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# Standing Committee on Environment and Sustainable Development

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Chair: Angelo Iacono





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• (1100)

[*Translation*]

**The Chair (Angelo Iacono (Alfred-Pellan, Lib.)):** Good morning colleagues. I hope you enjoyed the break week, and I'll put quotes around the word "break".

Good morning witnesses. Thank you for joining us.

[*English*]

This meeting is taking place in a hybrid format and is in public. We have witness testimony for the full two hours.

Those in person, please follow the health and safety guidelines for using 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: Professor Ross R. McKittrick, who is appearing via video conference; and from Efficiency Canada, Mr. Brendan Haley, senior director of policy strategy.

We'll go straight to opening remarks and after that to questioning witnesses.

[*Translation*]

Each witness will have five minutes for their opening statement.

[*English*]

I have this yellow card, which says, "You have one minute left." After, it says, "Time is up." That's when the clock stops ticking.

I'll start with Professor Ross McKittrick.

The floor is yours for five minutes.

**Ross R. McKittrick (Professor, As an Individual):** Thank you.

I hold a Ph.D. in economics from the University of British Columbia. Since 1996 I have been a professor of environmental economics at the University of Guelph. In the early 1990s, I developed and published one of the first computable general equilibrium models of the Canadian economy focused on modelling CO2 emissions and climate policy. Since then, I've published over 100 peer-

reviewed academic papers and think tank reports on all aspects of climate change.

During the Chrétien government years, I took part in multimodel assessments of the potential impacts of meeting Canada's Kyoto protocol commitments. In those days, there were multiple published cost estimates from a diverse group of modelling teams, including Finance Canada, Natural Resources Canada and Informetrica. Their work was coordinated by a federal entity, the analysis and modelling group. By contrast, the current government has provided no information regarding the costs of meeting the Paris target. Neither Finance Canada nor NRCan have reconstituted the analysis and modelling group. To my knowledge, there are no published official cost estimates for the federal emissions reduction plan, or ERP. The ERP itself simply waives away the cost issue with vague promises of economic benefits from implementing the plan.

I have published quantitative estimates of the costs of the ERP, or at least those elements that the government specified in enough detail to model. For this work, I developed a new and highly detailed computable GE model of the Canadian economy, which I have published in the peer-reviewed Canadian Journal of Economics. I estimate that the plan will get Canadian greenhouse gas emissions down by a little over halfway to the 2030 target, but at a cost of about 6% of Canada's gross domestic product relative to the base case. Note that the economy continues to grow, but at a slower rate.

The carbon price is the cheapest and most effective component of the ERP. I estimate that by 2030, it would have reduced greenhouse gas emissions by about 18% compared with 2019 levels, and it would have reduced GDP growth by only about 0.1% per year. The clean fuel regulation cuts twice as much off the growth rate as the carbon tax and only reduces emissions a third as much, while the remaining regulatory components, such as tightened building energy efficiency codes, the EV mandate and so forth, are three times as costly as the carbon tax while being only about one-eighth as effective at reducing emissions.

As you all know, the first thing Mr. Carney did after getting elected was to eliminate the consumer carbon tax. Whatever emission reduction policies are retained between now and 2030 will be costlier and less effective.

Rather than go into further details about macromodelling results, I would like to turn to a simplified version of something called the “Kaya identity”, which breaks down annual CO2 emissions into three components—the emissions intensity of GDP, or emissions per dollar of output; real GDP per capita; and population. It shows that, to a close approximation, the annual per cent change in CO2 emissions growth is the sum of the annual per cent changes in emissions intensity, income and population.

In a report for the Fraser Institute in 2024, I showed how these three metrics have changed since 2005 and what the outlook is through 2030. In a figure accompanying my remarks, I have updated the numbers from the original sources to 2024. Canada's CO2 emissions changed very little, falling by less than 3% over the past 25 years. On our current trajectory, we are nowhere near meeting either the 2026 or the 2030 target.

Emissions intensity declined by about 40% since 2005. For 20 years it has been falling by about 2% per year. It does not exhibit any apparent sensitivity to government policy. Instead, it is mainly driven by improvements in energy efficiency, which depend on long-term technological change. Real income per capita rose by about 19% over the past 25 years, which is a worrisome trend if your goal is to reduce greenhouse gas emissions, but fortunately, government policy succeeded in stopping its growth after 2022. There is little prospect that Canadians' real income will rise again in the foreseeable future. Finally, population growth has accelerated to about 3% annually, three times its historical rate.

• (1105)

Remaining committed to the 2030 Paris target will require an emissions cut of 36% from 2024 levels, so about 6% per year. If population growth goes back to 1% annually and emissions intensity continues to decline at 2% annually, all we require is for the government to ensure that real income per capita declines in Canada by about 5% annually for the rest of the decade. While I believe that outcome is within the capability of the present government, I do not recommend it.

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

We will start the questioning with the Conservative Party and Ms. Anstey for six minutes.

**An hon. member:** There's a second witness.

**The Chair:** I'm sorry. I guess I needed more rest on my week off. We'll give you an extra couple of seconds for that little error.

Mr. Brendan Haley, the floor is yours for five minutes.

Thank you.

**Brendan Haley (Senior Director of Policy Strategy, Efficiency Canada):** Thank you.

Given the topic of the committee, I first want to say that improving energy efficiency reduces greenhouse gas emissions. A Dunskey energy and climate consultants study estimated it could contribute 25% to 35% of Canada's 2030 goals. A study of energy efficiency's potential by the International Energy Agency showed that it could contribute 40% to Canada's energy needs in 2050 and make a similar percentage contribution to a net-zero reduction goal.

What I most want to talk to you about today is all of the other benefits of energy efficiency, particularly when it comes to a more productive and self-reliant economy. Saving energy can do the same thing as building a power plant, and it often does it at a lower cost. For example, Hydro-Québec recently published that it would cost about 4¢ to save a kilowatt hour of electricity versus supply-side costs of 13¢.

The Prime Minister's mandate letter calls for nation-building projects, and the discussion so far is focused on more physical infrastructure, like pipelines and transmission lines. I want to give you five reasons why I think adding energy efficiency to Canada's portfolio of nation-building projects would be a good idea.

First, it directly improves productivity. It means more GDP for every unit of energy consumed in Canada, with estimates of a four-dollar to seven-dollar increase in GDP for every dollar invested.

Second, it can produce results in one to two years. That's faster than any megaproject I know of. It's also highly adaptable, so unlike a power plant, which has very fixed processes and rigid supply chains, it's possible to save energy across all sectors using multiple technologies. We also use engineering expertise, which can navigate around potential supply chain challenges.

Third, it supports Canadian businesses and innovators. Energy efficiency is a very made-in-Canada energy option. It's found within our borders and in our homes and industries, but when we look at some of the materials used—things like insulation and fresh air equipment—they're largely manufactured in Canada. We have Canadian companies building internationally competitive businesses and innovating in areas like smart thermostats, pump and motor systems, natural refrigerants, carbon sequestering insulation and heat exchange.

With respect to intellectual property, industrial energy efficiency is the largest category of clean technology patenting in Canada. Building energy efficiency is the fourth-largest category. It can also be a very tariff-proof and cost-cutting solution for industry. If we look at energy management systems, for instance, they use data to optimize industrial operations and they can often extend the life of existing equipment. This can prevent a business from having to make an emergency equipment purchase, which is quite attractive right now.

Fourth, energy efficiency is regionally fair. Energy savings are found throughout the country.

Fifth, and finally, energy efficiency directly supports people in their homes and their businesses. One way we can improve energy efficiency is by making the choice, instead of paying for power plants, to pay people to improve their efficiency to use less energy. Again, that's often a lower cost than power plants and transmission lines. I would rather pay people than power plants.

My recommendation is to incorporate energy productivity and affordability into Canada's climate plan by making energy efficiency a nation-building project that can be defined based on two goals. The first is an energy productivity goal to double the pace of efficiency improvement, which would be measured by the amount of energy used to produce a unit of GDP. The second is an affordability goal, which should eliminate energy poverty along with achieving net-zero emissions.

These goals would define a nation-building agenda based on self-reliance, affordability and productivity. It would use local knowledge and local businesses, and it would also reduce greenhouse gas emissions.

Thanks.

• (1110)

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

You were one minute short of the time allocated. That's great. You'll have more time for the members to ask questions.

The floor is yours, Ms. Anstey, for six minutes.

Thank you.

**Carol Anstey (Long Range Mountains, CPC):** Thank you.

Thank you, Dr. Ross McKittrick, for your opening statement. There was a lot of technical language in there, but there's a point you made at the end of your opening remarks that I think is really important for Canadians to understand.

What I was thinking about as you were talking about your position is a term I like to use in business: the juice is just not worth the squeeze. You pointed out that measures like the emissions cap and others reduce emissions by only about 2.3% annually, yet there's a serious cost to our economy and to household incomes. Can you expand a bit on what that trade-off means for Canadians in their everyday lives?

**Ross R. McKittrick:** Yes. That is an important point that I tried to get across: different policies have different cost and effectiveness ratios. Unfortunately, in the way the emissions reduction plan was put together, the government listed I believe 140 different measures. What they didn't do, though, was provide any cost information on those measures. They're leaving Canadians in the dark.

They all sound good on paper, but when we engage in this kind of analysis and modelling work, it does become very clear that some of them are going to end up being extremely costly and largely ineffective at reducing greenhouse gas emissions. We could look at the clean fuel regulations, which would be an example where, if the government that implemented the carbon tax had really under-

stood the logic of the carbon tax, it also would have realized that there was no reason to bring in the clean fuel regulations on top of it.

The economic logic of the carbon tax is such that you don't need these other regulations if you really believe in the measure. What you end up doing is just trying to micromanage businesses and households across the country, and it's a temptation on the part of government.

One of the overarching points that I was trying to make is that this government has really left people in the dark about the costs of what they're proposing. It is nothing like back in the days of Kyoto. As I mentioned, there were three different independent modelling groups in the federal government working on detailed cost information. Nothing like that has happened. We're just asking Canadians to trust government policy proposals, with no information about the impact on household budgets and businesses.

• (1115)

**Carol Anstey:** Thank you.

I want to bring this specifically to a sector that's important to me—I talk about it a lot in this committee—and that is the Newfoundland and Labrador offshore, but the western Canadian energy sector also is of huge benefit to the people of Newfoundland and Labrador.

As an economist, do you think the Liberals, when they develop and propose these policies, have overlooked how Newfoundland and Labrador economically benefits not just from western Canada's energy industry but also from the offshore?

**Ross R. McKittrick:** By “offshore”, are you referring to offshore oil and gas?

**Carol Anstey:** Yes.

**Ross R. McKittrick:** Like the western energy sector, the offshore oil and gas sector in Canada requires a stable investing environment, and it requires commitments on permitting. It also requires an environment that makes it possible to have a predictable profit profile for these significant investments.

By the government moving towards a much more regulation-intensive approach rather than—in this case—a predictable carbon price approach, it's a disservice to the east coast energy sector but really to all kinds of sectors in Canada that have to engage in long-term multidecadal planning intervals.

During the past election, there was a lot of talk about the fact that we just don't see these projects being proposed. Even when the government set up this new office for nation-building projects, they didn't have a lot of interest coming from the private sector. This is because the long-term planning environment in Canada is so unfavourable because of this regulation-intensive approach and also the lack of information from the government about the costs of the regulations.

**Carol Anstey:** Yes. I have one quick point on that, then. Would you agree that this emissions cap that is meant to implement these targets risks stalling the economic development and merits a full re-think because it compromises our competitiveness?

**Ross R. McKittrick:** Yes, I think that's true.

To single out one sector and say that we're going to put a specific cap on that sector but not other sectors guarantees that whatever you achieve in emissions reduction will be at a higher cost than it otherwise needs to be.

**Carol Anstey:** Based on your experience as an economist, do you believe that this proposed emissions cap is more likely to cause harm than benefit?

**Ross R. McKittrick:** Yes.

I would quote the government's own figures on its estimated social cost of carbon. In the research I've done, it shows that this element of the regulatory structure is far costlier than the government's own estimate of the benefits.

• (1120)

**The Chair:** Thank you.

I'm sorry. Time is up.

[*Translation*]

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

**Eric St-Pierre (Honoré-Mercier, Lib.):** Thank you, Mr. Chair.

[*English*]

Mr. Haley, your organization, Efficiency Canada, produces an energy efficiency scorecard of the provinces. Can you provide this committee with the most recent scorecard?

In the latest scorecard, some provinces—such as B.C. or P.E.I.—scored highly, and other provinces—such as Alberta—were on the lower end.

Can you speak briefly about the role of provincial governments in meeting our 2030 targets or how it helps to reduce emissions to meet our targets?

**Brendan Haley:** As you said, we do this every couple of years. We do a very comprehensive analysis of energy efficiency policies at the provincial level. Provinces have the ability to implement building codes. They usually run things called demand-side management programs, which make the decisions, essentially, about whether to build a power plant or a transmission line, or whether it makes more sense to do energy efficiency and save energy instead.

One of the provinces that are high on that scorecard would be, as mentioned, British Columbia. It has a building code that is moving towards net-zero energy in a very predictable timeline. P.E.I. is an-

other example. It is a big leader in low-income energy efficiency programs to tackle energy poverty, and I spoke briefly to that in my remarks. I can definitely provide the committee with that.

The other thing we do is look at those provincial policy systems and then think about how the federal government can play a truly value-added role. A good example of that is a recent federal program for low-income energy efficiency called the Canada greener homes affordability program. We look at what the provinces are doing, what they are not doing and where they could use extra help. They could use extra help in things like deeper energy savings, fuel switching, upgrading and, if they have asbestos or mould, dealing with those issues because an energy efficiency program at the utility level often cannot deal with that.

I think that's a good example of the federal government being able to play a value-added role and being able to do things that the provincial level can't.

**Eric St-Pierre:** I have a quick follow-up question.

Your organization also provided a sign-on letter to the federal government about the greener homes loan program. Can you provide a copy of that letter to this committee? Can you also speak to the importance of this letter or the Canada greener homes loan program?

**Brendan Haley:** Thanks. I'm happy to provide a copy of that letter.

The Canada greener homes loan program was a loan that provided zero-interest loans. It was the main way for middle-income households to improve their energy efficiency and improve their greenhouse gas emissions reductions. As I said, there's this low-income program, which deals with specific barriers, but if you're middle income, a zero-interest loan works quite well.

Unfortunately, that program was shut down, or the intake was closed on October 1. The letter that you're mentioning was a letter written months before that, saying that this is a good program to re-capitalize, especially because the start-stop nature of a program like that is very disruptive for the people who do the work—the businesses that have developed business plans around a loan program like that. It also doesn't really help consumers because consumers should be taking advantage of that loan when it makes the most sense for them, for example, when their furnace dies or when they're replacing their siding. They should not be chasing government grants because they know they are going to go away.

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

Dr. McKittrick, in 2002, you wrote a book called *Taken by Storm*. In chapter 10, you write that underneath the global warming issue is a general question of how to make good when the science is uncertain.

Number one, can you provide a copy of that book to this committee? Number two, do you still believe that the science of climate change is uncertain?

**Ross R. McKittrick:** On the first question, I think I can. It's been out of print for a while, but I will see.

On the second question, it's a very large issue. I guess I'd need you to specify. I've published on a lot of aspects of climate change, including some of the statistical issues involved. Yes, the journals are full of uncertain issues on climate change. I'd need you to be a bit more specific.

• (1125)

**Eric St-Pierre:** I'm running low on time.

There's "An Evangelical Declaration on Global Warming" from 2009. Did you sign on to that declaration?

**Ross R. McKittrick:** I don't know. Again, I'd need you to be more specific.

If I did, my name would be on it.

**Eric St-Pierre:** It's this specific declaration with your name on it. The declaration says, "We deny that carbon dioxide...is a pollutant."

Do you still deny that CO<sub>2</sub>, or carbon dioxide, is a pollutant?

**Ross R. McKittrick:** I deny that it's an air pollutant in the same category as carbon monoxide or sulphur dioxide. It's not regulated. It's not listed as a pollutant in that framework.

**Eric St-Pierre:** Are you currently a fellow at the Fraser Institute?

**Ross R. McKittrick:** I'm a senior fellow, yes.

**Eric St-Pierre:** You're a senior fellow.

Is it true that the Koch Institute funded the Fraser Institute in the past?

**Ross R. McKittrick:** You would have to ask the institute. I don't know. I'm not privy to that information.

**Eric St-Pierre:** Does the Fraser Institute receive any foreign funding?

**Ross R. McKittrick:** Again, you'd have to ask the institute. I'm not privy to that information.

My salary is paid by the University of Guelph. I'm not a salaried employee there. Again, you can find out from the institute where its funding comes from.

**Eric St-Pierre:** Thank you, Mr. McKittrick.

**The Chair:** Thank you, Mr. St-Pierre.

[*Translation*]

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

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

Mr. McKittrick, I'll stay with that line of questioning. Could you provide the committee with a document showing the sources of the Fraser Institute's funding?

**The Chair:** Just a moment, Mr. McKittrick.

Mr. Bonin, when asking for documents, you have to go through the chair. That way, the clerk can take note of the requested documents and make sure that they are received in a timely manner. If you ask the witnesses directly, we have no control and risk not receiving the documents on time.

**Patrick Bonin:** Mr. Chair, could you ask that the committee be provided with the sources of funding received by the Fraser Institute? Thank you.

Mr. McKittrick, do you know whether the Fraser Institute is receiving money from oil or gas companies?

[*English*]

**Ross R. McKittrick:** I'm not involved in fundraising or budgeting. You'd have to ask the institute.

[*Translation*]

**Patrick Bonin:** I will note that you don't know. Thank you.

Mr. Haley, I'd like to go back to the loans for green retrofits. The loans are no longer available for the middle class, for example. Do you see that as a setback in the fight against climate change?

[*English*]

**Brendan Haley:** Yes, I think it's important that everybody can access energy efficiency services when they need them. That means solutions if you're middle income or low income.

Right now, there's essentially no solution available from the federal government if you're middle income. It's a bit of a mystery to me, because it was a loan. Most of the money was paid back, and the fiscal cost was quite low. This kind of asset on the government books seems to be exactly the type of program that this federal government says it likes. It's something that can be declared as an asset on the books, and you do pay a small interest rate subsidy. It was a mystery to see it go away.

The government right now is saying, "Well, it met its objectives." I don't understand what the objective was with that loan program, because all of the buildings were not retrofitted. We haven't hit net zero on the building sector. There's still a demand for the program. We haven't transformed the market and created new business models. It seems that the objective was to spend the money and then it was gone.

That's why one of the recommendations to the committee is to have some goals associated with energy productivity but also some goals associated with energy poverty, so that this low-income program that now exists doesn't just go away when the money runs out and there's actually an objective associated with it.

[Translation]

**Patrick Bonin:** You agree that it's a setback in the fight against climate change.

[English]

**Brendan Haley:** Absolutely. Getting rid of the greener homes loan program is not consistent with meeting net-zero emissions. It also isn't consistent with the promises made in the last Liberal platform and what Mark Carney wrote about in his book *Values*, which actually identified home energy retrofits as a strategic and high-productivity area for government investment.

• (1130)

[Translation]

**Patrick Bonin:** I'd like to go back to Build Canada Homes and its work. Do you think the agency should impose conditions for new buildings to ensure that they meet high environmental and energy efficiency standards?

[English]

**Brendan Haley:** There is no clear statement, that I've seen, that as the government supports new homes, there will be some sort of energy efficiency standard associated with that. There is one thing the federal government could do. There is a national model building code that the provinces adopt. There's essentially a series of levels or tiers in that building code. The federal government could say that Build Canada Homes will follow a schedule of energy performance moving up those tiers at exactly the same kind of schedule we would like to see the provinces do. That would be a really productive way to make sure that those buildings are essentially built right the first time so that they have low operational costs.

It would also, I would argue, be a way to accelerate the modernization of the construction industry. Things like prefabrication and modular homes are also very good at hitting such high energy efficiency performance targets as airtightness.

[Translation]

**Patrick Bonin:** Thank you.

Do you think a sector-based target for reducing greenhouse gas emissions in buildings would help Canada meet its overall greenhouse reduction target?

[English]

**Brendan Haley:** Yes. I also think targets should be based on exactly what we want. One thing that hopefully we can all decide we want is to eliminate energy poverty in this country. Nobody should be poor because of a high energy bill or because they can't access services like air conditioning. I would really encourage targets like that. They can mobilize the public as well.

**The Chair:** Thank you.

The floor will now go to the Conservatives.

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

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

Mr. McKittrick, the Liberals over the last decade have rolled out a laundry list of environmental schemes but, as you mentioned in your opening remarks, never have they told Canadians what any of it will actually cost—not to families, not to businesses, not to workers and certainly not to the overall economy.

As a professor of economics holding a Ph.D., I'm hoping you can help fill in some of the blanks on some of these specific policies. I'd like to start with the emissions cap. The government claims that it will not hurt Canadian energy producers. What do you think it will do to our economy?

**Ross R. McKittrick:** I would first say that the burden of proof for that statement is on the government itself. There are very competent economists within the government, in places like Environment Canada and NRCan and Finance Canada, who could generate information. For all I know, they may even have done so, but that information hasn't been released to the public, which is a great disservice.

As I've mentioned, imposing a cap on one specific industry that you don't impose on anyone else just guarantees that the cost of whatever you achieve has to go up. If the government trusted their own industrial carbon price and the output-based pricing system, if they understood the logic, they would understand that they don't need to supplement it with that kind of emissions cap.

In the specific case of CO<sub>2</sub> emissions, it's very difficult to decouple fossil fuel use and CO<sub>2</sub> emissions. That's not true of such other emissions as carbon monoxide or particulates. You can decouple them. At this point, it's very difficult to decouple CO<sub>2</sub> emissions. Imposing an emissions cap is very close to imposing a production cap. It may be possible at some point to engage in large-scale carbon capture and storage, but that isn't currently the case.

The emissions cap will ultimately, if it binds, turn into a production cap. That, I think, has significant macroeconomic consequences, not only for the sector but for the economy as well, given our reliance on energy exports.

**Branden Leslie:** Thank you.

We have heard the term “energy poverty” thrown around today. I think it's a very real concern. Continuing on that vein of specific policies, do you have any sense of how much the clean electricity regulations might drive up energy bills for Canadians?

**Ross R. McKittrick:** I have done a report. In the Ontario case, one of the difficulties there is that people will look at the generation cost of something like wind and solar, and they'll say that the fuel is free so it's an inexpensive source of electricity. However, you have to deal with the intermittency problem. To deal with intermittency, they ask what it would cost to rely on wind and solar 24 hours a day, 365 days of the year. You have to look into the costs of the storage facilities. That's where the real cost drivers are.

In Ontario, the provincial government brought in the Green Energy Act back in the middle part of the first decade of this century promising that it wouldn't raise electricity bills. We know that was not the outcome. The global adjustment has gone up considerably to fund, among other things, the cost of covering wind and solar FIT payments.

My concern about energy poverty issues is that they often conflict with climate policy goals. The climate policy goals need to be thought of in terms of minimizing the cost for the goals that are achieved, but once we get into these laundry lists of emissions reduction plan programs, the costs escalate very quickly while the effectiveness of the programs drops.

• (1135)

**Branden Leslie:** Thank you.

When officials from the environment department were before this committee recently, I asked if Minister Dabrusin planned to back away from the 2030 emissions target. They insisted that the department has not done that. If that's true, the government will need to impose drastic new measures in the next few years to hit those targets.

In your assessment, what would the economic fallout look like if we actually were successful in hitting those targets? Do you have any specific policies you can see the government undertaking to try to achieve that?

**Ross R. McKittrick:** As I say, our annual emissions growth is the sum of our population growth, income growth and the change in emissions intensity. We can get emissions intensity down by about 2% per year, and that includes the benefits of improving energy efficiency, so it comes down to income and population growth.

The government has also, apparently, committed to maintaining high levels of population growth. I don't know how they reconcile their goal on emissions with their goals on population and income growth, given the limitation to improvements in energy efficiency on a year-by-year basis.

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

Next for five minutes is Ms. Miedema.

**Shannon Miedema (Halifax, Lib.):** Thank you very much.

Thank you so much for being here, both of you.

My question is for Mr. Haley.

I'd like to pick up on this conversation of cost versus savings, of positive return on investment. I spent a long time focused on energy efficiency in Halifax and saw the massive amounts of savings that focusing on efficiency has. In fact, I know you were very much involved with the inception of Efficiency Nova Scotia. We have an

efficiency utility in our province, and it actually led to our not having to build a giant power plant, which was its goal—and it's still here today.

Our HalifACT plan, our climate action plan locally, actually showed a gain in financial benefit over time because we had energy efficiency as required throughout the 30 years. Not only were we going to be winning financially in the end, but we were not going to increase energy demand provincially. We weren't going to need anything from the utility to be able to do that as the municipality.

Can you dive a little bit deeper on the economic benefits of energy efficiency and how that plays into our 2030 target?

**Brendan Haley:** Sure. As I said, there's a report that I think I referenced and that I provided to the committee, which essentially did an economic impact study of improving energy efficiency at a moderate pace and then at a more aggressive pace. I don't remember the job figures. That's where that improvement of four dollars to seven dollars of GDP for every one dollar invested in energy efficiency comes from. It has an impact, again, in GDP, with more economic activity for less energy use and with more outputs for less inputs. That's an improvement in productivity. That's what energy efficiency will do for you. You can decide how to use that productivity. You can use it for more economic growth, for greenhouse gas emissions reduction and for lots of other purposes.

I would say that the state of the art in thinking about the costs and benefits of energy efficiency—and Nova Scotia is leading on this right now—is in thinking about that energy efficiency. Is it lower cost than power plants? Is it lower cost than transmission lines? I would say that is a very important thing to consider when we think about electricity systems and about the impact of, say, things like investment tax credits, which tend to be more supply-side focused and not so demand-side focused. For instance, you're potentially encouraging more expensive electricity options if you're neglecting the demand side.

The other real benefits are things like less money spent on health care. If you help someone out of energy poverty, if they can access cool temperatures in the summer with things like air conditioning and warmer temperatures in their homes in the winter, that has health improvements and has more improvements on health care. It has improvements in terms of productivity when you work in an office that's energy efficient and has fresh air coming in.

These are what we call the non-energy benefits. Most people call them the “benefits”, which a lot of people really want out of energy efficiency. They're things like comfort, health care improvements and productivity improvements.

• (1140)

**Shannon Miedema:** We know that heat pumps can save lives in the extreme heat we have been seeing across Canada. Energy poverty rates are actually highest in Atlantic Canada, so we think about this a lot, especially when there's a really good opportunity to fuel-switch from home heating oil to a heat pump—because so many homes are still on oil in Nova Scotia, although that number is decreasing.

Energy efficiency seems to be a bit of an unsung hero. We have solar programs. They're shiny. People want them. The “new shiny” always gets the attention. I wonder, in your work, if you focus on how to tell the story more loudly and in a compelling way to get people to really think about efficiency first, not just as a homeowner but also as government and as industry at large.

**Brendan Haley:** That's a good question. I don't think we should ever try to make energy efficiency sexy. We should just double down on it. It's totally unsexy, but it is extremely practical. It helps you on your bills. It helps you live in a more comfortable home.

One thing I mentioned in my presentation is that we can pay people instead of paying power plants. I think that makes a lot of sense. Instead of building a power plant, let's pay people to be more energy efficient.

To deal with some of the variability issues of renewables, we can actually store wind in people's electric cars. We can store wind in people's hot water tanks. We can pay people for that service instead of paying a power plant for that service.

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

[*Translation*]

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

**Patrick Bonin:** Thank you, Mr. Chair.

Mr. Haley, you say that the government's decision to cancel the greener homes loan program is having an impact on consumers and constitutes a setback in the fight against climate change. It sounds like it's also an issue for businesses that specialize in that field. Could you give us more details on that?

[*English*]

**Brendan Haley:** Thank you for that.

When the government announced the greener homes program, which at the time was a combination of a grant and a loan, they encouraged people to become energy advisers. They said that you can now build a career as an energy adviser. Energy advisers are the people who go into your home, look around your attic and your basement, and they find where you can get those energy savings that make the most sense at the lowest cost. Then, they encouraged companies that install insulation and that install solar to ramp up, to staff up and to train people. That program has only been in market for a couple of years. The implicit promise was that this was here to stay and that people could build careers in this industry. Now, all those businesses are quite disrupted, especially the energy advisers, I would say.

The next time the government says, “Hey, we're going to have a loan program. We want you to help us reduce greenhouse gas emis-

sions.” I think those businesses are going to be less likely to train people and to hire people, because businesses have trouble dealing with that kind of start-stop.

[*Translation*]

**Patrick Bonin:** Are you worried the government will cause more setbacks when it comes to buildings and the fight against climate change? Do you have any specific asks you would like to see in the budget?

[*English*]

**Brendan Haley:** As I've said, this low-income efficiency program is a positive step the government has taken. It is funded much less than the loan program was funded, and much less than the initial grant program was funded.

The question everybody is asking now is whether that program dealing with energy poverty to help low-income people is going to just run out and stop when the money runs out. Are we going to actually have a target associated with it, a goal associated with it—something like eliminating energy poverty—so that we know when that new program has done its job?

• (1145)

[*Translation*]

**Patrick Bonin:** Do you think Canada is a world leader in green buildings?

[*English*]

**Brendan Haley:** Canada has a really long history of leadership in building science. In terms of the science, the patents and the technology of making buildings, Canada has been a real leader. In fact, Saskatchewan developed the first super energy-efficient passive house, but other countries have stolen that leadership. It is really Germany that has led in passive housing.

It's a similar story with other industries. Canada has the knowledge and we have the science, but we don't necessarily have the policy mix to make us a leader and to really develop businesses in this area.

**The Chair:** Thank you very much, Mr. Haley.

Next, we have Mr. Bexte for five minutes, please.

**David Bexte (Bow River, CPC):** Thank you, Chair.

Thank you, witnesses, for being here today. I appreciate it.

Professor McKittrick, you had a report in the Fraser Institute last year entitled “Economic Impact and GHG Effects of the Federal Government's Emissions Reduction Plan through 2030”. It showed employment impacts. These impacts were substantial. Under a full policy package, your model estimated 164,000 fewer jobs by 2030 compared to the baseline.

Could you clarify which job categories or regions bear the largest impact?

**Ross R. McKittrick:** The detailed tables are in the report. I have it here.

First of all, I should point out that it's not unemployment, per se. In this type of model, that's an equilibrium change. It means the demand for employment goes down. There may be temporary unemployment, I would think, especially out west. There would be temporary unemployment, but there would also be re-employment. I actually find that some of the largest negative effects are in Ontario on employment.

In this case, again, it being a general equilibrium model, it tracks the secondary effects as well. The increase in the cost of doing business affects all regions of the country. Analyzing, as best I could, the complete package of policies being put forward by the government does have a big effect on the cost of doing business in Ontario. It requires some relatively large employment reductions in order to clear the labour market. Alberta and Saskatchewan also bear a significant burden, again, because of the shrinkage of the energy sector.

**David Bexte:** To clarify further, if you drill into that a little bit, what kinds of jobs are you talking about in Ontario, Saskatchewan and Alberta?

**Ross R. McKittrick:** I do have industry-level information in the detailed tables. I can provide them to you. I don't have them at my disposal. This particular model doesn't distinguish employment types in the sense of skilled versus unskilled workers. I don't have that level of resolution in it.

**David Bexte:** Professionally, would you think they are in trades, engineering specialties, finance or health care?

**Ross R. McKittrick:** This would primarily affect trades and blue-collar workers. The service sectors tend to experience much smaller macroeconomic effects from these policies.

**David Bexte:** Thank you.

Canada already faces one of the lowest projected GDP growth rates in the OECD, and your analysis reflects maybe some of the reasons why.

In your view, does implementing an emissions cap on critical export industries risk deepening that stagnation?

**Ross R. McKittrick:** That's a concern I have. Not only do a lot of people work in our energy sector, but it's a massive component of our exports. If we end up pushing back on that type of production and, as a result, we're not able to sustain the export volumes, it's going to have a negative effect on our exchange rate, which will affect Canadians across the country. I know that's a live concern among people who analyze this. Again, I wish there was more detailed guidance from the government, because there are a lot of competent economists within the federal government who could speak to this.

As I said, the emissions cap will turn into a production cap, and we need to understand that it's going to have far-reaching effects on our future growth prospects.

• (1150)

**David Bexte:** With the increased cost of doing business in Canada related to emissions taxation, where would you expect that investment to go? You implied earlier that there would be a reduction in investment, a reduction in activity commensurate with that investment and a reduction in jobs.

Where in the world is that investment going if it's not going to be made here?

**Ross R. McKittrick:** The obvious answer is the U.S. They've moved very quickly, for instance, on LNG export facilities and green-lighting new energy development. The U.S. would be the primary destination.

**The Chair:** Thank you.

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

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

Thank you to our witnesses for joining us today.

Mr. Haley, I want to direct my first question to you.

Canadians are facing some rising costs, which have created an affordability issue that is felt most deeply by those in lower and middle incomes. Much of that affordability issue was driven by how much money people are paying for energy to heat and cool their homes and get around. They're basic things.

If you could, I'd like you to address how energy efficiency, using the technologies that are available to us today, changes the affordability equation for Canadians.

**Brendan Haley:** There are about two million households in energy poverty as we typically measure it. That's about 13% of all households. In every single province, over 10% of the population is found in that situation. It's the highest in Newfoundland and Labrador, by the latest numbers.

These are households that really care about their energy bill. It impacts them when they see it. When you provide an energy retrofit, a standard energy retrofit can easily reduce your energy use by 20% and a really deep energy retrofit can reduce your energy use by 50%. It can make that bill affordable.

As I said, the other aspect of energy poverty is more important. Are you getting adequate energy services? Are you able to heat your home appropriately in the winter? Are you in danger of extreme heat? That's another aspect of it that we really shouldn't forget about. That might mean you can pay for prescription drugs that you couldn't pay for before. It might mean you can afford food. It might mean you have lower health care costs, and then we all have lower health care costs. Those are the effects.

For middle-income folks, what's more useful to them is the stability that comes with a stable bill. Some of that stability also comes in resilience against things like extreme weather. If the power goes out, can your home hold its heat? A more energy-efficient home can hold its heat.

Those are some of the issues we see in other types of households.

**Bruce Fanjoy:** Thank you.

Canada is slowly adopting technology. Some places are moving faster than others. I'm encouraged by heat pump adoption. I have one myself. We're seeing more and more examples of solar. However, I think it's fair to say that Canada is moving too slowly, and the fact that we're not exceeding targets yet is a testament to that.

Why is that? What are the policy levers that you think governments at all levels may be missing to help Canadian citizens and businesses, and the economy as a whole, move faster?

• (1155)

**Brendan Haley:** I have to say that the real thing we need to think about is changing business models and changing the way we do the retrofit process.

What the standard HVAC company tends to do day-to-day is respond to emergencies. If your furnace breaks down, they replace your furnace. If your air conditioner breaks down, they replace your air conditioner. There's so much lost value in that type of business model.

We could change that business model so that the person becomes more of a consultant. They plan for when your furnace is going to break down and perhaps replace it with a heat pump. They perhaps do the insulation and the air sealing before so the heat pump can be the right size. Those are the types of business models we would like to see. I think that would be quite transformative.

The government, instead of simply providing grants and loans, should really be thinking about how we try to encourage that type of business model change. How do we also not just think about retrofitting one house at a time? How do we think about the kinds of economies of scale that can happen when we retrofit entire neighbourhoods?

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

This puts an end to this panel. I would like to thank the witnesses for their testimony today. The witnesses are excused.

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

• (1155)

(Pause)

• (1200)

[Translation]

**The Chair:** We are resuming the meeting.

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: Mr. Damon Matthews, professor, Concordia University, and interim director, Future Earth Canada; and Mr. Ron Wallace, former member, National Energy Board, by video conference.

Witnesses, when you see the yellow flag go up, it's indicating you have one minute left. This indicates the time is up.

I will now give the floor to Mr. Matthews for five minutes.

Thank you.

[Translation]

**Damon Matthews (Professor, Concordia University and Interim Director, Future Earth Canada, As an Individual):** Thank you, Mr. Chair and members of the committee.

[English]

I'm going to speak in English, but I'd be happy to field questions in French.

This committee has heard many perspectives and arguments over the past weeks. Despite the debate, I don't think we are actually debating whether the emissions reduction plan is too weak or too expensive. It seems to me that we are really debating whether Canada should have an emissions reduction plan at all, or indeed whether the climate problem is important enough to warrant action. I think this is the fundamental barrier to progress. We're still debating the seriousness of the problem, and that this is still happening is both a failure of the climate science community and a triumph of the oil and gas industry.

If we all truly understood the gravity of the crisis and what is actually at stake, there would be no debate about whether Canada should act. There would be no question that climate policy measures in Canada are woefully weak. There would be widespread dismay that Canada's economic well-being remains so dependent on a source of energy that will become obsolete within our lifetimes. I don't think we would be sitting here debating the individual merits of a set of insufficient policy measures. We would instead be putting all our minds to the challenge of how to drive down emissions, diversify our economy and protect the most vulnerable among us from the climate damages we will not be able to avoid.

I'm a climate scientist at Concordia University. I've spent the past 20 years researching the fundamental relationship between human greenhouse gas emissions and climate warming. I have acted as an IPCC author, provided expert input to legal proceedings and served on climate advisory boards. It's worth saying over and over that there is no scientific doubt as to the cause of climate change. We all burn fossil fuels to produce energy. This produces greenhouse gas emissions, and global temperatures will continue to increase until this stops.

It is also becoming increasingly clear how dangerous climate changes can be. Global temperatures have now exceeded 1.3°C above pre-industrial levels. On our current trajectory, we will breach the 1.5°C temperature limit in about five years—but it doesn't end there. Every additional increment to global temperature increase will drive more severe and more dangerous climate impacts. These impacts are already visible all around us. Intensifying wildfires, floods and heat waves carry the clear signature of a warming climate.

What we are witnessing across the country is not a new normal. It is the beginning of a transition to global climate conditions that have not existed in the history of human civilization. There will be losses for everybody. The town of Lytton burned to the ground a few years ago. Though it pales in comparison, the ability to skate on the Rideau Canal is unlikely to survive another decade.

Beyond the direct physical impacts, climate change is also a threat multiplier. Climate damage has increased the cost of living, strained societal resources and can feed social conflict and instability. Global food systems, freshwater resources and commercial supply chains are all feeling the effects of rising climate risk. All of this is alarming, but it is not surprising. The climate changes we are experiencing are very much in line with climate model predictions. What is surprising is that the scientific reality of our changing climate remains a subject of political debate.

Given the growing threat that climate poses, I would argue that it is irresponsible to start rolling back the halting progress we have managed to achieve over the past decade. This is especially true given that there are so many policy options available that would enable real progress on emissions reductions while also benefiting our economy and well-being. Major infrastructure projects are key. The decisions we make now will set the trajectory for future greenhouse gas emissions for decades to come. Expanding our national electricity grid, electrifying transportation systems and expanding renewable energy generation across the country would all direct us towards a thriving low-carbon economy. Subsidies and incentives are also needed to help Canadians make low-carbon choices for our buildings, residences and transportation needs.

If we do not align with the need for ambitious climate policy, we risk missing a tremendous opportunity. The benefits of climate action, not just in avoiding climate damages but also in direct improvements to cost of living, security, health and ecosystems, far exceed the costs of inaction. We have an opportunity to set a course for a prosperous future and a stronger economy for all Canadians. This is what strong and ambitious climate action can achieve.

Thank you.

• (1205)

**The Chair:** Thank you very much, Mr. Matthews.

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

**Ron Wallace (Former Member, National Energy Board, As an Individual):** Thank you, Mr. Chairman.

The November 2024 draft regulations that proposed an emissions cap on Canadian oil and gas are unquestionably an international policy outlier. No other oil-producing country, including Norway, which is often cited for its climate leadership, has implemented a sector-specific emissions cap for oil and gas production. These regulatory limits target a sector that is vital to Canadian GDP. There are estimations that the cap could shrink Alberta's economy alone by 11% by 2050 and reduce its government revenues by almost 10%.

Today, my brief focuses on one consequence of the proposed Canadian emissions reduction plan, specifically proposals to produce decarbonized oil in western Canada by use of carbon capture and sequestration, or CCS, projects.

Proposed policies to decarbonize western Canadian oil are not only wrong for the west but are unfair and will incur harm to the Canadian national economic interest. These policies disincentivize investment in Canadian export pipelines. They also compel material capital investments and parallel subsidies for projects that have questionable economic and technical viabilities.

One would expect Canada to have a consistent national energy policy. However, it appears that Canada is about to embark on two quite different energy policies—one for the east and one for the west. For new western Canadian oil export pipelines, Canada is proposing to require that the oil be decarbonized. Meanwhile, as federal legislation has banned tanker exports from the northwest coast, tankers bearing non-decarbonized oil from offshore are freely allowed to ship oil into eastern Canadian refineries.

There are significant policy and cost implications here, because western Canadian decarbonized oil would have to be produced and transported to competitive world markets under a unique regulatory burden. Moreover, is the oil produced and exported from markets for the Canadian Atlantic offshore region's production platforms, for instance, required to be decarbonized?

Similarly, eastern Canadian refineries continue to import oil from the U.S.A., an offshore jurisdiction, free from any comparable regulatory burdens. For instance, in October of this year, nearly 6.5 million barrels of west Texas, Saudi and Nigerian crude will arrive at the refineries of Quebec City and Saint John. Is this oil decarbonized, and are the emissions from refining our tanker transportation accounted for?

Significantly, if Canada does indeed adopt decarbonization as part of an emissions reduction plan, we do have the engineering talent and the expertise required to construct and operate such massive decarbonization facilities. Hence, it is not a question of whether we can decarbonize but whether we should compel Canadian producers, aided by significant tax incentives, to funnel billions into CCS schemes.

Recalling that, in addition to the required front-end capital costs of some of these projects, estimated at between \$16 billion and \$24 billion, such massive projects would incur unavoidable operating costs. These are unrecoverable costs that Canada would impose on itself. Meanwhile, none of Canada's heavy oil supply competitors face these costs, and no other country is paying that cost. Can Canada afford this?

There are material negative and economic implications for an emissions cap on Canadian oil that entail parallel consequences to that which decarbonization would impose. Fortunately, there are alternative methodologies that could represent a more pragmatic approach to CO<sub>2</sub> sequestration. For instance, Bill C-59 earmarked \$12 billion in tax credits to reduce the upfront cost of investment in carbon capture equipment, but it specifically excludes a proven method for carbon sequestration—to use CO<sub>2</sub>-enhanced oil recovery, or EOR—from eligibility for its carbon capture utilization and storage.

In closing, I would say that Canada needs a consistent policy for emissions, not two.

Thank you, Mr. Chairman.

• (1210)

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

The floor is yours, Mr. Bexte, for six minutes.

Thank you.

**David Bexte:** Thank you, Mr. Chair.

Thank you, witnesses. I appreciate your time today.

Dr. Wallace, you've spoken about the impact of decarbonizing oil.

Could you expand a bit on how that places us and the impact on Canada vis-à-vis our competitors in the world? Where is the invest-

ment going to go, and what's going to be the impact on global production and global emissions?

**Ron Wallace:** That's a very good question. Thank you for it, Mr. Bexte.

I want to pick up on some points that Dr. McKittrick made earlier. He indicated in his testimony that it's clear. By the way, in the more detailed report that I submitted to you, I have shown some of those figures, and I would refer you to that report. Let me just echo Dr. McKittrick's comments.

Energy economists, for instance, Peter Tertzakian, estimate that the Canadian energy industry and governments have forfeited almost \$70 billion over 15 years because of the discount on heavy oil related to our lack of pipeline access to international markets.

There are two components to the question that you've asked. One is how much the economy of Canada has suffered because of this lack of international markets and, of course, the total amount of money that is flowing from Canada into the United States. I believe that there are some estimates that indicate over \$700 billion has flowed out of Canada toward the United States.

I want to pick up on one other component to this question. Dr. McKittrick has mentioned the fact that very few government estimates show Canadians the direct cost that some of these measures will bring to them. When we talk about energy affordability, the best way to deal with energy affordability is to reduce the price of energy. We're now looking at potential costs for decarbonization that would have to be subsidized by the Canadian taxpayer. There are some estimates that indicate that those direct costs of subsidies may range from \$1.1 billion up to \$4 billion a year. The additional cost of decarbonization that would be imposed upon the industry is obviously either going to have to be paid by taxpayers or picked up by the international market. The international market will not do that. It will be based on international prices.

I hope that answers your question.

• (1215)

**David Bexte:** Thank you very much, Dr. Wallace.

It's a little bit concerning that ultimately it's going to go on to the consumers.

In outlining the description you gave about the east-west dynamic, could you comment more on the federal government's emissions policy and how it's effectively creating a two-tier system between east coast producers and western producers and the refiners? What is that going to do to the price at the pumps and affordability?

**Ron Wallace:** Affordability all goes to the cost of production and the netbacks that are available to the industry. Industry is not going to be able to invest in something that it can't sustain a profit from. If these measures are imposed upon the industry, either the industry will not invest, or it will have to be subsidized. As I've said, I've given you the numbers on what those subsidies would and could amount to.

In terms of the east-west dynamic, when we are importing volumes of oil—and in my report I talk about the quantification of those numbers—the cost to the Canadian economy to import that oil from offshore is in the many billions of dollars. When we look at the front-end capital costs of decarbonization facilities ranging up to \$24 billion, in effect what we will be saying to western Canadian producers is that, before they have the option to enter the regulatory process to build a \$20-billion to \$30-billion pipeline, they must pay \$16 billion to \$24 billion in advance for decarbonization and then sustain that operation and its costs for operation.

My question back to you is this: Do you think that there would be any private sector investors who would come forward to enter that kind of process?

**David Bexte:** Thank you, Dr. Wallace.

Quickly, I'll ask the chair to ensure that the report is included in the proceedings.

Could you comment or expand more on the potential benefit of enhanced oil recovery and including that in the regulations, and the benefit to society versus the costs?

**Ron Wallace:** It's remarkable that Bill C-59 earmarked \$12 billion in tax credits to reduce upfront costs for carbon capture equipment but then specifically excluded a proven method of carbon sequestration that uses CO<sub>2</sub>-enhanced oil recovery, or EOR—which has been operating in Weyburn, Saskatchewan—from any eligibility in the carbon capture, utilization and storage investment tax credit.

Those numbers could unlock many billions of dollars in investment by the private sector to use alternative methods for sequestration and carbon capture.

• (1220)

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

Thank you, Mr. Bexte.

Now we'll have six minutes with Mr. Grant.

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

Thank you both for coming and being here today.

Mr. Matthews, you spoke about how the question of whether a policy is too weak or not effective enough is one that we need to ask.

You talked about history as well. I thought back to my childhood, growing up on the west side of Vancouver. You mentioned the Rideau Canal and not being able to skate. We were able to skate on ponds in golf courses. There are home movies of me in the 1970s and 1980s, skating on ponds, because that was the fun thing to do, but I don't think my kids will ever be able to do that. Hopefully, they will be able to one day, but they haven't been able to do that.

Growing up in the mouth of the Fraser River, we fished for salmon and a fish called eulachon, which we are not able to fish anymore. The direct impacts of climate change have increased the temperatures of those.

The 2024 emissions estimates show that progress has stalled and Canada's 2030 climate targets may be out of reach. The Canadian Climate Institute points out that Canada did not advance toward its emission targets in 2024 and suggests four ways that Canadian emissions could be brought down. These are “action to modernize industrial carbon pricing, finalization of new methane regulations for oil and gas, investment in clean electricity, and making cleaner fuels and vehicles more affordable and widely available”.

Which of these do you think is the most readily implementable at this moment?

**Damon Matthews:** I think they all need to be implemented, and more. Those are a subset of recommendations based on a particular analysis. There are many other policy levers that also need to be explored.

I mentioned infrastructure in my talk. One of the things I've spent quite a bit of time researching is the effect of infrastructure projects on committed future emissions. When we're building now, we're building equipment and infrastructure that will last for decades and will either produce or not produce greenhouse gas emissions over that period of time. I would point back to that as probably the single most effective policy lever at play. We need to be building renewables-based electrified systems that will set us on the course we want to achieve.

**Wade Grant:** You said there are many others. Are there any others that weren't on the list I put forward that would take that top priority to be implemented soon? It doesn't have to be exhaustive.

**Damon Matthews:** I think Canadians want to make low-carbon choices. It's actually very difficult and sometimes very expensive to do that. I would point to incentives to assist those choices and enable them to be rolled out across the country.

Transportation is one of the biggest sources of emissions, so anything we can do to electrify the transportation systems—whether they're personal vehicles, trucks or intercity rail—would be a really important step in the right direction as well.

**Wade Grant:** Under the Canadian Net-Zero Emissions Accountability Act, “The Minister must set a national greenhouse gas emissions target for each milestone year with a view to achieving” the national greenhouse gas emissions target for 2050, which is net-zero emissions. What are the consequences if reporting shows that Canada is not on track to meet its targets?

**Damon Matthews:** International shame is one consequence.

Despite what you hear south of the border, most of the world is pushing ahead very rapidly with clean energy and emissions reductions. The emerging markets in China and Europe are really moving quickly in that direction. We're going to have a hard time building those trade relationships if we're seen as an obvious laggard internationally on climate progress.

**Wade Grant:** You mentioned the electrical grid across the country. We often hear about the importance of it, but what tools or partnerships would be necessary to overcome jurisdictional barriers and make that a reality?

**Damon Matthews:** There are lots of willing partners. I mentioned the political debates that are going on right now. I think interprovincial agreements are really important. We don't have political consensus across the country right now as to whether or not these things should actually be done. Until we achieve that, it's going to be really hard to make the type of progress that is needed.

**Wade Grant:** You talked about the town of Lytton, which burned down. There are many first nations around there as well that have been devastated. Unfortunately, rural and remote communities are often adversely impacted.

To what extent does the 2030 emissions reduction plan reflect the circumstances of Canadians living in rural and remote communities, including indigenous communities, in terms of impacts on climate change and the feasibility of an emissions reduction strategy?

• (1225)

**Damon Matthews:** I think the priority for remote communities has to be building resilience to climate impacts. The major sources of emissions across the country are not from rural communities. They're from major urban centres and industry. If we can focus on driving those emissions down as fast as possible, including from the oil and gas sector, and then directing resources towards shoring up the resilience of rural and remote communities, I think that would be the best strategy to go forward at this point.

**Wade Grant:** Thank you, Mr. Matthews.

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

Thank you, Mr. Grant.

[Translation]

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

**Patrick Bonin:** Thank you, Mr. Chair.

Mr. Matthews, talking about limiting global warming, could you explain the difference between the impacts associated with an increase of 1.5°C and an increase of 2°C?

[English]

**Damon Matthews:** Yes, thank you.

By and large, the impacts of climate change get worse and more severe the more the temperature increases. Many of those impacts increase very steadily as a function of global temperature increase. It's not just 1.5°C versus 2°C; it's actually 1.5°C versus 1.6°C versus 1.7°C. It does look like we're going to cross the 1.5°C threshold. I can't really see any way of avoiding that at this point. I said something very different five years ago, but five years is a long time in relation to this particular target.

If we miss 1.5°C, we have to set our sights on the next one, which is 1.6°C, and if we miss that, then 1.7°C. Every increment of avoiding warming will decrease climate damages. Those damages emerge from all sides—floods, heat waves, wildfires. Increasingly, coastal sea level rise is going to be an issue as well.

[Translation]

**Patrick Bonin:** I imagine Canada is particularly impacted by this increase in climate events.

[English]

**Damon Matthews:** Yes, Canada is warming about twice as fast as the global average. That pattern accelerates the further you move north, so northern Canada is more like three to five times the global average. Yes, Canada is vulnerable, particularly in the north. This is where resilience and adaptation measures are critical.

[Translation]

**Patrick Bonin:** Could you remind us what the Paris Agreement target is? I think it's limiting global warming to 1.5°C or well below 2°C. What does Canada need to do to reduce emissions and meet this target by 2030 and 2050?

[English]

**Damon Matthews:** The Paris Agreement target is well below 2°C. I think it's very important to distinguish that from 2°C. Two degrees itself is not well below 2°C, by definition. With an aspirational target of 1.5°C, globally speaking, this means emissions need to be approximately halved every decade, so something like a 45% to 50% reduction relative to 2005 or 1990 targets, depending on where you are, would be appropriate.

There is also an equity issue at play. It's widely understood that the principle of common but differentiated responsibilities implies that rich countries should actually be moving faster than the global average. For a country like Canada, we are actually well behind our international obligations for the Paris Agreement targets.

[Translation]

**Patrick Bonin:** Now I'd like to discuss the principle of common but differentiated responsibilities. Essentially, this means that industrialized countries, like Canada, should move faster and do more than developing countries. Is that principle included in the Paris Agreement?

[English]

**Damon Matthews:** Yes, that principle dates back to the 1992 earth summit in Brazil, which was the event that initiated the entire UN framework convention process.

Yes, it's deeply embedded within the Paris Agreement that wealthy countries should be leading the way and moving on climate mitigation more rapidly than the rest of the world.

[Translation]

**Patrick Bonin:** Do you think Canada's 2030 greenhouse gas emissions reduction target will allow the country to meet its Paris Agreement commitments?

[English]

**Damon Matthews:** No, I don't believe that to be the case. Various advisory parties had recommended more emissions targets, and those were, ultimately, not adopted.

I'm supportive of the fact that they are there at all. Obviously, it could be a lot worse. We absolutely need to resist calls to weaken those targets, but as they stand now, no, they are not in line with our international obligation to achieve 1.5°C.

• (1230)

[Translation]

**Patrick Bonin:** Mr. Chair, would it be possible for the committee to get a copy of the studies or supporting documents that relate to what Canada's contribution should be?

Mr. Matthews, greenhouse gas emissions are on the rise in Canada's oil and gas sector. What should be done to ensure that the sector participates in Canada's efforts to reduce greenhouse gas emissions?

[English]

**Damon Matthews:** The oil and gas emissions cap is a good start. Ultimately, emissions from the oil and gas sector need to decrease in line with other sectors of the economy in order to achieve our long-term targets. We should actually be focusing our attention on diversifying to other forms of energy production. We should be making solar, wind and hydro energy more affordable and more economically viable across the country.

[Translation]

**Patrick Bonin:** According to the Canadian Climate Institute, Canada is not on track to meet its 2030 target. Do you think it's possible for Canada to make adjustments and move closer to the target, or even meet it?

[English]

**Damon Matthews:** A lot depends on the outcome of the next few weeks, honestly, as to whether we achieve any kind of political consensus on the need to increase the strength of policies. The policies, as they currently stand, are not sufficient to get us to the target.

[Translation]

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

[English]

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

**Carol Anstey:** Thank you.

Thank you to the witnesses.

Mr. Wallace, in your paper about the divisive effect of policies for two regions, you describe how federal climate and energy policies have essentially created a two-tier system, one that penalizes domestic oil producers while, on the other hand, allowing imported oil to enter Canada without facing the same regulatory costs.

I come from the province of Newfoundland and Labrador, which produces responsibly regulated offshore oil that directly supports Canadian jobs and government revenue.

What does that imbalance mean, in practical terms, as it relates to imported oil?

**Ron Wallace:** Thank you for that question. I'm proud to say I helped and worked on the Hibernia project in my younger days. It's wonderful to see that production capability in eastern Canada.

My point relates to consistent energy policies for Canada and policies that benefit Canadian producers as opposed to benefiting external suppliers. Our largest trading partner is the United States at 70%. It's also our largest competitor in the energy field.

As I said in my introductory comments, there's a lot of that west Texas oil coming up by tankers into Montreal and New Brunswick. That's competing directly with the oil that's being produced in your jurisdiction and also in western Canada, but it's coming in at a premium and real benefit. There's no decarbonization of the tankers that come up. There's no quantification. There's no quantification of the amount of carbon that's produced in the refining sector, nor is there any decarbonized oil coming in on those tankers.

For Canada to impose that kind of restrictive covenant specifically on western Canadian oil and gas production, it's going to have a very material effect on our competitiveness on the international stage.

As I've said, the international oil price—which by the way is declining very rapidly—is going to threaten not only Canada's export capacity but our ability to produce oil and gas for our own internal purposes. When we're burdening our economy with the degree of money flowing offshore to bring that oil into our eastern Canadian refineries, while we've effectively burdened our western Canadian producers, this puts us at a real disadvantage as a nation.

• (1235)

**Carol Anstey:** Based on that, wouldn't you also agree that investment into offshore projects and exploration would be more beneficial for our economy than relying on these imports?

**Ron Wallace:** Sure. Canada has tended to focus on the potential economic impacts of climate change. This is a pressing issue that's emerged since the impact of declining direct foreign investment in the energy sector. These divestments that are happening in Canada reflect the concerns of major international investors, not just Canadians. In 2024 the flow of Canadian net investment reached a record negative \$36 billion. This indicates that international investment capital is increasingly seeking jurisdictions other than Canada. Those jurisdictions are producing competitive oil.

The material decline in direct foreign investment in Canada has contributed, from 2015 to 2024, to a very diminished GDP growth of 2% for Canada as compared with 14% in the United States. These are economic issues that Canadians should be aware of and that our decision-makers and policy-makers should be taking into account.

**Carol Anstey:** Just quickly, on those points, would removing the emissions cap be part of the solution, in your view?

**Ron Wallace:** The question is how to implement an emissions cap that is consistent and fair across jurisdictions and that benefits the Canadian economy. If Canada inflicts itself with an emissions cap while importing non-decarbonized oil, that's a very difficult situation for our economy.

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

Thank you, Ms. Anstey.

[Translation]

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

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

Mr. Matthews, I am a proud graduate of Concordia University and I am proud to welcome a member of my alma mater here today.

You've done a lot of modelling on climate change. Does it look like Quebec will meet its 37.5% emissions reduction target by 2030?

[English]

**Damon Matthews:** I believe Quebec is closer to achieving its target than the country as a whole. I don't have the exact trajectory in my head to be able to give you a more precise answer than that. Quebec has a lot of advantages. Obviously, the electrical system is already highly decarbonized.

I'm sorry. Speaking of decarbonized energy sources, I can't not comment that it's actually not possible to decarbonize oil. That's a bit like trying to deoxygenate air. It removes the entire use of the compound.

In any case, Quebec does have some advantages, but it also has challenges. Transportation and buildings are the largest sources of emissions. Quebec is also further ahead than the other provinces in terms of electrifying transportation, but there's still work to be done.

[Translation]

**Eric St-Pierre:** Thank you.

My colleague mentioned the concept of fair reduction of emissions,

[English]

and that there's a different concept of reducing emissions globally.

[Translation]

Could you tell us more about Quebec's fair share in reducing emissions? Could you also share any documents you might have showing that Quebec is doing its fair share and is on its way to meeting its reduction targets?

[English]

**Damon Matthews:** There's not a lot of literature on fair shares within countries. In the absence of a better answer, I would say that Quebec's fair share is sort of equivalent to Canada's on a per capita basis, or ultimately on an emissions share basis. There are different ways you can break it down, but ultimately, the entire country needs to achieve net-zero emissions by a particular date. Quebec has that same obligation.

[Translation]

**Eric St-Pierre:** Could you talk about the important role the provinces play in helping the federal government meet its 2030 emissions reduction target?

[English]

**Damon Matthews:** Absolutely provinces are key. I think the federal government can incentivize and leverage action at the provincial level, but the provinces have jurisdiction over energy, which is the big producer of emissions across the country.

Yes, the provinces need to act equally ambitiously—if not more so, in some cases, than the federal government.

● (1240)

[Translation]

**Eric St-Pierre:** You've also done a lot of work on carbon budgets. Could you talk about their importance? What is the difference between carbon budgets and the 2030 target?

[English]

**Damon Matthews:** The carbon budget is based on the concept that total emissions of carbon dioxide are the quantity that determines how much warming occurs. You can have an emissions target and you can approach that target in different ways. Those different pathways will give you different total amounts of CO<sub>2</sub> emitted and other greenhouse gases. You will actually produce different amounts of climate warming depending on how you approach the target, whereas the carbon budget approach, if applied as it has been in countries like the U.K., for example, sets a limit on the total quantity of CO<sub>2</sub> and other greenhouse gases emitted rather than on a particular target at a particular moment in time. It's a much more trackable and accountable way of tracking and reporting emissions. It's one that actually gauges correctly the climate impact of those emissions.

**Eric St-Pierre:** We're also hearing about the perceived cost of climate policy.

Can you speak to the cost of climate inaction?

**Damon Matthews:** We are seeing the cost of climate inaction across the country almost monthly. Insurance premiums are going up across the country and the insurance industry in general is very aware of these costs as a threat to the industry and its ability to provide coverage.

Wildfires and heat waves are a threat. Heat waves are probably the leading cause of mortality from climate change, but wildfires and floods obviously cause huge damage that is linked to climate change. The cost associated with this damage is all part and parcel of the cost of climate inaction.

[Translation]

**Eric St-Pierre:** If Canada could choose one or two federal policies to help reduce greenhouse gas emissions, which ones would you pick?

[English]

**Damon Matthews:** I would say that every new piece of infrastructure we build needs to be carbon-free.

[Translation]

**The Chair:** Thank you, Mr. Matthews. Thank you, Mr. St-Pierre.

Mr. Bonin, you have the floor. You may go ahead for two and a half minutes.

**Patrick Bonin:** Thank you, Mr. Chair.

Mr. Matthews, you recommend that Canada follow the U.K.'s lead and adopt carbon budgets. Would you recommend other measures adopted by the U.K. or other countries to manage emissions reduction plans?

[English]

**Damon Matthews:** The U.K. has a very competent and well-respected climate change committee that has been, among other things, responsible for recommending the adoption of the carbon budget approach. Among industrialized nations in Europe and North America, the U.K. is on track to achieve its emissions targets, which is a rarity. Not only has it set carbon budgets for every five years and adhered to those, it is actually ahead of its proposed emission targets.

It mostly has to do with decarbonizing the energy supply system in addition to all the other things that can be done around promoting energy efficiency and low-carbon choices for consumers.

[Translation]

**Patrick Bonin:** Thank you.

Mr. Wallace, you mentioned oil imports and exports. As far as I know, Canada exports twice as much oil as it consumes. Do you have numbers that compare Canada's oil imports and exports?

[English]

**Ron Wallace:** Thank you for your question.

I don't have figures at hand. However, as I noted in my introductory comments, I did provide a report to the committee. I believe that some of those figures may be.... I won't bore you by going back into that report; I will just refer you to it, if I may.

[Translation]

**Patrick Bonin:** You talked about carbon capture and sequestration. I think Shell is working on a project like that in Canada. Has such a project been developed in Canada? How effective is it at capturing emissions? I thought I saw that Shell's project captured barely 50% of emissions. Is that accurate? What's the per-tonne cost of carbon for those projects?

• (1245)

[English]

**Ron Wallace:** There is a very good example, which I refer to in my report, that's been operating in Saskatchewan. It is an EOR, or

enhanced oil recovery, where the sequestered carbon is reinjected and oil, at pressure, is forced back up. This is a very positive situation.

**The Chair:** Ms. Anstey, you have five minutes.

**Carol Anstey:** Thank you, Chair.

Mr. Wallace, you've emphasized the need for realistic, evidence-based energy policy. I'm curious about your thoughts about this. If there's no credible path to achieving the proposed Liberal emissions cap without major economic disruption, shouldn't that policy be withdrawn or fundamentally rethought?

**Ron Wallace:** Thank you, Member Anstey, I appreciate that.

I would say that Canada needs to carefully reconsider climate policies because it's encountering a sea change in dealing with policies, not just in the United States but in Europe itself. Britain and Germany have been very committed to these types of climate policies, and their results are very significant negative economic impacts to their economies. The recent change in the endangerment finding in the United States—to repeal it—is going to have a significant effect on climate and economic policies around the world. As Dr. McKittrick said, we need to understand the cost of some of these programs that have been put forward. Those costs are not being presented, in my view, to the Canadian public.

There's another comment that I would have too. It is that, at the end of the day, we have to recognize that private sector interests will ultimately determine any new investments in Canadian energy systems. I refer you to comments from CEO Greg Ebel of Enbridge. He said, "For us to be willing to seriously consider reinvesting in [projects in Canada], whether it's east to west or just west, we need to see real changes on numerous fronts". A lot of coordinated federal and pan-provincial legislative and regulatory action will be required before we think investors, management teams or customers would be willing to green-light such major investments.

**Carol Anstey:** I have another question.

If our largest trading partner is ramping up production and prioritizing energy affordability, does it serve Canada's national interest to impose an emissions cap that chokes off growth and undermines our competitiveness?

**Ron Wallace:** I think there's a very straightforward answer to that. Let me just talk about LNG exports. Canada has finally entered the international game, and we have also now entered the international oil export game in the Pacific with the Trans Mountain pipeline. All of the previous predictions for the export of that oil were wrong. There's much more of that oil than was predicted going to Asia. It's up to 50% now, which is more than what was originally projected. Of course, we're very far behind the United States in our LNG system. The Americans have redoubled their investments in LNG, and that has now become a major export to the European Union.

Without answering your question with a yes or a no, I would say that, given the realities of the economics of what is happening with regard to the existing export of LNG and oil and gas, I think the answer is being given by the international marketplace.

**Carol Anstey:** I'm going to cede the rest of my time to my colleague Mr. Leslie.

**Branden Leslie:** Thank you, Ms. Anstey.

Mr. Chair, I would like to move the motion that was circulated on Friday with regard to the global carbon tax that Canada has quietly supported, despite claiming it doesn't.

For those of us who weren't here last year, the former minister of the environment Steven Guilbeault appeared at this committee last year. I asked him about being “very supportive”, as per a news article, regarding the global carbon tax. He went on to say that the Liberal government would not support a new carbon tax on international shipping, and he followed up with a tweet saying that it “has not supported any such...levy”.

● (1250)

**Eric St-Pierre:** I have a point of order, Mr. Chair.

Can I ask that we suspend to discuss this matter, please?

**The Chair:** We will suspend.

● (1250)

(Pause)

● (1250)

**The Chair:** I gather that this will take a little while, so I will excuse the witnesses.

Thank you very much for being here today. You're excused.

Mr. Leslie, the floor is yours.

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

As I was saying, I would like to move the motion that was circulated last week regarding the global carbon tax that Canada has quietly supported despite claiming that they do not.

For those who weren't here last year, as then minister of environment, Steven Guilbeault appeared at this very committee and I asked him about a quote that was in the media immediately prior to the meeting, where he was quoted as saying he was “very supportive” of the global carbon levy. He went on to claim that it was simply not true and dispute that he had said anything of such nature. He went on to tweet further that they were not supporting “any such international levy.” Then lo and behold, we found out that this was simply not true. In April, while he was still the minister of environment, the Liberal government went on to support and vote in favour of the regulations at a session of the International Maritime Organization on April 11 of this year.

Just this past week, the UN's International Maritime Organization met again to consider the adoption of the IMO net-zero framework. Make no mistake, this will lead to a massive carbon tax on international shipping that will raise absolutely the price of every good that we bring into and that leaves this country.

Not only did Minister Guilbeault tell this committee something that was simply not true at the time, but at no point has the Liberal government ever said anything about hoisting this new carbon tax on Canadians. As such, I would move this motion. I will not read it in its entirety into the record, but it involves inviting Minister Guilbeault, as well as the current transportation minister, the Hon-

ourable Steven MacKinnon, to appear to provide clarity on the government's actual position regarding the global tax on shipping.

I will pause there, Mr. Chair. Thank you.

● (1255)

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

Is there any debate?

Ms. Miedema.

**Shannon Miedema:** I'm wondering if the committee would find it useful if we were to ask for a study. Instead of asking for a couple of presentations, maybe we alternatively say that given the International Maritime Organization is hosting an extraordinary session from October 14 to 17, 2025, the committee undertake a study relating to maritime sector decarbonization, which would give more of a fulsome analysis on this particular issue.

**The Chair:** Monsieur Bonin.

[*Translation*]

**Patrick Bonin:** I agree that it is a very interesting and important topic, but I think it's premature to start talking studies. In my view, discussing the matter would help us figure out whether we actually needed to dig deeper. Above all, we would be able to get clarity on where the government stands. The decision to carry out a study should come later.

I'd like to propose a few amendments to Mr. Leslie's motion, amendments I think we could get consensus on, which would make things easier for the purposes of our discussion. I sent them to the clerk, but I don't know whether I'm allowed to propose them now.

**The Chair:** You may go ahead.

**Patrick Bonin:** Basically, I would remove the first part, from “Given that” to “on shipping”. It would be replaced by this: “Given that the Honorable Steven Guilbeault, M.P., then Minister of Environment and Climate Change, allegedly made statements that could be considered contradictory regarding the government's position on the implementation of a global carbon tax on maritime transport”.

The motion would go on to say that the committee invite the Honourable Julie Dabrusin, Minister of Environment and Climate Change, to appear for one hour, and invite the Hon. Steven MacKinnon, Minister of Transport and Government House Leader, to appear for one hour to provide clarity on the government's position, etc.

**The Chair:** You're getting into a second amendment. You have to propose one at a time.

We are discussing the first amendment.

• (1300)

[*English*]

Do you have a comment on the first amendment?

**Branden Leslie:** Yes.

**The Chair:** Go ahead.

**Branden Leslie:** I don't know if we need a study until we get some clarity from the government. I think that's something we can look into at some point in the future.

In the meantime, I'd be willing to accept a friendly amendment to alter the motion to bring in the current minister, despite the claims of the previous minister. I think it's relevant to have the current minister here as well.

I will be supporting both of the amendments.

[*Translation*]

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

Go ahead, Mr. St-Pierre.

**Eric St-Pierre:** I'd like a copy of the amendment, because it seems to have changed. I would like my fellow member to provide a copy of his amendment, so that I can review it and make a decision.

**The Chair:** Mr. Bonin, can you provide the amendment in writing?

**Patrick Bonin:** Yes.

I just want to clarify something for Mr. St-Pierre. I believe his colleagues got copies, but he may not have gotten one. I sent it a few minutes ago.

**The Chair:** Honourable members, the clerk is telling me that he is sending it out by email, so please check your inboxes.

We will suspend briefly while we wait for the email to come in.

• (1300)

(Pause)

• (1305)

**The Chair:** We are resuming the meeting.

Did you receive the email, Mr. St-Pierre?

Would you like to say something now? You're shaking your head no.

[*English*]

Is there debate on the first amendment?

Go ahead, Mr. Fanjoy.

**Bruce Fanjoy:** I'd like to address the fact that this is a new government. We have a new Minister of the Environment. The last government may have made comments. People make comments all the time. It was never introduced as a potential law. It wasn't a regulation. This was just a comment that was made by a previous government.

If this committee is going to make it our practice to call former ministers or even current ministers over speculative comments made years ago that are not before the current government, then

we're going to spend an inordinate amount of time chasing shadows. That's not the purpose of this committee. If the government wants to make a statement or weigh in on this issue, at that point, it's within the scope of committee business to ask for clarification on the government's position, but that hasn't happened.

I think this motion is just a waste of the committee's time. We're trying to deal with some substantive issues addressing the current study. We have other studies in the queue. I see no value brought by going on a fishing expedition based on what someone said some time ago in a previous government.

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

Mr. Leslie, you have the floor.

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

I do not see it as a waste of time to try to find out some clarity on the position of the current so-called new government on a massive tax that will increase the price of everything across Canada for every single Canadian. It is a live issue because just this past week we would have had Canadian representatives at this table deciding whether or not to ratify this decision. I think it is entirely reasonable to bring forward the relevant ministers to better understand whether or not Canada does support—whether it was the last Liberal government, this Liberal government or, hopefully never, another future Liberal government—a global tax on shipping.

Thank you, Mr. Chair.

[*Translation*]

**The Chair:** The floor is yours, Mr. Bonin.

**Patrick Bonin:** With all due respect to the honourable member, the shipping industry is a significant emitter of greenhouse gases, accounting for roughly 3% of global emissions. Those emissions weren't dealt with in the Paris Agreement, and they are rising. What's more, port projects are in development, the one at the port of Sorel, for example.

I think it would be useful to have the government come and tell us its rationale and position, so as to clarify what was or wasn't said in the past. I say that because, right now, we don't know. Even though this challenge isn't dealt with in the agreement, I think we need to deal with it. The shipping industry's emissions are equivalent to Japan's, so I don't think having a constructive discussion is a waste of time.

• (1310)

[*English*]

**The Chair:** Ms. Miedema.

**Shannon Miedema:** Thank you.

I'd just like to take a moment to apologize to the two witnesses who were just here before us, as their time was cut short, and we were unable to have them fulfill their full hour. It's a big time commitment and a lot of preparation for these witnesses to appear before us, and I value their time.

Thank you.

**The Chair:** Thank you, Ms. Miedema, for your comments.

Is there further debate? We will be voting—

**Eric St-Pierre:** Can I bring some amendments to the motion?

**The Chair:** A subamendment to the amendment...?

**Eric St-Pierre:** Which amendment are we...?

**The Chair:** It's the only one you received by email.

**Wade Grant:** Since you stopped Mr. Bonin when he was about.... Where is this first amendment? You said to do one amendment at a time. I'm looking at this and it's.... Could you read it out?

**The Chair:** Mr. Clerk, could I ask you to read it out so that all members can be clear as to where exactly we are?

**The Clerk of the Committee (Leif-Erik Aune):** Yes, sir.

Monsieur Bonin's first amendment replaces the preamble up until the words "to adopt these regulations" with the following: "Given that the Honorable Steven Guilbeault, P.C., M.P., then Minister of Environment and Climate Change, allegedly made statements that could be considered contradictory regarding the government's position on the implementation of a global carbon tax on maritime transport".

That is the amendment that the committee is debating.

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

**Eric St-Pierre:** Can I add amendments to...?

**The Chair:** Do you mean a subamendment?

Go ahead.

[*Translation*]

**Patrick Bonin:** Mr. Chair, again, please forgive what is probably my lack of experience, but I just realized something. When I started, I said that it was one amendment, not two. I didn't finish because it was considered to be two amendments, but I sent only one.

**The Chair:** The clerk just told me that, if you wish to amend two parts, it would require two amendments.

We are still discussing the first amendment, which everyone received by email.

Go ahead, Mr. St-Pierre.

**Eric St-Pierre:** I would simply like to move a minor subamendment.

[*English*]

In English, we said, "Given that the Honorable Steven Guilbeault". It is just to change the word "Honorable" to add a "u" in the spelling of "Honourable".

I'm sorry, but I was a lawyer in a previous life, so I just want to be very precise on the language. My subamendment would be to add a "u" to "Honorable".

Thank you.

**The Chair:** The clerk advises that he has the power to make any corrections; therefore, don't worry about the spelling.

**Eric St-Pierre:** Can I propose another subamendment?

**The Chair:** Go ahead.

**Eric St-Pierre:** My colleague is quite excited when I propose subamendments.

We say, "then Minister of Environment and Climate Change". I would add a subamendment that we add Quebec lieutenant and Minister responsible for Official Languages or capture his current title. Then we delete "then Minister of Environment and Climate Change". We're referring to his current title.

**The Chair:** Is the subamendment accepted?

(Subamendment agreed to [*See Minutes of Proceedings*])

(Amendment as amended agreed to [*See Minutes of Proceedings*])

[*Translation*]

**The Chair:** Mr. Bonin, your first amendment has been adopted. Can we move on to the second one?

**Patrick Bonin:** Definitely, Mr. Chair.

My second amendment would strike everything from "the International Maritime Organization" to "it hopes to adopt these regulations" and add "the committee invite the Honourable Julie Dabrusin, Minister of Environment and Climate Change, to appear for one hour, and invite the Hon. Steven McKinnon, Minister of Transport, to appear for one hour". Then, at the end of the motion, I propose removing the wording "and ask that they both appear within seven days following the adoption of this motion".

• (1315)

[*English*]

**Shannon Miedema:** For debate on this second amendment, I'm supportive of asking Minister Dabrusin to come on this. I'm wondering if it could be entertained to not also ask a second minister, Minister MacKinnon, to come and just have Minister Dabrusin cover this conversation, due to capacity and fit.

Thank you.

**The Chair:** Just to complete your thought, who would be the second minister?

**Shannon Miedema:** It would be only Minister Dabrusin.

**The Chair:** Okay.

Go ahead, Monsieur Bonin.

[*Translation*]

**Patrick Bonin:** Seeing as she is the minister responsible and since her department is under the committee's purview, I could get behind the idea of inviting only her.

[*English*]

**The Chair:** Mr. Leslie, did you have your hand up?

**Branden Leslie:** Yes. I would say, because it is a transport-related issue, that it would be beneficial to have the Minister of Transport here at the same time.

Secondly, given Minister Dabrusin's apparent reluctance to come to this committee, I'm worried that she may try to ignore this important meeting at some point in the future. I would like to leave both, but if the will of the committee is to just have one, then that is acceptable to me.

**Bruce Fanjoy:** I have a point of order.

I'm objecting to the comment about apparent reluctance. You have no evidence that there's any reluctance.

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

Go ahead, Monsieur St-Pierre.

**Eric St-Pierre:** It's not urgent. It could wait, but I'd like to bring some subamendments when—

**The Chair:** Do you have subamendments for the second amendment?

The clerk is advising me, Ms. Miedema, that what you've stated is out of scope. You'd have to propose it as an amendment.

We'll complete the second amendment that was moved by Mr. Bonin, and now we will be dealing with Monsieur St-Pierre, who wants to make a subamendment to the second amendment.

**Eric St-Pierre:** It goes back to my previous point around "Honourable". I'm just being really nitpicky here. Instead of "Hon." we could do "Honourable".

Also, for the "to appear for one hour", "to appear for no more than one hour" would be my proposed subamendment.

**The Chair:** The clerk is advising that it's outside the scope. You'd have to wait to propose it again afterwards.

On the second amendment that was forwarded by Mr. Bonin, is there any further debate?

**Wade Grant:** Could you read it again? I'm getting confused with all the proposed subamendments that were out of scope.

Thank you.

**The Chair:** There were a lot.

Mr. Clerk, can you please reread the second amendment proposed by Mr. Bonin?

**The Clerk:** Yes.

The second amendment by Mr. Bonin replaces the invitation from the committee to Minister Guilbeault with an invite to the Honourable Julie Dabrusin, Minister of Environment and Climate Change, to appear for one hour.

**The Chair:** Is that clear?

**Wade Grant:** Yes.

**The Chair:** Is there further debate on this?

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** Ms. Miedema.

• (1320)

**Shannon Miedema:** I'll try again now.

I would like to propose an amendment to remove the second invitation to the Honourable Minister MacKinnon and have it only be for Minister Dabrusin.

Thank you.

**The Chair:** Is there any debate?

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** I remember there was another....

Mr. St-Pierre, now is the moment to present.... Are you okay?

[*Translation*]

That brings us to your third amendment, Mr. Bonin.

Mr. Clerk, would you mind summarizing Mr. Bonin's third amendment for us?

**The Clerk:** If I understand correctly, the amendment would remove the words "to explain his contradictory comments".

[*English*]

**The Chair:** Is there debate?

(Amendment agreed to [*See Minutes of Proceedings*])

[*Translation*]

**The Chair:** We are now on Mr. Bonin's last amendment.

Mr. Clerk, could you go over it for us?

**The Clerk:** Yes, Mr. Chair.

As I understand it, Mr. Bonin's last amendment would remove the words "and ask that they both appear within seven days following the adoption of this motion".

[*English*]

**The Chair:** Is there any debate?

Monsieur St-Pierre.

**Eric St-Pierre:** If I may, can I ask a question about the necessity of the seven days? Why seven days specifically? It's just more of a question.

**Branden Leslie:** At the time, the decision was to be made with Friday as the expected timeline. On the urgency, now it seems that there has been a deferral of some sort, so I'm okay not having them here as urgently.

**Eric St-Pierre:** You're okay removing the seven days from the motion. What would you be replacing it with? Is it additional days, or would you just remove the seven days?

**Branden Leslie:** It's an opportunity for the minister to show that she wants to be part of this committee and avail herself of it as quickly as possible.

**Eric St-Pierre:** If I may, one last time, then there's no sense of urgency. Is that what I'm hearing?

**Branden Leslie:** It'll run at government speed.

**Eric St-Pierre:** Please define what “government speed” means to a rookie MP.

**Some hon. members:** Oh, oh!

**Eric St-Pierre:** I'm looking at you as an experienced member of Parliament. I'm curious to get your perspective on “speed”.

**Branden Leslie:** Mr. Chair, I'm okay with removing that particular section as proposed.

I do want to leave it open-ended because that sense of emergency or urgency for the deferral of the ratification of the decision that we voted on earlier in April as a country has been removed, but I don't think we want to let it linger. I know the minister has also been asked to appear on at least two other topics, so add this to the docket. My hope is that the clerk will be able to find mutual times that the minister can appear on all of the upcoming appearances that she is slated to have before this committee.

**Eric St-Pierre:** Thank you. I appreciate that clarification.

If the motion is less urgent than it appeared, I have a question about some thoughts we had around the current study today and the witnesses on the ERP. I have a question about how many days. We were initially scheduled to have four to six days. I think it's important to eventually discuss how many days we'll want for the ERP study.

I know I'm getting a little bit sidetracked, but given the fact that this motion isn't urgent, I think it's worth addressing that point at some point.

• (1325)

**The Chair:** Mr. Leslie.

**Branden Leslie:** For clarification, did we pass this motion, finally?

I think we need to pass that first. We're not in committee business, so I think we'll probably have to defer that other important conversation. I think we should make sure we pass this without accidentally closing the meeting off.

**The Chair:** Based on your analysis—

**Branden Leslie:** I guess I would just question the relevance of where we went at the end there.

**The Chair:** Is there further debate?

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** Now we're going to vote on the motion as amended.

**Bruce Fanjoy:** Chair, can you reread the motion that we're voting on right now, please?

**The Chair:** Sure, we can reread the motion.

**The Clerk:** Yes, sir. This is motion as amended: Given that the Honourable Steven Guilbeault, P.C., M.P., Minister of Canadian Identity and Culture and Minister responsible for Official Languages, allegedly made statements that could be considered contradictory regarding the government's position on the implementation of a global carbon tax on maritime transport, the committee invite the Honourable Julie Dabrusin, Minister of Environment and Cli-

mate Change, to appear for one hour to provide clarity on the government's position regarding the global carbon tax on shipping.

**The Chair:** For the benefit of the doubt, I'll ask that we bring it to a vote.

(Motion as amended agreed to [*See Minutes of Proceedings*])

**The Chair:** Is there any other business?

Mr. St-Pierre.

**Eric St-Pierre:** Referring to the motion that we were hearing witnesses on today, I would just like to get some clarity on whether that's going to be a study over four days or over six days. I believe that today was the fourth day of the ERP study, so I just want some clarity, thinking forward on the scheduling, on whether we'll be going to four or six.

**The Chair:** I'll ask the clerk to address this question.

**The Clerk:** Thank you, sir.

At a previous meeting, the committee agreed that witnesses appearing for one hour constituted a half-meeting. Today is meeting number three. Thursday, October 23, is meeting number four. Under the instruction of the chair, I have invited witnesses on the committee's behalf to appear also on Monday, October 27, which would be meeting number five.

For the reference of members, five meetings would entail a total of 30 witnesses for the study, if the committee stayed at five witnesses. Fifteen had been allocated to the Liberal Party. Fourteen were invited. Ten have confirmed. Two have declined. Two have not responded.

Twelve are allocated to the Conservative Party. Eleven are confirmed. One is pending. Three have declined, and one has not responded.

Three are allocated to the Bloc Québécois. Three have been invited and confirmed. I believe the third appeared today.

I hope that responds to your question, sir.

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

Are there any further comments?

**Eric St-Pierre:** I'll make one last friendly statement. I don't think there will be any disagreement on this.

I'd like to wish my colleague, Mrs. Anstey, a happy birthday, from last week, and also congratulate Mr. Leslie on the birth of his new child. I know a lot happens in a week, so I just wanted to reach out to my colleagues and congratulate them on their significant life events.

• (1330)

**Carol Anstey:** Thank you so much.

**The Chair:** I expect we feel the same.

Mr. Grant.

**Wade Grant:** Are we going to make a decision on the number of meetings for this study? We have a number of witnesses outstanding still. I think we can make that decision or have that discussion.

**The Chair:** Mr. Leslie, I see you're eager to share comments with me.

**Branden Leslie:** Actually, I'm surprisingly not that eager. I'm just so happy to have collegiality across the way here. Thank you, Mr. St-Pierre.

It just sounds like we have a fifth meeting booked on Monday. It was four to six. I think we'll need more time to figure out how we're going to go forward, rather than right now.

**The Chair:** Can I make a deal? Maybe this will be the first one that I'll succeed in getting with all the parties. If the clerk has more witnesses, we'll move to a sixth meeting. Is that okay?

If anybody else has any more witnesses they would like to bring who they haven't brought forward, this is the moment.

**Branden Leslie:** No. However, as I looked at the calendar that was circulated today, the forward-looking calendar generally looked good. I would happily stick with what was sent out.

**The Chair:** That deal didn't get accepted. I'm disappointed.

**Eric St-Pierre:** I'm happy to provide some additional witnesses.

**The Chair:** Mr. Bonin.

[*Translation*]

**Patrick Bonin:** If we did have a sixth meeting, when would it take place?

**The Chair:** The meetings take place one after the other, so it would be the week after the fifth meeting. The fourth meeting would be held on Thursday, the fifth would be held on Monday, and if need be, the sixth would be held that Thursday.

**Patrick Bonin:** Thank you, Mr. Chair.

[*English*]

**The Chair:** The meeting is adjourned.

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