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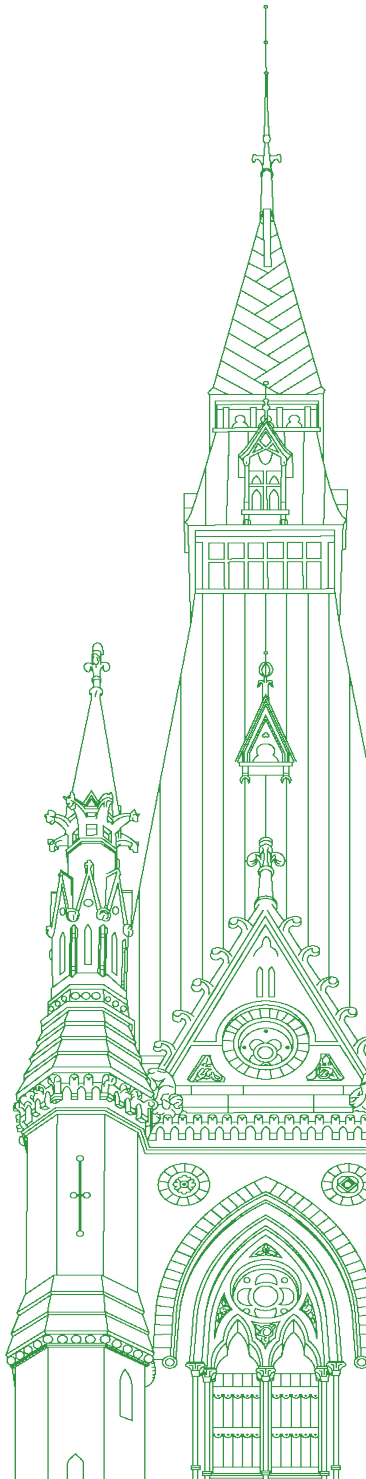

Chair: Mr. John Aldag

Standing Committee on Natural Resources

Wednesday, February 9, 2022

● (1550)

[*English*]

The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)): I call the meeting to order.

Welcome to meeting number six of the House of Commons Standing Committee on Natural Resources. Pursuant to Standing Order 108(2), the committee is continuing its study of a greenhouse gas emissions cap for the oil and gas sector. Today is our second day of eight meetings with witnesses for this study.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of November 25, 2021. Members are attending in person in the room or remotely using the Zoom application. Please note that the webcast will always show the person speaking rather than the entire committee.

I would like to take this opportunity to remind all participants that—

Mr. Charlie Angus (Timmins—James Bay, NDP): On a point of order, Mr. Chair, at the beginning of every meeting when you read this, it takes about 10 minutes out of our time whereas we could be turning to questions.

Could you email us this? We are aware of the rules and regulations, but when you read it, it's really taking a lot of time out of our hearings and my colleagues may not get a round of questions.

Is it possible just to email this to us at the beginning of every meeting?

The Chair: I will work with the clerk to figure out how we can streamline the start of it. I will go through the pieces that are relevant to the witnesses, if that's okay, because that will be new information for them.

No photos or screenshots are allowed.

Today's proceedings will be televised and made available via the House of Commons website.

Interpretation services are available for this meeting. You have the choice at the bottom of your screen of either the floor, English or French. Members and witnesses may speak in the official language of their choice.

For the witnesses who are joining us, I will ask you to speak in a normal fashion. We had a bit of an issue earlier today in that we had the MPs and the witnesses talking over each other, which makes it impossible for the interpreters to do their job, so we ask that only one person speak at a time. Also, to allow the interpreters to do their job, don't speak too quickly either. When you're not speaking, your mike should be on mute.

With that, if everybody's okay with it, we will move into the hearing.

I would like to welcome our panel of witnesses today. We have from the Canadian Association of Energy Contractors, Mark Scholz, president and chief executive officer; from the Canadian Association of Petroleum Producers, Tim McMillan, president and chief executive officer; from Climate Action Network Canada, Caroline Brouillette, national policy manager; from the Explorers and Producers Association of Canada, Tristan Goodman, president and chief executive officer; and from Shell Canada, Susannah Pierce, president and country chair.

Welcome to each of our panellists.

We're going to give you each five minutes for opening statements. I use a card system, so watch for the yellow card, which indicates that 30 seconds is left. When we get to the red card, your time is up. I'm trying to adopt a new system that Ms. Goodridge has given me, but I'm not quite there for today, so we will go with the cards for one more meeting, and then we will see how it goes with a new system for timekeeping.

With that as an introduction, I'm going to go to Mr. Scholz for his opening comments.

If you're ready, you're good to go. I will give you five minutes.

Mr. Mark A. Scholz (President and Chief Executive Officer, Canadian Association of Energy Contractors): Thank you for the opportunity to appear before the committee.

The issue of an emissions cap on the oil and gas sector is a very important one for our country. Our association represents Canadian energy service companies operating close to the wellhead. Our member companies employ tens of thousands of energy workers in the oil and gas industry and in emerging sectors such as hydrogen, helium, geothermal, LNG, lithium and carbon capture utilization and storage.

Canada's energy contractors recognize that governments and industry leaders from across the country and around the world have issued a challenge to make energy development cleaner and even more sustainable to meet ambitious climate targets. It is our belief that, through partnership and collaboration with the Canadian oil and gas industry, meeting Canada's climate goals are achievable. Industry supports the Government of Canada's goal to significantly reduce the GHG emissions profile of our sector, but we strongly assert that the drive for net zero must not effectively become a cap on oil and natural gas production in Canada.

Canada's energy industry is a willing partner in helping Canada reduce GHGs and ultimately achieve net-zero emissions in our sector. We believe this energy transition is a technical challenge but also a great economic opportunity. The production of cleaner oil and gas, the development of alternative energy sources such as hydrogen and geothermal and the support for CCUS form a viable pathway to net zero, and it is one that supports Canadian energy workers, resource communities and our entire economy through the energy transition.

As we as a country discuss how to lower emissions in our oil and gas sector, we must have this conversation realistically and practically, and acknowledge some fundamental facts. The International Energy Agency continues to project a growing demand for oil and natural gas in the coming decades. In fact, during the IEA's recent launch of it's Canada 2022 report, the executive director emphasized that Canada is a cornerstone of global energy markets and should continue to be so. He stated, “We will still need oil and gas for years to come.... I prefer that oil is produced by countries...like Canada who want to reduce the emissions of oil and gas.”

With a record of over $3.5 billion invested since 2018 in technologies to reduce greenhouse gas emissions, Canada's energy industry continues to be the largest investor in low carbon innovations, clean technologies and environmental protection in the country. That's fact number one. That demand for oil and gas will continue through the energy transition, and Canada's oil and gas industry is the largest investor in emission reducing technology.

Fact number two is that access to reliable, affordable and secure sources of energy is essential to Canadian families in our economy. Without prudent and realistic planning, regulatory actions to reach net zero by 2050 may produce unintended consequences that could ultimately undermine Canada's climate commitments. The ongoing and escalating energy crisis in Europe demonstrates the need for energy affordability, reliability and security as we tackle emission reductions.

Fact number three is that the production of Canadian oil and gas employs hundreds of thousands of Canadians and is worth trillions of dollars to our economy in the coming decades. Within the context of continued global demand for oil and gas resources, Canada's net-zero commitment should not result in unnecessary job loss, drastic increases to energy bills or displaced economic activity to jurisdictions that do not share our commitment to climate action, environmental sustainability or human rights. The fundamental point is that Canadian economic prosperity and energy security must be the foremost considerations as we move forward.

In closing, Mr. Chair, we recommend that the Government of Canada leverage the innovation and expertise of Canada's oil and gas industry as it moves forward with this discussion, that it support energy resource workers and that it recognize that Canada's energy sector can play a major role in producing needed, net-zero energy for global markets. We believe the entire upstream oil and gas industry can develop a unique competitive advantage moving forward, but to do that, we need the Government of Canada to support Canadian energy.

● (1555)

[*Translation*]

Thank you.

[*English*]

The Chair: Excellent. That's right within the five-minute time frame. That's wonderful.

We're going to go right to Mr. McMillan for five minutes, and then Ms. Brouillette will be next.

Mr. McMillan, it's over to you for five minutes, please.

Mr. Tim McMillan (President and Chief Executive Officer, Canadian Association of Petroleum Producers): Thank you very much. Good afternoon, Chair, and members of the committee.

CAPP appreciates the opportunity to be part of the committee's study on a possible emissions cap for the oil and gas sector in Canada.

CAPP members produce about 80% of Canada's natural gas and oil from the offshore in Newfoundland right across Canada to northeast British Columbia. Oil and gas in Canada is one of the largest investors in the economy, about $33 billion this year. We make up about 20% of Canada's exports. We're proud to be one of Canada's largest employers and to have a supply chain from coast to coast to coast.

The importance of energy policy cannot be overstated, and an understanding of the global energy system is essential to good policy. As the previous speaker noted, the International Energy Agency is putting out some very relevant content that I think we should be aware of. In their base case, looking out to 2040, they see all forms of energy, including wind, solar, nuclear, hydro, bio, oil and gas, and coal growing by about 20%. That's going to mean better diets, less poverty, more homes that get heating and more freedom of movement for the poorest people around the world.

Specific to oil and gas, in the IEA's base case they expect oil to grow from its current 100 million barrels a day by about 6% out to 2040. They also expect natural gas to grow substantially from about 390 billion cubic feet of gas today by another 30% by 2040. At the end of the forecast on a global basis, they expect just crude oil and natural gas to make up over 50% of primary energy demand worldwide.

Meeting these substantial growing needs will not be easy, and doing it in an environmentally responsible way will take ongoing technology development, smart policy from government and hard work in every nation on earth.

Unfortunately, even today because of poor policy choices, there are some ongoing and new energy supply shortages that are having perverse social, economic and environmental outcomes as a result. I have a few examples. The United States is appealing to OPEC to get more oil flowing. Europe is relying on Russia to secure more natural gas. We are seeing blackouts across Asia, and several European countries are reigniting coal-fired power plants and Asian countries are building new coal-fired power plants to mitigate the damage of energy scarcity.

Now we look to Canada and Canada's policy framework that an emissions cap could or would fit into. Over the past decade, Canada has rapidly been implementing policies and legislation with the goal of reducing greenhouse gas emissions. These have included net-zero legislation, carbon pricing with the cost increasing to $170 a tonne by 2030, multiple methane regulations, clean fuel regulations, output-based pricing systems, offset systems and strategic assessments of climate change inside the regulatory process.

This leaves us as a world leader, certainly, and makes us in some ways an outlier relative to our trading partners and our competitors. Carbon leakage is a reality today and is something this committee must contemplate as they deliberate on these issues. Ultimately, this could lead to greater global emissions as we see more coal being utilized than natural gas and sources of supply for natural gas and oil coming from jurisdictions that don't have our high standards.

Where does our industry stand? To be clear, our industry and almost every company in it is committed to world-leading environmental performance. We are committed to improving on our production. We have a solid track record of showing reductions of emissions and of putting more technology into the field into the future.

We would want the committee to ask themselves these questions. Would an emissions cap in the context of all of the policies that are currently in place have the effect of limiting coal use globally or sustaining it? Would it have the effect of increasing investments into jurisdictions like Canada with high environmental and social standards, or lessening them? Ultimately would it meet the objectives that we're all working towards?

● (1600)

Thank you for your consideration of CAPP's point of view.

The Chair: Excellent. Thank you. I hope I didn't cut you off there, but the exchange with the MPs is always an important part of this. We'll try to keep it moving.

Ms. Brouillette, I'll go to you next. When you've finished your five minutes, we'll move to Mr. Goodman.

It's over to you, Ms. Brouillette, for your first five minutes.

Ms. Caroline Brouillette (National Policy Manager, Climate Action Network Canada): Thank you.

[*Translation*]

Mr. Chair, members of the House, thank you for having me.

I'm joining you today from unceded Kanien’kehá:ka territory. I represent Climate Action Network Canada, which brings together close to 150 labour, development, faith-based, indigenous and environmental groups working to fight climate change.

● (1605)

[*English*]

Capping oil and gas emissions is not only necessary for Canada to fulfill its international climate commitments, it is an opportunity to steer our economy towards a more competitive direction in a global context that is fast evolving.

The transition away from fossil fuels and towards clean energy is happening. The question is, will we plan for it now and increase our economy and our society’s resilience, or will we wait to be left behind?

The caps are an opportunity to position Canada as a proactive, people-centred leader of this global transformation. However, for this, some key principles will have to be respected, which I will focus my remarks on today.

First, the decarbonization pathway for the oil and gas sector should align with the Paris Agreement objective to limit global warming to 1.5 degrees. As a wealthy and high-emitting country, Canada has the capacity and the responsibility to lead globally in phasing out fossil fuel emissions and undertaking a just transition. The cap must reflect the rapidly shrinking global carbon budget and Canada's fair share of this global effort.

The cap should also equitably share the decarbonization burden across Canadian economic sectors. The oil and gas sector accounts for the largest share of the country's emissions, which have grown by 87% between 1990 and 2019. During the same period, emissions from electricity generation, for instance, have decreased by 36%, so the cap must avoid unfairly shifting the burden of mitigation from oil and gas to other sectors, other workers and other consumers.

Second, the emissions covered should reduce absolute emissions. Carbon-intensity targets are an inadequate measure, as they aim to only cut carbon pollution relative to output and do not result in overall reductions in emissions, since production can expand while carbon intensity decreases; and this has been the story in Canada.

On the compliance side, we must focus on getting to zero, rather than on the "net" in "net-zero." This means we cannot rely on offsets or hypothetical emissions reductions from carbon capture, utilization and storage projects that have yet to be commissioned and have failed to demonstrate actual emissions reductions.

The cap should factor in the full life cycle of greenhouse gases, including scope 3 emissions. In 2019, emissions from Canada's exported fossil fuels were 954 megatonnes, while domestic emissions were at 730 megatonnes of carbon dioxide. If we are serious about cutting emissions, we need to take responsibility for the gargantuan carbon footprint of the fossil fuels we ship overseas.

Third, it is absolutely essential that this comes with strong and sufficient "just transition" mechanisms that ensure no workers and communities are left behind. The just transition act that has been promised by the government must set up an advisory working group in charge of establishing the process, mechanisms, tools and funding for a just transition. Unions must be consulted from the beginning of planning and be part of this group, and the funding that comes with the act must also be scaled up.

Fourth, the cap must have robust compliance mechanisms that are properly enforced. It should avoid any relief valves for industry that could reduce the policy's stringency. There should be strong deterrence mechanisms that do not allow companies to internalize these as a cost of doing business.

Fifth, the cap should foster additional emissions reductions. There are already existing and planned Canadian regulations that aim to limit and reduce the emissions of the oil and gas sector: carbon pricing, through the output-based pricing system, as well as methane regulations and the clean fuel standard. The caps should be a new, additional policy that requires additional emissions reductions.

Finally, and importantly, the policy must uphold indigenous rights and authority affirmed in the United Nations Declaration on the Rights of Indigenous Peoples in its design and implementation.

[*Translation*]

Thank you very much, committee members.

I would be happy to talk with you during the question period.

[*English*]

The Chair: Wonderful. Thank you for your opening comments. You're right on the five-minute mark. That's perfect.

We will go to you, Mr. Goodman, for your five minutes, and then we will hear our final introductory comments from Ms. Pierce.

Mr. Goodman, it's over to you.

● (1610)

Mr. Tristan Goodman (President and Chief Executive Officer, Explorers and Producers Association of Canada): Thank you very much.

I first want to acknowledge that I am speaking to you today from the Treaty No. 7 lands.

I also want to acknowledge the federal government for a successful engagement approach here; I don't think they are far down the road, and there are lots of opportunities for everybody to participate. It's much appreciated.

My name is Tristan Goodman. I represent the Explorers and Producers Association of Canada, whose members develop a substantial amount of oil and natural gas, as well as an increasing amount of renewables across Canada.

Really, the debate and discussion on any GHG emissions cap will likely involve four key components prior to implementation: a policy driver for the cap—why a cap is needed; the policy principles, which I will go over today; determining the specific cap impacts and other aspects of that; and, finally, once that has been moved forward, we will be able to have a broader conversation on the exact mechanisms of how to go about implementing such a cap.

I will focus today in my comments on key design principles and suggest that any emissions cap should involve following six principles.

First, where possible, use existing climate policy frameworks and build on successful results. Federal and provincial policies adopted over the past several years are reducing GHG emissions. Emissions reductions are being achieved at pace, and significant economic activity has been generated because of the investments by the energy industry, among others, which support an expanding domestic clean-tech sector. There is a very substantive growing clean-tech sector in Canada, which I think everybody here would acknowledge is quite positive. As the number of discrete climate policies grow, so does the potential for unintended interactions and policy consequences, thus the importance of using existing policy frameworks where possible.

The second principle is that a market-based approach should be used wherever reasonable or possible. It won't be the only approach, but markets, if nothing else, are ruthlessly efficient, and efficiency is going to be important within the endeavour to move quickly to GHG reductions. Limiting programs to in-sector compliance would limit the sector's ability to drive the clean energy transformation of the Canadian economy.

The third principle is that an emissions cap should be technology neutral and support all subsectors. Climate policy programs should support technologies based on their carbon reduction results. Likewise, no one subsector of the industry should be disadvantaged through policy decisions. All companies, regardless of product or size, should be able to participate in the energy transition.

The fourth principle is carbon leakage, as already mentioned, and any resulting Canadian economic competitiveness concerns should be considered in the policy design. Policy should address carbon leakage to protect domestic economic interests, as well as Canada's monetary policy and balance of trade.

The fifth principle relates to policy predictability. This is what will drive investment. This is probably the most key over the next 12 months. There have to be increased levels of certainty. If you want additional investment, if that's the goal, then we need to make sure these policies are evaluated in a way such that investors can see their long-term implementation. That's what will draw money into the sector. There are many opportunities here, but that would be one of the key points: We have to increase predictability around policy.

The final principle that I would raise is that indigenous reconciliation should be a central consideration to any emissions cap. The future of natural resource development in a Canadian context relies on genuine, respectful and real indigenous reconciliation, and this should be a core design consideration as you move forward on the cap.

Thank you very much.

The Chair: That's excellent. Thank you.

Ms. Pierce, if you're ready, we will go right into your five-minute opening statements so that we can get to our round of questions and answers.

Ms. Susannah Pierce (President and Country Chair, Shell Canada Limited): Thank you very much. Hopefully, folks can hear me okay.

It's a pleasure to be with here with you today. I am calling from the traditional territory of the Musqueam, Squamish and—

[*Translation*]

Mr. Mario Simard (Jonquière, BQ): I have a point of order, Mr. Chair. Ms. Pierce's sound is not good enough for the interpreters to do their job.

[*English*]

The Chair: Okay.

Ms. Susannah Pierce: Shall I check that?

The Chair: Let's see if you have the microphone right. We'll just do a quick check to make sure.

● (1615)

The Clerk of the Committee (Ms. Hilary Jane Powell): Hello, this is the clerk of the committee. Perhaps I can help.

Ms. Pierce, could you make sure your microphone is selected. On the bottom left-hand corner, choose your headset versus “speaker”. I think that might be the issue.

Ms. Susannah Pierce: Indeed, I have my headphones set. The microphone should also be in sync. Is it better now? It sounds like it is.

I'm calling in from the traditional territory of the Musqueam, Squamish and Tsleil-Waututh. I am in good health and spirits as I look around the Zoom call. I hope you are too wherever you are.

I see Tristan nodding. I know you are always in positive spirits. It's good to see you, Tim and others.

Is this any better?

The Chair: I'm looking to our interpreters to see if they are hearing it.

Ms. Susannah Pierce: Microphone connects. This is the exact same thing I used yesterday on the same check.

The Chair: Thank you. We can restart

Ms. Susannah Pierce: I'm grateful to have the opportunity to share Shell's experience in target setting and our views on the proposed oil and gas emissions cap, alongside the group of leading Canadian thinkers on energy whom you have gathered here today.

As a preface to my remarks, I would point out that Shell has set a target to be net zero by 2050 on emissions from our operations and emissions resulting from the use of all the energy products we sell. We've also set nearer-term targets for reducing our scope 1 and 2 emissions by half by 2030 and continuing to reduce scope 1, 2 and 3 emissions to net zero by 2050.

Given our corporate commitment to reduce emissions from oil and gas production and consumption, we humbly offer some views for consideration as Canada advances the emissions cap on the oil and gas sector.

First, let's talk about sectors. Shell believes that, in order for governments to deliver the reductions needed, net-zero targets must be supported by strategies and plans to accelerate decarbonization of each sector of the economy while actively managing the relationship and dependencies among the sectors. We are not alone in this view, given the role that energy and land-use change plays in driving greenhouse gas emissions within all sectors.

If we consider the power sector, which drives our scope 2 emissions, we are limited in how much we can reduce based on the access to renewable power and affordable cost, along with backup generation when the wind doesn't blow or the sun doesn't shine.

As we drive decarbonization in the transportation sector, we are limited by how much lower carbon energy we can produce by the speed in which the harder-to-abate and electrified sectors in each sector, such as heavy-duty trucking, aviation and marine, invest in their own lower-carbon energy technology and are willing to pay a green premium for lower-carbon fuels.

The oil and gas sector, unlike other sectors, is trade exposed and has its own unique decarbonization pathway informed by affordability and accessibility, the technology options in the domestic market, abatement costs and how these costs can be passed along. These are all important considerations as we contemplate emissions caps, their total target and their corresponding impact on investment and economic growth in the oil and gas sector and also on other sectors of the Canadian economy.

In short, policies targeting emissions reductions in the oil and gas sector, like an emissions cap, must not be developed in isolation. We should recognize that Canada has already made significant progress in establishing policies and regulations that encourage emissions reduction, like my colleagues have said.

Existing systems, such as the federal fuel charge, regulated methane emissions reductions target and the output-based pricing system, have supported greenhouse gas abatement initiatives across the country, and the soon-to-be implemented clean fuel regulation will drive further reductions in the industry while growing the availability of lower-carbon transportation options. Targets and related strategies for the oil and gas sector should take into account the incremental and integrated effect of existing policies and regulations at both the federal and provincial levels to ensure that they are working in harmony to deliver and even accelerate emissions reductions while also avoiding negative or unintended consequences.

Some of these climate policies have already inspired early action, which I will speak to next.

Just as sectors have different capacities, opportunities and challenges in achieving net zero, so do companies. Some companies are more advanced in our emissions reductions journey, having taken investment decisions earlier on, even when economic returns were neutral to negative and with considerable risk. Shell-operated Quest carbon capture and storage facility, which safely captures and stores more than one million tonnes of CO2 each year, for a total of approximately six million tonnes to date, is a useful example. Shell was incentivized to take early action to put systems in place under Alberta's heavy emitters regulation. Therefore, imposing an emissions cap at this stage should not penalize early actors. Further, I should add that different companies have different emissions profiles and abatement cost curves. As such, policy—as my friend Tristan suggests—should be technology neutral and flexible, providing companies with options to reduce emissions over a given time horizon.

Now let me turn to emissions reductions at home and the corresponding risk and opportunity for emissions reductions abroad. Canada can only be credible in advancing decarbonization in other countries if it has taken clear and measurable steps towards meeting its own climate commitments, but it's equally clear that meeting our own domestic commitments won't be enough to prevent the worst impacts of climate change. With growing populations and increasing demands for energy in other parts of the world, Canada must not ignore how domestic policy may drive emissions to other jurisdictions but equally the role it can play in helping to drive lower-carbon energy in the fastest-growing energy-consuming countries in the world.

Therefore, continued attention to the risk of carbon leakage and the opportunity presented by article 6 of the Paris Agreement should be considered part and parcel of an emissions cap. Similarly, carbon border adjustments need to be reviewed carefully as they could advantage some exports from Canada but also disadvantage some imports needed in the energy transition that are manufactured in carbon-intensive jurisdictions.

● (1620)

I often reflect on how Shell's net-zero journey reflects, to an extent, the country's journey. If we could flick a switch and achieve net zero tomorrow, wouldn't that be great. We know it doesn't work that way, and there is no quick fix given the relationships and interdependencies among sectors, producers and consumers. We have to walk this tightrope carefully. If we move too quickly, failing to produce the energy that consumers need today, prices will go up, creating real hardship, particularly for those with the lowest capacity to pay. If we move too slow or not at pace, we will miss the opportunity to grow revenues, gain market share and meet the demands of a lower-carbon energy customer base.

Amidst this uncertainty, I do, though, believe that the longer we wait to tackle emissions reductions across and between sectors, the more challenging and costly it will be to meet our climate targets. Therefore, we must work together to accelerate emissions reductions by scaling up and commercializing lower-carbon energy technologies while producing the energy consumers need today.

Let's also keep in mind the workers and communities that have depended on oil and gas for their livelihoods.

The Chair: Ms. Pierce, I'm sorry, but I'm just going to ask if you can wrap it up.

Ms. Susannah Pierce: Okay. I'm closing.

The Chair: Perfect.

Ms. Susannah Pierce: These are good people who have worked tirelessly to provide affordable and reliable energy, whom we often take for granted. We must continue to keep these workers available and to adapt to a lower-carbon energy economy where different skill sets are required.

If we do this right, we will find that we create the right investment conditions that contribute to growth, carbon reductions and, equally important, advance economic reconciliation with indigenous people in Canada. On this latter point of indigenous reconciliation, I know how important it is to build true, trusted and lasting partnerships within indigenous communities. The energy transition can provide, like my friend, elected chief councillor Crystal Smith of the Haisla, would say, a share and a say.

In closing, the oil and gas sector must continue to show leadership and reduce emissions while providing affordable energy across our economy. We are ready to help the government design the pathways and look forward to continued collaboration.

● (1625)

The Chair: Thank you.

[*Translation*]

Mr. Mario Simard: Mr. Chair, I'd like to point out that it would make things easier for the interpreters if the witnesses would agree to provide a paper copy of their remarks.

I would also like to see better adherence to time limits, because I think the last witness took a long time. That could be awkward for Mr. Angus and myself because we may have less time to ask questions.

[*English*]

The Chair: I gave an extra minute and a half just because of the technical issues at the beginning, but I get your point, and I'll work with the team to see if we can get the opening statements to our interpreters in advance.

We're going into the rounds, the interactions, and try to get as far as we can through the first full round, which takes 74 minutes. I don't think we'll make it through the full rotation. We'll get as far as we can so we can aim to wind up as close to 5:30 as possible.

For the panellists, I give a fair amount of latitude to the member who is asking the questions. They will direct the questions to whomever they like. If you have something you'd like to say, you can raise your hand, but it is up to the member to recognize you. They will very much guide the direction their questions will take.

With that as a preamble or context, I'm going to turn it over to Ms. Goodridge for her first six minutes of questioning.

Mrs. Laila Goodridge (Fort McMurray—Cold Lake, CPC): Thank you so much, Mr. Chair. I am very proud to be the member of Parliament for the riding of Fort McMurray—Cold Lake, an area where indigenous communities have been partners in prosperity for decades.

In 2019 alone, oil sands companies did nearly $2.4 billion in procurement in indigenous-owned businesses. I think that's critically important to highlight. Perhaps I'll first direct this question to Mr. McMillan. What impact would you expect the emissions cap to have on indigenous businesses in the oil sands, or more generally in the oil sector?

Mr. Tim McMillan: That's a great question. I think that understanding how it would work, how it would be implemented, where it would be set, all of those things would be crucially important before we would be able to understand that in detail. I would note that a few of the other panellists noted the UNDRIP legislation and the reconciliation and involvement of indigenous communities in the oil and gas sector. I think it would also be worthy of this committee to contemplate whether this legislation include indigenous production, as there are substantial indigenous resources across Canada and production today. I think a lot of those questions really should be contemplated early on in this process.

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

Actually that was the next question I was going to go to. Does the federal government even have the authority to impose an emissions cap that would affect production on first nations land? I was just wondering about that, and maybe I'll open it up to all the panellists for any thoughts on that.

The Chair: If anyone wants to jump in, feel free.

Mrs. Laila Goodridge: Perhaps Mr. Goodman could.

Mr. Tristan Goodman: I can certainly jump in. I appreciate the opportunity.

To be honest, I'm not sure. A number of us legal-type people could examine that, but I would encourage the federal government to consider their legal authority under the Constitution and their duty to consult, as well as any provincially associated division of powers.

Mrs. Laila Goodridge: If you could provide the committee with any legal work that you're aware of in writing, that would be spectacular.

To go a bit further into this, do you think that this cap will change future opportunities for indigenous economic development?

Again, that's to Mr. Goodman.

Mr. Tristan Goodman: A lot of the questions on the cap, and that was my point at the beginning of my opening statement.... The oil sands have a cap, as many know. The reality is that there was a consultation process to move forward on that. That's now being expanded into a broader set. It has yet to be determined exactly what this will entail.

At this point in time, it's very difficult to answer that question without seeing exactly where we're going. We'll need to know what the drivers of this cap are, how the cap fits into existing policy, exactly what the cap is, and what principles it would be based on. That's when you can get into the details of answering your question.

● (1630)

Mrs. Laila Goodridge: Thank you. I really appreciate that.

Do you think that capping the energy sector by using a sector-by-sector approach would be a more efficient model?

Mr. Tristan Goodman: There are multiple different ways you can go about doing this. You can go sector by sector, by geographical location or you could download the provincial jurisdictions. You have many different options, and there are many different caps across this country on different sectors, which are all done quite differently.

Again, it may be one of the options available. I guess I would go back up. If you work through what the main issue is that we're missing in the existing policy framework—which is a very credible and legitimate question—and then move into what the design principles would be, you'll be able to get in to those other components as you move through that.

Mrs. Laila Goodridge: I have very few minutes left in this round of questioning.

I was just wondering, Mr. McMillan, if you support having a sector-by-sector approach to emissions.

Mr. Tim McMillan: We want to enable Canadians and all Canadian sectors to do their part globally. The capacity for Canadian oil and gas, be it gas, oil or offshore, to displace higher-emission coal or higher-emission oil and gas from other places around the world should not be impeded with a cap. We should link it to global demand and encourage Canada to play a larger role, not a smaller one.

Those are the frames I would put on it, as opposed to trying to break our industry and other industries into smaller sectors.

Mrs. Laila Goodridge: Fantastic.

Really quickly, what do you think, Mr. Scholz?

Mr. Mark A. Scholz: That's a great question. I would echo what Mr. Goodman and Mr. McMillan have expressed.

One of the things I want to point out is that whatever framework gets decided on, jobs, job creation and the potential elimination of jobs should be taken into consideration. I represent companies that ultimately work for oil and gas producers, and we are the ones who are ultimately creating most of the variable jobs all across the country on drilling rigs and service rigs, and in directional drilling rig companies.

Therefore, in the context of whatever framework and principles we look at, we have to include consideration of the impact on employment as a prominent focal point for the discussion.

The Chair: Thank you.

That's that the end of that first round of questions.

Ms. Jones, it's over to you now for your six minutes.

Ms. Yvonne Jones (Labrador, Lib.): Thank you very much, Mr. Chair.

I would like to welcome all of our panellists and thank you for your excellent presentations today.

I'm a member of Parliament from Newfoundland and Labrador. My riding is in Labrador, and I come to you from the lands of the Inuit and the Inuit people of our community.

My first question today is for Mr. McMillan. First of all, I loved how you stated in your presentation that your group is committed to world-leading performance in reducing emissions. That's the goal and the standard that we all want to set in Canada, and it's great to hear it coming from some of the people whom we know are going to be necessary to lead this process.

In your opinion, and that of the members whom you represent, what is the most effective way you can see the federal government implementing this cap on the oil and gas sector emissions?

Mr. Tim McMillan: Great question. I think if we look at the example of Canada, as has been repeated in other places, one of the other panellists noted that our electricity sector has been one of the largest reducers of greenhouse gases. In Canada that is because we shut down our coal industry and we replaced it largely with natural gas. Certainly we put in more wind and solar. In Canada I think wind and solar are about 3% and 5% of our production, but the massive reduction came from the phasing out coal and putting in gas.

The same is true in the United States, where it's their biggest reduction. The same is true in Europe. As we look at the biggest reduction we can make globally, it is in Asia and in India. Therefore, I would like to see any new legislation targeting Canada playing a large global role. I think it would have to be recognized in a piece of legislation like you're contemplating here, that this is about global reductions. We can pat ourselves on the back in Canada for a Canadian reduction that, ironically, has a negative impact globally, and that would be bad for all of us.

● (1635)

Ms. Yvonne Jones: Good, thank you, and I love your perspective on that.

Unfortunately, we don't have time for a lot of questions, so I'll have to move as quickly as I can.

I'm going to come to you, Mr. Goodman. I love your six principles, and I love it when you talk about not just the six principles for reducing emissions in the industry, but also the fact that the existing climate change policies we have in place in Canada are working. Coming from someone so close to the industry, that does account for a great deal, in my opinion.

I'd like to ask you if you could speak to the ways the federal and provincial governments should be working together. As you know, there are certain provinces in Canada that will be impacted tremendously by anything that we do to cap emissions. How can we work together to create stability and certainty for the industry, especially for those in the particular provinces that will be impacted as we work to introduce this cap and bring forward the legislation?

Mr. Tristan Goodman: Thank you very much, MP Jones.

I think there are really two items there that are critical. There has been tremendously good work between the federal government and the provinces—in every single jurisdiction actually. That has resulted in some improvements, enhancements and movement forward that I think both federal and provincial governments can take credit for. Changes to methane requirements and seeing that emission trend move down is constructive and positive.

Looking at some of the movement from investment into the clean-tech sector, which are linked, what you're seeing a lot of the time now is oil and gas companies evolving and often changing into energy companies. There's going to be a consistent mix as we move forward.

When I speak about predictability for investment, what investors do, when there are trillions of dollars—far more money than in the federal, provincial or the entire Canadian economy—is that they will move into these areas. What they must be able to do is to have understandable policies. When they run their metrics, they must be able to see that these policies actually work, and that will then drive investments. When I talk about predictability and certainty, it's about the reality of those policies. They have to move forward on this critical issue, but they often have to be seen by investors to be able to work within the numbers they operate in.

Thank you.

Ms. Yvonne Jones: Mr. Chair, do I have time for one more question?

The Chair: You have 40 seconds.

Ms. Yvonne Jones: Okay, very quickly, I'm going to go to Susannah, only because as an indigenous Canadian myself and representing a large indigenous riding, I know that any transition will affect vulnerable communities more, and it will affect the indigenous communities. They are largely employed by the oil and gas sector. What are some of the recommendations we should be looking at as the Government of Canada to minimize the risks that will be faced by the most vulnerable?

Ms. Susannah Pierce: Recognizing the time, I think we need to involve them in the conversation quite clearly and quite directly. They need to be a part of any decisions we make on decarbonisation. In fact, they do have an opportunity to participate in some of the new projects we'll be looking forward to, including carbon capture and sequestration, some renewable energy projects we'll be looking at, cleaner fuels and renewable diesel. It all basically will happen on the land and from the land, so I think they're a part of this conversation and that there's an opportunity to make sure they also prosper as a result of this.

● (1640)

Ms. Yvonne Jones: Thank you, all.

Thank you, Mr. Chair.

The Chair: We're going to now move over to Monsieur Simard, who has six minutes.

[*Translation*]

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

As I don't have a lot of speaking time, I would ask that you respond succinctly, Mr. McMillan and Mr. Goodman, with a yes or no if possible. In your opinion, is the oil and gas industry capable of capping its emissions without financial support from the government?

[*English*]

Mr. Tristan Goodman: Tim, would you like to go first?

Mr. Tim McMillan: Sure.

I think that as global demand is increasing, Canada should be playing a larger role. There are demands around the world by people improving their lives and coming out of—

[*Translation*]

Mr. Mario Simard: I'm sorry to interrupt, Mr. McMillan. I just want a yes or no answer. If you receive no financial support from the government, will you be able to cap your emissions?

[*English*]

Mr. Tim McMillan: I think we should be aspiring to play a larger role in global supply. That's inconsistent with government support, or non-support.

[*Translation*]

Mr. Mario Simard: You would make a good politician, Mr. McMillan.

Mrs. Laila Goodridge: He's been in politics before.

Mr. Mario Simard: Ha, ha!

Look, perhaps I can give you the answer. I believe it's no. An economic sector that relies on government funding is an unprofitable economic sector. To my mind, a low-emissions oil and gas industry is an unprofitable sector. The proof is in the pudding, the two carbon capture projects in Alberta cost $2.5 billion, if I'm not mistaken, and 57% of that came from the public purse of Alberta and Canada. We're hearing from a number of people that the strategies you're talking about are inadequate.

It's a bit of a mirage, this whole idea of having an oil and gas sector with a low carbon footprint. Do you agree with me on that?

[*English*]

Mr. Tim McMillan: I think that the largest reductions Canada has made were by putting more natural gas onto our electricity system. We should be aspiring to do that around the world.

Mr. Tristan Goodman: I would echo the comments. I would effectively say that we have many partnerships in Canada. Many industries rely on partnerships with various governments across multiple sectors. Providing strong policy is going to be important, and there are going to have to be considerations as you move forward on what partnerships are important. Some of those considerations may be financial and some may not.

[*Translation*]

Mr. Mario Simard: Are you familiar with a pretty basic principle in the environmental sphere, that if you want to bring new low-carbon energy technologies to the forefront, you need to invest in them?

It's a fairly simple principle. Unfortunately, in Canada, I would say that year after year, of all the energy sectors, oil and gas gets the lion's share. I believe it was Mr. McMillan who said earlier that the oil companies pump $33 billion into the Canadian economy. If I told you that the federal government invests $24 billion a year in this industry, would you still feel that it's an economically viable industry for Canada?

[*English*]

Mr. Tim McMillan: The oil and gas sector is one of the largest contributors to the coffers of the Government of Canada as well as to provincial and municipal governments. We do that proudly.

I believe that, based on a five-year average, between $7 billion and $15 billion a year is contributed to governments across the country. We're proud to do it.

Mr. Tristan Goodman: I guess I would respond that there's no question that it's a major economic driver. In addition to that, the reality is that it is actually, as many governments are indicating, one of the key ways that you're going to be able to move through an energy transition in a successful manner.

[*Translation*]

Mr. Mario Simard: I will give you a fairly simple example to show you just how much federal support the oil and gas sector gets. The pipeline will end up costing the federal government an estimated $17 billion. The federal government has announced the green recovery plan, which will also cost $17 billion. A single project that costs $17 billion. A whole stimulus package that costs $17 billion. When you look at the green recovery plan, surprise, surprise, it includes fossil fuel subsidies.

Unless you can show me yourself that you are capable of reducing your emissions, my impression is that the oil and gas sector is kind of living on the government's back and on the government's dime when it comes to reducing its carbon footprint. I will believe otherwise if you can show me that the sector is taking charge and investing to develop its carbon capture technologies. Otherwise, I remain a true skeptic.

● (1645)

[*English*]

Mr. Tim McMillan: Committee member, I appreciate your point of view. We have been working on and implementing technologies for years. We have a long track record of lowering greenhouse gas emissions on our production across the board: oil sands, conventional and offshore. That's just on our production. The effect we've had on the power sector, as I mentioned earlier, is the biggest reduction that Canada has overall, and has truly moved the needle in a way no other industry has been able to.

There's no silver bullet here. There's no single piece of technology that's going to get us there, but we're committed to continuing to do the work that we can and should do as technology drivers from industry's point of view.

[*Translation*]

Mr. Mario Simard: No other industry has done as much, and that's to be expected, because no one pollutes as much as you do. It's not rocket science.

[*English*]

The Chair: We're going to have to end this one. We're just a bit over time, equal to what the other two before you have gone over.

Now we'll go to Mr. Angus for his six minutes.

Mr. Charlie Angus: I thank all the witnesses for testifying today.

Mr. McMillan, what I hear from you is that you say no cap. Your solution to the environmental crisis is to increase production to serve a global need. Is that correct?

Mr. Tim McMillan: Whatever policy we put in place needs to be efficient and work with the other policies that Canada has put in place to lower emissions, and it has to be done in the context of global realities. Canada plays a unique role.

Mr. Charlie Angus: I had heard you say no cap. You're saying we could play a role. Are you saying we would increase production to meet that global role, or would the cap be on production now?

Mr. Tim McMillan: There are several ways to implement a cap. I think we would not want to limit Canada's ability to play a major role in global reductions, and our industry can have a role in that.

Mr. Charlie Angus: Would that mean an increase in production?

I'm just trying to get a straight answer here.

Mr. Tim McMillan: To be absolutely clear, the largest reduction in Canada is phasing out coal.

Mr. Charlie Angus: I know.

Mr. Tim McMillan: We can play a major role in doing that globally by increasing our production.

Mr. Charlie Angus: Okay, increasing production.

That's good. I just like people to be clear.

Mr. Tim McMillan: I appreciate that.

Mr. Charlie Angus: Then we're looking at increasing production.

I listened to your comments on the International Energy Agency and I read their 2050 report on net zero and they talk about prosperity, but they talk about prosperity as being tied to a 1.5°C increase in temperature and say that we aren't even close to that. They say that greenhouse gas emissions have risen dramatically, and they have risen dramatically in Canada. We are now the most carbon-intensive site on the planet.

The International Energy Agency says, to meet our targets, there can be no new fossil fuel projects come online. Would you agree with that?

Mr. Tim McMillan: The International Energy Agency has several different scenarios. I referenced their base case, but they did put out several other scenarios. The one you reference is their net-zero—

Mr. Charlie Angus: It's their net-zero scenario.

Mr. Tim McMillan: —scenario. Each of them uses different metrics in how they—

Mr. Charlie Angus: I know that, but at the International Energy Agency, they aren't radicals. I don't think they vote New Democrat, and they probably don't vote socialist. If they say there can be no new energy projects from fossil fuels coming online if we are to meet the target that the IPCC has set, can you maintain your level of production or increase it based on the existing projects, or are you supporting new projects coming online?

Mr. Tim McMillan: Again, that is one of their scenarios where they have some very specific criteria that go into it. I think a question for this committee is, if global demand is going to increase, if people around the world are looking for better lives, should that energy be coming from coal or from natural gas? Should it be coming from Canada or from Kazakhstan?

I will pick Canadian resources any day.

Mr. Charlie Angus: I guess the issue that we can't tell from your argument is that we've been told what happens to bitumen that's burned in China doesn't count; the only thing that counts is in the sands and at the wellhead. However, if we are not counting all the actual impacts of burning a barrel of oil, how do you tell us the world would be better off by us shipping bitumen, which right now is the highest carbon-intensive source on the planet, that it gets burned someplace else but we don't count that, yet we then say we're actually net zero?

Come on. That doesn't make sense.

● (1650)

Mr. Tim McMillan: Factually, there are different intensities of carbon oils from around the world. Bitumen from Canada is not the highest, so just factually that's not correct.

If China is going to enable their citizens to have better diets and they need energy from Canada or from Kazakstan or from Venezuela, I think the world is better served with responsibly produced Canadian energy.

Mr. Charlie Angus: I think China is doing pretty good with its diet right now, so I don't think we have to say that bitumen from Fort McMurray is going to keep people from starving.

I'm not arguing with you. I'm just saying that this is how the world is seeing us.

When The Wall Street Journal writes an article this January and refers to our oil industry as being “One of the World's Dirtiest Oil Patches”, that's a black eye. When they say that all the major investment banks have pulled out of Canada because we don't have a credible investment plan, that's a black eye. When The New York Times writes that world investors are leaving “Dirty Fuel” and they talk about Canada, that's a black eye.

I think you should be coming to our committee and saying “we are committed to a cap”—which I haven't heard—and “we're committed to serious reductions, and being an industry that's awash with money right now, we're willing to put the money on the line”.

Is that something you guys are willing to do?

Mr. Tim McMillan: You know, I think your question is very good. I wanted to be clear in my opening comments that our industry is committed to continuous improvement, we are committed to efficient climate policy, we are committed to being world class and we will continue to improve upon the work we've done—

Mr. Charlie Angus: I thank you for that.

I come from a resource region, but when I see The Wall Street Journal saying that we have the “dirtiest” sites on the planet, that's not good enough, not for our country. We need to do better. That's why we have to talk about this cap in a credible manner.

Mr. Tim McMillan: I appreciate your point of view.

Mr. Charlie Angus: Thank you.

The Chair: Charlie, you still have about 25 seconds if you want them

Mr. Charlie Angus: I thought you were waving that yellow card at me—

The Chair: Everyone else went 25 seconds over. If you want a jump, I'm giving you one quick question.

Mr. Charlie Angus: No, no. Now you've thrown me off my game. I've been completely thrown off.

Voices: Oh, oh!

Mr. Charlie Angus: Go ahead and give it to someone else. I know what you're up to.

The Chair: Thank you.

We're going to go to Mr. Maguire, who will have five minutes for his round of questions.

Mr. Maguire, it's over to you.

Mr. Larry Maguire (Brandon—Souris, CPC): Thanks, Mr. Chair.

Thanks to all the witnesses for your testimony before this committee.

I've been a big proponent of trying to put incentives in place, if you would, to be able to develop the technology that would help reduce greenhouse gas emissions around the world, not just right here in Canada, so I'm very pleased to hear your presentation today, Mr. McMillan, in regard to the impacts of the high emissions in other areas of the world. I believe that for our 1.6% we should do everything we can to get it to zero as well.

Can you expand on your comments? If we do the very best thing that we can do in our own zone here and reduce it, if we cut it in half, say, to 0.8% or something like that, are we in fact not allowing other areas of the world to fill in the gap? You're saying that they may do it with coal and they may do it with high-carbon energy as opposed to the low-carbon energy that we have.

Mr. Tim McMillan: I guess I'm reflecting on what we're seeing happen today, in that today we're seeing coal-fired power plants coming back online in Europe and new ones being built in Asia. I think that to get to our ultimate goals, which is the 1.5°C or less, it's going to take all of the tools that we have, including the ones we work on today that won't be ready for implementation for 5, 10, 15 or 20 years from now.

I think we need to take an approach that is all-inclusive, utilizing the best technology and resources we have today, and work like heck to make sure that we have good answers in the years ahead.

Mr. Larry Maguire: Thanks.

I don't know if anyone else wants to chime in on that or not.

Mr. Goodman, would you have a comment on the technology side of it as well?

● (1655)

Mr. Tristan Goodman: Yes. I have a couple of comments.

First, we all recognize that we have a serious problem before us here, and the reality is that we are making progress. There are quite a few positives. First, we are seeing the emergence of this cleantech sector. Many of the members that we're representing are actually invested in that and are producing some positive results. There is also another benefit, in that as you move forward and you reduce, people are recognizing that there are products that are moving down, and they're actually willing, in some cases, to pay an additional premium for those products. That actually gives Canada a potential competitive advantage.

It is about how fast and where you put your resources into this, recognizing that this is a global problem, not just a domestic problem. There is a commitment here, but we have to find ways to fit into that broader global problem.

Thank you.

Mr. Larry Maguire: We export wheat around the world so we can provide people with better food, and I get where you're coming from on the energy sector as well. I was in Taiwan a few years ago and they said they would buy all the liquid natural gas we could sell them if we could just get our act together to get it to them.

Ms. Pierce, you indicated that you've made a lot of technological changes at Shell over the years. I know the companies have. Could you just outline one or two of those for me?

Ms. Susannah Pierce: Maybe I could just comment on the important relationship we have with customers, which drives demand. I don't think that's really been identified as well as it needs to be, because we can produce cleaner energy. I'll give hydrogen as an example. In Vancouver we've had two hydrogen refuelling stations for years. The challenge we have is that nobody is driving hydrogen cars and that the trucks that consume the hydrogen are not yet economical for the truckers.

For us to produce the cleaner energy, with or without subsidy or any kind of government incentive, we need to have that relationship with customers. That then incentivizes us to make the investment so that they can in fact take that energy, which would produce lower emissions.

Technology can be driven by customer demand, and as I mentioned we're in this unique place today because our customers have made net-zero commitments, which then helps us to meet those commitments with lower-carbon energy.

Technology also today is not economical simply because it's not yet at scale. It hasn't been thoroughly commercialized. If we want to accelerate it, because it's necessary to meet our climate commitments, there is a role for government to help us do that through regulation and through incentives, because in and of itself, it won't happen in the time that we need it to. I think carbon capture and sequestration is an example of that. It is a technology that works, and it is a technology that every credible climate report recognizes as being critical to meeting our net-zero targets.

Mr. Larry Maguire: Ms. Pierce, I'll also ask you a further and similar question to what I just asked the others.

The Chair: I'm sorry, but that's the end of the time, so you might have to wait for the next go-round. The five minutes goes quickly. My apologies.

Mr. Larry Maguire: Okay.

The Chair: I'm sorry, Mr. Scholz, that we didn't get to you. I saw your hand up.

We're going to jump right to Ms. Lapointe for five minutes.

Go ahead, please.

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

We heard earlier today from the Net-Zero Advisory Body. They said that globally we have lost the opportunity for an emissions-reduction paradigm by failing to act, and now we're forced to shift to an emissions-elimination paradigm.

The Net-Zero Advisory Body went on to say that this means a change in the onus on leadership, that this no longer requires just one federal department but every federal agency, every province and territory, every municipal government and especially the private sector to act. From what I understand and from what the advisory body is saying, the question is no longer what the government can do but rather what everyone can do, especially the private sector.

My question is for both Ms. Pierce and Madame Brouillette.

In applying this testimony to the oil and gas emissions cap program, where can we look outside of the government to partner efforts to help this program's success in reducing emissions?

This is for Ms. Pierce first and then Madame Brouillette.

Ms. Susannah Pierce: Thank you.

Again, I think we do have a role in the private sector to work with customers within a given sector to see what it would take for them to consume lower-carbon energy and what those pathways are.

For sustainable aviation fuel, for example, if airlines have the aircraft that can take 100% sustainable aviation fuel and if we can create the technologies and build them at scale to produce it and meet their demands, then we at least have those two end points from the production to the consumption to work between. The cost of that and the transmission of that fuel from where it is produced, what the inputs into that are and how it's consumed need to be managed as part of that pathway.

As the private sector working with a non-private sector, or the public sector and non-profit sector, we can convene sectors with which we can discuss the pathways through which we can look at the opportunities and the constraints to help us meet climate targets.

We are in a stage of reducing, and in order to eliminate we need to reduce. The fastest way to shut emissions down is to shut down the economy, and we don't want to do that. We do have to have pathways to reductions that manage and mine how energy is being consumed and what type of energy is being consumed today so that we don't strand people, so that we can meet demands, and so that we don't see prices....

Thank you.

● (1700)

Ms. Viviane Lapointe: Thank you.

Madame Brouillette.

[*Translation*]

Ms. Caroline Brouillette: Thank you for your question.

Actually, I'm going to take this opportunity to put some things that have been said in the proper perspective.

First, I feel it's important to note that emissions from the oil and gas sector have gone up 87% since 1990. So we've reached the point where the government needs to step in.

Despite what some of the other witnesses today believe, if we want to avoid a climate disaster and a temperature increase of more than 1.5 degrees Celsius, we need to ask ourselves how Canada can lower demand if we want to avoid a climate catastrophe. In its carbon neutrality report, the International Energy Agency says we've already hit the ceiling for global oil demand and will hit the ceiling for gas about halfway through this decade.

Every country thinks it will be the last to produce what's left of oil and gas. However, the fact is that Canada is a huge polluter in terms of carbon intensity, and it's also extremely expensive to produce oil and gas.

This emissions cap is an opportunity for us to gradually transition our economy and diversify to sectors that are globally competitive right now, making workers and communities the primary concern in the transition, because it's already happening.

Ms. Viviane Lapointe: Thank you, Ms. Brouillette.

My next question is for both of you again.

[*English*]

I want to ask my next question of both of you, and I'll need a quick response again.

One thing that I've noticed is that the necessity of having a net-zero economy by 2050 is unanimously recognized across science, government and industry. Conversely, the how, or the path to get to this goal is anything but unanimous.

A declining emissions cap is a significant action in the right direction.

What would be your top recommendation, the one thing you see as non-negotiable, on the pathway of placing a declining cap on the oil and gas emissions?

[*Translation*]

I'd like to hear from you first, Ms. Brouillette.

Ms. Caroline Brouillette: For Climate Action Network Canada, it's crucial that this policy be accompanied by a just transition and that workers and communities be the first to benefit from the transition.

Ms. Viviane Lapointe: Thank you.

[*English*]

I've run out of time.

The Chair: Unfortunately, we're going to have to wind that up.

We're going to go over to Mr. Simard. He'll have two and a half minutes for his round of questions.

[*Translation*]

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

Ms. Brouillette, thank you for your remarks, which put some information that may have been wrong into perspective. Well, we can debate it.

You know, when we talk about the extent to which the oil and gas industry should be held responsible, we're often made to reflect the impact that it can have on workers.

You talked earlier about a just transition. Can you say a few words about the implications of the transition for workers in the energy sector?

Ms. Caroline Brouillette: Thank you for that important question.

In the past, I feel that Canada has often ridden the wave of natural resource booms, and unfortunately we've not planned for the inevitable collapses that follow. Just look at the forestry industry in British Columbia, commercial saltwater fishing in the Atlantic, or asbestos in Quebec. These are but a few examples of sectors whose once thriving resources have eventually been depleted, and where we have left local communities struggling with the resulting economic dislocation.

Oil and gas workers are definitely threatened by the energy transition. The transition can't be avoided in the global context, and also a growing number of jobs are being automated in the sector.

Rather than reacting to this transformation, we have an opportunity today to discuss it, to make a plan, and to make workers the central focus of that plan. A just transition bill is being drafted. It's important that this be done in conjunction with the oil and gas industry reducing its emissions.

● (1705)

Mr. Mario Simard: I know the rationale tells us we shouldn't cap production, we should cap emissions.

I'd like you to talk about that briefly, Ms. Brouillette. I know I really don't have much time left

Ms. Caroline Brouillette: Internationally, it's very clear that the amount of oil and gas companies plan to produce isn't going to keep temperatures from rising more than 1.5 degrees Celsius.

If we're really serious about reducing emissions, we need to put a cap on them. We also have to stop developing resources in Canada.

[*English*]

The Chair: Thank you.

Mr. Angus, we'll jump right to you for your two and a half minutes.

Mr. Charlie Angus: Thank you and thanks, everyone.

This is a fascinating discussion.

Madame Brouillette, if I heard correctly today from our friends in the oil sector, it's not that they're looking at a cap. They're looking to increase production into the global south where none of what happens is counted as emissions.

Does it make sense for the planet that we can sell an extra million barrels a day, coming out of TMX, export it to China or India, and whatever happens elsewhere is not going to affect us? Does that, in any way, seem credible?

Ms. Caroline Brouillette: I think you're correct that with these emissions from our exported fuels we don't have to account for them as per the rules of the Paris Agreement. However, that should not mean that we shouldn't care about these emissions, because they're important. The total emissions from our exported fuels are actually larger than all of the emissions happening on the territory of what is currently called Canada.

They're extremely important to consider. The cap should consider these emissions. In jargon, we call these scope 3 emissions.

Mr. Charlie Angus: Thank you so much for that.

I want to reference an article. I've been referencing articles today from the The New York Times and The Wall Street Journal. I want to go to Forbes magazine, another hotbed of non-radical environmentalism.

Madame Brouillette, I'd like to get your thoughts on this January 28, 2022 article. They say that big oil is now running the big tobacco playbook of shifting markets to the global south. They're saying that big oil is running the same play as big tobacco because big oil, like big tobacco, “has lost the scientific and public opinion battle in the West, and not for a lack of investment in disinformation and lobbying”. Big oil's “tobacco-inspired strategy” is to first double down on sales abroad; secondly, greenwash at home; and thirdly, give big buybacks for shareholders. Finally, “big oil will invest just enough in clean energy companies to deflect criticism—and ensure that none turn into real competitors”.

Do you think it is fair that Forbes is saying the oil sector in Canada is similar to the strategy of Philip Morris and Rothmans cigarettes in big tobacco?

Ms. Caroline Brouillette: It certainly is an interesting comparison. I'd like to point towards the narrative in Canada that what is good for the oil and gas industry is good for Canadian workers. A close examination of the facts shows otherwise.

When oil prices crash, oil companies slash production and thus jobs are reduced. Now we're seeing a record oil price, but we're not seeing new employment because in those circumstances companies increase shares and profits to shareholders and invest in new equipment for automation in existing projects rather than create more employment.

That's why it's essential that we plan a just transition.

The Chair: Great. We're out of time on that.

We're going to go to Mr. Melillo for five minutes.

Mr. Eric Melillo (Kenora, CPC): Thank you very much, Mr. Chair.

I'd like to thank all the witnesses for joining us today and taking part in this important study.

Mr. McMillan, I'd like to go to you first.

I think you would agree with this and I'm curious to get your thoughts on it, but I don't want to put words in your mouth. In both of the previous panels we've had so far for this study, we heard that this cap should be a cap on emissions and not a cap on production, obviously to ensure that we're keeping our economy going and strong and providing good jobs.

I'd just like to get your thoughts on that.

● (1710)

Mr. Tim McMillan: Yes, I think if that is the important principle, it will then enable industry to work on technologies. It will ensure that we're working towards the outcome that enables the social benefits as well as the environmental.

Mr. Eric Melillo: Thank you and I'll come back to you again.

I believe that in CAPP's submission to the Net-Zero Advisory Body, Patrick McDonald wrote that “pressure on the government to do more to reach net zero can result in innovative approaches being unintentionally undercut.”

I'm just wondering if you could provide a bit more context for what you mean by that.

Mr. Tim McMillan: Consistent with my comments earlier, if we take a very parochial view and limit investment or dissuade investment in Canadian resources, in Canadian technology development, and those investments go to Kazakhstan, Venezuela, Nigeria and Russia, we're going to have global increases in emissions, not decreases.

Being very thoughtful about our climate and energy policy will get us the ultimate outcome we're looking for.

Mr. Eric Melillo: Thank you. I'll ask one more question to you, but anyone else can jump in as well. I'm curious to get everyone's thoughts on this.

Obviously there are a number of suggestions on how best to work with industry on this, whether it's in terms of investment or in terms of regulation and partnerships. I'm just curious. Can you expand a bit more on how you feel the government can best incentivize technological innovations with industries?

Mr. Tim McMillan: A study came out last year showing that the oil and gas sector invests I think it was between 50¢ and 75¢ of every dollar in research and development in Canada. Harnessing that, incentivizing institutions, incentivizing universities to partner with the private sector, not just oil and gas but all private sector, is something that the federal government can do.

It's always important to link the provinces in. Provinces are the main regulators for the energy sector and many of the other sectors in Canada. Tapping into their capacity to reach into civil society is going to be an important piece of that as well.

Mr. Eric Melillo: Thank you.

Mr. Goodman, do you want to add anything?

Mr. Tristan Goodman: I'll just add that, in the short term, to get to your next set of real reductions, you're looking at CCUS across this country, you're looking at exporting natural gas, using article 6 under the Paris Agreement, and you're looking at further methane reductions, all of which actually the federal government is rightly pursuing right now and has some pretty smart policies in place to do that.

Longer term, you're obviously looking at incentivizing, in some way, hydrogen and other aspects associated with that.

Thank you.

Mr. Eric Melillo: I have a bit of time left. Do any other witnesses want to comment on that question?

Ms. Susannah Pierce: I'll just make one final comment.

Focusing on where the demand is coming from, again, we are producers of energy. If customers can demand and if they have technologies to consume lower-carbon energy, hydrogen trucks as an example or sustainable aviation fuels that can be consumed by aircraft, that also will help. This is an end-to-end conversation. It is about supply. It is about demand. It is about distribution. It's looking across each part of that value chain to help accelerate the absorption of lower-carbon energy.

Mr. Eric Melillo: I appreciate that.

Obviously I have a lot of questions, but unfortunately, I'm running out of time.

I thank all the witnesses for contributing today. I know your testimony is going to help us greatly as we move forward with this study.

Thank you.

The Chair: Thank you.

Mr. Chahal, you have five minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Mr. Chair; and I thank all the witnesses for joining us today.

I represent Calgary Skyview here in northeast Calgary. I'm thinking about all the workers in the industrial heartland, all the manufacturers in Nisku and Leduc, and the folks here in east Calgary. Top of mind for me is the transformation, of being a leader for Canada and Alberta for all things energy. The workers are top of mind and the focus for me.

Everybody had some great comments today, but I want to start with Mr. Scholz.

In your comments you touched on workers and unnecessary job losses and the risk of that. What else do you think the government can do, and how else do you think the government can support the energy transition and workers?

As you said, your organization has thousands of workers drilling and on service rigs. Can you shed some light on what you think the government should be doing to support workers in the energy transition?

● (1715)

Mr. Mark A. Scholz: Great. Mr. Chahal, thanks so much for that question.

I think one thing that needs to be pointed out is that the government can support the transition by supporting the energy sector, in particular the service sector, that's predominantly working in the oil and gas industry. I'll give you a couple of examples.

Today we are drilling for geothermal with current oil and gas drilling techniques and technology. We're drilling for lithium in southern Alberta. Lithium will go into creating supply chains for battery technology. We're drilling for helium—although not necessarily a pure energy source, it's certainly a diversified mix—using existing technology that we would deploy on a conventional oil and gas well. Finally, we're going to be at the forefront of carbon capture and storage, drilling most of the storage caverns that are going to be used by our customers to inject carbon dioxide.

Although these are new industries that are starting to form, they make up only about 5% of our overall operations today; 95% still are operations that exist in the oil and gas industry. The transition is coming. The issue is making sure that we do it in a very thoughtful way that allows us to pivot properly, without harming existing companies and businesses that are also going to be at the forefront, and using similar skill sets of workers who are going to be supporting these new industries.

Mr. George Chahal: Thank you for that and for highlighting those specific opportunities.

Mr. Goodman, I appreciated the principles and policy framework conversation, as we're talking about an emissions cap for the oil and gas sector. That's what our focus is on here today. What's missing from the existing policy framework that we've discussed? What should we be doing to enhance the policy framework moving forward here in Canada?

Mr. Tristan Goodman: I appreciate that question. Thank you very much.

The reality is that a number of key frameworks for particularly the oil and gas business, from clean fuel standards to the carbon pricing environment to methane reductions, are driving behaviour and still remaining competitive, at this point in time, within our domestic and foreign exports. The fact of the matter and what I think needs to happen is that we need to make sure we understand how those systems are linking together, because they're all going to start to combine.

Again, the number one thing we're looking for here is predictability. What investors require, and what companies need to know, is that if they put money into this, there are opportunities that will remain in place for the *x* number of years that are being indicated. That's how a business works. No one puts money into something if they're not sure where that will end up.

The reality is that investors are also driving the conversation. As Susannah will know, investors are making some pretty significant demands that align with many of the provincial and federal policies. Again, it is about that predictability—understanding practically how you run those policies through effectively a calculator, to be honest.

Thank you.

Mr. George Chahal: Thank you. I hope you make a submission to give us more ideas.

Ms. Pierce, since he alluded to you, I want to hear from you on technology and innovation. What are some of the cost-effective opportunities to reduce emissions? What opportunities are the lowest cost and lowest risk and the highest cost and highest risk? Where do you see the opportunities, and what should we avoid?

Ms. Susannah Pierce: It's a great question.

In terms of the lowest cost, it's obviously what you can do to avoid emissions. In other words, what can you do to make sure you're operating as efficiently as possible? That's one of the things that we in business constantly do. We look at where we are being inefficient, because that adds cost.

From a higher-cost perspective, I think it comes right down to what the cost is of an abatement opportunity, based on the carbon price and, as I think Tristan was saying, based on the uncertainty associated with that carbon price or any of the other existing regulations, because you're taking a risk. For a major project, for a project in which you're hoping to capture a lot of emissions, if you don't have confidence that the carbon price will be where it's at or that a clean fuels regulation will be able to generate the credits, you're taking on risk. You're taking on investor risk.

Investor risk is just like it is for you and me. We give money to a company and we hope on a return. We buy a house and we hope the investment in that house doesn't go down but stays equal or goes up. We have to be thoughtful about the investment decisions we make. Where there's uncertainty, there's risk.

Therefore, the way we can address some of these big opportunities to capture emissions, as an example, is by working with government, with existing regulations, and finding ways to reduce that risk by looking at things that could make that investment economic where it's not.

● (1720)

Mr. George Chahal: Thank you.

The Chair: Thank you. We're out of time.

We're going to now go to Mr. Warkentin, who will have five minutes.

Mr. Chris Warkentin (Grande Prairie—Mackenzie, CPC): Thank you very much, Chair.

I want to thank the witnesses for being here.

It's important that we remind ourselves, as politicians, that politicians around the world react the same way to the demands of their constituents. What we've seen over the last number of months, especially with the colder temperatures and the rest, is that our constituents are demanding reliable and affordable forms of energy.

We know that those who are negatively impacted by high costs when it comes to energy are those who are living in northern and rural communities and who, often, are vulnerable populations, as is the case in my constituency. Seniors, first nations and others have called my office, talking about the unbelievably high cost of their energy.

Politicians around the world are looking for reliable and affordable forms of energy. We've heard from some of my colleagues about their hope that there would be a cap on production here in Canada, so we have to answer a couple of questions.

The first one would be—and we have some evidence about what other countries are doing—if it's not oil and gas, what is it? From the evidence that some of you have testified about, I'd be interested in what your findings have been where countries are not able to get a reliable source of energy in the form of oil and gas. What are they turning to these days?

Tim McMillan, you can start out with that.

Mr. Tim McMillan: Thank you for the question. I appreciate that global perspective, because this truly is a global marketplace.

We are seeing, as everyone is, that wind and solar are becoming more cost-effective. The IEA expects them to continue to grow to about 6% of global primary energy demand by 2040, so they are going to expand their role. Nuclear is something that people are always looking at into the future, even though it's tough to get them off the ground at any given time.

We're seeing a substantial sea change in how they move traditional energy with LNG. LNG was a relatively minor product a decade ago. Today, it's meaningful, and a decade from now, it'll be even more so.

The unfortunate answer to your question, though, is where there are constraints and where oil and gas are not readily available, it is coal. It has been a very difficult fuel to dislodge. Natural gas has done a good job of it in a few countries, such as Canada, the U.S. and Europe, but in the developing world, it is an incredibly durable fuel and hard to displace.

Mr. Chris Warkentin: That seems to be the evidence that I've seen as well. Many countries that have looked for reliable and cost-effective forms of energy have turned to coal. We see that in Europe and Asia, as some of you testified earlier.

I guess the next question is, if oil and gas continue to also be part of that mix and if Canada cannot supply the growing demand.... We know that the world continues to be hungry for energy—if not Canada—and we've referenced the fact that it's going to come from other places.

Let's go into that. What are we talking about when we're talking about....? Even the general population doesn't know what we're talking about when we say “OPEC”. They don't know what we're talking about in terms of alternative sources of oil and gas.

Mr. Tim McMillan: When you look at the global top 10 producers of oil and gas, it is a group that Canada and the U.S. are part of, but beyond those two democratic nations, it is Russia, Saudi Arabia, Nigeria, Iran, Iraq and Venezuela, and Norway no longer even reaches the top 10, nor does the U.K., the North Sea.

When you look at where that major supply comes from, Canada and the U.S. are the most democratic members. After that, it gets to regimes that don't share the values of most Canadians.

● (1725)

Mr. Chris Warkentin: If we're looking purely to test the concerns about the environment, let's set aside the human rights records and the governance records of those countries and look at their environmental records. What are we looking by way of comparison?

Unfortunately, we're an importer of oil and gas. The U.S. is, for certain. Let's look at the other countries.

Mr. Tim McMillan: It's truly across the board. The difference with a country like Venezuela is their very high emissions profile for their production. A country like Saudi Arabia has a relatively low profile—we think—for a lot of their production, although Saudi Arabia has a heavy oil that they export as well. It truly is across the board.

When you look at a country like Russia.... We have done so much work on venting and flaring. We have our methane emissions down to minuscule amounts. The rest of those countries probably aren't even monitoring them. They don't have the regulatory structure that we have. It is something where our expertise truly could be helpful, and we probably need to continue to push what we know broadly.

Mr. Chris Warkentin: This, I guess, is my concern. If we, here in Canada—

The Chair: I'm sorry. We're out of time, Mr. Warkentin.

Mr. Chris Warkentin: I apologize. Thank you.

The Chair: It goes quickly. I just want to make sure we get through the last three.

We're going to jump to Mr. Maloney, who has five minutes. Then we'll finish up with Monsieur Simard and Mr. Angus for two and a half minutes each.

Mr. James Maloney (Etobicoke—Lakeshore, Lib.): Thank you, Mr. Chair. I'll try to be quick.

Mr. McMillan, I'm going to start with you. Thank you for being here. It's always good to see you. I have a straightforward question to start out with—at least I think it is.

I am not clear. Are you in favour of a cap or not?

Mr. Tim McMillan: No. I think we would like to know what the government's intent is with the cap. At this point, our intent is to work to have an efficient regulatory system that lowers emissions and puts the right incentives to drive investment and emission reductions.

Mr. James Maloney: I get that, but you didn't answer my question.

The answer is no. Is that fair?

Mr. Tim McMillan: Again, I won't give you a blanket answer until I know the depth behind what's intended with this cap.

Mr. James Maloney: Okay, so based on that answer, I will interpret it as meaning that there is a scenario in which you could live with there being a cap. It's just not the current environment. Is that fair?

Mr. Tim McMillan: If it enables Canada to play a role in lowering global emissions, then I think that scenario would be broadly supported.

Mr. James Maloney: Okay, so let's talk about that for a second.

You mentioned earlier that Canada can play a large global role in technology and that responsibly produced Canadian energy can play a role internationally, but you keep going back to coal. Wouldn't you agree with me that nuclear energy has played a big role in that scenario as well?

Mr. Tim McMillan: I think it would be great if nuclear played a larger role. It's obviously not in my mandate, but if it can take a bigger toehold, it certainly meets some of the criteria we're looking for.

Mr. James Maloney: Great. We can agree on that.

I live in Ontario. The reason we don't have smog days in Toronto any more is because of nuclear energy, not because of wind or solar, and we got off coal only because of our ability to transfer to nuclear energy. There's all kinds of nuclear power that's being developed now, which can do exactly what you're doing.

My point is simply that I don't think it's fair to characterize a cap leading to coal, because there are other alternatives. Would you agree with that?

Mr. Tim McMillan: I guess it comes down to the time frame. I would say there's no silver bullet. Coal is going to be part of it, but I think displacing coal with natural gas is probably the most immediate thing we could do.

Mr. James Maloney: Mr. McMillan, I understand who you represent, and I want to say thank you to your entire industry because without you, our economy would be in very difficult shape. As we discussed earlier today, the enemy is emissions and not production. I want you to understand where I'm coming from. In fact, I think you knew that already.

Mr. Tim McMillan: Absolutely.

Mr. James Maloney: Now I'm going to go over to Mr. Goodman.

Mr. Goodman, thank you for your six points. Picking up on what Mr. McMillan was saying, your first point was to use existing climate policy frameworks. I'm not quite sure what you mean by this. Does that mean to stay where we are and not add any new layers of policy that will complicate things? Is that what you're trying to say?

● (1730)

Mr. Tristan Goodman: No, that's actually not what I'm trying to say. The reality is that you may need to introduce new policy. A democratically elected government obviously has every right to do that, and we'll work with whatever policy is put in place.

What I'm trying to get at there is that there are some existing frameworks. Probably the biggest one here is.... Well, there are two—methane and carbon pricing—which are being absorbed within our industry, and they're being absorbed by other industries and Canadians. We see how to work within that framework.

There are some constructive positives there that we can look to, and where we can build on that under those existing policies, that's useful.

What we're looking for is what happens, for example, to an emerging clean tech industry that many of our members are involved in and investing in? Does that get negatively impacted in any way? I'm not suggesting it does, but you would want to know that.

Mr. James Maloney: Fair enough. Thank you.

I will take it, then, that you will agree with what Ms. Pierce said earlier. She's supportive of the fuel charge, the clean fuel standard and the output-based charges that are in place now.

Mr. Tristan Goodman: I'm always cautious to agree with Ms. Pierce, but the reality is that, yes, we generally would agree with that.

Mr. James Maloney: Okay, thank you.

Mr. Tristan Goodman: Thank you.

Mr. James Maloney: I'm certainly not trying to pit us against one another, because we're all in this together. We all want the same thing; we're just taking a slightly different route sometimes.

The last question is on something that Ms. Pierce said, and I don't have much time here.

You said that if we don't do it now, it's going to be harder and more complicated to do it later.

Mr. Goodman, Mr. McMillan, would you agree with that statement? Doesn't a cap fit into doing it now to avoid making it harder later?

The Chair: We're at the end of the time, but be really quick, please.

Mr. Tim McMillan: I'll go first very quickly. I certainly think it's easier to do now than later. We've yet to examine the cap, but we look forward to doing that and I hope some of the points we put forward are constructive in examining that.

Mr. James Maloney: Thank you.

Thank you, Chair.

The Chair: Thank you.

Now we're going to go to Mr. Simard who has two and a half minutes please.

[*Translation*]

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

Mr. Goodman and Mr. McMillan, earlier this week, Professor Jaccard came in to tell us that no, the oil and gas industry would not be capable of reducing emissions without government support. Now, as I'm sure you know, the Minister of Environment has announced that fossil fuel subsidies will end by 2023. That leaves you with very little room to manoeuvre, in my view. You mentioned predictability, and I have a hard time seeing how you are going to reduce your industry's greenhouse gas emissions. Having said that, I will move on.

In closing, I'd like to dispel a myth, the one that claims gas is an alternative energy source to coal. I come from Saguenay—Lac-Saint-Jean, where the LNG Quebec project was rejected. The Bureau d'audiences publiques sur l'environnement, the BAPE, clearly stated that gas is not an alternative energy source, but it's becoming an additional energy source. That's how the market works, the bigger the supply in the energy sector, the lower the price gets.

I'd like to hear Ms. Brouillette speak to that.

Ms. Caroline Brouillette: Thank you very much for your question.

When you look at liquefied gas production and especially the life cycle of liquefied gas, you include the methane leaks, which happen a lot, and you realize that it's not really any better than coal. Quebec's public hearing agency, the BAPE, rejected the LNG Quebec project because of that. It said it wasn't true that the project would reduce global greenhouse gas emissions.

So, that does call into question a lot of what we've heard tonight.

Mr. Mario Simard: Since I have some time left, perhaps I will let you respond, Mr. Goodman, on the issue of predictability.

How do you plan to deal with fossil fuel subsidies ending by 2023?

● (1735)

[*English*]

Mr. Tim McMillan: In some countries there are subsidies for oil and gas, but as far as Canada is concerned, we are net contributors to provinces, municipalities and the federal government.

There are some initiatives that the federal government is trying to initiate that are for all industries, carbon capture and storage being one of them. I know that cement, fertilizer, oil and gas and manufacturing are all looking at an economic model that would work for multiple industries.

The Chair: Thank you.

We're going to go for our last two and a half minutes. I just realized that we're slightly past the time we had planned. I hope everybody will indulge us for the last two and a half minutes. I'll need less than a minute to wrap things up and we will have you on your way.

Mr. Angus, over to you for two and a half minutes.

Mr. Charlie Angus: Thank you, Chair, once again for your long-suffering patience in keeping this motley crew of ours all moving forward. I'm going to close now.

Mr. McMillan, I was reading your March 27, 2020, letter to the Minister of Natural Resources, which was carbon copied to pretty much everyone in cabinet. It was a pretty audacious wish list of regulations and exemptions and protections and obligations you wanted to be exempt from. One of the things that struck me most was your request not to have to report to the lobbying registry. Why?

Mr. Tim McMillan: Mr. Angus, obviously March 2020 was at the height of the COVID crisis. It was a time when all of Canadians were stopping going to their offices and trying to avoid working there.

Mr. Charlie Angus: I know, yes.

Mr. Tim McMillan: We were putting forward to governments a model that we thought would enable us to continue to produce natural gas and oil—

Mr. Charlie Angus: Yes, I get that but—

Mr. Tim McMillan: —for Canadian customers and get it shipped out. As far as the—

Mr. Charlie Angus: The issue here is that this is a law of the nation. This isn't a regulation; this is a law.

The law was put in to ensure accountability and prevent corruption. Yet you guys wanted to be able to go off the grid on this. I can see why: You clocked three contacts a day and 220 meetings. That's staggering.

I get that it was the first year of the pandemic, but this past year you had 17 meetings with the Minister of the Environment or his staff, 25 meetings with the Minister of Natural Resources or staff. In addition with Imperial Oil, you had 17 meetings; with Suncor, 25 meetings; with Exxon and Natural Resources Canada, 12 meetings. I'm counting about a meeting every three days through the year.

The reason we have the lobbying registry is so that we know how much access—the insider passes—you guys have. That's pretty extraordinary. Don't you think that with the fact that you could keep your oil production going, you could still respect the law of the country and report all of these massive numbers of meetings with key ministers?

Mr. Tim McMillan: Mr. Angus, just for clarity, again, I think it's important we recognize that what we were looking for was some flexibility on when we reported. This was a time where people stopped going to the office. The workers who would be submitting that from our side—

Mr. Charlie Angus: I know, but it's not like deferring a parking ticket.

Mr. Tim McMillan: —but also receiving it from the government—were probably not in their offices. I would expect you would know that it was very difficult to get—

Mr. Charlie Angus: But you were the only guys who were asking for that. That's what concerns me. Of the industries, you were the only industry who did. You had a massive amount of access that I didn't see.... I mean, you guys weren't doing vaccines or PPE, but you had a meeting every three days. Yet, you were the only ones asking not to have to report it. I just find that surprising.

Mr. Tim McMillan: Obviously, the government was very keen to ensure that the energy supply would continue, as we were still at a time of year where that's very important to Canadians. We were looking at how we could do that safely, and with responsible parties.

The Chair: With that, folks, we're at the end of our time today.

Mr. Charlie Angus: Thank you so much.

The Chair: I do want to thank the witnesses for being here. We've had some great conversations.

I apologize that we were a bit late getting started. I don't know if it was explained to you that the members were voting in the House, so we got here as quickly as we could. I really appreciate everyone making time to be part of the important conversation that we're having today.

For the members, our next meeting will be Monday, February 14. We'll continue our study. We have six witnesses appearing then. The notice of meeting will be posted shortly.

For the witnesses who are with us today, if you have anything further that you would like to contribute and that you think would be of use to the study, feel free to send to our clerk up to a 10-page brief.

With that, folks, the meeting is adjourned.