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Chair: Mr. George Chalal



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• (1105)

[English]

The Chair (Mr. George Chahal (Calgary Skyview, Lib.)): I call this meeting to order.

Welcome to meeting number 76 of the House of Commons Standing Committee on Natural Resources. Today, we're meeting to discuss the climate crisis and Canada's energy sector, pursuant to the motion adopted on September 18, 2023.

Since today's meeting is taking place in a hybrid format, I would like to make a few comments for the benefit of members and witnesses.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike. Please mute it when you are not speaking. For interpretation for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

This is a reminder that all comments should be addressed through the chair. Additionally, screenshots or taking photos of your screen is not permitted.

In accordance with our routine motion, I'm informing the committee that all remote participants have completed the required connection tests in advance of the meeting.

I would now like to welcome the witnesses who are with us for the first panel this morning. From Suncor Energy Inc., we have Rich Kruger, president and chief executive officer, and Arlene Strom, chief sustainability officer.

Welcome to the committee. Thank you for taking the time to appear today. You have five minutes for an opening statement.

Welcome to the committee, Mr. Kruger. The floor is yours.

Mr. Rich Kruger (President and Chief Executive Officer, Suncor Energy Inc.): Thank you, Mr. Chair.

My objectives today are twofold: to convey how Suncor sees the global energy future, including the role of oil and natural gas in Canada, and to share the actions Suncor is taking today to tackle the dual challenge of meeting the world's energy needs while addressing greenhouse gas emissions and climate change.

Our world is rapidly changing. Global population is increasing. Economies are growing. Energy security is threatened by regional conflict. Climate change is occurring, and energy demand continues to rise. Affordable and reliable energy is at the centre of every hu-

man development index: quality of life, life expectancy, education and income. Energy used and human development are inextricably linked. Where there is a lack of energy, there's a lower quality of life. For more than a century, oil and natural gas have played a transformative role in fuelling the world's energy needs, improving living standards and driving economic growth.

Today we see rising greenhouse gas emissions, the warming of our planet and increasingly the concerning effects of climate change, yet all plausible global energy outlooks forecast oil and gas remaining among the world's largest sources of energy for decades to come, valued for its reliability and versatility. Therein lies the dilemma: how to effectively and affordably decarbonize the oil and gas sector, not eliminate it.

With among the world's largest reserves, Canada has a major opportunity to lead and prosper by providing low-carbon oil and gas both at home and abroad. Having worked in some manner in more than 20 countries during my career, I believe that the world benefits from the oil and gas produced in Canada more than from that produced in almost any other country globally. Achieving Canada's energy potential requires a shared vision that includes public policy support, technological advances, competitive investments and effective leadership. In other words, a collective effort is required between government, industry and society.

Suncor has committed to this effort and to being part of the solution by helping to decarbonize Canada's oil and gas sector today and by being part of the energy transition for tomorrow. Today we are taking tangible and financially material actions to decarbonize our existing hydrocarbon businesses by investing in low-carbon fuel switching and cogeneration capacity at all oil sands mining sites, by piloting low-carbon injectant technologies for in situ operations, by installing electric vehicle charging facilities at Petro-Canada stations coast to coast, by advancing sustainable aviation fuels and by operating Canada's largest ethanol plant to produce renewable transportation fuels. In each instance, we are putting our money where our mouth is.

In addition we are working with five other companies in the Pathways Alliance to pursue large-scale carbon capture and sequestration, supporting our objective of net-zero greenhouse gas emissions from our operations by 2050. The alliance involves unprecedented collaboration between industry and multiple levels of government, including federal and provincial.

In terms of the transition to net zero via opportunities outside of oil and gas, we are focused on areas in which we have core competencies such as power generation, renewable fuels, customer delivery systems, large plant operations and manufacturing processes. Conversely, we are not focused on aspects of energy where we do not have core competencies or relevant experience. We are selective and targeted to ensure that we have what it takes to compete and create sustainable opportunities.

We are committed to ensuring a profitable high-performing business today so that we can have a profitable high-performing and sustainable business in the future. At Suncor, it's about both today and tomorrow, not one or the other.

To my Suncor colleagues, I am proud of what you do, developing Canada's natural resources, providing energy that improves millions of people's lives, bolstering the economy nationwide, providing tens of thousands of well-paid jobs, supporting communities across the country, developing meaningful relationships with indigenous peoples and businesses, and working together to create a sustainable future.

Mr. Chair, I'm ready for your questions.

• (1110)

The Chair: Thank you, Mr. Kruger, for your opening statement.

We'll now go to our first round of questioning, starting with the Conservative Party of Canada.

Mrs. Shannon Stubbs, go ahead for six minutes.

Mrs. Shannon Stubbs (Lakeland, CPC): Thank you, Chair.

Thank you, witnesses, for being here today.

It is of course an unignorable fact that we're gathering here one business day after the Supreme Court of Canada ruled that the cornerstone piece of legislation governing the regulation of resource projects and its sweeping and wide net catching many other projects and intervening in jurisdictions.... We know that is the case today. It's inescapable that we have you here to answer questions in that context, which demonstrates just how much uncertainty has been created in the last eight years of this government.

Mr. Kruger, you mentioned that you have worked in 20 countries in your long career as an expert in this field. I wonder if you would expand on your perspective and your comments on the role of Canadian oil and gas in the world, Canada's opportunity both domestically and internationally and the importance of clarity and certainty for private sector proponents to meet those aims.

Mr. Rich Kruger: I have worked in more than 20 oil- and gas-producing countries around the globe—southeast Asia, the Middle East, the former Soviet Union, west Africa and North America—over the course of my nearly 40-year career. The last seven years of my career were here in Canada. When I look at what I see about not

only what we do but how we do it, whether it's human rights, personnel safety, environmental protection or the responsibility this industry applies to developing its natural resources in Canada, I can without hesitation say that I believe the world is a better place if the incremental barrel of oil comes from Canada than most anywhere else I've ever worked.

I retired three and a half years ago from the industry, and I chose to come back earlier this year because I believe in the industry. I believe in Canada. I believe in Canadians, and I believe we can punch above our weight by lowering the emissions and carbon content of what we produce here and not only providing it at home but also providing it abroad.

• (1115)

Mrs. Shannon Stubbs: Thank you.

To your point, the comments you made about Suncor's commitments to reducing emissions and all of the innovation and investment that Suncor has made, both in terms of being a catalyst 20 years ago for wind and solar operations that are now owned by another proponent, but also including, as you just mentioned, continuing to contribute with the largest ethanol plant serving the entire country. I wonder if you want to expand on and clarify more about the comments and your actual perspective on Suncor's position in terms of its core businesses and also all its contributions to improved environmental stewardship and to innovation in the future.

Mr. Rich Kruger: Thank you.

Our view of the future and our commitments haven't changed: our commitments to decarbonizing our existing base hydrocarbon business and our commitments to being a part of the longer-term transition over time. I appreciate the question, because I think part of the basis upon which I was called here today dealt with comments I made in August on an investor call.

The analogy I would use for what my comments said is that, when I was coming out of retirement and going to come back to work, I went to my family doctor and I said, "You know, I'm going to give up some years of my life to work again. I want to live a long and healthy life. What's the best advice you can have?" He said, "To live a long and healthy life, take care of yourself today."

My comments on our earnings call looked at our company and said that, for us to be a part of the solution for the long term, we have to do today's business very well. If you look back at the track record over the last several years of Suncor, that can't be said. We have opportunities to improve the safety, the operational integrity of our business, so that we can continue our decarbonization effort and be part of the transition for the longer term.

When I made the comment and I think, explicitly, I said that we have a bit of a disproportionate emphasis on the future, it was to ensure we're strong today so we can be strong tomorrow. Our commitments on decarbonization and being part of the transition have not changed at all since I took over in this position six months ago.

Mrs. Shannon Stubbs: Thank you for that clarification.

Do you have any additional comments particularly on juxtaposing the Canadian policy and fiscal and regulatory framework around energy and resource development against, for example, Canada's biggest competitor and customer, the United States, as well others of the top ten major energy-producing regimes around the world, say, the majority of which, of course, are state-directed regimes?

Do you have any comments about the importance or the damage, for example, of eight years of the combination of policy uncertainty and also what has become a layering of taxes, bans, standards and hammers with almost no incentives, and what that does to Canada's competitiveness and the role we can play to secure energy self-sufficiency and security for our own citizens, as well as to play that crucial and I think moral obligation Canada has internationally to provide both our technology and our best-produced products to other countries around the world?

Mr. Rich Kruger: Yes, there's a lot to that question, so let me step back.

I think one of the things that capital markets look for is a reasonable return for a reasonable risk. When you think of what's important to capital markets in major investments, you see that we look for levels of predictability, stability and certainty. If the hurdle is set at a certain height, that's fine. We just want to know that it's not a moving target.

I think one of the challenges we face here, and have faced here for some time now, is a bit of the unpredictability and uncertainty, which then, quite frankly, scares away capital. With the resources and the opportunities that I think the country has, and with what I believe is a leadership position that we can take both home and abroad, I applaud any efforts to get a greater level of predictability and certainty so that those of us who participate in the capital markets can do what we do best: bring technology and bring investment dollars to develop the resources of this great country.

The Chair: Mr. Kruger, thank you.

That's over the time allotment, so we'll move to the next round of questions.

We have Mr. Aldag from the Liberal Party.

• (1120)

Mr. John Aldag (Cloverdale—Langley City, Lib.): Thank you, Mr. Chair.

Mr. Kruger and Ms. Strom, thank you for being here today.

I was really interested when I saw the comments you mentioned, which appeared in the media in August from some interviews you had done. As somebody who has followed western Canada's energy sector for a number of years, I think that Suncor was always seen as a leader in the sustainable energy area. I was really surprised, and I

think a lot of Canadians were surprised, to see what I would consider to be a fairly aggressive movement away from some of those businesses—wind and solar—that had been developed over the years.

I'd like to try to understand what you see as the future for energy in Canada. You mentioned in your opening comments that oil and gas have a long horizon, yet I've seen comments that we're going to see oil and gas peak within the next decade and then start to decline. It seems like you're kind of doubling down right now, trying to get every last dollar out of that oil and gas sector.

Where do you see us going as far as traditional oil and gas goes compared to renewables? That's kind of the first part of the question.

The second part is this: Where does Suncor fit into that in this new vision that you seem to be putting out for the company?

Mr. Rich Kruger: Let me start with the oil and gas. There are a lot of various outlooks—whether or when it's going to peak, etc.—but I think the important thing to realize is that oil and gas are depletable resources. If we do nothing, if the world does nothing, depending on...for gas it may be a 5%-per-year decline, and for oil it may be a 7%-per-year natural decline. Just to continue at today's demand levels requires ongoing investment.

The question for me is this: Where will that investment be made? If the demand is there, I believe that, whether we, as a country, choose to produce one less barrel, the world won't necessarily consume fewer barrels. I think it's an opportunity to look at where Canada competes in the oil and gas sector. My belief is that, with the efforts that we're undertaking—I mentioned Pathways Alliance, blending renewable fuels, etc.—we can continue to compete in that sector.

I think the oil and gas sector has a long life ahead of it. It's how we do it that will make it more socially acceptable and more socially acceptable within Canada.

Now, with regard to renewables, I think that renewables have a huge role and a growing role in the energy equation. Global energy demand continues to increase. I don't think that there's any one energy source that will meet that. I don't think it's an either-or. It's an “and” equation, whether that's renewables, continued oil and gas or hydrocarbon investments, etc.

Suncor plans to be around a long time. We've been around a long time. We're a big company, a prominent company in the country, and we plan to continue that. We plan not only to continue to extract value from our existing businesses but to grow new businesses.

What are we good at? You mentioned solar. If you look at it over time, we were a pioneer. We got into wind and solar about 20 years ago. At almost exactly the same time, we built a \$250-million renewable-fuels ethanol plant, which is Canada's largest ethanol plant today. It provides renewable fuels for our coast-to-coast network of Petro-Canada sites.

A year ago, before I arrived, the decision was made to sell the wind and solar business to parties that we, the company, thought could operate it better than we were. However, at the same time, we're investing in our renewable facility sites because we think those are what we're good at.

It's a question of picking those things that you're best at as you participate in the transition.

Mr. John Aldag: I'm a member of Parliament from British Columbia where we have fires and floods. Climate change is very much real and upon us.

When you talked about "socially acceptable", one of the discussions I hear are about these massive profits the oil sector is generating right now. One of the articles talked about Suncor. In the second quarter it had \$1.88 billion of earnings and \$4 billion in the same period last year. Canadians are asking—and my constituents for sure are asking—where are those profits going in helping us to deal with climate change and the effects of climate change? The sector that you're in has had very real impacts on the planet, and it continues to.

What is the next round of investments that is going to be made to help reduce those impacts and get us to the net-zero economy that we need by 2050?

I guess that's the other question. Is Suncor still committed to that transition by 2050, and where will the next round of investments go? What we're doing right now is simply not enough to get us there.

• (1125)

Mr. Rich Kruger: Your question is a good one. In terms of our industry, the nature of... We're a big company. It's big dollars. I'll give you a few numbers to tie in.

Over the last three full years, we made, in total, \$9 billion in profits. We've paid \$10 billion in income taxes and royalties to the federal and provincial governments to build bridges, hospitals and schools. We've invested, over those same three years, \$13 billion more than we've made. Some of it is to maintain the health and well-being of our existing businesses, the safety and operational integrity, and our environmental responsibility. An increasing share of it is going to new businesses. This last year we spent \$540 million on decarbonization projects.

We are an industry and a company where the numbers are big, but when you break them down and you look at... We pay more than 50% of what we make every year—and are proud to do it—in taxes and royalties. We're investing back, not only to maintain our existing business but to create those new businesses that I think we would agree are important to the country.

Mr. John Aldag: I would have liked to go more into the decarbonization discussion, but the chair telling me to move on.

The Chair: Thank you, Mr. Kruger.

I should have said in advance that the yellow card is a 30-second warning, and the red means your time is up. You have my apologies.

Mr. Rich Kruger: I'm colour blind, so I'll just work off of which hand they're in.

The Chair: We'll now move to Monsieur Simard from the Bloc Québécois for six minutes.

[*Translation*]

Mr. Mario Simard (Jonquière, BQ): Thank you, Mr. Chair.

Mr. Kruger, we have one thing in common, since I'm also colour blind.

In your presentation earlier, you spoke of Suncor's vision for the future and the action it's taken. While I may not agree with you, you do seem firmly committed to decarbonizing the oil and gas sector.

Are you and I on the same page in that respect?

[*English*]

Mr. Rich Kruger: One of our priorities is to continue to decarbonize our existing hydrocarbon businesses.

[*Translation*]

Mr. Mario Simard: I'm sorry, I'm going to have to move quickly because I don't have a lot of time.

You also talked about fuel blends and carbon capture strategies. I'd like you to answer my next question clearly.

Do you agree with the clean fuel regulations?

[*English*]

Mr. Rich Kruger: Do I agree with the clean fuel regulations? I have not studied the regulations in my six months in the job here. However, what I would say is that, whether it's at our Petro-Canada sites or anywhere else, we comply with all regulations that are there. In terms of agree or disagree, I don't know if that's as relevant. As a company we believe in reducing the carbon—

[*Translation*]

Mr. Mario Simard: Okay. I understand completely.

When you talk about fuel blends, aren't you alluding to the fact that there may be components of fuel with lower carbon intensity?

[*English*]

Mr. Rich Kruger: There are two things. There's the energy mix, broadly, in all different types of energy. If you're talking explicitly fuel—transportation fuels and aviation fuels—our priority is to continue to bring an increasing renewable component to those fuel supplies.

[Translation]

Mr. Mario Simard: I understand.

You'll see what I'm getting at.

People are saying that the clean fuel regulations will have an impact and that consumers will pay the price at the pump, since they will cost the oil and gas companies. Under the Pathways Alliance, the costs associated with decarbonizing the oil and gas sector are enormous. We're talking about \$24 billion in investments. Who are you going to pass that on to? Will you pass it on to consumers? Can clean oil be profitable without government funding?

If some people, particularly my Conservative colleagues, are saying that the bill is going to be passed on to consumers for something as simple as the clean fuel regulations, then I'm confident that you're going to pass the bill for your carbon capture strategies on to consumers as well.

Would you agree with me on that?

• (1130)

[English]

Mr. Rich Kruger: I think there are two different things. When we talk about consumers, we're talking about retail or aviation. In the Pathways, we're talking about upstream competitiveness. Will Canadian oil and gas production be competitive? Oil and gas are in a global market in terms of where they come from and where they are consumed.

Quite frankly, I think the Pathways work is a brilliant strategy. It's about a public-private partnership that enables the decarbonization of Canada's hydrocarbon reserves, so that companies and Canadians nationwide can continue to benefit from this resource we have been blessed with.

[Translation]

Mr. Mario Simard: I understand that, but you have talked about competitiveness many times, saying that you have to be competitive. If you add the costs, you become less competitive. If you have to pay for decarbonization to have net zero oil and gas by 2050, you're going to be less competitive, and somebody is going to have to pay for it.

Do you agree with me?

[English]

Mr. Rich Kruger: When it comes to competitiveness, quite frankly, in the oil and gas world, Canada is a high-cost jurisdiction. We have naturally higher costs. That relates to where we are, the type of operations we conduct—

[Translation]

Mr. Mario Simard: I'm sorry to interrupt you.

I'll make it clearer, and you can give me a yes or no answer.

Are oil and gas produced under a carbon capture strategy more expensive than oil and gas produced without it?

[English]

Mr. Rich Kruger: I think it depends. That's one component of cost. When you look at whether it's more costly or not, it depends

on all of the other components of cost. That's where we look at what we can do to offset increasing costs. Can we bring a greater efficiency, greater productivity or new technology into it? The answer is "it depends".

Does it add a cost? Absolutely. Can the cost be offset to maintain global competitiveness? That's the question.

[Translation]

Mr. Mario Simard: Can't we apply the same logic when it comes to the clean fuel regulations?

[English]

Mr. Rich Kruger: I think that's what we try to do each and every day. It's looking at how we run our operations more efficiently to try to be more competitive so that we can provide affordable, reliable fuels to Canadians nationwide and do it in such a way that, as a company, we can also run a profitable company.

[Translation]

Mr. Mario Simard: We may be able to come back to this.

Quickly, in your opinion, what's the difference between the clean fuel regulations and the investments you plan to make to reduce the carbon intensity of the oil and gas sector?

[English]

Mr. Rich Kruger: I'll go back to what I said earlier. I haven't studied up on the clean fuel regulations. I've come in, and we comply and provide fuels that meet the regulations.

I could go back and forth with you, but I don't know if I'd give you clarity on the answer that you appear to be seeking.

The Chair: Thank you, Mr. Kruger.

We'll now move to Mr. Angus from the New Democratic Party for six minutes.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you so much, Mr. Chair.

Thank you much, Mr. Kruger and Madam Strom, for coming today.

It's October and Canada is still burning out of control. We have never seen anything like this. People are trying to come up with language to describe the impacts.

Would you say that it has been a catastrophic year for climate-induced wildfire and flood?

Mr. Rich Kruger: I would say it's been a tragic year. I think it's horrible what Canadians across this great country have experienced. I think we would say—

Mr. Charlie Angus: But it's not catastrophic—

Mr. Rich Kruger: I think you're picking words. I would say that it's been a tragic year for those involved.

Mr. Charlie Angus: Okay, “tragic”.... That’s fair play.

You’ve been around the boardroom at Suncor and Imperial. You’re a former vice-president of Exxon. You guys talk about questions of liability.

How much responsibility is your industry willing to take for the destabilized climate and the climate crisis that have forced 200,000 people out of their homes this summer?

Mr. Rich Kruger: Mr. Angus, I can obviously sense your passion on this. I think global energy, greenhouse gas emissions and climate change are complex issues that are important to our society. We all have a role in it, whether that’s government, industry or society.

I share your passion and concern on the topic, but I don’t think it’s about what fraction is one party...versus the other.

Mr. Charlie Angus: I’m certainly passionate. We had so many people evacuated. They had to escape by canoe this summer from wildfires in James Bay, which we’ve never seen before, so we are passionate.

However, I guess I question.... You’re a former vice-president of Exxon. I’m looking here at some of your Exxon documents. Your internal scientific reports warned that it would “indeed be catastrophic...for a substantial fraction of the [world]’s population” if you didn’t change course. A year later, your company—you were on the management team—prepared a briefing that again used the word “catastrophic” in terms of what you were doing.

What do you think the legal liabilities are for your company and your involvement for having suppressed that scientific evidence? It’s not just that we’re all part of this. You knew scientifically that what you were doing was destabilizing the planet.

• (1135)

Mr. Rich Kruger: You have the advantage of looking at documents that I haven’t seen. I haven’t—

Mr. Charlie Angus: I will give them to you.

Mr. Rich Kruger: Can I finish my reply?

Mr. Charlie Angus: Yes, absolutely.

Mr. Rich Kruger: I did work for Exxon for 31 years around the globe in production, operations and projects. I never worked in strategy or research. If you have questions about what Exxon knew and when, they’re probably best addressed to Exxon.

Mr. Charlie Angus: That’s a good point.

I mean, right now there are the lawsuits—

Mrs. Shannon Stubbs: Mr. Chair, I have a point of order.

They’re talking about a time that would be close to when I was just born, so I don’t know about the back and forth that’s going on here about whatever was done at Exxon 30 years ago.

I guess I would have been a teenager—

An hon. member: [*Inaudible—Editor*]

Mrs. Shannon Stubbs: Botox helps. Botox is helping.

Voices: Oh, oh!

Mrs. Shannon Stubbs: I might ask, Chair, if we could keep the questions on the topic of the motion, which is the purpose we’re all here today for this meeting. It was moved by our colleague Charlie Angus, so perhaps he can stay on the topic of the motion.

The Chair: Mr. Angus, the floor is yours. Please continue with your questioning in line with the topic at hand today.

Mr. Charlie Angus: I am certainly very close to the topic at hand.

I guess, if you’re saying I should talk to Exxon, right now the lawsuits against your industry are in the hundreds, and there’s a pretty damning one against Suncor in Colorado.

You’re saying that I have documents you haven’t been able to read—I’ll give you the documents—these are all documents from your company.

Part of it is about liability, and this is what I’m really interested in here. When you were vice-president, Exxon released a statement saying, “Taking drastic action immediately is unnecessary” because “the indications are that a warmer world would be far more benign” and “warming would reduce mortality rates in the U.S.” That’s a false statement.

Today, we have a letter from Canadian medical doctors to the government stating, “1 in 7 premature deaths in Canada are related to fossil fuel air pollution”. Would you say that your industry is at a high risk of these kinds of lawsuits, which are proliferating for your having known the damages, refusing to do something about it and refusing to tell the public they were at risk?

Mr. Rich Kruger: I’d reiterate that the last time I worked for Exxon was about 10 years ago, so your Exxon comments... If you want to talk about Exxon, I’m no longer the one to talk to about it.

In terms of our industry—

Mr. Charlie Angus: Can we talk about Suncor being sued by Colorado?

Mr. Rich Kruger: That’s why I thought I came here today.

I won’t talk about active lawsuits.

Mr. Charlie Angus: That’s fair play.

Mr. Rich Kruger: If I go to what I said earlier and what I think is important here, the importance of these issues—energy for people, for our quality of life, and doing it in such a way that’s compatible with the long-term health and well-being of our climate—that’s why we’re here. That’s why you’re in your position, and it’s why I’m in my position: to work together to address these critical issues.

Mr. Charlie Angus: Absolutely. My concern, Mr. Kruger, is that the evidence coming forward is that your industry knew that increasing production and increasing the burning of fossil fuels was destabilizing the planet. I've had people evacuated, people who cannot go home. We've had people lose their properties because of this, and we have the evidence that your industry knew. I'm amazed that this is all new to you, because it's a question of liability.

I noticed, for example—I'm going to change subjects here, if you don't mind—that there's a complaint at the Alberta Securities Commission that you dropped the issue of liability to investors. Right now, this is a very concerning question, because the International Energy Agency has put out a report telling us as legislators not to put more investments in because of stranded assets, yet, since you've taken over Suncor, you've dropped the issue of liabilities.

Do you not have an obligation to make sure that the public is aware of the risks and liabilities of further investments and of the damage that's being done to the planet, which your industry has known about since the beginning?

Mr. Rich Kruger: First of all, for others, you're referencing a Greenpeace complaint put in front of the Alberta Securities Commission—

• (1140)

Mr. Charlie Angus: Does that make it irrelevant?

Mr. Rich Kruger: —that is inaccurate.

Mr. Charlie Angus: Have you dropped your liabilities?

Mr. Rich Kruger: No.

Mr. Charlie Angus: You haven't.

Mr. Rich Kruger: They're still contained within the report, and all of the obligatory liabilities and risks are reported. This is a voluntary report, and they're in there. It happens to be in a different area that apparently wasn't read, but it hasn't changed.

Mr. Charlie Angus: Do you believe you are at higher risk for liability?

The Chair: Thank you, Mr. Angus.

Thank you, Mr. Kruger.

The time is up. We'll move to our next round.

We have Mr. Patzer for five minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much for coming today, Mr. Kruger.

Off the top, I'd like to apologize to you on behalf of Canadians for wasting some of your time here. We look at the motion that we have before us today, and we have these people over here bringing up issues that aren't even relevant to the motion at hand or what you were called for here today.

On that fact, I would like to start, Mr. Kruger.

You were asked a question, and you were starting to answer on the higher costs associated with producing oil and fuels in Canada, and you were cut off before you could finish that answer. I was wondering if you could lay out on the table for this committee what some of those higher costs are and maybe some costs we have here

in Canada that other jurisdictions around the world you compete with don't have, so that we can get a good grasp and an understanding of what's happening so a company like yours, which is trying to be competitive today, can also be relevant in the future.

Mr. Rich Kruger: I go back to some of the comments I made earlier. Oil and gas are fundamentally global commodities. They are produced around the world. They are consumed around the world. When you compete in a commodity market, it's about your ability to supply cost. In Canada, some of the areas where it's higher cost relate to where we are. The types of climates and environments that we operate in are part of it. The resource that we develop is part of it, but it also then becomes taxes, royalties and other charges that are applied.

I would say that in a relative sense we're on the higher side of that curve, whether it's income taxes, carbon taxes or whatever. As an industry, what we need to do to be competitive and relevant in Canada is to find ways to improve our operations and offset those costs, because our goal is that we're predominantly a Canadian company and we want to thrive and grow here for the long term. Therefore, we have to bring new technology in. We have to do things that make us better to allow us to compete.

Mr. Jeremy Patzer: We heard earlier some of the numbers that you talked about for investments in new technologies. I think, at least on this side of the table, we all agree that it is the absolute appropriate approach to take: technology not taxes. That's a common tag line that you've probably heard us say over and over again on our side.

I'm wondering if you wanted to tell us what some of these technologies are that you're operating and what you'd like to see going forward in order to make the investments in that technology actually work and be sustainable.

Mr. Rich Kruger: We're spending right now \$1.5 billion converting, in our oil sands mining sites, from using coke as a fuel source to provide heat and steam for our operations to natural gas. That's fuel switching, and it has a significant reduction in carbon emissions.

In our in situ operations, the operations that drill wells and produce from reservoirs, we're spending several hundred million dollars right now on pilot work to look at introducing solvents as opposed to steam, again to dramatically reduce the carbon content. I commented on it.

In St. Clair, we have a renewable-fuels ethanol plant, the country's largest. We're looking at what we can do to further expand or improve that operation.

I think it's across the board. To make the base business better and to grow new renewables businesses are where we're focused.

Mr. Jeremy Patzer: It would be fair to say, then, that you've done a lot of this before the government mandates take effect. I'll preface that by saying Suncor built one of the first wind farms in Saskatchewan 20 years ago. You guys have been making these investments without the government mandating things or putting arbitrary targets in front of you. Is that correct?

Mr. Rich Kruger: I think it's two things. It's good for business and it's the right thing to do. When those things can overlap, we are sufficiently incentivized to spend money to research and to pursue new business opportunities. We do think the decarbonization of our existing hydrocarbon business and looking for new alternate fuel sources, energy sources, is quite frankly just good business.

Mr. Jeremy Patzer: You guys are working to achieve net-zero GHG emissions from your operations by 2050. I'm wondering if you want to elaborate on that point here at the very end. You've made some statements on that to clarify what other people have said. Other people have made misleading statements about what you have said. I'm wondering if you have any more comments on that.

• (1145)

Mr. Rich Kruger: It would be to say that our commitments haven't changed in that. We have targets for 2030. We have the commitments for 2050. We're collaborating with others in industry to achieve those.

A lesson learned for me in this is that, if anything I've said was misinterpreted, I have the responsibility to ensure that, for my employees, for my customers, for folks in this room, we're clear. For clarity, Suncor remains committed to reducing and decarbonizing its existing hydrocarbon business and being a part of the longer-term energy transition for the future.

Mr. Jeremy Patzer: Thank you.

The Chair: Thank you, Mr. Kruger.

We'll now move to Ms. Dabrusin for five minutes.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you.

Thank you for being here, Mr. Kruger.

My first question is that it is my understanding that Suncor has committed to reaching net zero by 2050. Is that correct?

Mr. Rich Kruger: Yes.

Ms. Julie Dabrusin: What metrics are you using to measure that? How are you measuring, tracking and reporting to the public your progress in that regard?

Mr. Rich Kruger: They are scope 1 and scope 2 emissions.

We report routinely in our sustainability report, which we've now put out for 25-plus years, and in our climate report, which is six-plus years, the emissions from our operations on an operated basis, on an equity basis. We detail at length the actions we're taking, whether it's fuel switching or whether it's renewables and blending. We are measuring those and reporting them actively and publicly each and every year. We have been reporting them for some time.

Ms. Julie Dabrusin: Part of the reason why I'm asking is that my understanding is that you had a chief sustainability officer.

Mr. Rich Kruger: She's sitting right next to me.

Ms. Julie Dabrusin: Right, and my understanding is that the position is not going to continue. Am I correct?

Mr. Rich Kruger: No, you're incorrect. I'm glad you said this, because she's right next to me.

I also read that I had let her go. I did not let her go. She's down the hall from me, and I value her greatly. She is choosing to retire after a very successful 20-year career. Someone she has mentored for the last five years will be our chief sustainability officer as she retires. I appreciate your bringing that up, because that is incorrect.

Ms. Julie Dabrusin: I appreciate that clarification.

The thing is, I heard you earlier talking about how you went to see your doctor. You were talking about how you take care of yourself. Your doctor's advice was to take care of yourself today. That kind of stuck with me, because when I'm thinking about Canadians taking care of themselves today, I think about the fact that we have seen people from Fort McMurray literally fleeing wildfires. Their homes have been burned. They have faced massive upheaval from natural disasters. Also, this summer, we saw it right across our country. We saw wildfires, hurricanes, droughts and flooding.

At the time of the statement you made, which really triggered this study, there were literally people fleeing Yellowknife, going right by the oil sands, to flee for safety further south in Alberta. Do you understand at least that saying at that time that there was a need for a change of tone and direction didn't feel like taking care of ourselves in that moment? Wouldn't you agree?

Mr. Rich Kruger: I guess I'd be curious as to who here actually listened to or read what I had to say, because I think, if you did that, I don't think I'd be asked this question.

That said, I want to emphasize my empathy for the people who have suffered the loss. It's been horrible—no question about it. I don't mean to be dismissive of that at all, but when I look at what I said about the importance of being strong and being safe for my employees and environmentally responsible today so we can be a part of the future, I continue to stand by those comments. Obviously, that I'm here and how they were interpreted.... That was never the intent at all. We want to be—we plan to be—part of the solution to this for Canada, for Canadians, for the future.

• (1150)

Ms. Julie Dabrusin: Knowing that in Canada what we're facing when we're talking about emissions is that oil and gas is the largest source of emissions in our country. It's at the top. Our government has been clear that emissions are what we're after, because that's what the planet sees—emissions.

When you're looking at that and when you're looking at the natural disasters we're facing across our country, do you not believe that, as a responsible corporate citizen, one of your top priorities must be to be driving down emissions quickly and—you talked about energy—looking at all forms of energy that we can be using to drive down emissions?

Mr. Rich Kruger: I do believe that is a responsibility and a commitment. That hasn't changed. That's why in my opening comments I detailed the literally hundreds of millions of dollars a year we are spending to do that. That's why—because I think it's good for business and it's the right thing to do. We're in agreement.

The Chair: Thank you, Mr. Kruger.

Thank you, Ms. Dabrusin.

Now we'll go to Monsieur Simard for two and a half minutes.

[Translation]

Mr. Mario Simard: Mr. Kruger, I have to tell you that I'm a little confused. I was talking to you earlier about the clean fuel regulations, which apply to your industry. You told me that you were unfamiliar with them and that you had not done an analysis. It seems to me that I would be interested in regulations that apply to an industry I'm involved in. That's the first thing that puzzles me.

I also know very well that the clean fuel regulations will have an impact on your production costs. That said, I am also well aware that this impact far outweighs your desire to decarbonize the oil and gas sector.

This means one of two things: Either your and the Pathways Alliance's desire to decarbonize the oil and gas sector is a sham and it's being used to greenwash as you continue to produce oil and gas; or you're a very poor manager, since you haven't bothered to look at the fuel regulations the Canadian government is going to apply.

I'd like you to explain the reasoning behind that.

[English]

Mr. Rich Kruger: I'm not sure what the question is, but I'll gladly comment on it. The judgment of whether I'm a great manager, I guess that's for someone else to determine.

I'm very aware of the clean fuels regulations. What I said was that we are complying with them, and in terms of analyzing them.... You're linking Pathways and the clean fuels regulations, and I have to admit, maybe this is my gap. I'm not quite sure of the two of those. Pathways relates to providing—

[Translation]

Mr. Mario Simard: The link is quite simple, sir: They are linked because they aim to reduce emissions in your industry. You're trying to use carbon capture strategies to achieve net zero by 2050. The clean fuel regulations seek to reduce emissions in your sector.

Why, on the one hand, would you reject a solution that costs you less, namely the clean fuel regulations, but on the other, choose a solution devoting 10% of your capital expenditures to reducing your carbon footprint? I don't understand that. I see the impact of implementing carbon capture strategies on your production costs as exponential and very high. That makes sense to you, but the clean fuel regulations make no sense to you.

I beg your pardon for what I said to you earlier, but—

[English]

Mrs. Shannon Stubbs: On a point of order, Mr. Chair, there is a relevance thing here again, but it also sounds like my colleague doesn't understand the differences between upstream and downstream, and the different aspects of each of the policies—

[Translation]

Mr. Mario Simard: I don't interrupt—

[English]

Mrs. Shannon Stubbs: Maybe we can stay on topic.

[Translation]

Mr. Mario Simard: No, wait a minute. I'm going to finish what I started.

I don't interrupt when my colleagues ask questions. I give them a modicum of respect, and I'd like to be entitled to that modicum of respect as well.

[English]

The Chair: I would ask all members—

[Translation]

Mr. Mario Simard: When they stop acting like oil and gas lobbyists, they can speak.

[English]

The Chair: Thank you, Mr. Kruger. The time is up.

I would ask all members not to speak over each other, because it is very difficult for the interpreters trying to interpret in two different languages. Please make your comments and statements, and then give an opportunity for the witnesses to respond.

Time was up, but you may get a chance, through further conversation, to provide comments to that.

Thank you, Mr. Simard.

We'll move on to Mr. Angus for two and a half minutes.

• (1155)

Mr. Charlie Angus: Thank you, Mr. Chair.

I'm only married to an Albertan, so I'm going to turn the floor over to someone who is an Albertan.

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you, Mr. Angus.

I am an Albertan, and I'm a mother. I agree with some of the testimony that the oil and gas sector has contributed greatly to the Canadian economy, but I will say it's been decades since we have known that it is also boiling our planet.

Mr. Kruger, Suncor's profits last year—not revenues but profits—were more than \$27 billion, and it looks like it's going to be another year for record profits. This year, there was over \$5 billion in profit recorded for the second quarter alone, yet you cut contracts with Canadian companies last year, and you are laying off another 1,500 workers this year.

How many of those contractors and how many of those workers were Albertans?

Mr. Rich Kruger: I will gladly answer your question, but first I have to correct something.

Our profits last year were not the numbers you quoted. They're publicly reported. Our profits over the last—

Ms. Heather McPherson: That's where we got those numbers, sir.

Mr. Rich Kruger: You might want to go back there.

Ms. Heather McPherson: Regardless, the profits were in the billions of dollars.

How many Albertans will lose their jobs because of not only our massive profits but also the cuts to workers?

Mr. Rich Kruger: First of all, what you're referring to is that we are going through a reduction in 1,500 workers this year. It's certainly not pleasant. It's not anything you want to do with employees as you're affecting people's lives and their livelihoods.

Ms. Heather McPherson: I just asked how many were Albertans, sir.

Mr. Rich Kruger: I don't have that for Alberta. I can get it province by province, if you'd like.

Ms. Heather McPherson: I would certainly like that. Thank you.

Are you planning to cut your investment in Alberta even further, and how many more Canadians do you anticipate will lose their jobs over the next five years?

Mr. Rich Kruger: Our investments will look at where they can go to the highest and best use, whatever province they happen to be in. In fact, if anything, we're spending more money in Alberta this year than we have in any of the last three years. I know that for a fact.

Ms. Heather McPherson: I didn't ask how much money you were spending. I asked how many jobs you anticipated losing in Alberta in the next five years.

I also want to know, with these record profits that we have, where are your shareholders located and how many of them are Canadian?

Mr. Rich Kruger: Our shareholders are tens of thousands of Canadian families. They're men and women who rely on our stock performance to fund their RSPs, their pensions—

Ms. Heather McPherson: What percentage is Canadian?

Mr. Rich Kruger: I'll finish my question. The vast majority of our—

Ms. Heather McPherson: That's not a percentage.

Mr. Rich Kruger: It's 52%.

Ms. Heather McPherson: The vast majority is 52%.

Mr. Rich Kruger: Compared with any other jurisdiction, yes.

Ms. Heather McPherson: Wow.

The Chair: Thank you. The time is up. Two and a half minutes go very quickly.

I'll now go to Mr. Dreeshen for five minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Mr. Chair.

It's an honour to be here to listen to what you have to say, Mr. Kruger.

I have a couple of things that I really want to talk about.

I know the energy sector takes a lot of punishment from our environmental activist sector. As an Albertan and someone who is proud of the contributions and the progress the energy sector has made in reducing emissions and developing cutting-edge technology, it always pains me that we need to fight so hard for something that our global allies are begging for in order to stabilize their energy needs. We do a pretty poor job of tracking full life-cycle impacts of energy developments, so I find it hard to believe that our government truly has a grip on what our position is.

You spoke of the wind projects that you have. Earlier, we had folks from ATCO. I asked a question about how much money is set aside once these plants are decommissioned, so that we know the sites are going to remain environmentally friendly and so on.

I'm wondering if you have that number from the plants you have in Alberta.

Mr. Rich Kruger: I'm sorry, sir, but this is just to be sure. You mentioned wind and solar, but is it, more broadly, any of our operations?

Mr. Earl Dreeshen: It's any of your operations. How much have you set aside for the reclamation and so on of the renewable energy projects that you have?

Mr. Rich Kruger: In Alberta, our renewable energy projects are fundamentally associated with our oil and gas operations in reducing the carbon content, so any reclamation would be woven in with the overall...whether that's in the mining sector or the in situ.

Sir, I don't have numbers offhand for you.

• (1200)

Mr. Earl Dreeshen: I appreciate that. The point I wanted to make is that there are companies that are paying attention to that, and I appreciate that this is what you do.

The other question I have, and you sort of alluded to it.... There's over \$5 billion in equity partnerships with indigenous communities. People seem to forget that our oil and gas industry is working hand in glove with our indigenous communities. The fear that many of them have is that as they invest—and when they listen to the rhetoric that comes from this federal government—those investments may end up becoming stranded assets. That's going to be the same issue your investors have.

I'm wondering what kind of certainty you have for us to be able to continue with our indigenous relationships.

Mr. Rich Kruger: You bring up a topic that's very important to me.

I have a couple of statistics. About 5.5% of our workforce is indigenous. Last year, we did \$3.1 billion with indigenous-owned businesses. Both of these numbers are growing over time. I think this is a huge opportunity to participate and not only do what's right for the communities within which we operate but also, quite frankly, do what's right for the country over time.

Ms. Strom organized a National Day of Truth and Reconciliation a few weeks ago in the office. We had three elders with us. Our indigenous board member facilitated that.

As a leader of a company, I have a huge responsibility here, not just to provide jobs and to provide business opportunities but to go deeper than that and see where there can be true partnerships and collaboration in this company. I'm very proud of what this company has done and continues to do in that area.

Mr. Earl Dreeshen: Often when we go to other places in the world and hear about how this government is positioning itself as far as carbon taxes and emissions control go, there are places in Europe, of course, where the governments stand up and say, “Yes, we're right onside; we're ready to work with you.” However, that's not the reality on the ground. Because of what has taken place in Europe and Ukraine, we see that there is a requirement for the old energy mixes so that they are not dependent upon Russian oil and gas.

I'm just wondering if you can comment on some of the changes you see globally with regard to the need for reliable and safe energy from Canada or from anywhere else other than those conflict-based countries.

Mr. Rich Kruger: Certainly, in the last year or more, we've seen the risk to global security because of energy security. I think we create a stronger, safer world when we become interdependent. Here's where I think, again, Canada can punch above its weight by providing lower-carbon energy to more and more people around the world. I think it's a huge opportunity for us as a country, and it's one that I would like to be a part of.

Mr. Earl Dreeshen: Thank you.

The Chair: Thank you, Mr. Dreeshen.

Thank you, Mr. Kruger.

We'll now go to our last round of questioning.

Ms. Lapointe, you have five minutes.

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

Mr. Kruger, in your opening remarks, you said, “Where there is a lack of energy, there's a lower quality of life.” I was pleased to hear that people's quality of life is important to you. I assume that this would extend to your employees. However, workplace safety reports would indicate that there is a problem at Suncor on this front. There have been six workplace fatalities since 2020 and 30-plus safety violations.

I'm the MP for Sudbury. We're a mining town. Workplace safety is extremely important to us, and accidents can lead to fatalities. Can you please tell us what steps you've taken to ensure workplace safety for your employees?

Mr. Rich Kruger: I can, and thank you.

I share your commitment and your passion about the importance of that. I look at providing a safe workplace as, fundamentally, a moral responsibility that I have. When I look at the recent years of the company, I find them to be quite sad in many regards. It is a top priority for me.

For example, one of the bases for my being called here today is that, on an earnings call, I talked about focusing on the fundamentals. To me, the fundamentals start with personnel safety. On July 7 of this year, I talked to the father of a young man who lost his life in our operation on July 7 a year ago. I promised him that I would put the safety of our employees at the top of my list at all times.

We're taking a lot of steps there, and they start with me. They start with leadership, the commitment to it, and not asking anyone to do anything that I wouldn't do myself or that I wouldn't ask any of my children to do. I have a lot of passion for safety because I think that's where it all starts. Without a safe workplace, we shouldn't have any priorities other than safety.

• (1205)

Ms. Viviane Lapointe: Can you describe for us some specific steps that are being taken?

Mr. Rich Kruger: Can I describe some of the things? Yes.

Leadership, I think, is an example. However, some of the things that we're doing.... Most of the incidents that you referred to were in our mining operations. We're using technology. We're putting collision-avoidance systems and operator-fatigue systems technology on each and every piece of mobile equipment. That can help us run a safer workplace. I think those are two big areas.

Ms. Viviane Lapointe: We've talked a lot today about goals and targets. I believe that R and D plays a very crucial role in being able to accelerate and meet those goals. Can you elaborate on Suncor's plans for investing in the research and development of new technologies or innovative solutions to address the environmental concerns related to the oil sands industry?

Mr. Rich Kruger: I think our greatest focus areas are in decarbonizing. I think that's an area. For us, because of the nature of our business, it's tailings ponds and water management. Those are two areas where we put a great deal of time and attention. We conduct some independent research on our own, but we also collaborate in these areas to try to get the most effective ideas, wherever they may come from. Those are two particular areas that are high on our research and development priority.

Ms. Viviane Lapointe: Actually, I had two groups on two separate occasions come in front of my constituency office in Sudbury over the summer to lobby for an oil and gas cap. It's of great interest to people in my constituency. I also have received calls and emails on it.

I'm asking, in a very genuine way, whether you could elaborate on how Suncor sees itself playing a supporting role in Canada's transition to a low-carbon economy. How do you envision the company's contribution towards this?

Mr. Rich Kruger: I think it gets back to some of the things I said in my opening comments. I think it's really twofold. It is continuing to decarbonize, reduce the carbon content of our fundamental base businesses, whether that's upstream or through our refining sector. Then I think it is continuing to bring about new technologies, whether those are renewable fuels or fuel switching, to drive carbon emissions out of our business.

For me, it's about two things: It's the right thing to do to participate as a citizen of our planet, but it's also what's required to enable us to continue to be competitive in Canada. To me, those line up quite well in terms of priorities.

Mr. John Aldag: Mr. Chair, is that the end of our round?

The Chair: It is.

Mr. John Aldag: Perhaps you could give me the floor for one second.

I spoke with our colleague Elizabeth May from the Green Party prior to this meeting. She inquired as to whether she would be able to ask any questions, so I'm going to ask for unanimous consent to give her a five-minute slot to participate.

Mr. Charlie Angus: Chair, I would, but there may be bells and I really don't want to lose the witness testimony in our next round.

The Chair: Thank you, Mr. Aldag.

Mrs. Shannon Stubbs: I agree with Mr. Angus. I'm so sad about it because Elizabeth May and I had agreed completely on all the problems with the project list in Bill C-69. As you know, the

Supreme Court came out on Friday saying that Elizabeth May and I were right—although, we have opposing world views—on exactly that. It would have been great if people had listened—

The Chair: Colleagues....

Mr. John Aldag: It's not about what the Bill C-69 court decision was. It's just because of the situation there.

Mrs. Shannon Stubbs: —before the passage of that half a decade of an unconstitutional law, but we won't be able to get to that today.

The Chair: Colleagues, I would ask everybody to once again....

I'm sorry, Mr. Aldag, but we do not have unanimous consent.

Unfortunately, Ms. May, you do not have time today. Hopefully you will at another time.

Mr. Kruger and Ms. Strom, thank you so much for joining our committee today and providing testimony. I hope we'll have an opportunity to see you again sometime in the future. Thank you so much.

Mr. Rich Kruger: Thank you.

The Chair: We'll now suspend so we can get set up for our next panel.

• (1205)

(Pause)

• (1215)

The Chair: I call the meeting back to order. I will now welcome the witnesses who are with us for the second panel today.

We will start with opening statements for five minutes from Mr. Charles Séguin, associate professor, Université du Québec à Montréal, who is online.

[*Translation*]

Dr. Charles Séguin (Associate Professor, Université du Québec à Montréal, As an Individual): Thank you, Mr. Chair.

Members of the committee, I'm pleased to present my thoughts on the climate crisis and Canada's energy sector. My 11 years of experience as a university professor and researcher, particularly on reducing greenhouse gas emissions, inform my views.

Greenhouse gas emissions generated by economic activity are a classic negative externality issue: Consumers and producers have no private economic incentives to consider the impact their emissions have on climate. Economic efficiency can be restored by introducing emissions pricing, incentivizing consumers to lower their demand for emissions-intensive products, and incentivizing producers to change their production processes and their product lines.

Of course, there are imperatives other than economic ones that can lead individuals and organizations to take action to reduce their greenhouse gas emissions. Moral, reputational and image considerations, among others, come into play. In the business world, these other considerations can take the form of various standards or certifications. Environmental, social and governance criteria are a good example. In a previous era, the triple bottom line was used to represent sustainable development objectives implemented in a business context.

Nevertheless, recent comments by Suncor CEO Mr. Kruger show that economic issues, particularly profitability, remain central to the decisions Canadian businesses make, including businesses in the energy sector. That's why economic incentives to reduce greenhouse gases must be maintained if Canada is to meet its international commitments.

There are various types of economic incentives, including taxes and subsidies. Taxes and subsidies have different fiscal implications for governments, but they also have various peculiarities for non-renewable natural resources like oil and natural gas. Because policies to combat climate change generally increase levels over time, for fossil fuel developers they can mean a tougher competitive environment or even an implied threat of expropriation. In response to such gradual policies, developers might therefore choose to accelerate their fossil fuel extraction while there is still time. This accelerated extraction also leads to accelerated greenhouse gas emissions, and therefore climate change.

This phenomenon, also known as the "green paradox", doesn't manifest itself in the same way in all situations. It's more pronounced when energy transition policies are based on regulatory approaches and subsidies. Conversely, when policies are based on pricing approaches, chances of a green paradox emerging are much lower, if not non-existent. It's worth noting that cap-and-trade systems like the one in Quebec, which allow emissions to be banked but not borrowed, help reduce the green paradox phenomenon. This mechanism encourages emitters to reduce their emissions beyond the targets set by governments at the outset of policies, to secure greater flexibility as policies become more binding.

I'd like to emphasize that the green paradox is not important enough to call into question the gradual aspect of greenhouse gas emission reduction policies. The need to allow time for technological innovation, reorganization of supply chains, replacement of durable goods and changes in consumption habits, among other things, supports policies that gradually become more restrictive. The long-term investments that businesses and households must make to adapt effectively to these policies are also an argument in favour of advance announcements with clearly defined long-term objectives.

These factors tip the scale toward carbon pricing policies to reduce greenhouse gas emissions. They allow for a gradual approach, with long-term objectives, while also minimizing the risk of a green paradox. The advantages of carbon pricing policies are worth bearing in mind at a time when we are not yet clear of the inflationary environment. It might be tempting to substitute them with subsidy or regulatory policies, or even have no policy at all, to reduce the burden on consumers. In my opinion, it would be preferable to offer one-off support to consumers while businesses adjust to new low carbon production methods and consumers change some of their habits and replace some of their durable goods. That way, carbon pricing policies will enable a more efficient transition of corporate production. Consumers will have more affordable products to choose from.

Thank you for your attention. I'm ready to answer your questions.

● (1220)

[English]

The Chair: Thank you, Mr. Séguin.

We'll now move to Mr. John Vaillant, journalist and author, for five minutes.

Dr. John Vaillant (Journalist and Author, As an Individual): Thank you very much.

I'm an independent journalist and author from Vancouver. My work is evidence-based and fact-based. There are about a thousand endnotes, footnotes and citations in this book. *Fire Weather* is currently a bestseller and finalist for national prizes in three different countries. I think it's because the topic, how our appetite for petroleum has supercharged the atmosphere, endangering us all, resonates with people, especially after this terrible summer of CO₂-driven heat and fire.

Before I get into that, I want to say how honoured I am to be here. I come in good faith, as a proud Canadian who loves this country and is grateful for the extraordinary gifts that petroleum has given us. Canada and the oil industry are about the same age, and we both have come a long way in a short time. Unfortunately, so has our climate.

When Fort McMurray caught fire in May 2016, I was as shocked as anyone. Winter was barely over. Local lakes were still frozen, and yet the temperature in northern Alberta hit 33°C. More disturbing was the relative humidity of 11%. Do you know where 11% humidity is normal? It's in Death Valley, in July. When you transpose the climate of the hottest, driest place in North America to the Canadian boreal forest, a famously flammable ecosystem, other-worldly things are going to happen, and they did.

Here's a quick science lesson. Radiant heat, the heat that tells you not to touch the candle flame, travels at the speed of light. On May 3, 2016, the radiant heat coming off the Fort McMurray fire, 10 kilometres wide with hundred-metre flames, was 500°C. That's hotter than Venus. That was Fort McMurray on May 3, May 4, and day after day after that. That was also this summer in B.C., Alberta, Quebec and the Northwest Territories.

Firefighters in Fort Mac described houses burning to the basement in five minutes. I thought they were exaggerating. They weren't. I talked to physicists. That's what fire can do at 500°C. As a result, the firefighting operation became a life-saving operation, because there was no time to do anything else.

What surprises everyone about 21st-century fire is how fast it moves. Talk to anyone in Slave Lake, Fort Mac, Kelowna, or Enterprise, Northwest Territories: There was a plume over there, and now I'm running for my life.

This is happening because the hotter and drier the air and the forest, the faster and more explosive the fire. Climate science isn't rocket science. By the 1770s, the greenhouse effect was understood in principle. By the 1850s, the heat-retaining characteristics of CO₂ had been identified. By the 1890s, scientists were considering the possibility that industrial CO₂ could alter the earth's climate. By the 1930s, evidence of warming was observed in global temperature records. By the 1950s, mass spectrometers could measure CO₂ in parts per million, hence the famous Keeling curve.

By the 1970s, Exxon, Rich Kruger's old company, was doing cutting-edge climate science. Internal memos reveal surgically accurate predictions regarding the relationship between increasing CO₂ and the climate disruption we are now experiencing. Exxon knew, and so did Suncor.

Then, in 1989, they turned their backs on their own science. They did it because they cared more about the money. They did it because they know the oil industry is, in essence, a fire industry. That means it's a CO₂ industry, which means it's a climate-changing industry. This is basic chemistry and physics. We cannot deny or gaslight or greenwash that fact away.

To be clear, oil is a 19th-century fuel. The internal combustion engine was prototyped in 1860. Why on earth are we still using it?

Two hundred thousand Canadians were driven from their homes by wildfires this summer. Tens of millions of North Americans were shrouded in toxic smoke. The Amazon River is drying up. If we don't reduce emissions now, we're going to make this planet uninhabitable. Canada's leadership matters here. Our survival depends on it.

Here's the upside. When it comes to renewable energy potential, Canada really is a superpower. Right now, we are perfectly poised to embrace the greatest greenest energy opportunity the world has ever known.

So who's stopping us?

• (1225)

Thank you.

The Chair: You're right on five minutes. Thank you, Mr. Vailant.

We'll now go to Mark Cameron, vice-president of external relations from the Pathways Alliance.

You have five minutes, sir.

Mr. Mark Cameron (Vice-President, External Relations, Pathways Alliance): Mr. Chairman and members of the committee, I am pleased to be here on behalf of the Pathways Alliance today.

Pathways represents Canada's six largest oil sands companies. That includes Suncor, which spoke here earlier this morning, as well as Canadian Natural, Cenovus, ConocoPhillips Canada, Imperial and Meg Energy. Collectively, our six companies operate 95% of the oil sands production in Canada, which is the majority of Canada's total oil and gas production. Our companies contribute tens of billions to Canadian GDP and to federal and provincial revenues and royalties. They employ tens of thousands of Canadians.

However, we recognize that we are a major contributor to greenhouse gas emissions and to the problem of climate change. Oil sands operations emit about 80 megatonnes of CO₂ equivalent per year, which is about 11% of Canada's total GHG emissions. We are a significant contributor to Canada's emissions challenge; therefore, we have to be part of the solution.

That's why, in 2021, our six companies came together and decided that we had to jointly tackle the challenge of emissions reduction. All Pathways companies have a goal of net-zero emissions from oil sands operations—that is, eliminating all scope 1 and 2 emissions—by 2050.

In the short term, we have a plan to reduce emissions by 22 megatonnes between now and 2030, starting with our foundational project, which is a carbon capture and storage network that will be the largest in Canada and one of the largest in the world. This project will capture carbon from 16 different oil sands sites, 14 of which will be connected by a 400 kilometre-long pipeline going from Fort McMurray to south of Cold Lake in eastern Alberta, where CO₂ will be sequestered underground in deep saline aquifers. This project will initially store 14 megatonnes per year of carbon, which could be expanded to 40 to 50 megatonnes per year as additional capture is added in the 2030s and 2040s.

Our foundational project will add \$16 billion to Canada's GDP and create over 100,000 person-years of labour during the construction phase from now to 2030, so this project would not only be a major emissions reduction. It would also be a huge economic driver for Alberta and Canada.

We are pursuing other technologies from electricity cogeneration, energy efficiency and the use of solvents in the extraction process, to newer technologies like the use of hydrogen as a fuel source, small modular nuclear reactors and, eventually, direct air capture to remove CO₂ directly from the atmosphere. We will need all these levers if we are going to meet our goal of net-zero operations by 2050.

While CCS is now proven technology—we have four major CCS projects in Canada already—it is costly technology. To be competitive, we'll need federal and provincial governments to coinvest with industry in this important opportunity.

We've had strong dialogue with both levels of government and also with 26 first nations and Métis communities in our project region. Both the federal and Alberta governments have helped support the project. The investment tax credit for carbon capture and storage announced by the federal government two years ago will be essential to building these projects, as will be a recently announced Alberta sequestration incentive.

We're also pleased that the federal government has announced that it is exploring carbon contracts for difference as a mechanism to help shore up Canada's industrial carbon price, which would help support the ongoing operations of carbon capture.

These are great proposals, but none of these measures are currently in place. Other jurisdictions, such as the United States with the Inflation Reduction Act, and also the United Kingdom, Norway, the Netherlands and others, have introduced incentives for carbon capture that are actually much more generous than what Canada and Alberta currently have in place. When Canadian companies are competing for capital investment globally, we need to be able to demonstrate that we have as attractive an environment as possible for carbon capture and other new technologies.

The federal, Ontario and Quebec governments have made the decision to match the Inflation Reduction Act when it comes to battery technology for electric vehicles. We think that carbon capture—a technology in which Canada is already a global leader and that is probably the single biggest emissions reduction opportunity Canada has—needs similar treatment.

With the right combination of federal ITCs or other incentives, Alberta incentives, carbon contracts for difference and other measures, we think Canada can compete with anyone in the world.

With that, I'm pleased to answer any of your questions. Thank you.

● (1230)

The Chair: Thank you, Mr. Cameron, for your testimony.

We will now go to Adam Waterous, chief executive officer from the Waterous Energy Fund, who's online.

You have five minutes, sir.

Mr. Adam Waterous (Chief Executive Officer, Waterous Energy Fund): Thank you and good day. Thank you for the invitation to speak with you.

Over the last eight years, my family and I have founded three projects in an effort to try to do our part to help position Canada as the North American leader in addressing the climate change challenge and fighting the energy poverty emergency.

The first project, which we founded in 2015, is the Calgary Airport-Banff Rail—or CABR—project, which will be North America's first hydrogen-powered, zero-emissions passenger rail system, and the first entirely new intermunicipal dedicated track passenger rail system ever built in Canada.

As background, my wife, Jan, and I have lived in Banff for the last 26 years and grew increasingly concerned about the impact that personal vehicles were having on Banff National Park. Returning passenger rail to Banff would be the obvious transformative solution, but the government was not in a position to develop it, so my wife and I decided to lean in and see if the private sector could create a reliable high-frequency system that would run on a new dedicated track we would build within the CPKC rail corridor.

To advance the project, we first worked with CPKC to lease the Banff train station, and then entered into an MOU to lease the space within the corridor to build the track. We structured the project as a public-private partnership, and brought in as our development partner the infrastructure arm of CDPQ.

We have secured the support of the four mayors of the municipalities along the route. The federal government, through the Canada Infrastructure Bank, has been a wonderful partner and agreed to fund 50% of the capital cost. We are currently collaborating with the Alberta provincial government on a study to optimize the rail connection at the airport. If all goes according to plan, we hope to begin construction within 24 months, with a three-year build, so that CABR can be in service in late 2028.

The second project, which we started three years ago, was Banff National Park Net Zero 2035, an effort to make Banff North America's first net-zero emissions community. We created the initiative as a result of Jan and I working with the transition accelerator to determine that the transportation emissions by visitors and residents in Banff National Park were 105 metric tons each year, by far the largest of any national park in the world. For perspective, compare that to Zion National Park, the U.S. national park that most closely resembles Banff National Park in visitation. Banff has 63 times the per-visitor transportation emissions.

It was clear that Parks Canada on its own was not able to reduce the impact of the personal vehicle. We saw the opportunity to transform Banff National Park from worst to first through the collaboration of leaders from business, academia and government. The Banff National Park Net Zero 2035 initiative's short-term priorities include advancing such projects as pedestrian-only zones within the town and replacing personal vehicles to popular points of interest in the park with shuttle link systems. A medium-term priority is converting Banff's space heating needs to hydrogen, using innovative technology to convert natural gas to hydrogen at a community-level facility. As we like to say, "If Banff can't become net zero by 2035, Toronto doesn't stand a chance by 2050."

The third project we founded in 2017 was Strathcona Resources Ltd., which will likely be one of the first oil companies in North America to deploy carbon capture and storage at scale. By way of background, Strathcona was created by Washington state's clean energy fund, a private equity investment business that has, among other professionals, me and our three sons. We have grown the business over the last six and a half years into Canada's fifth-largest oil company. Strathcona's business plan will help fight the energy poverty emergencies to organically grow production over the next eight years from 185,000 barrels a day to 325,000 barrels a day.

Strathcona has principally grown by consolidating three core areas by acquiring 10 smaller subscale businesses into a single operating entity. Each of these smaller entities lacked the financial capacity to fund the necessary capital investments required to be able to reduce CO₂ emissions. Strathcona's thermal assets, which currently produce 9,000 barrels a day, are located in southern Alberta and Saskatchewan. This provides us the opportunity to sequester the CO₂ directly into reservoirs beneath those facilities, unlike the Athabasca oil sands, which had to build a CO₂ pipe to southern Alberta.

Strathcona has the potential to reduce its emissions through CCS by 2030 by 60%, and ultimately to reduce them up to 90%. Strathcona has already taken the first regulatory steps in implementing CCS, receiving some of the first permissions to drill test sequestration wells in both Alberta and Saskatchewan. Strathcona's full im-

plementation of CCS is waiting for a finalized fiscal regime from the federal and provincial governments.

I'll be glad to take your questions.

• (1235)

The Chair: Thank you, Mr. Waterous, for your testimony.

We will now move to our first round of questions with Ms. Stubbs.

Mr. Charlie Angus: Mr. Chair, it's very likely we're going to have votes, so I would request that maybe we have a truncated round, so that everyone gets a chance to ask questions of the witnesses. I would suggest maybe two or two and a half minutes, if everyone agrees. Otherwise, we will be here and we may get cut off.

The Chair: The bells are ringing.

Mr. Angus, your timing was impeccable to take the floor to make that—

Mr. John Aldag: Could we ask for unanimous consent to do one truncated round while we have our witnesses here?

The Chair: Colleagues, would you like to do two and a half minutes each for one round? Would that work for everybody? Do we have unanimous consent?

Mrs. Shannon Stubbs: We do, but, Chair, I might also suggest then that we provide the opportunity to welcome these witnesses back so that they can have full opportunities to speak since the meeting did start late and now it's being interfered with by bells and a vote.

The Chair: The only challenge we have is that this was the only date we had for the study. If that is the committee's will, at a future committee business meeting we can raise that and have a conversation.

Mr. Angus.

Mr. Charlie Angus: I think it's a very interesting thing. I want to thank my colleague for always being super reasonable. She and I get along famously on almost all things except policy.

The Chair: Okay. We have unanimous consent. We will give two and a half minutes to every party so that's one question each. We will end the meeting after that.

Mrs. Stubbs, the floor is yours for two and a half minutes.

Mrs. Shannon Stubbs: Thank you, Chair.

Unfortunately, I do hope that we will be able to have witnesses called back, because now I must speak to the motion that I put on notice. I'm going to do that now. What I hope is that Adam Waterous at some point today, or in the future, will be able to expand on the importance of oil and gas to lift all Canadians as well as vulnerable people right around the world out of energy poverty, with higher standards of living and quality of life.

I would also mention to Mr. Vaillant...and, of course, he talked at length about a region that I'm from. My riding was the front lines for helping evacuees coming from Fort McMurray. Of course, the investigators did note about that fire that it was caused by a combination of human activity related to recreational vehicles, power lines, arson and some other human-caused factors. Hopefully, that will be expanded later on for a fact-based conversation about that particular fire, which impacted the communities and the indigenous people whom I represent.

At this time, I want to speak to a motion that I think needs to urgently become the absolute top priority for this committee, which is that the Supreme Court on Friday ruled that Bill C-69, which has been in law for half a decade and was supported by the Liberals and the NDP by the time it left the House of Commons but faced opposition from all provinces and all territories, either outright opposed to it or calling for major overhauls....

To that end, I want to speak to the motion that I put on notice, which asked that the committee recognize that Bill C-69 has been ruled unconstitutional by the Supreme Court of Canada—

The Chair: Mrs. Stubbs, is that the motion you brought forward this morning?

Mrs. Shannon Stubbs: No. I'm speaking to the one that you got notice for on Friday.

It's that the committee recognize that the bill has been ruled unconstitutional by the Supreme Court of Canada in a 5-2 decision, that the Chief Justice of the Supreme Court said Parliament has to "act within the enduring division of powers framework laid out in the Constitution" and that all provinces and territories called for major changes to Bill C-69 that were ignored; therefore, it's the opinion of this committee that Bill C-69 should be repealed and report that finding to the House in order for the House to vote on the viability of the bill given the Supreme Court's majority ruling.

This is extremely important, of course, because the judgment said that Bill C-69 invites the federal government to make decisions where it has no jurisdiction. It requires assessments of projects with little or no possibility of federal effects to have a federal review. It represents an unconstitutional arrogation of power by Parliament in which the decision-maker gets practically untrammelled power to regulate projects whether Parliament has jurisdiction to regulate or not. The purposes of the IA are considerably broader than what is—

● (1240)

The Chair: Ms. Stubbs, we're going into debate now.

Mrs. Shannon Stubbs: I'm not debating. I'm giving the rationale for the further discussion—

The Chair: You're debating the rationale of the motion.

Mrs. Shannon Stubbs: —I will move on the motion.

The Chair: The only issue is that the motion that you have presented was not provided in time to the clerk. It was provided this morning, so it can't be moved today at this meeting unless we have unanimous consent because of the timing requirements of this committee that we need two sleeps, two days' notice. The notice was provided to the clerk but not in accordance with what we have on the committee. It was registered today and sent out this morning to committee members.

Mrs. Shannon Stubbs: That's another one I will speak at length to later.

The Chair: On this specific motion, we cannot move the motion today unless you have the unanimous consent of committee members.

Mrs. Shannon Stubbs: Given that I would anticipate that every elected member of this committee would see the utter indictment by the Supreme Court of Bill C-69, which has been in place as law for five years, I absolutely imagine members will give us unanimous consent to prioritize this topic.

The Chair: Go ahead, Mr. Angus.

Mr. Charlie Angus: I vote to adjourn debate. It doesn't fit. It's not in order. I vote to adjourn, so we can hear from our witnesses, some of whom have travelled a great distance.

The Chair: Mr. Angus, we need unanimous consent to adjourn debate. However, the motion is not up for debate yet, because we do not have unanimous consent to debate the motion. I will go to the floor.

Do we have unanimous consent?

No, I do not see that we have unanimous consent.

Mrs. Stubbs, your time for questions is up.

Mrs. Shannon Stubbs: Thank you, Mr. Chair.

The Chair: We will go to the next round of questions.

Go ahead, Ms. Lapointe.

Ms. Viviane Lapointe: Thank you, Mr. Chair.

My question is for Mr. Vaillant.

I think we can all agree that, globally, this past summer was undeniably an extreme confirmation of the damage of climate change. On one hand, we had those horrific natural disasters playing out, and with that comes a sense of urgency to make great changes. On the other hand, we have families, communities and towns that are currently reliant on an energy source we know to be dangerous to the planet.

What do you recommend to the members of this committee—to us as legislators—in balancing those two opposing realities?

Dr. John Vaillant: Thanks for that question. That's the nut we have to crack together.

What we need, first, is a good-faith recognition from the fossil fuel industry that it is fundamentally lethal to the planet's stability as we know it. If you look at every single metric of climate distress, whether it's Antarctic ice, glacial melt or the state of sea surface temperature—which is several degrees above normal all over the world right now.... You have massive coral die-off and dolphins literally dying of heat in the Amazon River as it evaporates.

We are in a crisis now. Ecosystems are literally collapsing all around us. That affects all of us. We are part of the ecosystem. That is something the fossil fuel industry and the financial industry have difficulty reconciling with: that we are beholden to laws greater than the law of supply and demand. We are beholden to the laws of physics and chemistry. That is humbling, but we have to focus on that.

Right now.... What I've heard for the past hour and a half is a negotiation that wants to leave the climate impacts, or the physics and chemistry that govern our lives, out of it and just focus on maintaining the status quo with a few little tweaks.

That won't do it. We have to embrace, wholeheartedly, a transition to reduce carbon immediately.

• (1245)

The Chair: Your time is up. Thank you.

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

[*Translation*]

Mr. Mario Simard: Mr. Séguin, I understand the green paradox principle, but I'd like to ask you a question about something else.

I've learned that the Pathways Alliance is willing to invest \$24 billion in reducing the fossil fuel sector's carbon intensity by 2050.

In your opinion, will this commitment have an impact on prices at the pump?

Dr. Charles Séguin: It very likely will, yes.

It's hard to imagine a situation where investors wouldn't try to recoup their investment from the income generated by the product they've invested in. It remains to be seen what the various trade-offs will be, and what the volume of demand will be for oil and gas sector products given the additional costs that are going to be generated by the carbon capture and storage technologies that will be put in place.

Mr. Mario Simard: Thank you very much.

So if someone opposes the clean fuel regulations saying that they are a tax, even though they aren't a tax, and that they will involve an additional cost, that individual could be expected to oppose carbon capture strategies, which carry an additional cost as well.

Do you agree with me?

Dr. Charles Séguin: I tend to agree, especially since, when it comes to carbon capture and storage strategies, it seems they are mostly banking on government subsidies. The subsidies must come from government revenue, which is financed through taxes.

The costs have to be borne by someone, at some point. There's no way around it.

Mr. Mario Simard: Thank you very much.

Quickly, Mr. Cameron, do you agree with the clean fuel regulations?

[*English*]

Mr. Mark Cameron: Clean fuel regulations would require the government to contract for 26 megatonnes of emissions reductions by 2030 through different sources like biofuels and all kinds of different sources that are decarbonizing the fuel supply.

Carbon capture is only one of those technologies. In fact, the Government in Canada does that to eliminate the ability for any carbon capture that is used for export to receive those supports. Really, only a small percentage of the carbon capture that is performed by Pathways would be eligible for support under the clean fuel regulations.

Oil and gas are a globally traded commodity. We don't set the price of oil. The price is set globally. We don't get back the costs that we spend for environmental measures.

[*Translation*]

Mr. Mario Simard: Yes, absolutely—

[*English*]

The Chair: That's time. Thank you, Mr. Simard.

Mr. Angus, go ahead for two and a half minutes.

Mr. Charlie Angus: Thank you.

Thanks to our guests.

Mr. Vaillant, I read *Fire Weather*, and I must say that I haven't been as frightened in almost my whole life from reading a book. I live in the boreal forest, and I thought I knew fire.

You write about the heroism of the people from the Slave Lake fire, who, at Fort Mac, literally put themselves on the line to get people out and keep them safe. You mentioned the Chisholm fire that had the radiant capacity of a nuclear bomb. It's something I can't even begin to imagine.

I know that Danielle Smith and my Conservative colleagues are always blaming arson. That level of arson would only be possible at a corporate level—would you not agree?

I just want to ask this, because you mentioned the fact that the fossil fuel industry is a fire-creating industry. That's fundamental to its production. You heard Mr. Kruger today. Mr. Kruger seemed really surprised, as a former vice-president of Exxon, that there were thousands of documents that would have been generated on his watch about the arson power of his industry. Could you reflect on what you heard and what you think we as legislators need to do?

Dr. John Vaillant: I think the incredible work that Exxon did in the 1970s and 1980s on climate science, which was absolutely cutting-edge, creates enormous dissonance for people in the petroleum industry now, because it was stated, it was shared and it was known. Then it was consciously and systematically disavowed and undermined. We are still living in that era of greenwashing, gaslighting and disavowal. It's causing enormous harm.

It really doesn't matter whether the fire starts from an ATV or an arsonist when the climate has been altered to the point that it holds and reflects heat that much more powerfully. I could have thrown a match on the forest in the 1980s and I might have lit the forest up, but I wasn't going to get temperatures of 500°C. I was not going to get a firestorm. I was not going to get a fire tornado like the one they had in Redding, California. It was an EF3 fire tornado. There are photographs in the book, if you want to see what that does. It looked like Nagasaki when I walked that ground.

That's what's different. We have to realize that, as humans, we make a difference. The fossil fuel industry—which is a fire industry and a CO2 industry—has made a difference in our climate.

● (1250)

The Chair: Thank you, Mr. Vaillant, for your testimony.

Colleagues, thank you so much.

Thank you to all of the witnesses for joining us today at the Standing Committee on Natural Resources. I hope to see you all again. Have a great day.

The meeting is adjourned.

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