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**Official Report
of Debates
(Hansard)**

Wednesday 13 April 2016

**Journal
des débats
(Hansard)**

Mercredi 13 avril 2016

**Standing Committee on
General Government**

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

**Comité permanent des
affaires gouvernementales**

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES**

Wednesday 13 April 2016

Mercredi 13 avril 2016

The committee met at 1600 in committee room 2.

**CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016**

**LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE**

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good afternoon, members of the committee, support staff and members of the public. I call the meeting to order. This is the Standing Committee on General Government. Today, we're here to continue clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas.

As you all recall, hopefully, we made some good progress on Monday, and we shall continue moving forward with our clause-by-clause consideration. At the end of Monday's meeting, there was a request to adjourn during discussions on PC motion number 30.5. We're here this afternoon to commence by continuing discussion on PC motion 30.5, which—

Mr. Peter Tabuns: Government motion.

The Chair (Mr. Grant Crack): Yes, government motion 30.5.

Ms. Lisa M. Thompson: He's just testing.

The Chair (Mr. Grant Crack): Sorry. My PC's still sitting there.

Interjections.

The Chair (Mr. Grant Crack): Government motion number 30.5 is what we're going to continue to debate. It has been duly moved. As such, I will ask, is there any further debate on government motion 30.5? Ms. Thompson.

Ms. Lisa M. Thompson: For the most part, when we had time to reflect on it a little bit more, we're good with this amendment. However, there's one key change that we would like to make to the amendment, so I would like to move a subamendment.

We would like to add to the end of each subsection of the amendment the phrase "except emission allowances purchased by market participants."

The Chair (Mr. Grant Crack): Thank you very much. Is the motion clear? Mr. Potts.

Mr. Arthur Potts: A clarification: Is it within order to make this—

The Chair (Mr. Grant Crack): Sorry. What's the question?

Mr. Arthur Potts: I'd ask the Clerk whether the amendment to an amendment is in order at this point.

The Chair (Mr. Grant Crack): The amendment is in order, but for clarification purposes, maybe we can take a few minutes to allow for a copy of the subamendment to be distributed amongst all the members.

Mr. Arthur Potts: Yes.

Ms. Lisa M. Thompson: Sure.

The Chair (Mr. Grant Crack): I would ask the Clerk to oversee that process, please. We'll recess for up to five minutes, or as long as it takes the Clerk to get that particular information.

Mr. Tabuns?

Mr. Peter Tabuns: I'll be asking for legislative counsel to give an opinion as well.

The Chair (Mr. Grant Crack): Okay. Thank you.

Mr. Peter Tabuns: You may want to ask her to look at the amendments and be prepared to answer questions.

The Chair (Mr. Grant Crack): Okay.

The committee recessed from 1603 to 1614.

The Chair (Mr. Grant Crack): I would like to call the meeting back to order after a short recess. I thank the Clerk's office and leg counsel for the assistance in preparing the subamendment. I would ask Ms. Thompson to read the subamendment into the record one more time, please.

Ms. Lisa M. Thompson: I move that subsections 31.1(1) and (2) of the bill, as set out in motion number 30.5, be amended by adding to the end of each subsection of the amendment the phrase "except emission allowances purchased by market participants."

The Chair (Mr. Grant Crack): Further discussion on the subamendment? Ms. Thompson.

Ms. Lisa M. Thompson: Sure. This picks up where we left off Monday afternoon. We feel very strongly that we don't want to put our businesses in Ontario at a disadvantage by seeing a short supply of allowances. Therefore, we feel very strongly that allowances should not be purchased by market participants. Again, to define market participants in the manner in which we received our ministry briefing, our understanding of "market participants" would include the likes of ENGOs, banks etc. We feel strongly that we have to do what we can to keep Ontario open for business.

That said, we understand the minister needs the ability to cancel and retire allowances; we get that part. We want to go further, though, and explain our position that the minister does not need the ability to cancel and retire allowances by participants who—currently, the way it's written, the minister does not have the ability to cancel and retire allowances purchased by participants who are attempting to retire an overall supply. Many companies are already having a tough time complying with the hard caps under the scheme, and we don't want to reduce the supply of the allowances.

We feel strongly that emission allowances purchased by market participants should not be allowed, and that's why we would like to add to the end of each subsection of the amendment the phrase "except emission allowances purchased by market participants."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm glad you explained it the way you did, because that's what I thought you were doing. What you're essentially doing is rendering the impact or the effect of this bill null and void, because almost all the allowances that are purchased will be by market participants. You're basically going to keep them out there forever. In order to have integrity in a scheme, you have to retire allowances in order to keep—or else you make it much cheaper and easier for people to pollute.

That's not our intention in this bill. I know it's the intention of your party because you have been reluctant supporters along this. Your leader has sort of surprised you all with his support for the thing, and you're looking for ways to neuter and water down this bill.

We'll have to, of course, vote against this amendment.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Actually, I just want to clarify something. It goes back as far as—oh, my goodness, Jim, it goes back to January. We had a fulsome discussion on the importance of addressing greenhouse gas emissions and we had reached a consensus, if you will. There was no surprising on the part of our leader when we were able to very confidently come forward with positioning in March at our convention. That's what the member opposite was alluding to.

But we need to be real. I think I would like, through the Chair, to go back and ask a question of the MPP from Scarborough—

Mr. Arthur Potts: Beaches—East York.

Ms. Lisa M. Thompson: Beaches, yes. Thank you.

With that, I just want to make sure I heard him properly. The bulk, the majority, of the allowances under this cap-and-trade mechanism that the Liberal government is going to be introducing will be purchased by market participants: Is that what I heard you say?

Mr. Arthur Potts: I said a significant amount of the allowances will be, and removing them from the ability to reduce them will undermine the integrity of the market system and not allow us to meet our target reductions. That's just not the intention.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I have a further question, then. That concerns me because it points to the fact that I think this government is really just using everyone's sincere concern about climate change and the need to reduce greenhouse gas emissions as a money grab for their slush fund. We should be enabling companies and businesses to reduce their emissions, as opposed to using their efforts to jump on their back and allow market participants—not voluntary participants, not non-voluntary participants, but this government sees the bulk of allowances purchased by market participants? Something doesn't jive here, and it makes me further concerned about the true intent of this Liberal cap-and-trade scheme. I think we need to be very careful here. The member opposite's explanation even further cements, in my mind, that we need to exempt market participants from purchasing emission allowances.

The Chair (Mr. Grant Crack): Okay, thank you. Further discussion? Mr. McDonell.

Mr. Jim McDonell: Yes, I think that everybody has to admit that this is an artificial system that we're putting in place. If somebody is trying to use the system to their advantage and disadvantage another company in Ontario—it can be a company, of course, through the bill, that's through a different jurisdiction; it could be California—we don't think that's right. I think the government should be able to intervene if they see this happening. If credits are simply bought to take them off the table so that nobody else can use them, it's not considered what you'd want to see in an open carbon pricing system that, really, is looking for people to reduce their carbon. Sometimes you'd be penalizing companies because you've taken the credits that they could purchase off the table. I'm not sure why a company would want to do that other than to disadvantage a competitor.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on the sub-amendment.

Ms. Lisa M. Thompson: Recorded vote, please.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote on the subamendment to government motion 30.5.

Ayes

McDonell, Thompson.

Nays

Anderson, Colle, Hoggarth, McMahan, Potts, Tabuns.

The Chair (Mr. Grant Crack): I declare the subamendment defeated.

We shall now go back to the original—Ms. Thompson?

Ms. Lisa M. Thompson: Chair, I think I would like to make another subamendment. Based on the discussion we had—and I respect the dialogue that we had—you would think that the allowances should be for the

voluntary and non-voluntary participants, but if the government wants to include market participants, I would like to consider and ask the committee to respectfully consider a subamendment that would add to the end of each subsection of the amendment the phrase “except emission allowances purchased by market participants looking to reduce the overall supply.”

That might be something they’d be okay with.

The Chair (Mr. Grant Crack): Are you—

Mr. Mike Colle: Can we have copies of that?

The Chair (Mr. Grant Crack): Thank you, Mr. Colle. I respect the request. I haven’t heard a motion moved at this particular point.

Ms. Lisa M. Thompson: I move that subsections 31.1(1) and (2) of the bill, as set out in motion 30.5, be amended by adding to the end of each subsection of the amendment the phrase “except emission allowances purchased by market participants looking to reduce the overall supply”.

The Chair (Mr. Grant Crack): Thank you. So there is a subamendment that has been proposed. I would ask, as per Mr. Colle’s request, that the Clerk provide copies to members of the committee. We shall recess for five or so minutes until such time as the Clerk is able to provide them to the members of the committee.

The committee recessed from 1623 to 1632.

The Chair (Mr. Grant Crack): I’ll call the meeting on general government back to order.

Prior to the recess, there was a motion read into the record and a request to have copies made. As such, those copies have been made, and I will ask Ms. Thompson, again, to please read, for clarification purposes, the amendment back into the record.

Ms. Lisa M. Thompson: Okay, thank you.

I move that subsections 31.1(1) and (2) of the bill, as set out in motion number 30.5, be amended by adding at the end of each subsection “except emission allowances purchased by market participants looking to reduce the overall supply.”

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I appreciated the dialogue that we had earlier. It’s all good because it helps us understand, more and more, the mechanism being employed through cap-and-trade.

While I fully respect the fact that there could be market participants who are purchasing on behalf of someone, we want to make sure that the supply is not quickly diminished by market participants who have the sole intent of retiring them. That’s why I’ve put forward this sub-amendment.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Thompson. Further discussion? Mr. Potts.

Mr. Arthur Potts: I appreciate the member is attempting once again to undermine the fundamental intent of why allowances are there—the free allowances, to start; the purchased allowances need to be reduced in order to limit the supply.

She knows that we’re not going to support this. It just speaks to the fact that the members opposite are continuing their filibuster, as they did two days ago, when they took recess after recess, which is their right. But it’s a designed attempt to drag out this process.

She knows we’re not going to accept it. She can bring as many amendments like this as she wants. She knows we’re not going to accept it. She knows we know that it’s just a stalling tactic, so we will be voting against this amendment.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Mr. McDonell.

Mr. Jim McDonell: A couple of points: First of all, the whole committee amendment process is based on the fact that we’re looking for improvements to the bill. That is the premise of the way this committee system works. If it didn’t, then we wouldn’t have it, I’m sure.

But in talking to this, the government is responsible for setting the limits here on the emission allowances. If a company is coming in with the deliberate point of reducing them, I would think the government of the day would have some concern with that. Otherwise, they would have reduced them themselves. So they’re putting out what they think is a fair level.

I look at competitors in the field. If somebody has a temporary advantage, you could see somebody being put out of business or bankrupted by somebody trying to cook the system.

This would allow the government of the day to step in and make changes if they see it to be something that was dangerous to the economy of Ontario. I know we’re trusting the government of the day, and maybe people are worried about today’s government, but this does not in any way diminish the bill. It just allows the minister to make some choices that he can’t make today.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on the second subamendment that has been proposed by the official opposition.

Mr. Jim McDonell: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

McDonell, Thompson.

Nays

Anderson, Colle, Hoggarth, McMahan, Potts, Tabuns.

The Chair (Mr. Grant Crack): I declare the sub-amendment, as proposed, defeated.

We shall move back to the original amendment, which is government motion 30.5. Is there any further discussion on motion 30.5? There being none, I shall call for the vote.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Anderson, Colle, Hoggarth, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): Those opposed? I declare government motion 30.5 carried.

We shall move to section 32. There are no amendments to section 32. Any discussion? Mr. Tabuns.

Mr. Peter Tabuns: Through you, Chair, I'd just ask if the government could outline, on the record, why they put forward this recommendation.

The Chair (Mr. Grant Crack): There has been a question asked by Mr. Tabuns. Is there any further discussion? Mr. Potts.

Mr. Arthur Potts: The government would be happy to outline our rationale. We listen to people. When an amendment comes forward or when an idea comes forward that we can accept, we act on it.

In this case, we're acting on the notion that we don't want, at this point in time, in the early stages of this legislation, to be authorizing outside registries. This is a signal that we're going to do our registry inside. I'm pretty confident that we'll have the support of the NDP on this.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: We actually find this to be a very peculiar motion, with all due respect, because it completely removes the minister's ability to designate the body responsible for running the registry, something that he would presumably like control of.

Actually, we have more specific questions. We're wondering if the government's counsel could please explain the following: What were the specific problems with the section? Why is it deficient? How did the government discover that it needed to be changed?

The Chair (Mr. Grant Crack): There has been a request by Ms. Thompson. Any further discussion? Mr. Potts.

Mr. Arthur Potts: Does the request from the member necessitate that we bring counsel to the table? Because I'm reluctant to do that. Had the member opposite taken the offer of our staff earlier on to have longer conversations about this and raise those concerns at a more appropriate time—happy to have had that discussion. But their reluctance to even bring their motions to us until the day of the first hearing suggests that they weren't ever really interested in the issue. They just want to drag this out. I would not be considering bringing in staff at this stage.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Chair, please, this is getting silly. We were working with our stakeholders right up to the eleventh hour, because we do want to listen to the concerns about this Liberal cap-and-trade scheme.

Mr. Jim McDonell: Shemozzle.

1640

Ms. Lisa M. Thompson: Shemozzle, yes.

I thought it was within our right, given that we were briefed on one piece of legislation. It's very apparent with the almost unprecedented number of amendments that the government is bringing to its own legislation that the intent of the legislation is shifting and that our briefing becomes somewhat moot. I thought that it was within my right to request government counsel to come forward to explain a couple of more things in detail.

The Chair (Mr. Grant Crack): It is within your right to request. So I would ask if there is any further discussion.

There has been a request, through Ms. Thompson, to have legal counsel, concerning this particular section, come forward before committee to explain. Do we have unanimous consent to have that happen?

Mr. Peter Tabuns: Yes.

The Chair (Mr. Grant Crack): We have one—so it's looking like we have unanimous consent. Okay.

Is there someone in this room who can come forward? Thank you very much. I appreciate it. For the record, we welcome you. If you could state your name and position, you can begin.

Ms. Myra Hewitt: Yes. I'm Myra Hewitt, lawyer with the Ministry of the Environment and Climate Change.

I can be brief because this wasn't an issue with any legal issue; this was a policy decision that the government made in respect of, as Mr. Potts has articulated, listening to people and responding to that input, as we understand it.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate you coming before committee this afternoon.

Any further discussion on section 32? Mr. McDonell.

Mr. Jim McDonell: Well, if there was not a legal issue, maybe they can describe the policy decision that changed since we've had a briefing. I mean, you're pulling out this whole section. Is there a reason for it?

The Chair (Mr. Grant Crack): Mr. McDonell has made a request.

Is there further discussion on section 32? Mr. Potts.

Mr. Arthur Potts: If Mr. McDonell wants to read the Hansard of the answer I gave the first time, then he'd be happy to get that explanation.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts.

Ms. Thompson.

Ms. Lisa M. Thompson: Thank you, Chair. The member opposite said that they listened to people. Well, I would like to hear, and have on record today, exactly what you heard from people that led you to removing one of your own sections. Again, it's a very peculiar movement. What did you hear from the people you spoke to that motivated you to completely eliminate section 32?

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Fair enough. The idea of keeping the registry inside and not delegating it to an outside

authority gives it considerably more oversight. That is what we heard: that people wanted the oversight.

Ms. Lisa M. Thompson: Thank you. Okay.

The Chair (Mr. Grant Crack): Thank you. Further discussion on section 32? There being none, I shall call for the vote. There are no amendments.

Shall section 32 carry? Those in favour? Those opposed? I didn't hear any in favour and I heard a number of noes, so section 32 is defeated.

We shall move to section 33. We have NDP motion number 31, which amends clause 33(3)(a): Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Mr. Chair. I move that clause 33(3)(a) of the bill be struck out and the following substituted:

“(a) is designed to reduce greenhouse gas emissions, to avoid the emission of greenhouse gases or to remove greenhouse gases from the atmosphere, and to achieve results that are real, verifiable, enforceable and permanent, and additional to results that would be obtained without the offset initiative; and”

Chair, I moved this amendment because I believe that it has to be very clear that, with these offsets, we want to put money into projects that are newly coming into existence. Those projects that are already in existence should already be funded.

The money that's available to actually take on climate change is limited, it's extraordinarily valuable and it should be spent only on those things that will add to current efforts, not to pay for things that are currently being done. Frankly, because greenhouse gases like carbon dioxide in the atmosphere last for centuries, an offset has to be permanent. If you offset something and the offset only survives for a month or a year or a decade, it does not truly offset material that will have impact for centuries. The additional wording is meant to ensure that the offsets are of consequence, are new and will do the job they need to have done.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We certainly agree in principle with what the member is bringing forward. However, it's our sense that the concept that we're getting at would be much better addressed in a regulation than in this section, providing more flexibility as things change, as time and the technology advance. It also allows us to link better with our existing relationships in California and Quebec. We think it would be better if we deal with this in regulation, and we'd be happy to work very closely with all members of the House to make sure we get the language right in the regulations.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Yes, I listened to the member. Technology will evolve over decades, but the principles that are set out in this amendment aren't affected by changes in technology. If something is permanent and additional, it is permanent and additional no matter what technology is utilized to realize its impact. One can say that it will be left to regulations, but the only control that

we have as legislators in the Legislature as a whole is through the bill itself, through the law itself. Without having it spelled out in law, there's no guarantee that it will in fact be addressed in the regulations. Because new governments can promulgate new regulations, it's to the government's advantage to make sure that this is in the text now—and not just the government's advantage; the advantage of this society as a whole.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: The member from Beaches—East York will be taken aback by this, but we actually agree with him in this regard. We agree that offsets need to produce real emission reductions, but verification standards should be set out in regulation and undergo regular and thorough analysis. So that's where we rest on this.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Yes. Just to note, from the member's comments, that when I, in this amendment, call for something to be verifiable, I don't set out a verification standard; I say that it should be verifiable.

A standard? I don't have a problem with that being in the regs. I'm sure that someone will come up with a sophisticated test to verify whether or not something is true or false. Should it be verifiable? Yes. Should that principle be encapsulated in this bill? Yes.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Mr. Peter Tabuns: Recorded vote.

Ayes

Tabuns.

Nays

Anderson, Colle, Hoggarth, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 31 defeated.

We shall move to NDP motion number 32, which is an amendment proposing new subsection 33(3.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 33 of the bill be amended by adding the following subsection:

“Offset initiatives must be long-lasting

“(3.1) It is a further requirement for the registration of an offset initiative under subsection 33 that the reduction effected by the initiative either match the longevity of the greenhouse gas emission that it is offsetting, or be proportionately discounted.”

Again, Chair, if we are going to allow offsets, and it appears we are, then the offset time scale should be matched with the time scale of the greenhouse gas that it is supposed to be offsetting.

Methane in the atmosphere degrades over a number of decades. If you have a measure that in turn degrades over a number of decades, there's a symmetry. If you have an

offset that is only good for 20 years, and the greenhouse gas you put into the atmosphere lasts for centuries, then in fact you don't have an offset; you have a sham, a fraud.

If you don't want the time scales to match, then talk about proportionality. If something is only going to be good for 10% of the lifetime of a greenhouse gas, then assign it 10% of the value of that greenhouse gas.

1650

Again, without very strong rules on offsets—and this is something that was a theme throughout the debates on the Kyoto Protocol and through the debates that followed in subsequent international conferences—you don't have real checks on the quality of the offsets. You set society up for a situation in which people will be paid for offsets that don't actually do the job that's needed.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts.

Mr. Arthur Potts: We're sort of back to the same notion that in order for us to continue to link with the WCI initiatives—this is an agreement-in-principle situation, but it is more detailed so that it would stay consistent with our trading partners.

We'll vote against this and address these kinds of issues in regs, as they evolve within the whole market participants.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion? Mr. Tabuns, and then Mr. McDonell.

Mr. Peter Tabuns: If the WCI does not have very strict quality control on the offsets, then the validity of this program will be profoundly undermined. Saying that it is consistent with WCI doesn't give me comfort. Ontario can set its own standards, and its standards need to be of the highest order. That is why this amendment is necessary.

The Chair (Mr. Grant Crack): Thank you. Mr. McDonell.

Mr. Jim McDonell: Mr. Tabuns, can you explain how this would work or what the deal is?

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: I'd be happy to. If you came forward with an offset—let's say you were saying that allowing a tree to grow would offset a set amount of carbon dioxide put into the atmosphere by a car. If that tree's lifespan was 10 years or 20 years or 40 years, but the carbon dioxide that was released by the car lasted for centuries, then that tree growing does not actually give you a comparable reduction in greenhouse gas impact. There has to be a consistency between the one and the other.

If, in fact, you are saying that something that will only sequester carbon for 40 years is as good as carbon in the atmosphere for centuries, you are misstating the reality. You might say that growing that tree is worth one tenth of a carbon value put into the atmosphere by some other means.

The Chair (Mr. Grant Crack): Thank you. Any further discussion? There being none, I shall call for the vote on NDP motion number 32.

Mr. Peter Tabuns: And a recorded vote, if you wouldn't mind, Chair.

The Chair (Mr. Grant Crack): I'm surprised, but yes, we will have a recorded vote. I shall defer to the Clerk.

Ayes

Tabuns.

Nays

Anderson, Colle, Hoggarth, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 32 defeated.

We shall move to government motion number 32.1, which is an amendment to section 33. Mr. Potts.

Mr. Arthur Potts: I move that section 33 of the bill be struck out and the following substituted:

“Offset initiatives: registration

“33(1) In this section,

“‘sponsor’ means, with respect to an offset initiative, the person who applies for registration of the initiative.

“Application for registration

“(2) A person may apply to the director in accordance with the regulations for registration of an offset initiative.

“Same

“(3) The sponsor shall give the director such information as the director may require for the purposes of the application and such other information as may be required by the regulations.

“Registration

“(4) Upon receiving the application, information and any applicable fee, the director shall register the offset initiative if the director determines that,

“(a) the sponsor satisfies such eligibility criteria as may be prescribed;

“(b) the offset initiative is designed to reduce greenhouse gas emissions, to avoid the emission of greenhouse gases or to remove greenhouse gases from the atmosphere; and

“(c) the offset initiative satisfies such other eligibility criteria or requirements as may be prescribed.

“Refusal of registration

“(5) Despite subsection (4), the director may refuse to register the offset initiative if the director is of the opinion that it should not be registered, having regard to such circumstances as may be prescribed and such other matters as the director considers appropriate.

“Conditions of registration

“(6) The registration of an offset initiative is subject to such conditions as may be established by regulation—including conditions that are imposed on the sponsor—and such conditions as may be imposed by the director.

“Same, reports and verification

“(7) Without limiting the generality of subsection (6), the conditions established by regulation may include requirements relating to reporting and verification.

“Duty to comply

“(8) The sponsor shall comply with the conditions established by regulation and the conditions imposed by the director with respect to the offset initiative.

“Cancellation of registration

“(9) The director may cancel the registration of an offset initiative in accordance with the regulations in such circumstances as may be prescribed.

“Opportunity to be heard

“(10) If the director proposes to refuse to register an offset initiative or to cancel the registration of an offset initiative, the director shall give the sponsor notice of the proposal in accordance with the regulations and shall, in accordance with the regulations, give the sponsor an opportunity to be heard.”

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion?

Mr. Arthur Potts: Yes, this motion is replacing provisions in the current bill with new provisions that clarify the regulation-making authority and the authority of the director with respect to applications for registration. The provision also includes an opportunity to be heard in the event a registration is refused or cancelled by the director.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: This is a rather lengthy amendment that includes several details that one would have thought would have been included in the original legislation. I’m wondering if we could call upon the government counsel to come forward again and answer some more questions.

The Chair (Mr. Grant Crack): Further discussion? There has been a request by the official opposition to have legal counsel come before committee once again. Do we have unanimous consent? Yes, we have.

I would ask legal counsel to come forward one more time. Welcome again, Ms. Hewitt. If you would state your name for the record one more time.

Ms. Myra Hewitt: It’s Myra Hewitt. I’m the lawyer with the Ministry of the Environment and Climate Change.

I’m wondering if the committee would allow a moment for me to confer with the ministry on this, because I think this is a combination of legal and policy. It would be helpful if we could do that—helpful to the committee, helpful to me—if that’s okay.

The Chair (Mr. Grant Crack): So what exactly is the request?

Ms. Myra Hewitt: I request to take a brief recess so that I can confer.

Mr. Arthur Potts: I would move that we have a five-minute recess.

The Chair (Mr. Grant Crack): Thank you. Is five minutes going to be adequate?

Ms. Myra Hewitt: I think so, yes, for us.

The Chair (Mr. Grant Crack): Okay, we will take an approximately five-minute recess—but not much longer, if necessary.

The committee recessed from 1658 to 1703.

The Chair (Mr. Grant Crack): I’d like to call the meeting back to order, after a brief recess.

Ms. Hewitt, if you could continue, we’d appreciate it.

Ms. Myra Hewitt: Thank you to the committee for giving me a moment.

I think, if you look at the existing provisions, there really isn’t a lot of change between the two provisions. The first change that was made was a technical amendment to introduce the concept of sponsors so that the articulation in the sections would make sense when you were talking about who’s obligated under these provisions. The application for registration was already there.

There were changes made around the information in these next two sections, sub (3) and sub (4), in the motion because of the references back to the recognized registry. As you heard in the motion before, those provisions have been removed from the bill because there will only be an internal registry now, and it will then be the director administering this program.

There was the refusal of registration already in the bill, in sub (5) in the motion. Conditions of registration were already provided for in the existing provision, as were reports and verification, the duty to comply and the cancellation of registration.

Again, the opportunity to be heard would have been something that could have been provided for in regulation, but, in order to strengthen the foundation here, we were given instructions to move that opportunity to be heard right into the bill. So that’s the final section of the bill.

Really, although it looks like a large motion in terms of the number of sections, if you look and compare it to what is actually in the existing bill, there’s not a substantial number of changes.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: Why the change in “sponsor” and inserting that in the terms? Previously, the amendment—you used another term, but now you’re using “sponsors.” Is there a significance to that?

Ms. Myra Hewitt: I don’t think there is. The reference to “sponsor” here is to distinguish it from other parts of the bill where we talk about applicants for registration in the context of the cap-and-trade program. It’s really just to give some clarity in the bill around how these are different kinds of applicants, a sponsor for a project.

Mr. Jim McDonell: So when you’re looking at an offset, in this case, the word “sponsors” is used so that it doesn’t confuse you with another part of the bill where we use—

Ms. Myra Hewitt: Exactly.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Another thing that we were wondering about was why the term “applicant” wasn’t sufficient, which is the way the bill is currently worded. Why did you have to move away from the term “applicant”?

Ms. Myra Hewitt: I was just trying to explain that “applicant” is used in other parts of the bill in the context of applying to register for the cap-and-trade program, so this was a term that was used to kind of distinguish these kinds of applicants so that the public would know that when you’re talking about a sponsor, it’s not somebody who’s applying under the cap-and-trade program for registration.

Ms. Lisa M. Thompson: Okay. All right.

Virtually everything under this bill is going to be done by way of regulation. Couldn’t this amendment have been dealt with in regulation, under subsection 33(1)?

Ms. Myra Hewitt: Sorry, could you repeat the question?

Ms. Lisa M. Thompson: Sure. Couldn’t this amendment that has just been put forward have been dealt with in regulation under subsection 33(1)?

Ms. Myra Hewitt: Are you asking about the existing subsection 33(1)? Couldn’t all of what else is there be dealt with—

Ms. Lisa M. Thompson: Yes.

Ms. Myra Hewitt: I think it’s important to the notion of putting in the bill, essentially, the stories so that a member of the public can look and know what are the essential components of this part of the program, I think, was the policy reason behind structuring it this way in the bill.

Mr. Jim McDonell: So it would be harder to change. Basically, it would have to be a more public process to change it; it would have to be changed through legislation is what you’re saying.

Ms. Myra Hewitt: Yes. Regulations can be changed by cabinet. Obviously, changes to a bill have to go through the Legislature. I’m not suggesting that was the policy reason behind this—I’m not speaking to the policy reason—but that, in fact, is the case.

Ms. Lisa M. Thompson: It would give one a thought to ponder, absolutely.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. I just want to note for the record that this has been a colossal waste of this committee’s time—almost 20 minutes on what is really a very technical clarification amendment which the members opposite could easily have gotten had they accepted the opportunity to be briefed on this when it was offered over three times. I really hope—because we’re not going to get through this bill today. There will be opportunities back here again on Monday. I sincerely hope they’ll put their questions in writing and have a chance to be briefed by staff before committee next time so that we can dispense with these obvious delay tactics.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. McDonell, but prior to Mr. McDonell, I’d like to thank Ms. Hewitt for coming before committee one more time. So thank you.

Mr. McDonell.

Mr. Jim McDonell: Well, I guess I’m somewhat shocked. I’ve never seen over 100—I’ve never seen any-

thing more than 10 amendments by the government before. We’re talking around something over 120 amendments. There’s lots of change since the briefing has come about.

This is a fairly significant section, and I guess we’d like to see—if the discussion is done—a chance to recess for 20 minutes so that we can actually sit down and talk to our assistants—

Ms. Lisa M. Thompson: Policy adviser.

Mr. Jim McDonell: —on this thing.

The Chair (Mr. Grant Crack): Okay. Is there any further discussion on government motion 32.1? There being none, I would call for the vote shortly. However, there has been a request prior to the vote, so there will be—you’re requesting 20 minutes?

Mr. Jim McDonell: Yes.

Ms. Lisa M. Thompson: Yes, please.

The Chair (Mr. Grant Crack): There will be a 20-minute recess, and as a result of the request to recess, when we return there will be an immediate vote. Do we have unanimous consent?

Interjections: No.

The Chair (Mr. Grant Crack): Okay, any further discussion? I shall call for the vote.

Mr. Jim McDonell: Chair, can we have a 20-minute recess?

The Chair (Mr. Grant Crack): There has been a request, prior to the vote, for a recess. That is in order, so we will take a 20-minute recess and when we return I shall call for the vote immediately. So 5:30 on the dot, be here.

The committee recessed from 1710 to 1730.

The Chair (Mr. Grant Crack): Thank you very much. We are back to order.

Prior to the 20-minute recess, we were discussing government motion 32.1. There will be no further discussion. I shall call for the vote. Those in favour of government motion 32.1? Those opposed? I declare government motion 32.1 carried.

There is one amendment to section 33. Is there any further discussion on section 33? Mr. Potts.

Mr. Arthur Potts: Well, again, just for the record, I am absolutely flabbergasted that after we spent 20 minutes on a technical amendment, the members of the opposition—and then bringing in the lawyer from the government in order to give them an explanation of why it was just simply a small technical amendment—they then ask for a 20-minute break. That’s the fifth 20-minute break we have had in these hearings so far.

This is a clear indication of the filibustering that’s going on here. It’s extraordinarily frustrating that we have now only done three sections. The only amendments that they have been able to bring forward are things that will water down the intent of this bill, signalling their clear disapproval of moving on a cap-and-trade program.

I just want that on the record right now so we can move forward. I hope they stop it.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: I've been here for a few years and there's no question that the people of Ontario have a huge concern with the way this bill is being put. We see now a government bill that was debated at second reading with over 100 amendments, which is unprecedented. I sat here during the gas plants scandal and I saw a party that was very, very good at delaying things. When it came to receiving minutes, it took four meetings just to get us to a motion. I don't think we need to get lectured on the fact that we need some clarification.

These are major changes. The last one is fairly significant, two pages. We need a chance, sometimes, to check back with our advisers and the critic needs a chance to clarify some issues.

I'm somewhat shocked. I've seen a couple of government motions before, but to have over 100 amendments and expect us, then, not to have any questions is kind of irresponsible.

The Chair (Mr. Grant Crack): Thank you, Mr. McDonell. Ms. Thompson.

Ms. Lisa M. Thompson: I just want to say, when we're referencing over 100 amendments—that's all three parties together—it's unprecedented, the manner in which the government is trying to rewrite this legislation in committee. It just goes to show how rushed they went at this, and they have had to have a second, sober thought.

Again, we feel very strongly, based on all the amendments that the government is putting forward for their own legislation, that it was a botched piece of work that was rushed just so the Minister of the Environment could have his photo op in British Columbia earlier this year.

Ontarians would not expect anything less. Again, we are just operating within the realm that is allowed to us.

The Chair (Mr. Grant Crack): Thank you. Mr. Potts.

Mr. Arthur Potts: The notion of due diligence is astounding to me. We went through committee hearings where we heard from numerous stakeholders and not a single one, to my knowledge, was against this bill and wanting to move it completely off in a direction that they want to take it. They are making stuff up that they didn't hear in committee while, conversely, we are taking some of the recommendations we heard at committee and we are putting them into effect in this bill.

As I said before, this party has had a conversion on the road to Damascus on climate change. The leader came into the House and surprised them all. They had better check in with their leader to see if he approves of this constant filibustering, this delay of moving this thing forward. It's unbecoming. They need to check in with their leader.

Mr. Mike Colle: Okay, let's get going. Enough, enough.

The Chair (Mr. Grant Crack): Order, please. Mr. Potts had the floor.

Ms. Thompson.

Ms. Lisa M. Thompson: I actually have to ask for a withdrawal. We have not made anything up. I think that the businesses, the organizations and the stakeholders we have met with, which have expressed so many concerns that have formed the basis of our thoughtful amendments, would be totally taken aback by the arrogance of that statement. All I can say is shame on you.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell and then Ms. McMahan.

Mr. Jim McDonell: I look at what we have seen over the last two weeks here, obviously, with companies making donations, getting favours. No wonder there's a lot of concern here from the stakeholders on just making a system that works. Now, we were very clear; our leader is very clear. We believe in putting a price on carbon, but we believe in making it revenue-neutral. This is not a chance to jump in and collect a whole pile of revenue so the books balance.

The revenue this government is seeing is up by more than 100% and they can't balance the books. We're up to over 100% and this is another revenue—it's not the candy store. You just can't go to the people of Ontario every time you need more money and get more money, and that's where we're really concerned and that's what the stakeholders were clearly telling you.

I think, as my peer said here, you say you went through extensive consultation, so why all of a sudden you're surprised at committee, I'm not sure, but that's what we saw. People came to this committee and a lot of people who wanted to come couldn't come. It would have been more, but it was time-allocated in how many could come. Now we're seeing some of these changes, and we think there need to be changes, but maybe different ones than we're seeing here.

The Chair (Mr. Grant Crack): Thank you very much. We'll go to Ms. McMahan.

Ms. Eleanor McMahan: Mr. Chair, here's what I find interesting about this conversation. We have the party opposite that has had trouble taking a coherent position on climate change. I have companies in my riding—they want to talk about stakeholders—that actually support this legislation. Why? Because they are significant businesses that operate internationally, that are national in scope, and they are benefitting from a cap-and-trade system. Why would we waste one more minute to help companies like that take advantage of a system that the whole world is embracing?

On this side of the House and on this side of the room, we are interested in passing legislation that is going to improve the health of Ontarians, our economy and our environment, while at the same time creating tremendous economic opportunity. Unless the folks sitting opposite have missed it, the rest of the world is putting a price on carbon. Even though they don't want to do that or have struggled with it, on this side of the House, we're doing exactly that, and that's what we're hoping to do today.

So I hope they'll focus in their comments next on the substance of the legislation, because we haven't heard much of that, frankly.

The Chair (Mr. Grant Crack): Thank you very much. I would just like to remind members of the committee that we're dealing with a piece of legislation and the mechanism and the means to deal with that are what's being discussed. Maybe we could just stay focused on the work at hand. It's my job, as Chair, to move the business forward.

Is there any further discussion on section 33, as amended?

Ms. Lisa M. Thompson: I just want to echo the fact from my colleague and say not one party that is represented here in this House has dibs on thoughtful ways of moving forward to protect our environment. Just because we don't agree with their cap-and-trade scheme—and we feel strongly that in listening to the people we spoke to, a revenue-neutral option is more desirable and more equitable. We need to be careful in how they're trying to be so dismissive in their arrogant ways.

The Chair (Mr. Grant Crack): Is there any further discussion on section 33, as amended? Let's perhaps return to discussions on the actual substance of the amendment. Mr. McDonell.

Mr. Jim McDonell: I do have a concern with the comments. I've talked to many residents in my riding, some of them who actually deal under the current plan in Quebec. They were very clear that they did not want to see a cap-and-trade system. This one company said they wrote cheques for hundreds of thousands of dollars to California. This is money that's leaving.

Most of the companies that are competing with the States, they're not competing with the one state; they're competing with the other states that are not moving ahead. This is an uncompetitive plan until they move. I'm not saying they'll never move, but we're jumping ahead. We're putting a tax on our companies that is not going to be seen by 49 states south of the border. That's our concern.

It should be revenue-neutral. Money should go back and offset current taxes. We've been very clear on that.

The Chair (Mr. Grant Crack): Thank you very much. I believe we've had enough discussion on the section, as amended, which was minimal.

I shall call for the vote on section 33, as amended. Those in favour of section 33, as amended? Those opposed? I declare section 33, as amended, carried.

We shall move to section 34, which is PC motion 32.1.1, which is proposing a new subsection 34(2.1). Ms. Thompson.

Ms. Lisa M. Thompson: We withdraw.

The Chair (Mr. Grant Crack): PC motion number 32.1.1 is withdrawn.

We shall move to PC motion number 32.1.2, which is a proposed new subsection 34(2.1). Ms. Thompson?

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Ms. Lisa M. Thompson: I just need to find it. I move that section 34 of the bill be amended by adding the following subsection:

“Standards

“(2.1) Ontario offset credits are subject to such standards as may be prescribed by regulation.”

The Chair (Mr. Grant Crack): Any further discussion on the motion? Mr. McDonell.

Mr. Jim McDonell: Just that we're looking at this amendment and it adds rigorous standards to the offsets in Ontario. We simply can't rely on others to do the work for us. The protection of the environment is too important.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: We've heard earlier today as well that we just can't rely on the WCI standards. We need made-in-Ontario standards.

Just a couple of Fridays ago, OFA held a very great workshop—I will say “great” purposefully—whereby they put forward some thoughtful ideas with regard to offsets and standards. Again, we need to be cognizant of made-in-Ontario standards.

I'd be remiss if I didn't point out as well that there is some disappointment throughout the agri-food sector and rural communities that Ontario's agri-food industry has been left out of the first round of compliance. They have to sit on the sidelines for three years before they're welcome to participate.

Over and above that, efforts that they have done and embarked upon for decades now won't be grandfathered in. We have done an amazing job, collectively, in Ontario for decades.

I used to work for OMAFRA. I started working for them many moons ago, but at that time, through the winter in particular, there was workshop after workshop with regard to environmental farm plans and nutrient management plans. We all can claim some success in that regard.

When you talk to a fellow colleague of mine, the mayor of Huron-Kinloss—located in Bruce county; part of his municipality runs along the lakeshore of Lake Huron—he is currently chair of the Great Lakes and cities initiative. He will say that, without question, we are the envy of North American lakeshore jurisdictions because of the standards, because of the policies, because of the common vision that we have, to be good stewards of our land.

Therefore, we should be listening to the people who have led by example already.

I think it's a shame at this time that initiatives that have been embarked upon in the spirit of protecting our environment are not even going to be considered by this government in their cap-and-trade scheme: existing grasslands, crop rotations and cover crops.

I could go into depth, describing what all of those are. Grasslands are where you would pasture cattle. Cover crops would be legumes and good rotational crops. You rotate your crops—wheat, corn and soybeans—because every crop takes certain nutrients out of the soil, and you need to rotate your crops in order to put the natural nutrients back into the soil, to generate great yields.

With that said, people are embarking on so many things. Two Fridays ago, OFA, the Ontario Federation of

Agriculture, invited us—and the Minister of the Environment arrived as well—and they shared examples of what's working in other jurisdictions. They had an environment specialist come up from the States. They talked about rotational crops and rotational grazing, grassland conversions and small forests.

Just earlier today, we met with a stakeholder who talked about balancing, and the aspects that forestry brings to sequestering carbon. Again, they've had to fight to stay at the table.

Another thing is wetland restoration and preservation. I know there's a member opposite who loves fishing along the mighty Maitland. We have farmers in the county of Huron who have invested great time and effort to restore wetlands.

These are all things that go toward capturing carbon. I just think it's a travesty that, at this time, the manner in which Bill 172 is written totally ignores what's going on.

Farmers can also be involved in a variety of activities. Actually, I'm trying to think of your areas. Just north of Milton—again, great examples of conservation tillage are happening. The list could go on and on—

Mr. Arthur Potts: Point of order, Chair.

The Chair (Mr. Grant Crack): Point of order. Excuse me, Ms. Thompson. Point of order: Mr. Potts.

Mr. Arthur Potts: I'd be really interested to know how this dissertation on farming practices and fishing on the Maitland has anything to do with the amendment that she's put forward.

The Chair (Mr. Grant Crack): Thank you very much for the point of order.

I would just ask Ms. Thompson to perhaps discuss the relevance of the amendment that you had put forward. I would appreciate that.

Ms. Lisa M. Thompson: Okay. The relevance is the fact that we have made-in-Ontario solutions to sequestering carbon, and I was just outlining a number of them, Chair.

I think, again, we need to see a government that has authority to set rigorous standards for offsets in Ontario. We just can't simply rely on others to do the work for us. The protection of our environment is too important. There's too much at stake, and we feel that this amendment is very relevant.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. McDonell.

Mr. Jim McDonell: Yes, I would just like to get on the record our discussions with OFA. I had attended a Christian Farmers meeting a couple of weeks ago. It's interesting to note that they actually said a prayer for this government, wanting to see it change direction. I know the prayers are well worth it. But they're concerned about how they had been left out.

The offsets are important. It encourages the farmers. There is no question that some of these, while they're important for the nutrients in the soil, are also very important for the carbon sequestering. There's definitely a cost to that.

It's like any other business; farming is a business. If we want to encourage this type of practice, then we're

going to have to go back and give farmers credits for actually helping the overall system in Ontario, which would allow them to pull this carbon back through the planting of legumes and corn in the middle of August, which is a practice they're looking at. It holds the soil, but it also attracts a large amount of carbon. The next year, the next spring, it comes up before the fields can be gotten into, so we're talking about benefits.

Of course, these are acknowledged benefits under standard farming practices that benefit the system but we have seen them excluded from this bill. We think that if the government really wants to look at all the benefits possible, some offsets should have been allowed for that.

By doing that, there's no question that it has upset the OFA, Christian Farmers and various farm groups, because that was something that was certainly discussed during the consultation. On the day of the budget, the OFA chair was quite upset by the fact that they had been excluded. They can be a big partner. Arguably, they're the biggest industry in Ontario. Why they're not at the table for this legislation, as important as it is, I'm not sure, but we think they should have been. I think that's a problem, and there's still time to bring them in.

The Chair (Mr. Grant Crack): Thank you very much. I would just ask the members on my right—I'm having difficulty hearing the speaker, and they can't even hear me. Gentlemen, if we could tone it down a bit, I'm having difficulty hearing the conversations and the comments that are being made. I appreciate it.

Ms. Thompson?

Ms. Lisa M. Thompson: Another thing that I want to add is that it was suggested earlier that we haven't had thoughtful amendments. I take objection to that because, just this morning, I was a guest at a breakfast hosted by ONEIA. We had a really fulsome discussion. It was noted that both the third party and ourselves brought forward amendments on Monday with regard to adaptation. Unfortunately, we were shot down in typical majoritarian Liberal style.

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When we talk about made-in-Ontario standards, it doesn't just have to be for the agri-food industry. We need to talk about adaptation; we need to talk about urban planning; we need to talk about how we all collectively can be doing better. It made me think of our time spent at the COP in Paris, and there are a number of jurisdictions that are excelling in the manner in which they're addressing urban planning. It's certainly something that Ontario should be taking note of and should be listening to our stakeholders on. Again, apply made-for-Ontario solutions to made-for-Ontario standards.

Again, we can't stress enough, here with the loyal opposition, being represented by the great member from Stormont-Dundas-South Glengarry and myself, that we want thoughtfulness; we just don't want to rely on WCI standards. We're very proud to be Ontarians; we're proud to represent the stakeholders we do. Therefore, we feel strongly that this amendment makes sense.

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: I'm, again, somewhat flabbergasted. They actually chewed up almost 20 minutes on a very technical amendment that we actually support in principle but that is probably better managed through regulations.

I'm particularly interested in the comments from Mr. McDonell—his interest in rural Ontario and particularly, probably, eastern Ontario, as his caucus has just recently named him as the eastern Ontario representative. I want to congratulate him on that new role within caucus. In my role in rural affairs, I look forward to working with you on ways we can help rural Ontario.

In the meantime, Chair, I'd really like us to be able to vote on this amendment.

The Chair (Mr. Grant Crack): Ms. Thompson, further discussion?

Ms. Lisa M. Thompson: Just to round off the discussion on my part today, I just can't emphasize enough that we have taken a lot of time to put forward amendments that we think are appropriate. I appreciate very much the fact that the member has shared with us that they agree and that they support this particular amendment in principle. That's good to hear; I really appreciate that.

But what scares me about the second part of his comment is that they prefer to deal with it in regulation. Well, Chair, we all know what happens behind closed doors when regulations get thrown together. I just don't trust this government to get it right.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion number 32.1.2. Those in favour of PC motion 32.1.2? Those opposed? I declare PC motion 32.1.2 defeated.

We shall move to government motion 32.2, which is an amendment to subsection 34(4). Mr. Potts?

Mr. Arthur Potts: I move that subsection 34(4) of the bill be amended by striking out "described in subsection (2) or (3)".

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, a very technical amendment not worthy of a half-hour dissertation. This motion clarifies that regulations made under the act may establish an application process, and the regulation-making authority applies to any future class of types of credits.

The Chair (Mr. Grant Crack): Any further discussion? There being none, I shall call for the vote on government motion number 32.2. Those in favour? Those opposed? I declare government motion 32.2 carried.

We shall move to government motion 32.3, which is an amendment creating a new subsection 34(4.1). Mr. Potts?

Mr. Arthur Potts: I move that section 34 of the bill be amended by adding the following subsection:

"Reporting and verification, Ontario offset credits

"(4.1) If the minister creates Ontario offset credits in respect of a registered offset initiative, the regulations may impose ongoing monitoring, reporting and verifica-

tion requirements on the person who applied for the creation of the credits:"

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Yes. This motion is being introduced to authorize regulations to require ongoing monitoring of offset initiatives, a very important initiative.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We're somewhat concerned here. I know, obviously, from all these amendments, we've rushed this bill through. The offsets are very important; we're just concerned that this would be done through regulation. The ministry receiving bills—whether it has been the ability for the government to make decisions on regulations that maybe they haven't used scientific or economic data. They've somewhat seemed to tally them more to what people donated. We're just a little concerned, and maybe an explanation on this would make us feel at ease with this change.

The Chair (Mr. Grant Crack): Any further discussion? There being none, I shall call for the vote on government motion 32.3. Those in favour of government motion 32.3? Those opposed? I declare government motion 32.3 carried.

We shall move to government motion 32.4, which is an amendment to subsection 34(5).

Mr. Arthur Potts: I move that subsection 34(5) of the bill be struck out.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We're moving this provision to align our sections of the bill. You'll be seeing it in another amendment, where it's more appropriately placed.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Could you tell us which amendment it will be placed into?

Mr. Arthur Potts: Not off the top of my head, but I'd be happy to get that information if you like.

The Chair (Mr. Grant Crack): So legislative counsel will be able to help if the committee—

Ms. Lisa M. Thompson: I move a five-minute recess.

Mr. Arthur Potts: We want to know where this section—

The Chair (Mr. Grant Crack): Mr. Potts, there has been a request for a five-minute recess. Do we have unanimous consent?

Ms. Lisa M. Thompson: That will give you some time to find it.

Mr. Arthur Potts: It's five minutes, but we only have four minutes left in the day.

Ms. Lisa M. Thompson: It'll let you get time to find it.

The Chair (Mr. Grant Crack): There has been a request for a recess, but there's also been a request for legislative counsel to answer.

Mr. Arthur Potts: We have it. I just had to confirm. So I'd be happy to bring it forward. What section is it going to?

The Chair (Mr. Grant Crack): So I believe, Mr. Potts—

Mr. Arthur Potts: Unanimous consent to have counsel come forward?

Ms. Myra Hewitt: I'm Myra Hewitt, counsel with the Ministry of the Environment. It's been moved into section 75 at the back of the bill.

Mr. Peter Tabuns: So which amendment would that be?

Ms. Myra Hewitt: Good question. Okay. So you'd like to know the amendment number, Mr. Tabuns?

Mr. Peter Tabuns: Chair, if it's being moved, could we know where it's being moved?

Mr. Arthur Potts: In 70.2.

Mr. Peter Tabuns: In 70.2.

The Chair (Mr. Grant Crack): The legislative counsel can actually answer that particular question at this particular point. I'm going to ask Ms. Hopkins from legislative counsel to respond. Ms. Hopkins?

Ms. Laura Hopkins: Thank you, Chair. The committee should look at motion number 32.6. Motion 32.6 creates a new section of the act, section 35.1, and that section of the act deals with retiring and cancelling credits. There is a second motion that deals with the same topic, and it's the motion identified by Ms. Hewitt in the regulation-making section at the end of the bill.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: What were those numbers again? You said 32.6, a new section?

Ms. Laura Hopkins: It's motion number 32.6. Motion number 32.6 creates a new section in the act. The new section in the act is numbered 35.1.

Mr. Peter Tabuns: 35.1.1?

Ms. Laura Hopkins: The subsection in particular—I didn't look down that far, sir.

Mr. Peter Tabuns: Yes, okay. Then I'm fine. I see where it is.

The Chair (Mr. Grant Crack): Further discussion on government motion 32.4? Ms. Thompson.

Ms. Lisa M. Thompson: I'm just wondering if the member opposite could share with us how the government came to the decision that this particular section had to be removed? Then I have a supplemental after that.

The Chair (Mr. Grant Crack): Any further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Oh. Okay. So apparently they're not going to share with us how the government came to make the decision that this particular subsection needed to be removed. Maybe we can look into that ourselves a little bit more, but I just want to make sure that this government knows that it's important that we don't cancel credits created in Ontario. Already we're hearing from businesses and organizations—stakeholders, if you will—who are concerned that in the initial round there are not going to be enough credits, and they're going to have to buy from California at a US dollar rate. It's going to amount to a significant amount. Some businesses analysts have suggested—

The Chair (Mr. Grant Crack): I thank you and I'm sorry to interrupt you, Ms. Thompson. It is 6 o'clock. Therefore, this meeting is adjourned.

I'd like to thank all members for their input this afternoon. We shall be meeting at 2 p.m. on Monday of next week. Have a great balance of the week. This meeting is adjourned.

The committee adjourned at 1800.

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