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Chair

Mr. Merv Tweed

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•(1110)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): I call the meeting to order. Thank you, and good morning.

Welcome to the minister, and I see some of his staff here today.

Obviously we're here to ask some questions and I know the minister had a longer-running appointment. I've suggested to the committee that he might be prepared, if possible, to spend an extra five or ten minutes of his time with us.

I'm not sure if you have an opening statement, but if you would like to make that, then I think we could get right into the questions.

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities): Thank you very much, Mr. Chairman.

First of all, I do wish to extend my apologies for being late. As a parliamentarian, I know your time is precious, so I'm very sorry for my late arrival. As most of you know, I was with the Prime Minister several minutes ago and we were with Madam Greene, who is the chief executive officer of Canada Post. She will be with us, I understand, Mr. Chairman, a little later on this afternoon.

Thank you, colleagues, for inviting me to speak to you today. I am happy to be accompanied today by Louis Ranger, who is Deputy Minister of Transport, Infrastructure and Communities, and by the deputy head of Infrastructure Canada, Mr. André Juneau. There are also a number of officials in the room today who will lend support for some of the technical questions.

I'm looking forward to working with all of you. Some of you served on this committee in the last Parliament, but for many of us this is a new challenge. And in a way, we're all new to this committee because the mandate of this committee has been expanded to encompass new issues.

As you can expect, I was delighted to see that transportation, infrastructure, and communities would all be included in my responsibilities. It simply makes sense to me that these three areas should be combined because of the way they affect our economic well-being and quality of life.

[Translation]

Mr. Chairman, this committee will be expected to review policies, programs and legislation that will make a big difference to communities, to businesses, and to travellers right across this country.

In the time I have before you today, I would like to do three things. First, I want to tell you about how I intend to fulfil my responsibilities as minister and how I hope to work with this committee. Second, I want to reference some of the commitments that we have already made and legislative proposals that we will be bringing forward in the coming months. And third, I want to give you some opening thoughts on my approach to the work that lies ahead.

[English]

I would hope to actively collaborate with this committee as we meet challenges in transportation, infrastructure, and communities during this session of Parliament.

From my previous experience in other levels of government, I know that the key to success is cooperation and collaboration. Working in partnership is the only way to achieve success in a democratic society and the smart thing to do in a minority Parliament.

I do not have any illusions about the process we are embarking upon and I know there will be intense debate over challenges and priorities—and in fact I look forward to those debates. I know that important issues are usually complex, and all sides must be heard if we are going to make smart decisions. That means we must respect the points of view of others and seek common ground to help us move forward.

•(1115)

[Translation]

This committee has, in the past, provided valuable input and direction to previous governments. For example, in one of its most recent reports, this committee had this to say about air Liberalization and the Canadian Airports System. It stated:

The Committee heard from many stakeholders that they favoured an opening up —[of Canada's International Air Bilateral Agreements]—so that they would be more in line with what Canada has negotiated with the United States and with what may be negotiated with the U.S. in the future.

In harmony with those sentiments, we doubled our efforts to negotiate and sign an Open Skies agreement with the United Kingdom, Canada's second-largest market. The agreement has been welcomed by all stakeholders, a tribute to the thinking that went into the committee's excellent work.

I have tasked my officials to aggressively explore opportunities for further liberalization and to develop a new international air policy to guide our future negotiations.

[English]

I also read with interest the committee's views on airport governance, and you will find those comments reflected in the airport legislation that we intend to table shortly.

The committee also commented on the need to ensure that unfunded regulations were not downloaded onto small regional airports. I want you to know that the former government's proposed Canada Aviation Regulation 308, or CAR 308, as it's commonly known, which would have required small airports to meet strict emergency response requirements, is being repealed, and the regulation for larger airports revised. Merging the two levels of aircraft firefighting services into one regulation will provide comprehensive emergency response while removing the financial burden from less busy airports.

On another front, comments by past members of this committee on bills attempting to amend the Canada Transportation Act have suggested that former legislation was too bulky, or too omnibus, if you will.

[Translation]

I have listened to, and agree with these concerns. As you are aware, my first bill, which you are currently studying—Bill C-3, the International Bridges and Tunnels Act—is based on clause 63 of the former Bill C-44.

The fact that I have separated out a high priority clause for quick passage is based on comments made in the last Parliament. It shows this government's willingness to work closely with this committee to pass effective legislation.

We have also tabled amendments to the Canada Transportation Act pertaining to commuter rail, urban rail corridors and railway noise that had the support of this committee as well as other members of Parliament.

Bill C-11 was tabled on May 4 and I hope that these amendments will receive expedited consideration.

[English]

As you know, Prime Minister Harper has established five priorities for the mandate of this government. This focused agenda reflects the Government of Canada's commitment to Canadians, and like all of my colleagues, I believe that a sharp focus on clear priorities will allow us to get the right things done.

We will work to make real, concrete moves to improve the safety and well-being of our families and communities. The choice of five priorities doesn't mean that we've forgotten the other commitments we made in our platform, or that we will not make decisions in other areas or listen to other needs expressed by citizens or other governments.

Indeed, we will deliver and already are delivering on a number of commitments in this area of transportation, infrastructure, and communities. Our first budget made clear our commitment to these areas, and I want to point out some of the global investments that will have an impact on this portfolio, on this committee, and on the lives of millions of Canadians.

Over the next four years, this government will invest an unprecedented total of \$16.5 billion in new infrastructure initiatives. We will provide for more than \$8.5 billion in new federal funding for the highway strategic infrastructure program, the border infrastructure fund, the municipal rural infrastructure fund, the Canada strategic infrastructure fund, the public transit capital trust, and the Pacific gateway initiative.

We will maintain an estimated \$3.9 billion in current funding under existing infrastructure initiatives and we will maintain the existing gas tax funding commitment under the new deal for cities and communities and the full GST rebate and the federal portion of the HST paid by municipalities.

These tax measures amount to \$7.1 billion in support of our cities and municipalities over the next four years.

A strong economy depends in large part on the confidence of both businesses and consumers in the safety and security of the transportation system, as well as the security of other types of infrastructure, including safe and clean water. Consequently, I am pleased that the budget included \$1.4 billion for enhanced national security, including over \$250 million to improve rail and transit security, improve aviation screening, and begin to tackle the issue of air cargo security.

● (1120)

[Translation]

The budget measures add to what my portfolio is already doing in this area.

We're investing more than \$27 million for 41 new projects at airports right across Canada, including our northern airports, to enhance their safety under the Government of Canada's 2006-2007 Airports Capital Assistance Program.

I also had the pleasure of recently announcing that Canada has not only met, but has exceeded, the standard set by the International Civil Aviation Organization to address the risks associated with explosives in checked baggage.

Ladies and gentlemen, there's one thing that is certain—and something, I believe, that Budget 2006 reflects—this government has not been sitting still.

[English]

I have spoken to you about our legislative initiatives, and I have outlined budget initiatives that will have a real and lasting effect upon this portfolio. But we have also taken action that will affect Canadians in their cities and towns.

To mention a few, they include, of course, our signing of an agreement with Alberta to launch the Canada-Alberta municipal rural infrastructure fund, a joint initiative that will help contribute to a better quality of life for the people of Alberta. The federal and provincial governments will each contribute \$88 million. We have signed an agreement with British Columbia and are providing up to \$62.5 million to replace the Park Bridge, upgrade approach curves, and construct and realign over five kilometres of a new four-lane highway east of Golden in the Kicking Horse Canyon. Finally, last month I also proposed a review of the National Capital Commission.

Honourable members, the measures I have been speaking about today represent some of the most important investments the federal government has ever made in the competitiveness and sustainability of Canada's economy and the quality of life in our cities and communities. We will not stop there, because meeting our objectives will require much more than money.

[*Translation*]

Transportation, infrastructure and communities really are a point of convergence for some of the most important issues facing Canada today. And this portfolio provides a new foundation on which to build new approaches for the long term.

In an era when global supply chain management drives the economic success of nations, integrated and efficient transportation systems are a crucial element in economic productivity. When car parts can be manufactured in several different areas of the world and assembled in another, having smooth-running, reliable and integrated transportation options can be the difference between new jobs and job losses.

Within our borders, we must look at the transportation systems and the infrastructure required to support them as an integrated whole—reaching from the heart of our cities, through corridors and networks that span our country, to borders, ports and airports that link us to the rest of the world—the gateways that support our trade-based economy.

• (1125)

[*English*]

We understand, for example, our responsibility for federal policies and legislation that underpin the national transportation system. Getting them right matters for competitiveness. This government has already begun to make progress on the legislative front. We also understand the need for integrated and coherent policies.

For example, we must do a better job of clearly articulating the connections between the changing world economy, our policy responses, and our various investments in support of those policies. We also understand that Canadians expect much more from their national government on accountability.

Through the budget, the government has also tasked me with leading discussions with provincial and territorial governments that will help define the federal role in infrastructure with a view to putting federal funding on a predictable long-term track, and to ensure accountability to Canadians for infrastructure investments by all governments. To carry out these important tasks, I will need to be very clear about how the pieces fit together, the extensive responsibilities of my portfolio, the considerable new resources

identified in our budget, and the opportunities to achieve lasting results.

I'd like to share with this committee my approach to the mandate of this new portfolio and my starting point for moving forward. It has four main elements:

The first element is a firm recognition that the challenges are rooted in the realities of the real world around us, inescapable dynamics like globalization, demographic change, urbanization, and pressures to improve our economy's productivity and its sustainability, while ensuring the security of our citizens.

The second element, in responding to these broad imperatives, is a set of strategic priorities on which action is required and a strong federal role is justified, and for which my portfolio is entrusted with important tools. I am talking about economic competitiveness, quality of life, our environment, the safety of our communities, and accountability to Canadians.

[*Translation*]

Third, and most importantly, practical and specific measures in the following four inter-related areas: sustainable infrastructure, transportation gateways and trade corridors, transportation security and strong communities.

And finally, Mr. Chairman, all of these new actions, as well as the crucial, ongoing work of Transport, Infrastructure and Communities, will be supported by a foundation of sound management, focused and effective government, respect for jurisdiction, and a range of new measures to ensure transparency and accountability.

As I mentioned earlier, I will be seeking input on how to implement these commitments. And I will be seeking to build meaningful partnerships to help us move forward on them. I intend to initiate these discussions when I address the annual general meeting of the Federation of Canadian Municipalities in Montreal on June 4.

I look forward to the discussions that will follow and to working with my counterparts in provincial, territorial and municipal governments, with my cabinet and caucus and with all of you.

[*English*]

Over the coming weeks and months, I will have the opportunity to bring forward specific items included in the budget. I will also bring forward legislation to advance the efficiency, safety, security, and sustainability of our transportation system.

We will modernize some statutes and address gaps in others. The common objective will be to build on the vitality of our cities and communities and to use our transportation system to make Canada more competitive in a global economy.

[*Translation*]

In closing, I would like to thank you for the opportunity to speak to you today about the vision I have for this portfolio and the great work that lies ahead for us.

[English]

It is my hope that as committee members, we will see your own work and ideas reflected back at you, as this government moves forward on transportation infrastructure and community priorities. We will have many opportunities for concrete improvements. Until then, thank you for listening. I will be listening to you as well.

I would like to now turn to any questions you may have.

[Translation]

Thank you, Mr. Chairman.

[English]

The Chair: Thank you, Mr. Minister.

Before we go to the first questions, I note that we do have the Canada Post Corporation coming right after you. I suspect there may be some questions to you in regard to general policy, but I think we would try to direct committee members to focus the details on the next witness.

Ms. Stronach.

• (1130)

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Thank you.

Thank you, Minister.

As this is your first appearance before a committee, I would like to take this opportunity to congratulate you on your appointment to cabinet and also welcome you here today.

As you indicated in your remarks, your portfolio is very diverse. You have responsibilities for transportation, infrastructure, and communities. But the issues are not only of critical importance to Canadians, they're also connected in terms of productivity, competitiveness, the environment, quality of life, and, as you reflected, the key role they play in the global supply chains that affect our global competitiveness.

I want to focus on the various infrastructure programs that target components of the national transportation system. Certainly the need is well documented. The Canadian Automobile Association estimates that the road and highway deficit is at about \$22 billion. Given that there will always be tough decisions to be made about scarce resources, can you outline the basic philosophy behind the prioritization and selection of specific projects, including your own approach to resolving potential differing opinions among the various levels of government?

Hon. Lawrence Cannon: Thank you, and thank you for your warm comments at the outset. I also want to extend to you best wishes on your new role as spokesperson for your party.

Without disputing the \$22 billion amount—you might be right, but I haven't seen that sum of money—what I am told is that over the last year to year and a half, officials from the transport portfolio part of the department were in touch with their provincial counterparts and the previous minister's counterparts. At that point, we were able, as the Government of Canada, to establish a comprehensive network and a plan and approach to identify what actually is the national

highway system—its core essence—and also identify a number of feeder routes.

Over the next couple of months, and particularly culminating in September, my plan will be to be in Charlottetown with my counterparts, so that together we can establish the priorities regarding where we spend this money that has been awarded and allotted through the budget, and how we go about strengthening our highway system.

This having been said, clearly my intention following that meeting is to get back to cabinet as fast as possible and determine the criteria by which these amounts of money will be spent and the projects that will be identified as going with them.

I do not expect that there will be large variations from the past experience, although one of the elements or components certainly might be to look at more environmentally friendly and sustainable ways of doing things with our counterparts in the provinces, territories, and borders.

Hon. Belinda Stronach: Thank you.

On another question, Minister, could you provide to the committee the document that reconciles the 2006 and 2007 transport estimates with the new funding announcements in the budget? I think that would be useful for us.

Hon. Lawrence Cannon: We do have that document prepared. I'll let the deputy minister, Mr. Ranger, address that issue.

Mr. Louis Ranger (Deputy Minister of Transport, Infrastructure and Communities, Department of Transport): Thank you, Mr. Minister.

The main estimates actually show a reduction of \$75 million this year compared to last year. That's due to a number of programs that are either coming to an end or for which a decision on an extension hasn't been made yet. One example is the port divestiture program. It has ended, but there's still unfinished business, so we'll have to deal with that.

Another example is what we call the strategic highway infrastructure fund, which is coming to an end. The fund is coming down, but it will be replaced by what we call the HBIF, the highway and border infrastructure fund. So those moneys will appear in the first supplementary estimates that you will see later in the year.

There will also be a reduction in funding for the Canadian Air Transport Security Authority. Budget 2006 identifies an amount over \$200 million for CATSA, which will appear in the supplementary estimates. So there will be a decrease in the main estimates, but that will be compensated for and adjusted in the next three months.

• (1135)

Hon. Belinda Stronach: Thank you.

I asked this third question in the House some time ago. About 100 Canadians are killed annually in rail accidents. Are you prepared to conduct a review of this or hold a public inquiry on rail safety?

Hon. Lawrence Cannon: On the rail safety issue, you will probably recall that some work was done a year and a half or two years ago. I'm not sure if we are in a position today to express that the situation has worsened. On the contrary, we believe it has bettered itself. We are monitoring that very closely, not only with officials from CN, officials from our group, but also from Canadian Pacific. My officials tell me that the situation is much better than it was previously.

Hon. Belinda Stronach: Are you open to it, or are you not going to conduct a review here?

Hon. Lawrence Cannon: I don't intend to conduct a review.

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): I would like to thank you for your presence, Minister. I can see that you've gone over the minutes of past committee meetings from the previous Parliament.

My first question will be straightforward. The committee made a majority recommendation concerning the handover of 11,000 acres of farmland to farmers and expropriated landowners from Mirabel, and this recommendation was backed up by a motion from your party in the House of Commons. This was even one of your promises in the last election campaign in my riding.

When are you going to transfer the 11,000 acres back to the farmers and expropriated landowners of Mirabel?

Hon. Lawrence Cannon: Thank you, Mr. Chairman.

It's quite understandable that you would start with a question concerning your riding. In fact, for several weeks now, indeed for a few months, at my request officials from my department have been meeting the parties involved, especially the Montreal Airport authority, authorities from the city of Mirabel, the Chamber of Commerce, the DLC, the UPA, the 11,000 Acres Committee and the farmers, of course, who have been affected by this issue.

I expect that by the end of the summer we'll be in a position to announce that we have made good on this commitment. Moreover, that was my intention when I announced we intended to honour our election commitment.

Mr. Mario Laframboise: That's good.

Obviously, we don't have much time, as usual. My second question is about the infrastructure budget. You seem to be saying that you will be very open and that you are going to take a look at the infrastructure problems. However, there are some small matters of concern to me.

On the sixth page of the French version of your document, it reads:

[...] with a view to putting federal funding on a predictable, long-term track, and to ensuring accountability to Canadians for infrastructure investments by all governments.

I hope that you're not announcing today the federal government's intention to interfere in all areas of infrastructure some of which fall under the purview, in part, of cities, and to a large extent, of the provinces. The federal government has control over very few infrastructure-related issues. So I hope that you are able to reassure

me on that count. Try and give me a bit of an explanation as to your —

Hon. Lawrence Cannon: We need to be very clear on this issue. The person sitting before you, and also the government he represents, believes that respecting jurisdiction is of the utmost importance. I can tell you that under this government respecting Quebec's and other provinces' and territories' areas of jurisdiction goes without saying.

Now, that does not stop us however from working together with the provinces and municipalities. It is in this spirit of cooperation that we hope to be able to work alongside municipal elected representatives, and representatives from other orders of government, with a view to undertaking meaningful projects on behalf of Canadians taxpayers. There will be a spirit of both cooperation and partnership established.

● (1140)

Mr. Mario Laframboise: I understand you have extended what the former government announced in its budget. You're aware that municipalities and provinces are asking you for long-term funding for up to the next 15 years.

Do you think you might announce the good news on June 4 for example when you address the Federation of Canadian Municipalities? And tell them that the program will be extended and that people will be able to count on this funding for the next 15 years?

Hon. Lawrence Cannon: Sir, you're fully aware that in our government's budget speech, the Minister of Finance, in a document dealing with the taxation system, equalization and rebalancing the federation, entrusted me with the mandate to report and make recommendations to the Minister of Finance by the end of the year so that in terms of the infrastructure, we will have a predictable, long-term and stable instrument just like the Federation of Canadian Municipalities and other stakeholders called for.

I will consult with municipal authorities on the matter. Of course, we are discussing the gas tax, as well as other issues. And, I intend to make recommendations to the government on this file after consulting with community stakeholders.

Mr. Mario Laframboise: My final question, Mr. Chairman, is about Canada Post, but not on the work of the CEO.

As you are aware, Minister, there is a moratorium on the closure of rural post offices. However, the fact is, Canada Post is still looking at the possibility of closures. Currently, it is even looking at the possibility of closing post offices in some urban areas.

Minister, given that a moratorium is in place, would you be prepared to instruct Canada Post to, effective immediately, cease all studies on the closure of rural post offices subject to the moratorium, and perhaps even consider broadening the moratorium to effectively put an end to all discussions concerning the closure of urban post offices without prior analysis in consultation with community residents?

Hon. Lawrence Cannon: In the 38th Parliament, I think that this committee or perhaps another House of Commons committee, if I'm not mistaken, had sought a moratorium on the closure of post offices.

One of the first things I told the chair of the board of directors of Canada Post was that this was not at all the government's intention. I also understand parliamentarians' desire to see the moratorium lifted.

So, I'd like to reassure you, sir, that nothing has changed and that the same policy is still in effect. And I'd have no problem reiterating it if need be.

Mr. Mario Laframboise: You'll have the opportunity later, because she'll be here before the committee. We'd be pleased to hear that.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Mr. Chairman.

Minister, I'm glad to be able to meet you for the first time. I know that you have a lot of experience and a great many skills.

[English]

That being said, I should say to start off with that when you've talked about collaboration—and in my case my office has been trying for two months to have a meeting with you—I believe that collaboration has to work both ways. I also am aware of the marine workers who have been essentially pushed out of a position of collaboration and consultation on changes that may happen in the marine industry. I know that they have written to you on this, and I hope you will receive their concerns and reintegrate them into any changes that may be coming down the pike when it comes to the marine industry.

Those are my comments. I have four specific questions relating to safety, because my impression has been over the first few months in your mandate that safety comes last in terms of your concerns. I'll start off with the issue of the *Queen of the North*. I wrote to you about the *Queen of the North* and you did respond—I appreciate that—indicating in terms of any remedial measures that might be taken for ferries on the west coast that:

Until the Transportation Safety Board completes its investigation and arrives at a comprehensive evaluation of the circumstances surrounding the accident, it would be pre-emptive to identify changes to specific processes and/or criteria.

That's the letter you've written to me in terms of the *Queen of the North*—that we have to await the Transportation Safety Board. Yet when this committee has clearly expressed its point of view that any changes to flight attendant ratios need to wait until the Transportation Safety Board reports back on the Air France accident, the first-year anniversary of which is coming up in August, it seems that Transport Canada and your ministry is moving ahead changes to those flight attendant ratios.

My point is simply this. Given that Transport Canada's own documents indicate that there is a clear difference in safety standards, if we make those changes to flight attendant ratios, will you commit today to not making any changes to flight attendant ratios until we receive that Transportation Safety Board report on the Air France accident? That's my first question.

My second question is around Bill C-6, which deals both with increasing secrecy, exempting airline safety reports from the Access to Information Act, and the fact that now for over a year the civil aviation data reporting systems have not been accessible to the public. Would you not agree with me that Canadians have a right to know if airlines are unsafe, and would you commit today to restoring

the civil aviation data reporting system so that the public can be aware when there are safety violations?

My third question is around the issue of the ships out on the west coast—the sinking of the *Queen of the North*, a single-compartment vessel. What steps has your ministry taken to ensure the safety of the remaining single-compartment boats that are plying the west coast under the banner of B.C. Ferries?

Finally, on rail safety, I could not disagree with you more when you say that the situation has improved. In 2005 we had the largest number of railway accidents that we've had in a decade. We have seen that of those 1,246 accidents, 215 of them involved toxic and dangerous materials. One of them happened in my riding. *The Toronto Star* has found that Transport Canada, the rail industry's regulator, is either unable or unwilling to prosecute the railways. We've only had seven prosecutions since 1999 under the Railway Safety Act. This is during a period in which we had over 7,600 railway accidents.

My question is very simple. How many Canadians died in 2005 as a result of railway accidents, and how many deaths does it take before this government acts to address the issue? We have called for a public inquiry. I know that other parties have as well. We believe it's essential. Why will you not act on that?

● (1145)

Hon. Lawrence Cannon: Mr. Chairman, I'll tell my honourable colleague first of all that I'm very sorry that I wasn't able to meet with him. At the first possible opportunity I will set up a meeting with you and make sure that's done.

On your questions regarding the *Queen of the North*, safety, and railway issues, if you do not mind, I will call upon Mr. Gerard McDonald, Mr. Preuss, and also John Forster, who will be able to answer on rail and the other issues.

Mr. Peter Julian: It's specifically on the flight attendant ratios.

Hon. Lawrence Cannon: We'll get to that too. I'll get you all those answers, sir.

So on the *Queen of the North*, Mr. McDonald.

Mr. Gerard McDonald (Director General, Marine Safety, Department of Transport): Thank you very much, Mr. Minister.

With respect to the *Queen of the North*, I believe the question was what had we done with respect to the safety of single-compartment vessels operating on the west coast. First of all, I want to reassure all committee members that all ferries operated by B.C. Ferries have been inspected by Transport Canada and do meet all our safety requirements. They are inspected on a regular basis, and if there ever are any problems, we make sure they're rectified before those vessels are certified.

With respect to the *Queen of the North* accident itself, as you rightly indicated, the TSB investigation is under way and we're awaiting the results of that investigation to determine what future regulatory action may be required, if any, to improve the safety of our ferries if it's deemed that is required.

•(1150)

The Chair: Mr. Preuss, on Bill C-6.

Mr. Merlin Preuss (Director General, Civil Aviation, Department of Transport): Do you want me to start with the flight attendants or Bill C-6?

Hon. Lawrence Cannon: Flight attendants, then Bill C-6.

Mr. Merlin Preuss: Okay.

On the flight attendant side, vis-à-vis Air France, the data would indicate that we're probably not going to learn very much from the safety board's report. What I'm getting at here is that in the case of the Air France accident at Toronto, Air France was required by the European regulations to carry a minimum of six cabin flight attendants. They had ten on board, nine flight attendants and one summer student, although only seven of the nine attendants were qualified on that aircraft. The purpose of the four supplementary crew members was basically to provide more service.

Mr. Peter Julian: Excuse me. Are you saying, then, that you will not await the TSB?

Mr. Merlin Preuss: What I'm saying is that from my technical perspective, I'm not about to learn much from the safety board vis-à-vis this issue, because of the standards that were in place and the number of crew members on board. The regulations we're proposing here would in fact have us demand eight flight attendants. But the Europeans, in this case, only demanded six. So I'm not sure what I'd learn from the safety board on this particular issue.

Hon. Lawrence Cannon: Fundamentally, what we're saying here is this debate has been going on for some time, clearly, and this incident, of course, is an element to be considered. But consultations will still be going forward.

I guess I can now pass it on to Mr. Forster—

Mr. Peter Julian: On that, I will say 2001—

Hon. Lawrence Cannon: Well, you asked four questions. Maybe we can let...and then you can come back.

The Chair: We will run out of time if we don't let these people answer the questions, so please continue.

Mr. John Forster (Associate Assistant Deputy Minister, Safety and Security Group, Department of Transport): Thank you.

On the issue of rail safety, it's something, obviously, that the department takes very seriously. Last year we launched a very detailed and thorough audit, particularly of CN's practices last fall. They came through and gave us an action plan. We also put in measures to restrict their operations, in B.C., in particular.

Then late last year we launched a review and an audit of their safety management systems in CN and made several findings that we've given to CN. Their responsibility now is to come back to us with an action plan. They have given us a first draft that we've reviewed with them and suggested a number of areas where we want significant improvements made. We're awaiting a revised version of that.

One of the things we've noticed, at least for the beginning of this year, particularly with CN, is that main track train derailments are about 25% lower. Now, that's a short period to look at, so it doesn't

mean we're totally satisfied with that. But we're working very hard with CN to look at their plans as to how they're going to rectify that. As we go forward, we'll review their action plan that's due, look at their revisions, and keep monitoring their performance very, very closely and inspecting how they're doing.

So we're playing that out at this point.

The Chair: Thank you.

Mr. Fast.

Mr. Peter Julian: There was one question that I asked about the

The Chair: On the airline safety, I'm sorry. You have 30 seconds.

Mr. Merlin Preuss: On the CADRS issue?

Mr. Peter Julian: On the civil aviation data reporting system.

Mr. Merlin Preuss: In terms of accessing that totally to the public, at the first pass there are a number of issues with that, starting with the fact that these are preliminary reports, not necessarily filed by knowledgeable people. Therefore, the quality of that information is suspect.

The process that's in place right now respecting the Privacy Act but outside of the privacy considerations, all that information is made available and that will continue to be done. But it's not a broadcast-type thing. There are people who are on a list right now and get it automatically and this can be expanded as necessary. But there is a question of privacy vis-à-vis a full broadcast, and of course there is also a serious question about the quality of those initial reports.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

Mr. Minister, thank you for making yourself available today. I look around the room and I notice the standing-room audience, which is probably reflective of your star power. I can't think of any other reason so many people would be here today.

As with any changing of the guard, the stakeholders are going to have some concern about the direction in which a new minister is going to take the ministry. I understand you have some 17 crown corporations within your portfolio. Perhaps one of the most critical issues is the kind of management or leadership style that you'll bring to bear. That would bring me to the question and relates to the autonomy of these crown corporations.

I'm curious to know whether you support the autonomy of the crown corporations within your portfolio, and if not, what kind of an increased role do you see yourself playing in the day-to-day affairs of those crown corporations?

•(1155)

Hon. Lawrence Cannon: Thank you very much, colleague, for your question.

I'd respond initially by saying the policy that is in place, of course, is governed by a number of pieces of legislation, particularly the Financial Administration Act of Canada, which indicates the way in which crown corporations should conduct themselves, and I'd refer the colleagues to that way of doing things.

I strongly believe the arm's-length policy that is in place should be maintained, but I would add—and this is something I had learned in the Quebec National Assembly when I was a minister in Mr. Bourassa's cabinet, and particularly with Quebec today—on a yearly basis we would deliver mandate letters to the chairman of the board so that the chairman of the board would be in a position to not only receive this mandate letter, but at the same time be able to execute it on the short-, medium-, and long-term plan that as a government we would want them to do. Let's be clear on some examples here.

If we strenuously, as a government and also as parliamentarians, determine that vis-à-vis such and such a crown corporation we should be telling them to go in one direction and that is the direction the government supports, I would be sending a letter to the chair of that crown corporation indicating to him or her that it is the direction I would want them to take under my watch, under my mandate. It would be up to the chair of that commission to be able to make sure that is fulfilled within the mandate of their executive officers in that crown corporation.

The second thing—and I've asked my officials to look at this—is the possibility of making sure that our crown corporations become centres of excellence, that we look at our crown corporations and become extremely proud of them in the way that Canadians and of course the employees who work in these crown corporations can view them. I think we have excellent crown corporations. We have excellent people who work there, and I think we can strengthen them and modernize the way we do things with them.

That is essentially the gist of how I would respond this morning on that.

Mr. Ed Fast: As I understand it, you're saying you would provide the broad direction in which the government would like to see these corporations go, but beyond that, you're not going to interfere with the day-to-day operations of those corporations.

Hon. Lawrence Cannon: That's correct, and after consultation with this committee and other committees that are required to be consulted.

Mr. Ed Fast: Have you had the chance to meet with all the chairs of the crown corporations, or is that still ongoing?

Hon. Lawrence Cannon: It's still ongoing. I've had a chance to meet with, I'd say, roughly 80% of the crown corporations, as it stands today.

Mr. Ed Fast: Thank you.

The Chair: Mr. Scott.

Hon. Andy Scott (Fredericton, Lib.): Thank you very much.

Congratulations on your appointment. Welcome to the committee, and welcome to the officials who are part of the large crowd that has been drawn by the star power or salaries, one or the other.

I would like to explore the comments you made with regard to your interpretation of your mandate, specifically that the government has tasked you with leading discussions with provincial and territorial governments that will help define the federal infrastructure, predictable funding, and so on. In terms of the predictability of funding and so on, that has been a long-sought exercise, and I would be supportive.

However, that plus the reference to respect for jurisdiction causes me to be a little concerned about the question of having a seat at the table. In the modern Canada, there has been a modernization of the relationship between Canada and the municipalities, one that is welcomed, I think, by the municipalities.

Earlier this year, a senator in the other place identified, in fact, the inappropriateness of some of that relationship between the Government of Canada and municipalities, which causes municipalities to be quite concerned that they may lose their place at the table.

I'd like to be reassured that it is appropriate for the Government of Canada to negotiate arrangements with municipalities around a national purpose on the environment and so on, and that it can be done directly with municipalities without being in contravention of the Constitution.

● (1200)

Hon. Lawrence Cannon: Thank you for your question, honourable colleague. It's an important question, and it takes me back. I've spent more time as a town councillor than as an elected official to other orders of government.

You of course get extremely frustrated when you're sitting at the town council level and you realize that your concerns are not listened to, necessarily, and that you have problems putting forward schemes, whether they deal with urban transit or waterways or sewage systems.

A few years ago I petitioned the FCM very strongly, as did many other elected officials, and of course that organization petitioned the government. And I was very pleased to see the openness the Government of Canada afforded municipalities. I think that on a basis of partnership, on a basis of cooperation, we can continue to move forward.

I think that all levels of government are very cognizant of that approach. So I, for one, and I repeat what I said before in French, do not intend to step on anybody's foot to make sure that we are committed and are able to move forward on sustainable communities and are able to get that money to our infrastructure projects, which matter mostly at the local level, yes, but also at the other levels. I do not envisage in any way, shape, or form any problems from that perspective.

My opening remarks do not exclude any possibility of having open and frank discussions with everybody. But of course at the end of the day, the provinces, which have their responsibilities and their jurisdictions, must be able to play out their roles.

You know as well as I do, colleague, that in some provinces, for instance, it is more important for the provincial government to be able to do it. In other provinces, clearly, there's been another way of doing things. For instance, the City of Toronto deals directly with the Government of Canada, and there doesn't seem to be any problem. The Government of Ontario accepts that fully. In other provinces, funds are administered by the provincial associations, by regrouped municipalities. I think particularly of Ontario, also, and I think B.C. is similar to that. Alberta, as I mentioned before, would be in line with that kind of thinking.

Canada is diverse. Canada's way of doing things is a little different, and I am certainly going to respect that.

Hon. Andy Scott: Do you envision an arrangement with the municipalities on the strategic infrastructure fund? Let me add to that question by asking why the strategic infrastructure fund wasn't renewed this fiscal year.

Hon. Lawrence Cannon: It was.

Hon. Andy Scott: No, it wasn't for this fiscal year. The money is for next year.

Hon. Lawrence Cannon: We're preparing the budget, so it's renewed for next year, then.

Hon. Andy Scott: Well, we just had one, actually.

Hon. Lawrence Cannon: I know, and you'll recall this is the third tranche of the infrastructure fund.

Hon. Andy Scott: I recall very well. The reality is the Canadian strategic infrastructure fund was renewed but there's no funding until next year. I think you've written to the *Telegraph-Journal*, for instance, in New Brunswick, talking about your desire to do the harbour cleanup, but there isn't any money. That's the decision the government took not to renew this fiscal year the funding for the Canadian strategic infrastructure fund—

•(1205)

Hon. Lawrence Cannon: It gives us the time, colleague, to be able to prepare and to go forward with the discussions that I took a couple of minutes to explain to you. I thought it was extremely important to be able to discuss with the provinces and discuss with the municipalities.

The Chair: Mr. Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chairman.

Good afternoon, Minister. I'm pleased to meet you today.

You said earlier that you looked at the previous Parliament's Standing Committee on Transports work. I was one of its members.

I'd like to come back to a point which, in our opinion, is very important. I'm referring to air safety and security, and more specifically, the ratio of flight attendants, which we discussed in the previous Parliament. On November 22, if my information is correct, we voted unanimously on a resolution that any legislative amendment would be studied by the Standing Committee on Transport before being adopted or published in the official *Gazette*. I know that your officials are working actively on this file.

Can you assure me that we will have an opportunity to discuss this in committee before anything is made official?

Hon. Lawrence Cannon: Thank you, sir, for your welcome.

I should point out from the outset that consultation on the implementation of regulations is an extremely complex and drawn-out process. In the case of flight attendants in particular, the process was started some time ago and it is ongoing. I don't intend to reappear before the committee. I intend to let this process unfold. The outcome of this consultation will be made known once it is over.

Mr. Robert Carrier: But before a final decision is made, if it could be referred back to committee so that we can assess—

Hon. Lawrence Cannon: No, sir. I don't intend to reappear before this committee to discuss the matter. The committee has already given its opinion on the issue. This is a far broader consultative process which has been embarked upon now.

Mr. Robert Carrier: This is an example of a committee decision you don't seem to respect.

Hon. Lawrence Cannon: This isn't necessarily flouting the committee's authority. This is a regulatory process. We need to ensure that every regulation adopted under the portfolio for which I am responsible goes through a tried and true process, and I maintain its integrity.

Mr. Robert Carrier: I've noted your response.

I'd like to broach another issue. Bill C-47 from the previous Parliament concerned Air Canada and the whole issue of respecting both official languages. This is important to us given that Air Canada and its numerous subsidiaries were privatized and it's now harder to make sure both Canada's official languages are respected. Many complaints have been lodged on this matter. The bill wasn't adopted.

Do you intend to reintroduce the bill in the near future so that this situation is resolved before it gets any worse?

Hon. Lawrence Cannon: I was made aware of this issue by the Official Languages Commissioner when I met her a month ago, before her annual report was presented. She told me that the previous Parliament had considered Bill C-47, dealing with this issue, but that it died on the *Order Paper*. I'm now looking at all the options and I'll make my position known on this issue in the upcoming weeks.

•(1210)

Mr. Robert Carrier: I would like to hear about your department's philosophy with regard to public transit in Canada as a whole, while taking provincial jurisdictions into consideration.

Do you have solution to propose? There is already a sales tax on gasoline meant for infrastructures and public transit. Do you want to find a new solution to improve public transit as a whole, as this is a sustainable development solution?

Hon. Lawrence Cannon: You are right to emphasize this. Public transit includes car pooling and all the types of transit that you could possibly imagine, as well as regional transit. I have in mind the Conseil intermunicipal de transport des Basses Laurentides in Quebec—you are familiar with this organization, directed brilliantly by Mr. Élie Fallu, a former colleague from the National Assembly.

The negotiations and measures we are about to undertake demonstrate that public transit is a priority for this government. In the budget, we provided an amount of \$1.3 billion for public transit, as a part of our commitment to further decongestion, reduce greenhouse gases, etc.

We are determined to carry on in this vein. Just like you, I represent a rural riding. When, for instance, someone leaves Maniwaki to see a dentist in Gatineau, this obviously requires some flexibility, there must be a commitment from the Regional County Municipality and other public authorities.

I think that I will be able to help develop public transit with the funds that will be allocated.

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Thank you, Mr. Chairman.

Mr. Minister, we are pleased to have you with us today and to see how open you are in responding to the committee's questions.

In your presentation, you insisted on sustainable infrastructures, and given the fact that the transport industry is a big contributor to greenhouse gas emissions, we might also, like the other sectors, make an effort to reduce these greenhouse gases. We have a special role to play in this respect.

I represent Lévis—Bellechasse, where the biggest Canadian shipyard is found. For shipbuilding, we need marine transport policies that create a favourable playing field for competition. This is also a means of transportation that helps reduce greenhouse gas emissions.

I would like to know what you think of marine transport in Canada in general. Are you in favour of promoting marine transportation so that it can also contribute to progress in this sector?

Hon. Lawrence Cannon: Thank you for your question.

I know that you are involved in these matters. You represent your riding with great energy.

You raise the issue of transportation over short distances. Whether it be the St. Lawrence River or other navigable waterways on this continent, this is a very useful source of alternative solutions in transportation.

I had the opportunity to chair the first North American Marine Conference—Towards a Shortsea Shipping Strategy for the North American Continent, which was held in Vancouver. Representatives from Mexico were there, as well as the American Secretary of Transportation, Mr. Mineta. We agreed to continue implementing policies and action plans. We believe in the future of marine transport.

I had the opportunity to make these statements again not only before representatives of the Canadian industry but also the Quebec industry. I told them that we intend to go forward with measures complementary to those implemented by the United States and that will also help sustain our national grid.

In 2002, the Quebec government tabled a policy on coastal shipping. Coastal shipping in Canadian waters might be an excellent way to relieve decongestion on quite a few highways.

These are options that we must consider very carefully, perhaps not for the immediate future, but certainly in the middle and long term.

• (1215)

Mr. Steven Blaney: I will tell my people at the shipyard to get ready to build ships.

Hon. Lawrence Cannon: It might be premature, sir.

Mr. Steven Blaney: My second question, Mr. Cannon, also deals with a very sustainable means of transportation, namely the railways.

The previous government went about privatizing the railway network rather abruptly. This privatization created problems for the users of marshalling yards.

In the past, the government made several efforts that never produced results. For instance, the person responsible for my office in Lévis lives in Charny, and she often sleeps alone, because her spouse goes to sleep in the basement so as to avoid the very loud noises.

I would like to know whether you have thought of taking any steps to remedy this.

Hon. Lawrence Cannon: Well, we are not going all the way down into people's basements!

Bill C-11 has provisions that favour public transit and that help to solve conflicts between railway owners and users. The question concerns those in this room who have most likely already received complaints from citizens regarding train whistles at railway crossings. This is also a part of the bill.

With your support, I think that we can make quite a bit of headway toward solving these problems.

[English]

The Chair: Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Thank you.

Mr. Minister, congratulations again on your new position. I look forward to seeing you before this committee on issues of interest to us.

I want to address the issue on page 4 of your presentation today. You made reference to providing new federal funding of \$8.5 billion for a variety of infrastructure programs. You mention the Pacific gateway initiative. I am particularly interested in that.

You comment on the next page that, "In an era when global supply chain management drives the economic success of nations, integrated and efficient transportation systems are a crucial element in economic productivity." Of course that is what Pacific gateway is about.

My concern is that I am wondering about the details of the moneys that you're going to be putting into Pacific gateway, and whether those moneys will in fact be coming from other infrastructure programs that were targeted for other purposes—for municipal or rural, for example—in the areas. I would not want to see in my case, in the province of British Columbia, that money drawn from other funds when the original intention was that these would come through Pacific gateway.

In the previous government I worked with Minister Emerson, when he was still Minister Emerson, on the issue of the gateway. We committed \$590 million over a five-year period, with \$190 million for initial programs and \$400 million to be determined as priorities were decided by the stakeholders in the area.

Your government's plan for the Pacific gateway is some \$239 million over that five years. It talks about \$590 million over eight years, but there is a gap there of some \$351 million in the first five years.

When I asked this question in the House of your colleague, Minister Emerson, his comment was that, first of all, if more money.... He suggested a lot of these projects may not have been able to go ahead at the same timing—that was their supposition, but that wasn't my understanding when we discussed this initially—and if money was needed, it would be made available. I would like to know where it would come from.

Second, the suggestion was that there was infrastructure money, and I see the reference again in your comments. Where is that money going to come from?

Your comment about the global supply chain mentioned that it is a crucial element. I would point out to you that two areas in particular will make the gateway successful. The gateway is a pan-western Canada initiative; in fact, it is Canada-wide. It is the access to the Pacific Rim for all of Canada, so it is not just a British Columbia or Vancouver or Prince Rupert issue. To make that successful, we need to have the trucking routes to be able to move goods and services. Some of the gateway money committed by the previous government was for some projects early on. Are those projects still planning to go, in terms of transport? I am referring to the rail grade separations and the Pitt River bridge, for example.

The other issue is rail infrastructure. We need to ensure that rail companies.... I met recently with the Railway Association of Canada. They are concerned about a decision about policies that would enable them to be competitive and efficient. We have to serve both the Fairview port in Prince Rupert and the Port of Vancouver.

We have a problem now: the capacity of new container business growth on the Pacific Rim is such that if we don't provide for the growth in those areas, and the rail systems to connect and move the goods to other parts of Canada and indeed to the United States, we will have that container business bypass us and go to the U.S. ports and Mexico. The U.S. ports are already expanding in anticipation of that. We don't want to lose that opportunity for Canada.

I would appreciate your comments on that.

• (1220)

Hon. Lawrence Cannon: Thank you very much for your remarks. I find in you another person, part of that brotherhood from the municipal arena, who is very sympathetic, not only to the issues that you've raised, but also to the issues that deal particularly with our communities.

Just to reassure you, the \$591 million is new money. It doesn't impinge on any of the infrastructure money announced in the budget. It's new money, and it will be spent over an eight-year period.

The reason it has been set up in that fashion is we feel land claims and environmental assessments might push back the completion of some projects. So it's a more realistic approach to moving these projects forward.

You have mentioned previous projects in your comments. We're reviewing the mix of projects that were there before. In the short term my colleague, Minister Emerson, will be able to announce the details of what is going to occur in this file, and how we're going to go about it.

You're absolutely correct when you mention it's not just a Vancouver or a British Columbia issue. It's a gateway for all Canada to access markets and the gateway initiative is a very fine example of how we can better our skills and better our ways of doing things, so we have unimpeded access to these markets in a seamlessly integrated fashion.

That will also of course include a significant role for the railways in this project. Once again we will be able to have a taste of all this when my colleague announces the details of the project.

• (1225)

Mr. Don Bell: Do you have any indication from your colleague when that might be?

Hon. Lawrence Cannon: No. I'll leave that up to him. I don't want to get cornered into a response where circumstances might prevail that it's not possible to announce it when I've said it would be announced.

Mr. Don Bell: I go back to the \$8.5 billion for the Pacific gateway you mentioned in your speech on page 4. Is the \$590 million included in that \$8.5 billion, or is that \$8.5 billion over and above?

Hon. Lawrence Cannon: It may be included.

Mr. Don Bell: And I know it's not \$8.5 billion for the gateway, but what part of the \$8.5 billion is for the gateway?

Hon. Lawrence Cannon: My people tell me it might be included in that amount.

Mr. Ranger.

Mr. Louis Ranger: Yes, in fact the text of the speech itself says it includes the Pacific gateway.

Mr. Don Bell: Yes, and I'm just wondering how much. Of that \$8.5 billion it's only the \$590 million, and of that we're looking in terms of only \$19 million in 2006. Is that correct?

Mr. Louis Ranger: Yes, but I will check, sir. But I would assume the \$8.5 billion would include the full allotment of \$591 million, not just the four years shown in the budget, but the eight years.

Mr. Don Bell: The eight years.

Mr. Louis Ranger: It would include the eight years.

Mr. Don Bell: Thank you.

The Chair: And perhaps you can get back to Mr. Bell.

Mr. Louis Ranger: Yes, we'll do that, sir.

The Chair: Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chair.

Mr. Minister, in your opening comments you discuss the consultation process with the stakeholders and the need for more air liberalization. Could elaborate on this a little bit and let us know the status of bilateral air relations between Canada and other countries, as well as commenting on any current negotiations and any agreements that may need to be updated?

Hon. Lawrence Cannon: Yes. Thank you for your question, colleague.

As you know, as a government we are committed to an open skies policy. It's our firm belief the more bilateral or multilateral agreements signed with other carriers, the more that will directly benefit the paying customer. That's our firm belief in an open-market policy, clearly driven by the market.

As you know, we have signed an agreement with the United States. That agreement will come into effect on September 1 of this year. We have signed an agreement with Great Britain more recently, and that agreement will be coming into effect....

That agreement with Great Britain will be coming into effect when?

A voice: September 1.

Hon. Lawrence Cannon: September 1 also. But I can probably table to the committee a list of where we want to go, who we intend to negotiate with, and how we want to go forward on that basis, if that's fine with you, Mr. Chair.

Mr. Brian Storseth: Thank you, Mr. Minister. I want to say on behalf of all our colleagues here that we really appreciate your coming and sharing your vision of the department with us.

The Chair: Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair, and welcome, Minister.

My question relates to the Farmer Rail Car Coalition and the disposal of the 12,600 hopper cars. You know my view, Mr. Minister; it is that the new government has reneged on the agreement as it was with the FRCC. I would state at the beginning that it really doesn't surprise me, because Transport Canada, in my view after watching them over 25 years, has a history of being much more sympathetic to railways than to primary producers. That's under various political parties, including my own. I say much more sympathetic.

I have several questions on the FRCC. You have indicated that in the new arrangement there would be a reduction in freight rates under the revenue cap, and those figures are in various statements you have made. Can you give us the exact figure?

Secondly, the CTA in their document—which is not officially released, and I'm hoping you will release it—has stated that the charges applied for maintenance under the cap were \$4,329, when the actual cost for the maintenance to the railways was \$1,686. That leads me to believe the railways have been gouging—and I use the word gouging strongly—the prairie producer community since 1992 to the tune of \$33 million per year. Are you going to be doing anything to recoup those moneys from the railways and return them to primary producers?

Thirdly and finally on that point, concerning the replacement of cars in the new arrangements it's unclear what the government is going to do about replacing the rolling stock of hopper cars as we go down this road. I'm wondering whether the government is considering taking on the responsibility themselves for replacing that rolling stock.

This is addressed to the infrastructure individual. The prairie grain road program that was put in place as a result of the loss of the Crow benefit ended in March. The Saskatchewan Association of Rural Municipalities tells me there are a number of projects in the mill that can't be completed because the program ended in March. I'm wondering what the status of that program may be. You might not have that information today, but you can get back to me on it. That's my question.

• (1230)

Hon. Lawrence Cannon: Yes.

On the latter point, colleague, if you permit, I'll get back to you on that specific point.

I'll ask the deputy minister to respond to the more technical aspects, and also John Dobson from our department will be able to respond to it.

As you know.... As an *entrée en matière* I'll say that the previous government in its budget had determined that it wanted to sell the hopper car fleet, and it did work with the FRCC, as you mentioned before. It was only a couple of days, I believe, before the election that finally a transaction was done. We reviewed this transaction in the light of the information that was and that is available. I determined with my cabinet colleagues that the course of action we followed was the best course of action for farmers.

This having been said, I will pass my time over to Louis Ranger, who is our deputy minister, and to Mr. Dobson.

Hon. Wayne Easter: I know them both.

Hon. Lawrence Cannon: Then you know full well that they do not necessarily have a prejudice towards the rail carriers, that they are good civil servants. I'm sure you are aware of that.

Hon. Wayne Easter: There's no question about that.

Mr. Louis Ranger: But I certainly hope the railways heard what you said, because they may not actually agree that we're always on their side. We're inclined to have a balanced view.

The minister basically explained the decision the government has made on the hopper cars. It has been on our desk since 1995. The government has made a decision. The cars bring the government \$10 million a year. This certainly is a consideration in the decision. The view has been that the cars should stay with government, so that's the decision.

John Dobson will comment on the report of the CTA and perhaps have some comments on the car replacement issue.

Mr. John Dobson (Senior Policy Coordinator Grain Monitoring, Surface Transportation Policy, Transport Canada): In terms of the \$2 per tonne estimate in savings for the revenue cap, that is just an order-of-magnitude estimate that was developed in conjunction with the Canadian Transportation Agency. As you're probably aware, in Bill C-11 there's a provision that allows the government to ask the agency to have a look at the actual maintenance costs and adjust the revenue caps to bring them in line with the actual maintenance expenditures that the railways are incurring. That will be done, and I wouldn't want to prejudge the results of that.

But we're comfortable that the \$2 is a good order-of-magnitude estimate.

Hon. Wayne Easter: John, you've admitted they've been overcharging. What are you going to do about the years between 1992 and now, during which they got away with gouging farmers \$33 million a year?

Mr. John Dobson: The rail would be—

Hon. Lawrence Cannon: That's more of a political issue, so I'll respond to that by saying that maybe sometime you'll come back to power and you can demonstrate that you will be more than welcome to give all that money back. But as it stands now, we have, I think, corrected the situation, the flagrant injustice that has occurred, and we will continue to readjust. Once Bill C-11 is adopted, we will readjust the revenue cap.

The Chair: Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

It must be star power that brings you here, Mr. Minister, because I've met with Mr. Julian three times—even once in his office—to bring your concerns to light. I'm now aware that he doesn't like me quite as much as you—but I'll deal with that.

My question really revolves around Montreal, Toronto, and Vancouver, and of course our caucus members never stop talking about how important those places are and how we can make their lives better. I'm curious as to what your vision is on a general overall strategy, especially in those areas, to promote increased transit ridership because of the environment and infrastructure and energy use, and how we can tie that in with a general overall Canadian approach.

● (1235)

Hon. Lawrence Cannon: Thank you for your question. Of course my parliamentary secretary is always willing to defend me in any circumstance, and that's reassuring.

An hon. member: You're his boss.

Hon. Lawrence Cannon: No, I'm not his boss. The Prime Minister is his boss, and his electors are his boss.

Fundamentally, I'd say that other than the initiatives that are in the budget—and we're talking about the \$1.3 billion fund that was set up to aid urban transit projects—there is a series of other projects that are taking place. I'm thinking of the Canada Line, and the projects in Toronto, in Yorkville. Last week, as a matter of fact, I was at the Unionville station with the GO Train authorities, and we were able to

announce the grade of a number of projects along that line...bringing them up to grade, I should say.

As you know, I come from a milieu where we have for a long time pushed for urban transit. On the weekend I had the opportunity of going to the Canadian Urban Transit Association's meeting in Saskatoon to reiterate once again this government's commitment to not only work with these people, but also at the same time push projects of urban transit.

Montreal has projects. I've had the opportunity of meeting Mayor Tremblay.

This morning I had the opportunity of meeting with Mayor Sullivan from Vancouver, and we discussed a series of issues. A lot of them, of course, pertain to dealing with 2010 and how the government can help in that direction.

Coming back to our fundamental approach, our fundamental approach and vision is that we strongly believe that urban transit is a must. It alleviates enormous amounts of congestion. We were in Toronto not long ago, where we tabled the first report on the estimated cost of congestion in this country. It's in the billions of dollars.

All parliamentarians have to be able to come around to help shore up our infrastructure to permit Canadians to freely go where they want to go—to continue not only with the sustainable part of it, but also to expedite our services and our goods that way, through that means.

The Chair: Thank you, Mr. Jean.

I'm advised that Canada Post is now here and ready to go. We do acknowledge that you have spent the extra time with us. I'm sure the committee will invite you back again to ask you questions in the future.

Thank you very much for your time.

Hon. Lawrence Cannon: I would like to thank all of you for your kindness, and I look forward to cooperating with you in the future.

● (1245)

The Chair: Thank you.

Ladies and gentlemen, members of the committee, we'll get back to our hearing.

Today I'd like to welcome Moya Greene, on behalf of Canada Post, and Mary Traversy.

I understand, Ms. Greene, you have a brief opening statement.

For the information of the committee, because we have a half hour, we're going to allow five minutes per party and if there's any extra time we'll allocate accordingly.

Please begin.

Ms. Moya Greene (President and Chief Executive Officer, Canada Post Corporation): Mr. Chairman and members of the committee, thank you very much for giving me this opportunity to appear today.

I have with me my colleague, Mary Traversy, our senior vice-president of employee engagement. Issues surrounding all matters concerning employee occupational health and safety, and in fact the entire labour relations file at Canada Post, regardless of where that file touches—delivery, post offices, whatever—is Ms. Traversy's responsibility. She's here with me to help elaborate what we are doing on this issue of rural route delivery, which I know is very important to many of you and to your constituents.

[*Translation*]

I know that the committee members have heard about the recent concerns regarding health and safety raised by certain employees of Canada Post who deliver mail to mailboxes along rural routes. Canada Post explained the situation to those members whose ridings are affected by this issue.

As for the members who have not yet been informed about rural conditions, it would be useful, no doubt, to give them some background information.

[*English*]

First of all, Mr. Chairman and members of the committee, I'd like you to know that every day Canada Post delivers 40 million pieces of mail to 14 million addresses in Canada. It's a huge logistical exercise to do that. We do that on time 96% of the time and we're very proud of our delivery record. We are a delivery company and we want to deliver the mail. We know the importance Canadians attach to receiving their mail on time, and we know that's the basis of our business going forward.

We would do everything humanly possible to avoid any disruption whatsoever to delivery anywhere, but especially we know to rural Canadians who are at some distance from other points of service. Rural mail carriers deliver mail to approximately 843,000 stops through roadside rural boxes, but our rural mail carriers, and there are about 6,600 of them across the country, deliver mail in a variety of ways, not just to the rural box at the end of the lot line, but also to other collective forms of delivery—to post offices, community mail boxes, and the green boxes that many of you have seen in cottage property areas, for example.

You might find it important to understand that Canada Post employees have not always performed this work. In fact, this work has been done for Canada Post for many decades by independent contractors. Sometimes these were small family businesses, businesses that would bid to Canada Post to have the right to deliver for a particular area. In 2004, however, as a result of the collective bargaining that I think happened about a year and a half before that, the rural route delivery agents, formerly independent contractors, became employees of Canada Post. Of course this had been the subject of some discussion well before that collective agreement. As many of you recall, there had been a private member's bill on this even before the discussion.

The law in Canada is now pretty clear and it has evolved in the area of safety over these past few years—in fact, even over these past two years. The law in Canada rightfully, morally, legally, clearly places obligations on employers in the face of a hazard, any kind of hazard in the workplace. Under the Canada Labour Code employers have a legal responsibility to ensure that the health and safety of

employees is protected and we have to be proactive in the discharge of that responsibility.

In addition, as many of you will recall, there was the debate two years ago on the horrible Westray mine disaster. That prompted a great deal of discussion and in fact changes to the Criminal Code of Canada to augment the responsibility that employers have in this country with respect to occupational health and safety. Now, according to the Criminal Code, not only do corporations face fines if they know about a safety hazard and they do not respond, but employees of the corporation, including the CEO and any employee who is in a position to direct other employees, may face a criminal penalty, in fact a jail penalty, if we fail to discharge our obligation in that regard.

In the past six months a number of things have happened. Close to 300 of our 6,000 or so rural route carriers have raised health and safety concerns to the company. Some of the 300 people have actually exercised their legal right under the Canada Labour Code to refuse work. In those situations the Canada Labour Code has occupational health and safety officers, decision-makers, who will review the action taken by employees and decide on the spot whether or not it was a valid refusal to work. In that case the company, Canada Post, has a legal obligation, Mr. Chairman and members of the committee, to immediately respond.

It's important to understand that our employees have raised two separate quite distinct categories of safety hazard. One is road safety. In Canada, and you will understand because of many of you live in these areas, patterns of urbanization have changed. With urban sprawl we have much more traffic on what were five, ten, or fifteen years ago quiet country roads. In fact, if we take our advice from the traffic safety consultants at the National Research Council, we understand that probably as many as 20% of the points of call on rural routes are probably experiencing dramatic changes in the traffic patterns, such that anybody working on those routes would have to manage their way around.

● (1250)

The second safety hazard is quite different. It's an ergonomic hazard. That means it is a hazard relating to a repetitive movement of the body, which may cause a repetitive stress injury down the road. In the case of the delivery to rural boxes, you can understand that if all you had to do was to reach over one or two times a day to put an envelope in a box, that probably would cause no problem. But in the case of rural routes, sometimes we have 150 or 200 points of call. Our experts are telling us that this kind of repetitive reaching over a long period of time can indeed cause problems down the road. These are serious issues.

No one in Canada Post wants to require any Canadian to change what is a satisfactory and convenient way of receiving their mail. I can assure you that is not something that Canada Post wants to do.

Our systems are big systems. There are huge logistical exercises to get the mail out. Any change to those systems and any change to delivery is a change transformation exercise that is incredibly large and cumbersome for a company that has 71,000 employees across the country.

We are not looking to do this, but when a safety issue arises and someone refuses work, we have a responsibility, legally and morally, to respond immediately and in the least disruptive way, to do whatever we can to keep the mail going to our clients.

[*Translation*]

Mr. Chairman, let me assure you that Canada Post is fully committed to the safety of all its employees. This is why the corporation immediately implemented a series of measures to address these concerns.

[*English*]

I have asked that various experts be engaged to guide us, Mr. Chairman and members of the committee.

This is new ground for many of us. What was not even thought of as a safety hazard 20 years ago now is. Remember, 25 years ago we didn't even have to wear seat belts—just to remind you of how the world has changed in relation to safety.

So we have asked the National Research Council to advise us on, and help us evaluate, the working conditions of our rural mail carriers.

We have also retained specialists in the area of ergonomics. This is not an area of expertise for us, but we are becoming more expert in it by the day. Together with lawyers who specialize in workplace safety, we are coming up with a much broader appreciation of what it takes to keep our employees safe.

We have met with senior officials of Human Resources and Skills Development Canada—the department responsible for the occupational health and safety—who make the decisions about workplace refusals, to take advantage of their expertise and experience.

As an additional step, Canada Post is now providing flashing yellow lights to our rural carriers and reflective signs, so they can be better seen in different kinds of traffic conditions.

Committee members are aware that there are only a handful of safe alternatives to the delivery of service, to the way in which our clients now receive their mail. These might include delivery to a central point: to a post office, if it's not too far, or to community mailboxes that can be put in a location—not as good as receiving at the lot line, I understand, but one that is both safe and reasonably convenient to our clients.

As I know you know, millions of Canadians across the country are already receiving their mail through a community mailbox. Every single new subdivision in the country for the past 15 years has received their mail that way, and Canada Post knows how to do this. Certainly we don't like to change anything for people, and we are working with communities to make sure that change is the least intrusive possible.

Where Canada Post has received a direction from HRSD related to road safety or where the delivery is clearly unsafe—we can see it ourselves and don't need to wait to get the direction—immediate action is required. In these cases, I'm very sad to say that customers have been inconvenienced for a few days, as we try to get a new delivery system under way.

Mr. Chairman, when someone refuses to work for safety reasons, at that moment I have two choices: I can suspend mail delivery or try to find an immediate alternative. Sometimes the immediate alternative that's available to me is to deliver to a post office. It then takes me two or three weeks—sometimes as many as six—to get out to speak with the community to find out what is a reasonably convenient alternative location to get mail. That is what we have been doing.

We have been managing the refusals to work issue since November. Given all of the complexities surrounding the issue, I think we've done fairly well. Again my apologies, Mr. Scott, to you and most importantly to your constituents, my clients, who may have been inconvenienced earlier in the week.

We have implemented these emergency measures as stopgaps, Mr. Chairman. We also have a large community outreach and communications program, which we've had in place since I came to the company. This allows us to get in front of the people who are actually inconvenienced and seek their thoughts on what's the next-best reasonable alternative, and that's what we're doing.

In conclusion, Mr. Chairman, Canada Post takes the concerns of our employees very seriously. I want to assure the committee of that. I know that you are as concerned about this as we are.

● (1255)

Needless to say, we do not want to inconvenience any of our clients, whether they be rural or other Canadians. Mail delivery will continue, I promise this committee, without interruption to all Canadians. Some changes in service may be required, and where that is so, Mr. Chairman and members of the committee, I promise that these changes will be ones that are the best reasonable alternative, all of the circumstances combined.

We are committed to ensuring that you are fully informed. Any of you who have constituents in rural areas, where I could have a safety problem to address, will know that we have been quite proactive in making sure you and your staff have been briefed on the complexity of the issue and the steps we are taking to resolve it.

I thank you very much once again for giving me and my colleague Mary Traversy an opportunity to be here today. I look forward to your questions.

● (1300)

The Chair: Thank you, Ms. Greene.

Mr. Scott.

Hon. Andy Scott: First, I am somewhat disappointed that the minister is not here, because some of this questioning would be more appropriately put to the minister. He has already weighed in on this. He has already spoken of this publicly, and it is not unprecedented for a minister to appear with a crown corporation; I've done it myself, so it's not as if it couldn't happen. I'm forced now, because I'm not going to get another occasion, perhaps, to deal with things I'd rather deal directly with the minister on.

Ms. Moya Greene: You can always deal with me, Mr. Scott.

Hon. Andy Scott: I accept that, but I understand the limitations you face as a public servant as well.

Having said that, this is not about anyone believing that somehow people carrying the mail should be put at risk; that isn't what it is about. This is, however, about the execution. On Monday, probably 1,100 people in my riding were told there would be no mail on Tuesday, or that there would be mail in some cases 60 kilometres away by return trip. This involves seniors, rural areas, and people with disabilities. It wasn't at all well done, truthfully. I don't know whether you want to do it now, but it should be accepted that it wasn't at all well done.

People saw this coming, so when I called on Tuesday, having received 60 calls, I was told that in fact it might be six weeks. That's what I was told, and you've said it again today—sometimes you mentioned six weeks—so that gives some credibility to it. I understand now it might be two weeks. That's better than six weeks, but I still have to register my displeasure, when we knew this was coming, that we have to order boxes, or we want to do community consultation, or whatever is the reason, with the fact that it has to take this amount of time. All of those things could have been done in advance with the community.

To a large part of this, involving a lot of the people who are caught in this decision, the argument we are talking about can't apply. People could have done many of these houses without violating any safety.... A lot of these are cul de sacs. It's a different issue, frankly, but you'd have to be on the ground to know that. That is what the community engagement part would be about.

Ms. Moya Greene: Exactly.

Hon. Andy Scott: Also, the community engagement now to say that these issues are there is, in the face of this, going to be a dramatically different exercise than it would have been while they were receiving their mail at their homes. People are reasonable. They don't want to see their neighbours put in harm's way. Consequently, I think it would have been an entirely different dynamic from the dynamic you're going to probably see now. In the execution of this exercise that we've seen coming and you've seen coming—as you say, you have been dealing with it probably since November, and I know it's been known in my constituency that this was coming—I think action should have been taken so that the discussions that are now going to be taken under some sense of tension, and I can tell you that it is palpable, might have been done much more reasonably and less emotionally before the crisis came upon us, which is what happened on Monday.

I can tell you it's the subject of pretty much everything in greater Fredericton right now, in terms of the fact that people are having to drive.... People are actually having to drive to places within the greater area.... Fredericton is not a large place, but a few are having to drive to places they've never been before in their lives. I'm being called and asked for directions on how to get to places they've been told to go to that are supposed to be convenient pickup points.

Ms. Moya Greene: No, it's not a convenient pickup. I think I said no. I had a choice.

If I may, I don't want to sound defensive. If we're falling down on the job on the execution side, I want to hear about that, and I'm going to do everything I can to make sure we're not, but I just want to correct something.

You may not know, Mr. Scott, that yes, I knew that in the 840,000 points of call, I probably have 20% of them that are unsafe as a result of urban sprawl and traffic. I didn't know which ones. It was proactive work in Fredericton. I took the National Research Council criteria we have and I went into Fredericton and we surveyed that whole rural area and now we know, but before we had a chance—and this working with our union—to do just exactly what you have said and what we have been doing in other parts of the country, one employee decided on that route he wasn't delivering the mail. When that happens, the first thing I want to say is I apologize to you and to the people in your constituency who were inconvenienced by that right to refuse work.

When I'm told on Monday morning—your office actually knows from my office that same day because that's how the community outreach program works—that there's a refusal to work, right there on the spot I have only two alternatives. I can hold the mail—and there may be cheques in that mail—or I can use the communication means available to me—letters, the airwaves, whatever—to tell people that there are two post offices, and it's not great, but we're going to put your mail there for now, and we're going to come into your community. I have a team on the ground, as we speak, in your community and we're going to talk to you, the inconvenienced clients of Canada Post, and have your thoughts about where we can put a collective safe delivery point that will be more convenient than this emergency stopgap measure.

I assure you, Mr. Scott, that yes, in some cases, depending on the geography and on the time of the year, it is going to take me six months. If I get a refusal to work in northern Canada in February, it's going to take me sometimes six weeks to get a better solution in hand.

• (1305)

Hon. Andy Scott: The only point I want to make is this didn't have to start on Monday.

Ms. Moya Greene: It didn't start on Monday.

Hon. Andy Scott: Well, in the context of everybody who got that letter—

Ms. Moya Greene: That's my point to you, Mr. Scott. It did not start on Monday.

Hon. Andy Scott: To every one of those people, it started Monday when they got a letter saying they weren't going to get mail on Tuesday. The consultation, the preparation, the ordering of boxes, all those things that I've been told are the reasons why it can't be remedied for a period of time—originally six weeks, now two—might have been started before. They're talking about having public meetings, and I appreciate all that. These are the things that have to happen, but I believe they should have happened before. It didn't come as a surprise. I was aware of this situation for a couple of months. So this did not come as a surprise. It should have been addressed outside of this—

Ms. Moya Greene: Okay, I take your criticism.

Hon. Andy Scott: And it isn't intended to be a criticism as much as it is a suggestion for the future, because as you say there is much more of this coming. I think that action should be taken in advance.

Ms. Moya Greene: In a proactive way.

[Translation]

Ms. Christiane Gagnon (Québec, BQ): I am very glad to meet you today and to have this opportunity to ask you some questions.

In your career, you have had much experience with privatization and regulation. You are known as someone who applies drastic measures, in other words, some of your decisions have been rather draconian.

Let me mention a decision you made in 2005, which was to close down the Quebec mail sorting centre. At the time, 130,000 persons petitioned against this closure. Moreover, municipalities tabled some 1,000 resolutions to try and stop this decision by Canada Post, which was at the time your decision.

With regard to this decision, I would like to know whether you have a plan for downsizing. Why did you decide to implement downsizing in Quebec? You know that we have two centres, one in Quebec and one in Montreal, and that they serve 7.5 million people. Ontario has six centres for 12.5 million people. If you close down the Quebec centre, there will be a ratio of one centre for 7.5 million persons, whereas in Ontario, there will be one centre for 1.7 million persons. What is the rationale for this? Is this just or fair?

I know that you will tell me that no jobs were lost, but as far as I am concerned, I believe that jobs will be lost in the long term. You will tell us that the service would be just as good, but that is not what I want to know. Tell me, do you have a downsizing plan? Will you table it if you do? We already asked the minister for this in 2005. Now we are dealing with Minister Cannon. We want you to present a plan and to put a moratorium on your decision until this plan is made public.

• (1310)

Ms. Moya Greene: Thank you for your question. I have no plan to downsize the sorting centres. At Canada Post, we have been downsizing for the past 15 years as conditions allow. We do this following certain criteria.

First of all, we downsize operations if we can do so, without penalizing employees. Next, we check to see if there is enough production capacity in the other undertakings of Canada Post. With regard to Quebec, the answer is yes. Montreal can increase its productivity by 30%. Thus, mail can be transferred from Quebec to Montreal without any loss in the quality of service. In fact, Ms. Gagnon, I'm very proud to tell you that the service in Quebec is the best in the province. It is done in a timely way 99.6% of the time. It is very important to avoid any decrease in service.

Finally, there is a third standard that allows us to know whether we can use our centres more efficiently. When a long process is involved, different types of mail can be transferred without Canada Post having to change its operating plan in any major way.

If we see that the situation is favourable in all three ways, then why not go ahead? The service offered by Canada Post to the Canadian population is of course very important, but it is commercial in nature, which is another important factor. This is in keeping with my mandate.

As CEO for Canada Post, the fact that 30% of the production capacity in one of my centres is not being used gives me an

opportunity to streamline operations without even penalizing one single employee. If there is no decrease of service in the region, I think that it would be irresponsible not to go ahead.

Ms. Christiane Gagnon: Let us say that I do not agree at all with what you've just said. First, Canada Post is not a commercial service, it is a public service, a crown corporation.

• (1315)

Ms. Moya Greene: It is a commercial company.

Ms. Christiane Gagnon: Yes, but I mean that you are going about the downsizing as if it were a private company.

Secondly, I would like to know what you mean by fairness. You have two sorting centres in New Brunswick for a population of 752,000 persons. This is a ratio of one sorting centre per 376,000 citizens. Thus, in Quebec, mail delivery has decreased more than anywhere else in Canada. Mail delivery is only decreasing in Quebec while the installations in the rest of Canada are improving.

Ms. Moya Greene: No.

Ms. Christiane Gagnon: There are two sorting centres for a population of 752,000 in New Brunswick, whereas Quebec has one centre for 7.5 million. Now you said that the service will remain the same and that there will be no problem with delivering service in Quebec. I do not believe that.

Have you studied the matter?

Ms. Moya Greene: Yes.

Ms. Christiane Gagnon: In general?

Ms. Moya Greene: Yes.

Ms. Christiane Gagnon: And in New Brunswick as well?

Ms. Moya Greene: Yes. We did some studies and it is—

[English]

The Chair: Just very briefly, please.

[Translation]

Ms. Moya Greene: The studies are conducted by an independent firm, a third party. The firm is IBM, which conducts studies of this nature for most major postal organizations in the world. IBM conducts service studies in Canada and the US because we have to know what the levels of service in both countries are, and determine whether they are met.

According to information from IBM, which is not paid by Canada Post, I can assure you that service in Quebec is the best in the country.

With respect to equity, I don't believe that is the issue. The issue is rather to make the most efficient and effective use of all resources at Canada Post, without reducing services and without causing harm to employees. Let's say that some 319 people will retire in Quebec over the next three years. We could transfer the mail to Montreal in stages, in order to harmonize the process with the retirements. So it is not an equity issue. We have some facilities here, and others there. It is an issue of...

[English]

The Chair: Excuse me.

Mr. Julian.

[Translation]

Ms. Christiane Gagnon: In Ontario, there are six for 12 million people...

Ms. Moya Greene: That is 45% of the mail.

[English]

The Chair: Mr. Julian, please.

[Translation]

Mr. Peter Julian: Thank you, Mr. Chairman.

I would like to come back to the issue of postal sorting stations in Quebec. Public reaction was very strong, and that is very clear. We are all familiar with Quebec's geography. It makes no sense to close these postal sorting stations without consulting the public. This is being done in the same way as the more low-profile closures—but closures nonetheless—of rural post offices.

Is the corporation planning to close other sorting stations and rural post offices? Is this something that is being done, or being planned? Is there a moratorium on the closure of rural post offices and postal sorting stations in Quebec, so that they stay open?

Ms. Moya Greene: There is no plan, but I will not say there will be no moratorium. If those three criteria are there in the future, and if I can use Canada Post enterprises more effectively without reducing service and without penalizing any employees, I would be very irresponsible not to do so.

With respect to consultation, I'm well aware that the mail delivery system is a source of inconvenience for a number of people. I am consulting on the issue at present.

Regarding plans...

Mr. Peter Julian: But whom are you consulting?

Ms. Moya Greene: The people affected. One month after I arrived at Canada Post, I had the pleasure of implementing a communication plan targeting people who would be affected by change, whether it be change to rural services or to delivery.

However, when it comes to postal sorting stations the situation is rather different. It's not a service issue. Service is an issue that concerns the delivery side, by and large. In this case, I will be consulting people. But why should we consult people at the stations if no employees, be it permanent or part-time employees, are affected, and there is no resulting service reduction?

I would say that in this instance client relations are not an issue. Rather, it is up to Canada Post to find the best way of conducting its affairs, while making sure that the postal system does not yet again become a burden to taxpayers.

• (1320)

Mr. Peter Julian: Are you actually telling us that the public was not consulted, and that over the coming weeks other postal sorting stations might be closed?

Ms. Moya Greene: With all due respect, Mr. Julian, I would point out that we gave Quebecers two and a half years' notice. We are not talking about weeks here. Transferring mail takes a great deal of time operationally. In addition, we will be taking potential retirement numbers into account.

Mr. Peter Julian: I did talk about the announcement of a further closure. If I understand correctly, you will in no way reconsider the decision to close the Quebec City postal sorting station.

Ms. Moya Greene: No. That is a good decision.

Mr. Peter Julian: As Ms. Gagnon has just pointed out, it is quite clear that public reaction doesn't reflect this at all. The frustration in eastern Quebec is considerable. Obviously, the public does not agree with you.

Ms. Moya Greene: I know that this is a political issue, and not a business issue—

Mr. Peter Julian: Please allow me to finish.

In this instance, would you at least consider consulting people in Quebec City so that they can give their views? Then, if you maintain your decision, you will have to provide local residents with some explanation.

Ms. Moya Greene: No. This is a good decision, and I am not going to question it. Any CEO would act in a similarly responsible fashion to assure the future of the corporation and to ensure that the corporation does not become a burden to taxpayers.

That has nothing to do with service, since service quality remains high, nor does it have anything to do with delivery, which remains unchanged. I know that this has become a political issue, rather than a business issue. But the point here is to manage Canada Post properly.

[English]

Mr. Peter Julian: I will come to another subject, because I think there's only a minute or so left.

This is a crown corporation, with public input. Are there any plans or have there been any discussions whatsoever about privatizing Canada Post with this new government?

Ms. Moya Greene: No.

Mr. Peter Julian: And there are no plans to do so? Can you give us assurance today—

Ms. Moya Greene: Privatization is up to the shareholder, Mr. Julian. I'm not the shareholder. I am the chief executive officer of Canada Post.

If the shareholder of Canada Post, which is the Government of Canada, represented by the government of the day, chooses to exercise its rights in relation to its interest in Canada Post, that is the shareholder's decision. That is not my decision.

Mr. Peter Julian: That has not been communicated to you in any way?

Ms. Moya Greene: In any way.

Mr. Peter Julian: There isn't any proposal or any study going on to that effect?

Ms. Moya Greene: There is no study going on to that effect.

The Chair: Mr. Jean.

Mr. Brian Jean: Thank you, Mr. Chair.

Thank you very much for coming today. I've had the opportunity before to have you answer my questions and I've really appreciated it. Quite frankly, I admire your business acumen very much. I've had the opportunity, as I said, to speak to you somewhat and I'm very impressed.

One thing I liked best about you is you're very blunt, and so am I. You've asked for comments in relation to the execution of what happened in Fredericton, and I can assure you that I believe as well that the implementation and execution of that plan was not very good. Anyway, there's my bluntness.

As you know, being the parliamentary secretary for this particular transport and infrastructure—17 crown corporations, every road and bridge and water system in Canada—the number one issue that I deal with on a daily basis is Canada Post, actually. I get approached by my Conservative colleagues who are very active, including Mr. Blaney, who I think has some additional questions for you on the Quebec sorting plant. I'll give you a reprieve from that for now.

I have some other questions, but I just want you to know that daily I get approached in relation to the Quebec sorting plant by my Conservative colleagues. This is the number one issue that they're driving right now in Quebec and it's very, very important.

I also want to say, since I am blunt, that I hear you use the word “inconvenience”, but from my perspective, from western Canada, Canada Post's postal system and getting letters is to some people the most important thing that happens in their day. It's much more than an inconvenience; it affects their entire life.

• (1325)

Ms. Moya Greene: I know that.

Mr. Brian Jean: It's very, very important.

My question really deals with the legal perspective here. My background is law—11 years as a litigator, an ambulance chaser, if you like. I did a lot of litigation, a lot of personal injury, and I just don't get it. We have Australia, where I lived for three years, the U. K., the United States, all with very similar postal systems. Australia has much smaller streets than we do, especially rural. The United States and the U.K. have much smaller streets as well, and yet all of them seem to be doing an effective job in delivering mail to rural post boxes. They do.

What makes our country any different, first of all, and why do we have this issue when the United States, quite frankly—I have litigated some files from there as well—is a much more litigious society than we are? They litigate much more over many more things and they don't seem to have these problems. Yet we do have them.

Ms. Moya Greene: That's a good point. My discussions, though, with the U.S. post office indicate that they do have these problems in the rural United States. They have similar.... It's not so much litigation, I think, Mr. Jean, as it is a question of people exercising employment rights that have been given to them by statute.

I'm not an expert by any stretch of the imagination, but I understand that some similar rights exist in the United States and they do have these issues. I don't know at all about whether the employment rights are the same in Australia as they are here, but the truth is that in Canada under the Canada Labour Code occupational

health and safety, employees have the right to assess their working conditions and refuse work if they feel they are unsafe. When that happens, the employer has to respond immediately.

Mr. Brian Jean: To be fair, Australia's labour code is much more stringent. The United States has the same issues with the labour code and it is a legal issue. The labour code issue is a legal issue. It's about keeping the employees safe, which is very important.

Would you be able to table to the committee your reference in relation to the U.S.? You referred to them having the same problems.

Ms. Moya Greene: We have had discussions with the U.S., so we'd be happy to do that. As we have discussed with you, they do have some of the same situations we have had. So I'd be very happy to table with the committee the results of those discussions.

Mr. Brian Jean: And any information you have pertaining to how many issues they do have, because it would be very interesting to do a comparison.

Ms. Moya Greene: We know the number of their road safety accidents in rural United States, so we're quite happy to give you that information.

Mr. Brian Jean: Thank you very much.

The Chair: You have 20 seconds, Mr. Blaney.

[*Translation*]

Mr. Steven Blaney: Ms. Greene, thank you for being here today.

Canada Post serves the citizens who elect us. In a way, we are the representatives of Canada Post shareholders. Today, you have been unable to demonstrate that a number of decisions, such as the closure of the Quebec City postal sorting station, met the needs of residents in the region, particularly where service is concerned. That is what I understand. Some other committee members remain unconvinced as well.

My concerns are on transportation security. I am told that a letter will leave Chicoutimi, go through Quebec City, through Montreal, then come back to Quebec City and to Chicoutimi. I have difficulty understanding how you will maintain the same quality of service. If there is a single postal sorting station in Quebec, and there is a problem in Montreal, how will you ensure service in eastern Quebec? I also see a great deal of transportation occurring between Quebec City and Montreal, while we are trying to achieve sustainable development and reduce the number of points of transportation.

I know that you do not have much time to answer, but these are issues that concern me and my colleagues.

Ms. Moya Greene: I understand and respect your concerns, Mr. Blaney. It is also very important to me to ensure that our services and our transportation system provide the best possible service for clients. When we decided to close the Quebec City station, we increased transportation service capacity and changed the mail handling process in Montreal, so that mail which comes from furthest away is handled first. We are now certain that there will be no reduction in service quality.

I arrived at Canada Post only recently, and the logistics in that corporation are extremely complex. Canada Post is perhaps the crown corporation with the most know-how about logistics and transportation. So thanks to the complexity of our logistics and the way mail is handled, we are certain that there will be no reduction in service quality.

• (1330)

[*English*]

The Chair: Because of time restraints, what I might suggest—

[*Translation*]

Ms. Moya Greene: Mr. Blaney, I would be quite prepared to resume this discussion with you.

[*English*]

The Chair: I will thank you, Ms. Greene and Ms. Traversy, for being here. I would think that the committee would be more than interested in welcoming you back for another chance to speak.

Ms. Moya Greene: We are very happy to be available one on one with your committee members, Mr. Chairman, or in front of this committee again, anytime. It would be my pleasure.

The Chair: Thank you very much.

Just for the information of the committee, on Tuesday we will be doing clause-by-clause on Bill C-3. If you have any amendments, they should be filed with the clerk ASAP. There have been some amendments filed, and they will be circulated to the members very quickly.

With that, we are adjourned.

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