottawa's climate plan that create unnecessary conflict. The clean electricity regs and the oil and gas emissions cap are divisive policies that will lead to economic harm and constitutional challenges.

The emissions cap, if implemented, will be a production cap. Industry says it can't meet the cap without reducing production. The result will be more capital moving to other jurisdictions, undermining Canada's ability to be a conventional and clean energy superpower.

The clean electricity regs are unachievable for natural gas generators. Alberta's system operator, the AESO, says that there are no technical, affordable alternatives that can make compliance possible. In 2024, after getting completely off coal-fired electricity, Alberta's grid now relies on natural gas for 75% of total power. Much more power will be needed in the years ahead for electrification of both transportation and heating.

In conclusion, when Alberta developed its 2023 climate plan, I saw an opportunity to align climate policy with industrial policy. Climate policy, if done right, can not only reduce emissions but can also attract investments into new areas, such as carbon capture, hydrogen, battery storage, clean tech and renewables. It can also support oil and gas and kick-start the development of critical minerals. I see that same opportunity now if Canada's new climate competitiveness strategy can better balance climate and the economy to achieve the goal of being a conventional and clean energy superpower.

● (1215)

I look forward to your questions.

The Chair: Thank you, Ms. Savage.

Mr. Swampy, the floor is yours for five minutes.

Dale Swampy (President and Chief Executive Officer, National Coalition of Chiefs): Thank you.

Climate change, inflation and indigenous reconciliation—these are, undoubtedly, complex policy problems. They're complex for policy wonks and outright mystical for everyone else, because addressing them causes an avalanche of unintended consequences to Canada's entire economy, including first nations communities.

How can we solve climate change when addressing it drives up the prices of consumer goods? How are we supposed to support indigenous reconciliation if our government in power is unable to implement effective and sustainable climate change policy?

If you change your perspective, you can see different narratives that provide an opportunity to address these challenges combined. The complexity and interconnectedness of our greatest challenges can be a strength. It can lead to outside-the-box thinking with new and innovative solutions that finally move us forward in these critical areas where there has been so little progress to date.

However, to unlock this opportunity, we must move away from the short-term thinking of most politicians, who merely focus on their own political agendas. We must move away from politicizing these challenges and break with the narratives that continuously bring us the same poor results.

Many indigenous people follow the philosophy of seven-generations thinking. The main idea is that a decision you make today needs to benefit people seven generations from now. In a democracy like ours, that is much further into the future than the next election.

If we apply this idea to our most significant challenges—climate change, inflation and indigenous reconciliation—we can look beyond popular narratives and focus on the real problems. We can talk about climate change without villainizing an entire industry. We can see that further stifling the energy industry with new emissions caps has driven up the prices of consumer goods, fuelling inflation, increasing unemployment and creating unmanageable heating and electricity costs, all of which combined would result in an overall cross-societal lowering of our standard of living.

Looking at Canada's challenges holistically and respecting their interconnectedness would allow us to find solutions that make a positive difference in all of those areas.

Almost 14,000 self-identified indigenous people work in Canada's oil and gas industry. Their incomes benefit their families and communities across this country, allowing for significant progress in areas that address the poverty and inequality experienced by indigenous people.

With billions of dollars invested over the past decades, the same energy companies that facilitate economic independence and self-determination for all of these indigenous communities have become global leaders in producing clean energy. They have reduced greenhouse gas emissions, unlike companies in any other country, and they lead the way to innovative carbon-tech solutions that will finally make achieving Canada's emissions targets possible.

The authors of this legislation either didn't see the relevance of their emissions cap proposal for indigenous people or don't care. Frankly, both are possible, but the latter appears more likely. They say that they did speak to some indigenous people, but ignoring the diversity of our community and following the false narrative that all indigenous people oppose energy projects.

Regardless of the reasoning, when all is said and done, 14,000 indigenous people, their families and their communities will suffer from the outcome without ever having been given the opportunity to express themselves. Instead, Ottawa will decide, and indigenous communities will face the consequences of linear thinking applied by a paternalistic government that thinks in short-term political frameworks.

Instead of applying visionary thinking that would benefit future generations of Canadians, the government is taking steps to further inhibit progress in order to appease a small demographic of voters with a greenwashing policy solution on climate change that will hurt indigenous and non-indigenous alike today, tomorrow and seven generations from now.

Thank you.

● (1220)

The Chair: Thank you, sir.

For five minutes, the floor is yours, Mr. Miller.

David Miller (Spokesperson, Elbows Up for Climate): Thank you.

I'm the co-chair of Elbows Up for Climate, a coalition of over 250 mayors and councillors working together to ensure that Canada prioritizes climate action and economic sovereignty. As you mentioned, I'm the former mayor of Toronto and the former chair of the Ontario auto industry mayors. I currently work on climate issues as the managing director of the C40 Centre.

I'm speaking today from the traditional territories of the Lekwungen-speaking peoples, including the Songhees and Esquimalt nations.

My comments will focus on the importance of building Canada's economic independence by choosing nation-building climate projects.

This summer, our country was literally on fire from coast to coast to coast. Well over 200 communities were impacted by wildfires and more by flooding. Manitoba and Saskatchewan both declared states of emergency.

Communities that are not directly impacted often host climate refugees for weeks and months at a time. The impacts our communities are facing are widespread and devastating, from Jasper's cleanup costs to massive home insurance increases in Yellowknife. The estimates of the insured damages from Flin Flon and La Ronge are at $300 million and counting. Why should everyday Canadians bear the cost of inaction? Without urgent action to tackle climate change, studies suggest that Canada is on track for $100 billion per year in climate damages by 2050. These are just three examples. There are many more.

That's certainly part of the reason that the overwhelming majority of Canadians demand climate action. Climate change is real, and the impacts are serious and getting worse. Science shows that it is primarily caused by the burning of fossil fuels and that the world needs to nearly halve their use by 2030. That's only possible if Canada does its part. The good news is that climate action is nation-building. It can help us build the made-in-Canada economy we need—far more resilient and less dependent on our neighbour.

The asks of our campaign are clear. Create a national east-west-north clean electricity grid; build a national high-speed rail network; build at least two million non-market, energy-efficient homes; make our homes and buildings warmer in winter and cooler in summer with retrofits and heat pump installations across the country; and fund a national resilience response and recovery strategy so our communities can prepare for the climate disasters we know are coming, respond when they are hit and rebuild afterwards.

In closing, it is critical that the voice of communities suffering climate disasters be heard. We know that the voice of the oil and gas industry has been heard. Public records show over 600 meetings between the government and oil and gas lobbyists since January, with 50 meetings with Minister Hodgson since the elections, an average of two a week.

The voice of the majority who want climate action and want to live in safe, resilient and economically strong communities needs an equal place at the table to, for example, point out the simple scientific fact that we have to reduce reliance on fossil fuels rapidly, not increase it. There is no grand bargain with science. We make the point that the fossil fuel majors, which made $35 billion in profits in 2022 alone, do not need public subsidies. Ottawa's funding should instead be invested in projects that create the jobs of the future: nation-building not nation-burning projects.

Today there is an exceptional opportunity and duty to build the future we need. The government's plan needs to be significantly more ambitious, to apply the polluter pays principle more rigorously and to prioritize climate-forward, nation-building projects that are crucial for our short-term reality and long-term prosperity.

Mayors and councillors across the country understand the challenges this government faces when it comes threats from the U.S.A. The jobs of our residents are on the line. Allowing our communities to burn, be flooded or otherwise damaged by climate-related disaster is a choice, one we do not need to make if Canada plays its part in ensuring that the world avoids climate breakdown.

Thank you.

● (1225)

The Chair: Thank you, Mr. Miller.

We'll start questioning, with Mr. Ross for six minutes, please.

Ellis Ross (Skeena—Bulkley Valley, CPC): Thank you for your presentations.

Mr. Swampy, it's good to see you again. The National Coalition of Chiefs mission statement emphasizes that you wish to defeat on-reserve poverty through resource development.

What does meaningful economic participation look like for first nations individuals and communities?

Dale Swampy: It's clear that in the past 150 years first nations have not been involved in Canada's natural resource industry. The National Coalition of Chiefs recognizes this and would like more participatory inclusion in major projects. If we had ownership in the Giant Mine in the Northwest Territories back in the fifties and sixties, we wouldn't have the environmental destruction we have right now. If there were Northwest Territories first nation members on the boards of these big corporations, you wouldn't see the environmental damage you have today.

The oil and gas industry is moving towards that. Right now, we have the big six getting first nations people on their boards. First nations people are helping to manage the environmental protection plan that is going in place right now out there. I am on the board of Emissions Reduction Alberta. It has funded over $1 billion to advance technological research into finding new sources of sustainable green energy.

It's these kinds of movements that are moving forward. We're proud to be part of the oil and gas industry in doing what we can for the 14,000 self-identified indigenous workers in that industry.

● (1230)

Ellis Ross: Thank you.

First nations leaders are in a tough spot, especially if they're under the Indian Act, which is very strict. First nations leaders have had to balance environmental issues with their standard of living objectives, which Canada has not been able to achieve. First nations are trying to achieve that on their own through resource development.

What is your response to critics who claim that resource development and indigenous rights are at odds?

Dale Swampy: I don't think that resource development right now and first nations rights are at a head. I believe the oil and gas industries have turned around and have become more inclusive in terms of getting first nations involved in their operations. We've seen that with the ESG guidelines that have come through, as well as the DEI requirements for corporations. We've seen a lot of work through developing indigenous relations policies that match communities that exist within their areas of operations.

The NCC is working towards getting extra consideration for our people to transition from the unemployed lifestyle to the employed lifestyle. Some 60% of our people are on social welfare. We want to get away from that. We need the Canadian people, the Canadian government and industry to give us extra consideration to move us from the unemployed lifestyle to the employed lifestyle.

You've seen that with the Fort McKay First Nation. It's one of the biggest and wealthiest nations in North America with a median income of over $100,000 per household. It didn't happen overnight. It took 50 years of companies like Suncor and Cenovus committing themselves to getting our people in Fort McKay transitioned from the unemployed lifestyle to the employed lifestyle.

The natural resource industry is our biggest industry. We can't turn our backs on that. The world requires us to be able to supply the resources it needs to be able to power its economies. We can't stop that by saying that clean energy is a priority, and that we must kill the natural resource industry. That's not going to work. If we kill our own industry, we're not going to have the economy we need to be able to fund clean energy projects like Emissions Reduction Alberta is doing.

We have Canadian companies like Kathairos Solutions inventing technologies that get rid of emissions. We have to move forward with something like that rather than doing the stopgap solution that is being created right now with this legislation.

Ellis Ross: Thank you.

Many first nations have expressed support for pipelines as a path to prosperity.

Why do you think that support is often ignored by provincial and federal governments, or even media outlets for that matter? Why is it ignored?

Dale Swampy: It's because there's no ability for them to be able to access the areas of their political agenda that are important to them. We've come to a situation where politics has become exclusive politics, where individuals are acting on only one side of the scope. We elect our officials to do things that are important for us. In order to do those things and make those decisions, they must become informed. In order to be informed, you have to look at all sides of the argument in this.

With northern gateway, we had over 75% of the communities supporting it and signing on as owners. We tried to meet with the prime minister at that time—Trudeau—and he wouldn't meet with us. Then, in November of 2016, he announced the cancellation of northern gateway, saying that—

The Chair: Thank you.

Next, we have Mr. Grant for six minutes.

Wade Grant (Vancouver Quadra, Lib.): Thank you, Chair.

Thank you, witnesses, for attending.

Mr. Miller, I hope you're having a good day in the territory of my cousins, the Lekwungen-speaking people. I'm from the Musqueam nation, on the other side of the Salish Sea, in Vancouver Quadra. I grew up there. It was in my early days of elementary school when I first began understanding the effects of climate change. My city, the city of Vancouver, has been at the forefront of trying to tackle that.

I know you have a lot of experience in this. I just want to know if there are examples from cities that you would recommend we follow the lead of at a federal level.

● (1235)

David Miller: Yes. There are very significant examples globally of cities undertaking real climate action that both creates jobs and industries and reduces reliance dramatically on burning fossil fuels. The key areas, from my perspective, are transportation, how we generate electricity and how we manage waste and building. I'll give a couple of them.

Shenzhen, China, has completely electrified its bus fleet and taxi fleet. In doing so, a company in Shenzhen became the world's leading manufacturer of electric vehicles. At a time when we're facing challenges in southwestern Ontario because of the actions of the U.S.A., it gives us a great precedent.

A second is your own city of Vancouver. Its building code is probably the leading building code in the world in terms of reducing reliance on fossil fuels, particularly gas, and dramatically reducing emissions. It's a model that should be copied by all provinces and cities across the country.

Wade Grant: Thanks, Mr. Miller.

The University of British Columbia is in my riding. When I try to get my kids to school, it takes me longer than average because there's so much traffic backed up. Transit is desperately needed.

I just wanted to know what interventions in transit—and in buildings, actually—you see being needed to deliver emissions reductions at the federal level.

David Miller: My brother-in-law is your constituent, by the way, as is my sister-in-law. I'm sure they say hello.

Building cities that are oriented towards public transit, walking and cycling is done worldwide, and we can learn from those best examples. For example, the Broadway subway, once built, will change your neighbourhood for the better. It's an example of system-wide thinking.

There are many excellent examples of cities that are taking bold steps—London, with its "ultra low emission zone", and Paris and others—to densify their city around public transit, walking and cycling, which dramatically reduces the need for people to rely on cars, whether they're clean or not.

We can do that in all of our cities across Canada. It has nothing to do with attacking the oil and gas industry. It's about building better, more affordable places for people to live in that are easier to get around in and less expensive, greener and more pleasant to live in. If you build a city around transit, walking and cycling, that's the result. That's why so many cities globally are taking those steps.

Wade Grant: You mentioned waste. I know that emissions from landfills and others are very concerning. Do you know how the green municipal fund or related federal programs are helping curb emissions from landfills and what is needed to allow municipalities across Canada to manage their waste more effectively? I drive by the waste in my territory, and I know that a lot it is being shipped up into the interior as well.

David Miller: First of all, we need to minimize the amount of waste we produce. There are lots of people working on that issue.

With respect to the green municipal fund, it's been a very forward-thinking program that has empowered municipalities, large and small, across this country to experiment with doing the right thing for the environment and the right thing for climate. In particular, methane capture at landfills is essential, and waste separation at source so that we can compost is essential. The green municipal fund, to my understanding, has supported a number of projects in smaller municipalities that have allowed them to learn from places like Toronto that have been undertaking those techniques for some years.

Wade Grant: Thank you.

Mr. Swampy, you mentioned that having first nations on boards is important to bringing the knowledge of many generations of first nations forward. Do you agree that first nations' knowledge, traditional knowledge, is important when moving forward with these types of developments?

● (1240)

Dale Swampy: Yes. It's not only important but also necessary. Our people went through all of the government processes that tried to assimilate us into society and failed. Understanding first nations and what they desire is important because we're not leaving. Our communities have been there from time immemorial and will continue to be there for centuries to come.

We have to be a part of an industry that reaps the benefits of the natural resources in Canada, of which there are lots. It has to include first nation people because we're stewards of the land. We appreciate the environmental protection plans that Canadian industry implements, and we want to be part of that. We want to be part of that monitoring, ensuring these environmental protection plans are done properly and are done in a manner so that, when the company leaves—

The Chair: Thank you, Mr. Swampy.

Go ahead for six minutes, Mr. Bonin.

[*Translation*]

Patrick Bonin: Thank you, Mr. Chair.

Mr. Miller, I'd like to hear your thoughts on the costs of climate inaction. Before the last election, the Bloc Québécois commissioned a study that showed the costs for households and the costs in general.

Can you tell us more about the costs that the members of your coalition are facing? Could an increase in emissions reduction measures help reduce those costs?

[*English*]

David Miller: The costs of climate disasters in Canada are incredibly significant. A perfect example is Jasper. Jasper prepared tremendously because it knew the risk of wildfires and knew that wildfires were being made more violent and more likely because of climate-related weather changes. Despite those preparations, 30% of Jasper burned down.

Think about the impact on the residents of Jasper. For most of us, our home is our biggest single investment. Many residents of Jasper lost their homes. They had to deal with an unfamiliar experience in insurance, and because the entire town was affected, they had literally nowhere to go. Add to this, of course, the businesses, and the costs are extraordinary.

We can't adapt our way out of climate because the costs are big and because these kinds of damages are so significant. I think this needs to be front and centre when we're thinking about Canada's climate strategy. Should we do our part and do what we've agreed to with other nations so that nations together can address the problem, or do we want to face many more "Jaspers" over time?

We saw this summer that Newfoundland was on fire, for example. I certainly never thought I would see it in my lifetime—Newfoundland on fire. This is real. It's serious. The costs are immense. Once the headlines are over, the recovery continues. Jasper is still rebuilding, and it will be for a very long time. It's not the only one.

[*Translation*]

Patrick Bonin: In the letter you sent to the party leaders just before the election, you made a number of requests. Could you table that letter?

Also, can you tell us about fossil fuel subsidies? You're asking that the subsidies be stopped and the money used differently. Can you confirm that?

On that subject, can you explain to me why you think the federal government continues to subsidize fossil fuels? According to Environmental Defence, the government subsidized them to the tune of $28.5 billion last year, in 2024.

David Miller: Thank you for that very important question.

[*English*]

The government continues to subsidize fossil fuel companies. Indeed, we see new demands for subsidies—for example, for carbon capture and storage. The letter is clear: The nation-building projects we propose, such as a clean energy grid coast to coast to coast, are not just to bring clean energy everywhere in this country; they're also to create new industries, to create a massive number of jobs connecting the grids and to dramatically reduce reliance on diesel, which is very expensive for our northern communities. If subsidies are needed, they should go to these kinds of forward-looking projects.

Personally—not speaking on behalf of Elbows Up—I have a great deal of difficulty accepting the fact that Canada's oil majors, who made $35 billion in profits in 2022 alone during COVID, should get further subsidies to do what's right for the environment, right for the people of Canada and right for the climate. They have the money. Innovative new ideas are the ones that need support, which should be where the government puts its money.

● (1245)

[*Translation*]

Patrick Bonin: In its election platform, the Bloc Québécois proposed doubling public transit funding. It is still proposing that, in fact.

Do you think our request is worthwhile? Should the federal government play an additional role by sending money to the provinces and municipalities?

David Miller: Yes, public transit is very important.

[*English*]

It's the lifeblood of communities. When I was in office in Toronto, we negotiated the new deal for cities and communities with the federal government and provinces for national funding for cities and towns, including direct funding for public transit. Federal funding is important on this issue, because public transit, particularly clean electric transit—electric buses, for example—is of national interest. Seeing our cities succeed economically is of national importance. Reaching our environmental goals, which really can only be met with excellent public transit across the country, is of national importance as well.

I applaud the position on double funding. If this Parliament can make it a priority to support Canada's cities and public transit agencies far more strongly, including—

The Chair: Thank you, Mr. Miller.

Mrs. Anstey, the floor is yours for five minutes.

Carol Anstey: Thank you to the witnesses.

Ms. Savage, thank you. I'll direct my questions to you.

We've watched the federal government, through policies like the 2030 emissions reduction plan, effectively target Canada's oil and gas sector, but now the tone seems to be shifting. The government is talking about becoming an energy superpower, building at lightning speed and driving new investment, yet we still see the emissions cap.

With your extensive and diverse experience in law, government and the private sector, I'd really like your insight on this. Can we be an energy superpower with the emissions cap? If not, can you expand on why?

Hon. Sonya Savage: I think we have the ability to be both a clean energy superpower and a conventional energy superpower. We have the ability to be a clean energy superpower and attract investments into new things like hydrogen, clean fuels, critical minerals and new tech. That's important. It's also important that, if we want to be a conventional energy superpower, it means oil and gas.

I don't believe the emissions cap and the clean electricity regulations are consistent with that at all. If the cap leads to a production cut, which industry says it will, then how can we expand to new and growing markets? We'll continue to be dependent on primarily one market, which is the United States. We need to be able to expand our production, grow markets and develop beyond the United States.

The emissions cap is particularly challenging for industry because when they make an investment decision—whether it's in clean tech or whether it's where they have their production—they have to know that the project they're investing in is going to cover capital costs, cover the costs of financing and cover operational costs. If the emissions cap makes that unaffordable and makes other alternatives in other jurisdictions more investable, we'll lose production and we won't be able to be an energy superpower.

Likewise with the clean electricity regulations, as many of you have probably heard already, Alberta's electricity grid is completely off coal, but it's 75% dependent on natural gas. Our gas generators have said that they cannot comply with the clean electricity regs as drafted. If we want to be a superpower in both clean energy and conventional energy, we need to support natural gas power generation. That will support the development of data centres and AI. Both of those regulations are not consistent.

On top of that, they're layered onto industrial carbon pricing, which in my view has worked well. Industrial carbon pricing has worked well for both the province and Canada—since 2007 in Alberta. Those two regulations layer on top of it, adding a layer of complexity. If we can strengthen and keep the industrial carbon price strong, we do not need the emissions cap or the clean electricity regs.

We can do all we need to do to be a clean energy superpower and a conventional energy superpower by working with the provinces and ensuring that we have a robust industrial carbon tax.

● (1250)

Carol Anstey: Thank you so much.

Just going back to the targets, Canada is currently projected to achieve only 30% to 35% emissions reduction by 2030, which falls short of its 40% to 50% target. At the Canada-United States Law Institute 48th Annual Conference, you stated that it's “irresponsible to legislate something” that you can't meet, noting that such policies merely export labour and emissions to countries with weaker regulations, effectively “transferring economic power and global security” abroad.

Can you just elaborate quickly on that point? I think it's important.

Hon. Sonya Savage: Sure. When you pick a random target for an emissions target that you have no ability to meet, you'll see carbon leakage. Industry will invest somewhere else. We'll see production transferred to other jurisdictions. If we leave a barrel of oil in the ground here in Canada in Alberta, it will come out of the ground somewhere else in the world—in countries that have less stable democracies and countries that have lower emissions reduction targets. It will be a transfer not only of production but of wealth and emissions. That can tend to cause geopolitical instability.

[*Translation*]

The Chair: Mr. St-Pierre, you have the floor for five minutes.

Eric St-Pierre: Thank you, Mr. Chair.

In your opinion, Mr. Miller, how important is the role of Canadian cities in meeting our 2030 and even 2050 targets?

[*English*]

David Miller: I'm sorry. I missed the first part of your question.

Eric St-Pierre: I'm happy to ask it in English.

How important would you say Canadian cities are toward meeting Canada's 2030 or even 2050 targets?

David Miller: They are extremely important. From the plan before you, a very significant proportion of Canada's emissions are in buildings—how we build them, operate them, heat them and cool them—and transportation. Properly empowered and properly resourced, our cities can help retrofit buildings and build public transport, which can dramatically reduce emissions.

There are other things we could do in cities. For example, the United States' President has said that he does not want to invest in electric vehicles. Could we help rebuild our auto industry, which is at risk today, through city-based thinking about greening delivery fleets, taxi fleets and other fleets? China has done this and has created a significant industry as well.

Eric St-Pierre: What would you say is the approximate percentage of emissions that come from cities in Canada?

David Miller: I'm sorry that I don't have that figure off the top of my head, Mr. St-Pierre, but it's quite significant. Approximately 80% of Canadians live in urban areas, and 70% of global emissions are attributable to cities or the activities required to sustain them, like a power plant outside a city, for example.

I do have to challenge some of the comments today. It's not possible to have an all-of-the-above strategy. Science tells us we need to reduce emissions not just in Canada but everywhere, and things like natural gas plants increase emissions. That's a scientific fact. The opportunity from an urban perspective is to generate clean energy, build clean transportation and run our buildings fossil fuels-free. That's all possible. It's done somewhere in the world today. We just need to take the best practice examples and properly fund our cities and towns so they can help make the changes needed rapidly.

● (1255)

Eric St-Pierre: Which cities in Canada would you say are leading and which ones are lagging in meeting our 2030 targets?

[*Translation*]

David Miller: The city of Montreal is at the top.

[*English*]

Montreal is doing an excellent job.

Toronto was leading by virtue of a city-based climate strategy and the closing of the Lakeview coal-fired plant. Toronto's greenhouse gas emissions were more than 30% below 1990 levels as of 2024, I think. That was independently verified. It's an interesting example, because Toronto in that time period boomed economically—in fact, perhaps too much.

Vancouver has also showed historically very good leadership, particularly around buildings, as I mentioned before.

Eric St-Pierre: That's great. Thank you.

David Miller: I also have to mention Halifax. It's superb.

Eric St-Pierre: I have a minute and a half left. If it's okay, I'll cede that time to my colleague from Halifax.

Shannon Miedema: Thank you.

Thank you, witnesses.

Mr. Miller, I was just going to forgive you for not listing Halifax, so thank you for doing so.

Coming from a city and working really hard to use science to set a target, I don't think we can say these targets are random or illogical. They are absolutely what we need to do. Otherwise, we're just rearranging deck chairs on the Titanic, and we're not getting to the actual required goal.

Mr. Miller, could you speak to that and the importance of actually having ambitious targets, whether we are perfectly tracking or not, and how that's going to help us get where we need to go in terms of our 2050 target?

David Miller: My work is for C40 Cities, a coalition of the mayors of the world's largest cities representing probably about 900 million people in their urban regions. Each of those cities has a scientifically based climate plan with targets that are based on their fair share of doing what science says is necessary. It's true that not all of them are on track. Most of them are ahead of their national governments, and they're reducing emissions on a per capita basis because they relied on science and set their targets based on science—

The Chair: Thank you, Mr. Miller. I'm sorry, but the time is up.

[*Translation*]

David Miller: I'm sorry, I understand.

[*English*]

The Chair: Thank you.

For two and a half minutes, we have Monsieur Bonin.

[*Translation*]

Mr. Bonin, you have the floor.

Patrick Bonin: Thank you, Mr. Chair.

Thank you, too, Mr. Miller. It's good to hear from someone who has vision and ambition.

I'd like to hear your opinion on the possible suspension of the federal government's contribution to the active transportation fund. Its contribution was $400 million over five years, and it ends in 2026. Do you think the fund is important for active transportation? Should the federal government maintain it?

[*English*]

David Miller: Yes, it's important to support active transport. I think one could make an argument that perhaps even more significant investment is needed. Active transport matters because you change the nature of a city or a town if it becomes built in a way that does not require the operation of a vehicle. If we think about things like addressing Canada's aging population and many other issues beyond climate, building that sort of city or town for people to be able to live healthy, active lives produces other significant public policy benefits as well. Absolutely, the concept is good. On whether the money's adequate, I suspect much more would be welcome.

[*Translation*]

Patrick Bonin: In your remarks, you talked about building of two million energy-efficient non-market housing units to create affordable housing, as well as how important it is to renovate homes and buildings. Could you talk a bit more about that and whether the federal government should be doing more on that front?

[*English*]

David Miller: Yes, I'm worried that in a push to rapidly address our affordable housing crisis, poor quality housing is going to be built. By the way, all of the mayors and councillors who are part of our coalition are worried about the same issue. Housing that requires little or no dirty energy to operate is actually housing that, over time, is inexpensive to use. When you think about building housing, they last for a very long time. We need to think about the long run, not just about the immediate cost.

It's an extremely important issue that federal housing programs, first of all, produce enough affordable housing, and secondly do it in a way that the buildings are sustainable and therefore operate at low cost and are affordable for the residents.

● (1300)

The Chair: Thank you, Mr. Miller.

I would like to thank all of the witnesses for their testimony today.

David Bexte: I have a point of order.

Are we not having another round?

The Chair: The clerk tells me we can go for another five minutes.

The time was up for Mr. Bonin. Next would be Mr. Bexte.

You have five minutes.

[*Translation*]

Patrick Bonin: Mr. Chair, I have a point of order.

We lost a witness along the way. I'm sure my Conservative colleague wants to ask a question.

[*English*]

The Chair: We have one person. Ms. Savage is here.

[*Translation*]

Patrick Bonin: Yes, I know, but the—

[*English*]

David Bexte: I can start or....

The Chair: If you have questions for Ms. Savage, you can start.

David Bexte: I do, absolutely.

Ms. Savage, again, thank you for being here.

Alberta's been a leader in energy of all types and a leader in economic growth. The province has recognized the need to reduce emissions while still growing the economy. I feel it's important to note that there are no prosperous high-cost energy jurisdictions in the world, so the price of energy to the consumer is important.

However, much of Alberta's emissions are industrial, far more than other provinces. What opportunities does that create for Alberta?

Hon. Sonya Savage: The emissions profile from Alberta is different from most of the other provinces. If you look at the emissions profile, you see that over two-thirds of our emissions in Alberta—a little over 250 megatonnes—come from the industrial sector. It's the flip side of lots of other provinces where only one-third comes from the industrial sector. The rest comes from consumer uses and individual uses.

That creates both some challenges and some opportunities for Alberta. I've heard it in the committee quite regularly that Alberta's a laggard. Well, we're not. It's a very different emissions profile with the industrial emissions. It can be challenging to reduce those emissions, because a number of these industrial sectors are in hard-to-abate industries, whether it's oil and gas, heavy industry or petrochemical production. Those are trade-exposed industries. If you challenge them and make them uneconomic, the investment, the projects and the wealth will just shift to other jurisdictions.

However, I'm always trying to be positive. I believe it also creates opportunities, because reducing the emissions in these types of industries can attract investment in things like CCUS, hydrogen and clean, sustainable aviation fuel. Attracting that investment creates jobs. That's why I always look at climate policy. If it's done right, if it balances the economy and emissions reduction, if it's done at a pace and scale so that technology, capital investment, regulatory process and supply chains can support the emissions reduction, it becomes good industrial policy, attracting jobs and investment and improving the economy.

That's why I say our emissions profile in Alberta is both an opportunity and a challenge.

Alberta's doing a very good job of reducing emissions, and it has for a very long time. It was the very first jurisdiction in North America to put a price on carbon. That was in 2007. It was also the very first jurisdiction in North America to bring in methane emission reductions. We got completely off coal-fired electricity generation in 2024. All of those policies were facilitated through provincial action, not federal action, and through working collaboratively with the federal government.

Alberta is doing its part. Our emissions profile is highly in the industrial space. I just wanted to point out that it's a challenge and an opportunity.

● (1305)

David Bexte: Thank you very much for that.

Do we have another witness back yet?

The Clerk: Not yet, sir...no.

David Bexte: There has been a lot of discussion by some of the witnesses over the course of these meetings about investing in projects. The investment has to come from somewhere. It's great to talk about this stuff when it's other people's money, but primary industries are the only real way to generate new capital and new wealth.

The recent layoffs at major companies in Alberta like ConocoPhillips, Enbridge and Imperial are a trend that is disturbing and could undermine economic success in the near future. What measures do you believe are necessary to restore investor confidence?

Hon. Sonya Savage: We need to be competitive in both our fiscal measures as well as environmental measures. To speak to the emissions reduction plan and address climate change, which the committee is studying, we have to bring in policies that reduce emissions in a way that does not frighten away investment. When companies choose to invest, whether it's to grow their production or build a clean energy plant, a hydrogen plant, their boards of directors generally ask three questions: Is this project, this activity, going to produce enough revenue to cover the cost of capital? Is it going to cover the cost of financing and operating costs?

David Bexte: Thank you, Ms. Savage.

The Chair: Ms. Miedema, you have five minutes.

The only witness we have so far is Ms. Savage.

Shannon Miedema: Do we know if the other witnesses are returning?

The Clerk: I've written to them and asked them to return, but I have not yet received a reply.

Shannon Miedema: I'm going to pass my time to Mr. Fanjoy.

Thank you.

Bruce Fanjoy: Ms. Savage, thank you for sticking with us.

I'd like to get your perspective on climate competitiveness and how we strike, as a nation at all levels of government, a balance, so that as we address the climate crisis, we do so in a way that also maintains and enhances our ability to thrive as an economy.

Hon. Sonya Savage: Thank you. I am encouraged by some of the more recent dialogue on backing away from hard, rigid emissions targets and looking at results and climate competitiveness.

I look at one policy that has worked and is working to both reduce emissions and attract investment—industrial carbon pricing. I believe it's effective at doing both. People ask how it attracts investment. Investment decisions for many projects—and I work on a lot of projects in the energy transition space—hinge on being able to create revenue. Revenue can be crated by selling the carbon credits that a project generates. The economics of a lot of these projects are not there without a price on carbon. The carbon credits are the one thing that can make some of these projects work.

If it's priced properly—and by priced properly I mean it's not so high that you see carbon leakage, and it's not so low that it's ineffective—and if it's left to the provinces to implement, it can work very well. I say the provinces must implement, because they're closer to the industries. They regulate those industries already, and they know them extensively. If carbon markets are performing properly, we don't need to layer other regulations on top. We don't need an emissions cap. The TIER system in Alberta can bring down emissions in oil and gas and power generation. That's one tool that can be effective in climate competitiveness.

Bruce Fanjoy: Thank you.

We heard earlier today that Alberta and Saskatchewan are emitting higher than we need them to as a nation to reach our targets. We understand why.

You said that, if the industrial carbon price is too low, it won't be effective. Does that indicate that the industrial carbon price is currently too low?

● (1310)

Hon. Sonya Savage: I think the TIER program, which is Alberta's industrial carbon price, has been in place since 2007. It's on its third iteration. It gets tweaked and reset, and the targets and the stringency get changed from time to time. I think you're referring to the freeze in carbon pricing, under the TIER program, at $95. I think there is concern that jumping up to $170 by 2030 is going too far too fast, and it would create some concerns with competitiveness. Now, $95 is a lot higher than what it was a few years ago, and it's finding that right sweet spot where you can be effective at reducing emissions and not frighten away investment.

However, I think there's an opportunity—to get back to your climate competitiveness question—for the provinces to have better collaboration. We're not going to get this right on either reducing emissions or attracting investment if we don't have collaboration between the provinces and the federal government.

Bruce Fanjoy: Thank you. I have no further questions.

The Chair: Thank you, Mr. Fanjoy.

Now the floor is yours, Mr. Ross, for five minutes

Ellis Ross: Welcome back, Mr. Swampy.

The word “reconciliation” is thrown around in the House of Commons on a regular basis, yet you stated that Liberal prime minister Justin Trudeau refused to meet with the National Coalition of Chiefs. What needs to change, at the federal government level, to achieve economic reconciliation?

Dale Swampy: What has to happen is that they have to even the playing field. I think one of the biggest problems we had when Trudeau was in power, and the National Coalition of Chiefs and the Aboriginal Equity Partners had a coalition of 31 leaders signed on as owners of the northern gateway, was that he refused to meet with us. He even announced, when he cancelled the project, that he had never spoken with an indigenous community member who was in support of the project. Of course he didn't, because he wouldn't meet with us.

This is the kind of exclusive political institution we've become in this country. We don't listen to both sides of the story. I tell first nation leaders that they have to listen to the proponents. You can't let environmentalists tell you not to meet with them because, once you meet with them, you start to realize these are Canadians. These are Canadian engineers, technicians and scientists who are there to protect the environment. They want to protect the environment just as much as first nation people. With the amount of resources, money and time they've committed to integrity systems, safety systems and environmental protection plans, they'll understand, appreciate, be confident and provided security for them to ensure that their communities are going to be protected against any environmental damage.

That's what reconciliation is all about—being involved and getting extra consideration for the indigenous communities to come on board and be included in these projects. The first nations have to act in the same way that inclusive political institutions act, and that is to hear both sides of the stories. We elect them to become informed, and, if they're refusing to become informed by both sides, they're refusing to make an informed decision. That's what's happening right now in Canadian politics. We're so polarized that many people are not listening to the other side of the story.

Ellis Ross: Thank you.

The Chair: Mr. Leslie, go ahead.

Branden Leslie: Thank you, Mr. Chair.

Ms. Savage, just briefly, you mentioned some of the massive amounts of investment that have fled this country due to the fact that projects simply cannot get built in this country.

Is the development of the Major Projects Office not just an admonishment of the system that consecutive Liberal governments have set up in this country, in which projects simply cannot get built and it's easier to put your money in a different country?

● (1315)

Hon. Sonya Savage: I think Bill C-5, the Building Canada Act, gives a complete workaround for some of the laws that have inhibited investment. There's a potential workaround for the tanker ban, the emissions cap and all of the things that industry says hold back investment, so I think that's an acknowledgement that we have a problem in Canada and we can't build things.

Branden Leslie: Do you think the workaround will work, or would it be better to repeal all of those Trudeau-Guilbeault, Liberal-era pieces of legislation?

Hon. Sonya Savage: Ultimately, a lot of that needs to be repealed. That's going to take some time. Repealing legislation does take some time, especially if you have to consult indigenous groups on some of it. The workaround is an acknowledgement that the legislation doesn't work. Bill C-69, in particular, needs some significant rewrites. It's an acknowledgement that needs to be done over time. We're not going to track the investment long-term if we keep those laws in place.

Branden Leslie: It's particularly with Bill C-69, given the constitutionality question around that.

Could you expand on the challenge that this poses from an investment perspective?

Hon. Sonya Savage: Bill C-69 has been declared unconstitutional. There's been a rewrite. Most lawyers think it's still going to be found unconstitutional. It's being challenged again. Some of the tests that are in Bill C-69, they're in section 22, are climate tests, sustainability tests and tests that cost a lot of money and create a lot of uncertainty for companies trying to invest. There is uncertainty when you don't know what the outcome is.

There are political decisions throughout the legislation that create uncertainty. Project proponents want to know that you're not going to have political interference midstream in a project approval, or worse yet, at the very end after you get through an approval. There are significant changes that have to happen in Bill C-69 in the long run.

Branden Leslie: Thank you.

The Chair: Thank you very much, Ms. Savage.

This puts an end to today's session. I'd like to thank the witnesses for coming today. You are all excused.

The clerk is going to send an email to everybody, explaining a bit about questioning rounds as there's a change. The first round will be six minutes and all the other rounds will be five minutes.

[*Translation*]

Mr. Bonin, you have another two and a half minutes for your second and third rounds. Only your first round will be six minutes.

The clerk will send everyone an email. You'll see the way the rounds of questions are structured.

[*English*]

Thank you very much.

The meeting is adjourned.