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# Standing Committee on Transport, Infrastructure and Communities

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**Monday, May 7, 2007**

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**Chair**

**Mr. Merv Tweed**

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## Standing Committee on Transport, Infrastructure and Communities

Monday, May 7, 2007

• (1530)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** Good afternoon, everyone. Welcome to meeting number 49 of the Standing Committee on Transport, Infrastructure and Communities.

The orders of the day, pursuant to Standing Order 81(4), are the main estimates for 2007-08: votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, and 75, under Transport, referred to the committee on Tuesday, February 27, 2007.

Joining us today is the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, and joining him from the department are Mr. Louis Ranger, Guy McKenzie, David Cluff, and André Morency. Welcome.

I know the minister has an opening statement to make, and then we'll proceed to questions from the committee.

Please, Mr. Minister.

**Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities):** Thank you very much, Mr. Chairman and members of the committee. It's a pleasure to appear before you once again. Today my officials and I are here to discuss the 2007-08 main estimates for the Transport, Infrastructure and Communities portfolio.

In November I described the responsibilities of this portfolio, which brings together Transport Canada and Infrastructure Canada, along with 16 crown corporations, and some of the challenges we face. In this portfolio we continue to tackle some of the most important issues facing Canada today, including the productivity of our economy, transportation safety and security, environmental sustainability, and the quality of life in our cities and communities as supported by public infrastructure.

I know that as members of the Standing Committee on Transport, Infrastructure and Communities you share many of these concerns. I would like to take this opportunity at the outset to thank you for your active involvement in the legislative agenda and a number of important policy questions that have an impact on the portfolio.

[Translation]

Since this government took office a year ago, we have made serious investments in all of these areas. I would like to take the opportunity to thank this committee for its support as we continue to move forward on behalf of Canadians.

[English]

For example, in the March 19 budget, we announced a new infrastructure plan worth \$33 billion, which will provide long-term predictable funding for provinces, territories, and municipalities. This is the largest investment ever allocated to Canada's public infrastructure by a federal government. It is being provided over a seven-year timeframe that supports long-term planning by all levels of government. In making this commitment, we are providing over \$17 billion in base funding to municipal governments for their infrastructure needs through the GST rebate, including \$8 billion in new money to extend the gas tax transfers to 2014; \$2.3 billion to provide equal per jurisdiction funding for provinces and territories of \$25 million per year through 2014; \$8.8 billion for the new Building Canada Fund to support large- and small-scale projects, such as waste water treatment plants, highways, public transit, and cultural and recreational facilities; \$1.3 billion for a new national fund for public-private partnerships, plus \$25 million for a new federal office for P3s; and substantial support for international trade, including \$2.1 billion for a new fund for gateways and border crossings, and additional funding for the Asia-Pacific gateway.

[Translation]

In addition, budget 2007 commits \$4 billion to complete our commitments under previous programs, bringing the total infrastructure funding to an unprecedented \$37 billion over the next seven years.

In fact, just last week I mentioned in the House that this government is providing an additional \$200 million to the Municipal Rural Infrastructure Fund. This will help smaller Canadian communities meet their pressing infrastructure needs. Together with matching funds from provinces, territories and municipalities, this means some \$600 million in infrastructure investments.

The plan reflects the results of extensive consultations we held last year with provinces, territories, the municipal sector and industry. As you are aware, officials from the portfolio visited every province and territory last summer. Subsequently, I released a report on what we heard during these consultations and it is posted on the Transport Canada website.

[English]

The government also recognizes the need for strategic investments to ensure our continued economic growth and prosperity. That's why Budget 2007 has announced new investments in gateways and border crossings and improved transportation integration.

Soon I will be going to cabinet to set the policy and program framework for the new funds, including the types of projects to be funded. Of course, Treasury Board must also approve how these programs will be managed. We will continue to discuss this with our partners as we proceed with program approvals, following which the Government of Canada will negotiate agreements with the provinces and territories for the funds and work with them to identify key infrastructure priorities.

This is the work we are currently doing, and as you can see, there is much to be done. That is why today I am asking you to recommend that Parliament approve the spending in main estimates tabled by the President of the Treasury Board on February 22.

The 2007-08 main estimates for the portfolio, which total \$3.9 billion, include \$859 million for Transport Canada and \$2.1 billion for the Office of Infrastructure Canada. The remainder of the funding is allocated to various crown corporations.

• (1535)

[Translation]

Because we don't have time to go into all the numbers, I would instead like to briefly discuss the two major components of this portfolio—Transport Canada and Infrastructure Canada.

[English]

For Transport Canada, the 2007-08 main estimates—\$859 million—are showing a net decrease of \$558.2 million from the 2006-07 main estimates. The primary reason for this decrease is that in this fiscal year's presentation of the main estimates, the Transport-related crown corporations are now displayed separately from the transport portfolio. The result is a decrease to the department's spending estimates of \$771.8 million. This decrease was offset by \$213 million in funding for new initiatives, such as passenger rail, urban transit, the Asia-Pacific gateway and corridor initiative, and program measures in support of this government's clean air agenda. Finally, of \$363.2 million in revenue, \$298 million relates to airport lease revenue based on the amended ground lease formula and includes a forecast of repayment of deferred rent.

[Translation]

As for Infrastructure Canada, the total funding being sought is \$2 billion, up from \$1.8 billion in 2006-2007. The increase is due to the roll-out of previously announced programs and an increase to the amount provided under the Gas Tax program.

These main estimates include a provision for \$29 million in funding for the operations of Infrastructure Canada to ensure effective management of infrastructure programs and gas tax funds, as well as research, policy development and other key programs.

[English]

As minister, I have a number of other portfolio responsibilities that do not require any appropriations from Parliament and are therefore

not displayed in the estimates. They include the ship-source oil pollution fund, the Great Lakes Pilotage Authority, the Pacific Pilotage Authority, the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Blue Water Bridge Authority, Ridley Terminals Incorporated, the Royal Canadian Mint and subsidiary, and Canada Lands Company.

Honourable members, my limited time today doesn't allow me to go into detail regarding all the items on the list. However, I believe the numbers I have been able to present today demonstrate the importance this government places on the priorities we have identified under the portfolio.

I would welcome the committee members' questions on our overall approach, Mr. Chair, or any of the specific measures contained in these estimates.

Thank you. *Merci*.

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

Mr. Volpe.

**Hon. Joseph Volpe (Eglinton—Lawrence, Lib.):** Thank you, Mr. Minister and your colleagues from the department.

Of course, we would welcome the opportunity to ask you about all of those crown corporations for which you are responsible, and perhaps you will make yourself available as the reporting period for all of those crown corporations comes due before Parliament. We'd be delighted to take a look at all of the innovative components, if there are any that you ascribe to those organizations, and indeed to your own department, ones that don't begin with the introduction of, "This is a program begun in 2000", "This is a program begun in 2002", etc. But I know your heart must be in the right place, so we look forward to having that discussion with you.

I want to begin by referring to something, Mr. Chairman, that you handed out, and that is the statistical information on Transport Canada safety inspectors for civil aviation. This is something that came up when you were last here, Minister, and about which some of your officials, who I think are in the audience—yes, there we go, Monsieur Grégoire—promised to have information for us ASAP.

Well, two and a half weeks later, we're looking at allocated inspector positions going from 1992-93 to 2006-07. I don't see here the other figures that Monsieur Grégoire referred to us. There was a number like 1,400 and about 800-and-change remaining as allocated inspectors, even though he knew the numbers then.

I'm wondering, Mr. Minister, whether these figures for allocated inspector positions reflect the changes in the numbers of flights that have taken place in the country under the jurisdiction of Transport Canada, or indeed the numbers of flight miles, and whether these numbers are absolute numbers or whether they actually reflect a diminution relative to those expanding flights and flight miles.

•(1540)

**Hon. Lawrence Cannon:** Thank you for your question, Mr. Volpe.

Before I pass the response over to Mr. Grégoire, who of course will be here, I believe, either next week or the week after—I would say that my understanding is that he has a season's ticket to this committee—

**Hon. Joseph Volpe:** Provided by the department, I guess.

**Hon. Lawrence Cannon:** —and I'm sure he'll be very pleased to respond to those questions.

If I recall the discussion we had the other day, we were talking roughly in terms of whether there were still as many inspectors involved in security issues. And to that question, the response was yes.

We went back to the latter years of the 1990s to determine that there were some 1,400 inspectors. When Nav Canada came into being, a large number of them went over to Nav Canada, and then there were some who went over to airport services. But generally speaking, there has been stability in terms of the current number of inspectors.

So the question you're asking is, considering the fact that there has been an increase in the number of flights over that same period of time, has there been a variation in the number of inspectors.

Monsieur Grégoire.

**Hon. Joseph Volpe:** Thank you, Minister, for the introduction and—

**Hon. Lawrence Cannon:** I'll let Mr. Grégoire answer that question.

**Hon. Joseph Volpe:** No.

**Hon. Lawrence Cannon:** You don't want him to answer?

**Hon. Joseph Volpe:** No. He's going to come here again, because as you say, he's got a season's pass.

But I want to ask you some more—

**Hon. Lawrence Cannon:** I want to be able to give you a complete response on that, Mr. Volpe. You understand that I'm here and that I want to do that for you, so I'll let Mr. Grégoire answer your specific question.

**Hon. Joseph Volpe:** Mr. Minister, thank you very much for trying to consume some of the time.

Let me ask you—

**Hon. Lawrence Cannon:** No, I'm not consuming. You don't want him to answer the question?

**Hon. Joseph Volpe:** Let me ask you another question. I'll ask him when he comes. So let him answer when I ask him.

**Hon. Lawrence Cannon:** No. I'm sorry, Mr. Chair. My prerogative is to be able to have my officials respond to the question, to be able to give the members of this committee a complete answer. And I am asking that my official be able to respond to that question.

**Hon. Joseph Volpe:** And ours is to receive it as we ask for it. So I want to ask questions on this.

**The Chair:** I'll ask Mr. Grégoire to be very brief with the answers on the member's behalf, please.

**Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security, Department of Transport):** I did some research with the staff there, and we cannot find the specific resources referring to the exact number of 1,400. We did look back into—

**Hon. Joseph Volpe:** Thank you. That was pretty precise.

Let me see if we can be even more precise now, Mr. Minister. The legislation that you oversee has about \$500 million expended by CATSA for aviation security. Yet there was an additional couple of hundred million dollars—about \$250 million—raised through airport security.

Airport security and the security of all passengers is the responsibility of your department. What happened to the rest of that money? It didn't go to CATSA.

•(1545)

**Hon. Lawrence Cannon:** Deputy minister.

**Mr. Louis Ranger (Deputy Minister, Department of Transport):** As has been explained a number of times, there is a commitment by the government to make sure that every penny that's collected from the security charge goes back to security. It may not be exactly what happens on a year-by-year basis, but over a five-year basis that's the commitment of the government, and those numbers are audited by the Auditor General.

**Hon. Joseph Volpe:** But CATSA has been complaining over the course of the last several years, and more specifically this last year, where the amount, the difference, was huge, 50%.

**Mr. Louis Ranger:** I'm very much aware of that.

**Hon. Joseph Volpe:** So you're telling me we have to wait another four years to find out where that money went?

**Mr. Louis Ranger:** No. The way it works, though, is that the money is collected by the government, goes into the consolidated revenue fund, and then CATSA has to follow normal process, as every other crown corporation, submit a corporate plan and provide its budget estimates, and it's on that basis that the government will allocate the funding. It's not that there is a pot of money and you can just help yourself out of that pot of money.

But we're very much aware that there's an issue with CATSA that we're trying to deal with the best we can.

**Hon. Joseph Volpe:** Thank you, Mr. Ranger.

Mr. Minister, about a week ago, during Rail Safety Week, you made an announcement of some \$10.4 million for railway crossing safety. That wasn't the issue that was underlying all the derailments we've highlighted for you and that others have highlighted for you. In fact, there's a derailment, especially with CN, once every three and a half days. None of that \$10.4 million went to address those issues. Moreover, there are about 103 different expenditures for that \$10.4 million.

You will appreciate this question, I'm sure, that all of them except two went to Conservative ridings outside Quebec, and the ones in Quebec were all those that the newspapers and pundits and political analysts say are the target of the Government of Canada.

When did we start making an association between safety on railways and the political ambition of a government?

**Hon. Lawrence Cannon:** I completely disregard your premise, Mr. Volpe, and the insinuation that it only goes to Conservative-held ridings. That's completely false.

**Hon. Joseph Volpe:** Shall I read out the names for you?

**Hon. Lawrence Cannon:** Can I finish—

**Hon. Joseph Volpe:** Should I read out the names for you?

**Hon. Lawrence Cannon:** —or are you going to spend your time interrupting me?

**The Chair:** The minister has the floor, please.

**Hon. Joseph Volpe:** You've got pretty thin skin, Mr. Minister.

**Hon. Lawrence Cannon:** No, I'm not thin skinned.

**The Chair:** Order, please.

Mr. Minister.

**Hon. Lawrence Cannon:** Mr. Chair, if I'm here to respond to the questions, I'm here to respond to the questions.

The position I held last year is still the same position, in terms of rail safety. I'm looking you straight in the eye and I'm telling you that for 13 years you didn't do anything in railway safety. What I'm saying to you is that when I got into—

**Hon. Joseph Volpe:** You said CN wouldn't publish your report because they forbade you to publish it.

**Hon. Lawrence Cannon:** Are you going to cut me off all the time?

**The Chair:** Order, please.

**Hon. Joseph Volpe:** Oh, no, but that's a direct misrepresentation.

**The Chair:** Order, please.

**Hon. Joseph Volpe:** How can you look at yourself in the mirror and say that's the truth?

**Hon. Lawrence Cannon:** The problem, Mr. Volpe, is when you sat on this committee you didn't do anything either to talk about railway safety. You didn't. As a matter of fact, railway safety concerns went up; the number of derailments went up, Mr. Chairman.

**Hon. Joseph Volpe:** When would that have been, Mr. Cannon?

**Hon. Lawrence Cannon:** Those went up over the course of the last 13 years. So when we got into power we decided to look at that, and we looked at it in a very serious way.

**Hon. Joseph Volpe:** And you're still looking. What have you done?

**Hon. Lawrence Cannon:** We turned around and asked what we should be doing. Let's ask OTC to look at that issue. Let's also put in place a panel that is going to review what we do in terms of railway safety. You understand that we don't have the same tools; we don't have the same tools, in terms of railway safety, as we have in the aviation sector. So what we want to be able to do is come forward

with a series of recommendations, with the members of this committee, but also with the work that's being done by Mr. Lewis, and show that we will modernize our legislation and put in place rules and regulations that will be the standard by which we can function in terms of rail safety.

I appreciate—

**Hon. Joseph Volpe:** Mr. Minister, you already have that report. You had it before you and you decided not to do anything about it.

**Hon. Lawrence Cannon:** I appreciate the way you're acting, but the reality is, Mr. Volpe, under your watch, rail derailments went up. We're looking at it and we're going to do something.

• (1550)

**Hon. Joseph Volpe:** We've had under your watch—

**The Chair:** Monsieur Laframboise.

**Hon. Joseph Volpe:** —accidents and deaths. Are you taking responsibility for them?

**The Chair:** Monsieur Laframboise, please.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Thank you, Mr. Chairman.

Mr. Minister, my first question concerns the Outaouais region. Under "Grants and Contributions", vote 10 sets out the Outaouais Roadway Development Agreement, totalling \$18 million. Vote 55 sets out contributions made by the Office of Infrastructure of Canada. The national highway network is undoubtedly included within infrastructure. We can see here that the Government of Quebec has delayed a \$41 million investment in highway 50.

Strangely, at around the same time, you jointly announced with the Government of Quebec that there would be investments in the anti-noise wall in Gatineau, investments to extend highway 5 and investments to cover the cost overruns of the McConnell-Laramée highway.

Can you guarantee me that funds allocated for highway 50 will not be used for those three projects?

**Hon. Lawrence Cannon:** You have my guarantee.

**Mr. Mario Laframboise:** My second question is on the "Grants and Contributions", and vote 10. Perhaps I am mistaken, but I believe that in the past, this heading also included contributions to port divestiture programs. Yet, I do not see any votes set aside for it. Is the port divestiture program still in effect? Does this budget set aside funds for the divestiture of ports, given that the vast majority of them are located in Quebec? How much do these amounts come to?

**Hon. Lawrence Cannon:** When I appeared before this committee exactly one year ago, the program had already expired on March 31, 2006. Measures were taken this past year to renew the program. As such, budget 2007 now includes renewal of the program. It has been renewed in principle, and it is included in the budget, if I am not mistaken. Therefore, the program is still ongoing.

In fact, when I traveled to Trois-Pistoles last month, I announced the divestiture of port assets to the inter-municipal corporation. I also took the opportunity to announce that we would be making the required financial contributions to the corporation in order to update and renovate the Escoumins and Trois-Pistoles harbours. The program is still underway.

**Mr. Mario Laframboise:** Can you please confirm the amounts available for Quebec?

**Mr. Louis Ranger:** In the last budget, a very significant amount was approved. We must meet with Treasury Board very soon to talk about the details, but I can assure you that an amount has been set aside to complete the program. It involves more than \$100 million for the entire country. It is a very significant amount.

**Mr. Mario Laframboise:** Will that allow for the return of our ports to Quebec?

**Mr. Louis Ranger:** We believe that all ports will be transferred.

**Mr. Mario Laframboise:** Have you made that estimate, or are you still assessing the matter?

**Mr. Louis Ranger:** In some cases, there have been some major hurdles. For example, members of the first nations may perhaps oppose land divestiture. We are trying to realistically evaluate what can be transferred.

**Mr. Mario Laframboise:** Mr. Minister, my next question deals with vote 55. The Strategic Highway Infrastructure Program will be replaced by the Building Canada Fund, I believe. Within this program, an agreement was signed between Canada and Quebec to make shared investments in small regional railways which are often a part of larger rail networks. The federal government's contribution is \$30 million.

Is the amount of \$30 million to be found in the Strategic Highway Infrastructure Program budget for 2007-2008?

**Hon. Lawrence Cannon:** That amount was already set aside because it had been approved in the 2005 budget by the former government. The amount has been specifically reserved for strategic investment programs to assist small and local railways.

• (1555)

**Mr. Mario Laframboise:** Those railways need this assistance in order to ensure transportation safety. I know that you are open to resolving this problem. All those funds will be dedicated to infrastructure in order to resolve safety issues involving these railways that often run across our regions.

I know that money is not available. Can you tell me what is missing so that this money—

**Hon. Lawrence Cannon:** In fact, the money is available, a contribution is—

**Mr. Mario Laframboise:** But it hasn't been spent.

**Hon. Lawrence Cannon:** Exactly. The Government of Quebec, the private sector and owners all make contributions, as do railways. The issue is moving forward. The final authorizations are almost complete. I would hope that in the upcoming months we will finally be able to make an announcement.

**Mr. Mario Laframboise:** Be careful, the last time you said this in the fall, it was delayed.

**Hon. Lawrence Cannon:** The fall ends on December 21<sup>st</sup>. Mirabel was returned before December 21<sup>st</sup>.

**Mr. Mario Laframboise:** My last question concerns the Building Canada Fund. In your speech, you said that you are attached... When will we know what the new program's benchmarks are? There are many questions concerning the replacement of one program by another. What can you tell us so that we can provide assurances to all those who wish to benefit from the Building Canada Fund, such as municipalities and organizations? Can we know what the timeline is soon?

**Hon. Lawrence Cannon:** The timeline is rather tight. We are in the midst of completing the program's design. I will be making a presentation to the cabinet very soon. After that, we should be receiving authorization from Treasury Board to begin negotiations with the provinces on the design, architecture, and goals of the program. I believe that by the end of the year, we will be able to move forward.

In the meantime, on Friday, I announced an agreement with the provinces on the subject of the Municipal Rural Infrastructure Fund. This fund will allow us to satisfy the needs of municipalities which have spoken out in recent years. The fund should serve, to my mind, as a palliative measure while new programs are being established.

**Mr. Mario Laframboise:** Can you quickly remind us which programs the Building Canada Fund will replace?

**Hon. Lawrence Cannon:** The Building Canada Fund should replace the Municipal Rural Infrastructure Fund and the Strategic Highway Infrastructure Program.

**Mr. Mario Laframboise:** All right, thank you.

[English]

**The Chair:** Mr. Dewar.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Thank you, Chair.

Welcome, Minister.

I thought I might change things to Canada Post for a minute, if I may. In the annual report, in the segment on the Canada Post group of companies, when you look at what their revenues were and their income from operations, they made less than the Purolator segment for the first time. I know this has been a focus.

It suggests that Canada Post cannot endure another threat to other revenues, if you see that trend happening, which is evident in the report. As people have discussed, if you're looking at reducing the exclusive privilege to satisfy the concerns of others like the international mail group, we have to take a look at things.

I think in December you told Parliament that you would review the problems of the international mailers and examine what legislative options you had. Just to kick things off on that, what kind of review on the international mail problem have you done? What kinds of legislative options are you looking at?

• (1600)

**Hon. Lawrence Cannon:** First and foremost, the amounts in the estimates total \$122 million, on page 24-9.

On the international remailers, I looked at that issue. Without going into any detail, I wanted the corporation to complete its negotiations with CUPW before moving forward on any other issue.

Fundamentally, I haven't put aside the idea of looking at reviewing Canada Post. It's been 11 years since this crown corporation has had a review, and that's something I'm looking at now.

**Mr. Paul Dewar:** When people hear you say “looking at a review”, some would say that begs the question of what direction that review will go. What we've heard most often are musings about the exclusivity, of course. When you look at the financial trend of where you're bringing money in versus operations, and if you give up exclusivity and there's a threat from international mailers, many people—taxpayers, Canadians in general—would be concerned if that were to happen, because then Canada Post would have less revenue base to provide service to Canadians right at the time when we're confronted with issues like rural mail service, which people have discussed fairly thoroughly around this table.

I guess that's more of a comment to say that if you are “looking at things” and you are diminishing revenues while wanting to improve service, something has to give there. If you are reviewing, and assuming the review is taking place or that you're going to initiate a review of the mandate, what kinds of impacts are you looking at? Who are you going to be speaking to in terms of the impact of service? Otherwise, the question is, why have the review? We really need to know what impacts you're looking at beyond the obvious one, which is the bottom-line impact.

**Hon. Lawrence Cannon:** You're right, because it's not just the bottom line we have to look at. You are here for the first time, and just as you do, I look at the tendencies. We have the whole issue of rural mail delivery. The Parliament of Canada unanimously said we have to maintain that. We're looking at international remailers, which is a specific issue. We're looking at the publications assistance program. That's another tendency.

As you mentioned, there's the whole global environment to consider when we are asking how we get to deliver mail appropriately and efficiently to Canadians. There are a lot of issues that are out there. The Internet, for instance, wasn't there 11 years ago, at least not as potentially as it is now.

So there are a lot of issues we can look at today. To tell you we're going in one direction or another would be a fallacy. I'm more open to looking at those general observations we've made before, or at least that I can make, and from there seeing what should be done.

So that's what I'm thinking now and where I think we should be going.

**Mr. Paul Dewar:** On that note, then, I guess in terms of the review, you're going to be bringing it to either this place or to

Parliament to have input, as well as other stakeholders, I would assume?

**Hon. Lawrence Cannon:** That's correct.

**Mr. Paul Dewar:** Do we have any timeline on that?

**Hon. Lawrence Cannon:** No, we don't really, but members of the committee would certainly have input into this, Mr. Dewar.

**Mr. Paul Dewar:** Of course, people represent quite a vast swath of the country, and I'm just looking around the table to see if we cover it all, but certainly we'd need some sort of opportunity for all Canadians to have input.

So I'd encourage that, and obviously some parliamentary debate and some sort of opportunity for parliamentarians to vote on any change in review, because Canada Post is such an incredibly important institution. As well, it would be important for us to be able to have our input into and debate and vote on any major change in the mandate.

• (1605)

**Hon. Lawrence Cannon:** Yes. I just want to make sure that we understand each other, Mr. Dewar. No decision has been made on that. I'm just telling you that I'm leaning towards that.

**Mr. Paul Dewar:** Thank you.

**The Chair:** Mr. Fast.

**Mr. Ed Fast (Abbotsford, CPC):** Thank you, Mr. Chair, and thank you, gentlemen, for appearing before us today, especially you, Minister Cannon.

I'd like to talk a little bit about CATSA, the Canadian Air Transport Security Authority. Earlier, Mr. Volpe asked a question about it, and unfortunately we didn't get an answer because I believe Mr. Volpe was more interested in politicizing the process.

I'm more interested in getting things done at this table. As you know, Mr. Minister, since 9/11, the security environment in civil aviation in Canada has changed dramatically. We've had to change everything we do with respect to securing our passengers, our airlines, aviation in general. I understand that in 2006 the Auditor General did a special examination of CATSA. Is that correct?

**Hon. Lawrence Cannon:** That is correct.

**Mr. Ed Fast:** What kinds of problems did that review identify?



**Hon. Lawrence Cannon:** There were a certain number of deficiencies identified by the Office of the Auditor General. The first one touches on the roles and responsibilities and the need for the organization to focus much more on its security screening applications and operations.

Second, the auditor needed better management tool systems to be put in place. What we did, of course, as any government would do, is, one, recognize the seriousness of this issue, and, second, have a fulsome discussion with the chair, which I did at the time. The chair recognized the importance of making sure that this issue be tidied up, to use that expression, and felt it was maybe time to pass the task to somebody else.

I asked Margaret Purdy, who is a person with a great deal of experience in this sector particularly, to take on the task as interim chair. I appointed her on January 26 of this year and asked her to make sure that the Auditor General's special examination of CATSA be put into place. She has developed an action plan—if I'm not mistaken, deputy—and she will be making sure that those specific recommendations are put in place.

**Mr. Ed Fast:** Are you able to share with us the specific recommendations she has made in that response plan?

**Hon. Lawrence Cannon:** Not at this time. My understanding is that we are now examining the action plan she has submitted. Maybe the deputy can add to that.

**Mr. Ed Fast:** That would be good.

**Mr. Louis Ranger:** They've been submitted to Transport Canada. We're very close to agreeing on what we believe needs to be done. Frankly, once we've had a few more discussions, I see no reason why we shouldn't share it. I think we should.

**Mr. Ed Fast:** I assume the recommendations involve the expenditure of money in some cases.

**Mr. Louis Ranger:** As the minister mentioned, the one issue—"deficiency" was the word used by the AG—was that they didn't have control systems that were complete enough to give assurances to management and to the minister that the corporation was as efficient as it could be. We didn't have the indicators, the measurements, the data to do that. So with respect to the recommendations, in the form of better data, better systems, we'll share that with you.

**Mr. Ed Fast:** Is that something that happened because this is a whole new area for all of us or because of a deliberate omission?

**Mr. Louis Ranger:** It's a new corporation, and there are a lot of things to do at the same time.

• (1610)

**Hon. Lawrence Cannon:** It's growing pains.

**Mr. Louis Ranger:** We didn't have all of the management tools in place to give you, Minister, and everybody else the assurance that the corporation is operating as effectively as it should, but we believe the corporation is meeting its basic mandate.

**Mr. Ed Fast:** In terms of funding for security related to aviation, can you give us an idea of what new funding our new Conservative government has made available to ensure that safety and security in the airline industry is something we can be proud of and that Canadians can rely on?

**Hon. Lawrence Cannon:** In terms of the budget this year, you're looking at \$455 million for CATSA. There has been an increase in the security measures. We have also put the restricted access identity card in place, which wasn't there before. In terms of air cargo, we've committed a certain amount of money to pilot projects to make sure that systems are in place so we can evaluate their performance. There is money in the budget to enable CATSA to modernize some of its equipment. After a certain number of years, in some cases that equipment is not performing as it was before. There have been, not only in the sector of aviation I would say but also in terms of maritime security, appreciable amounts of money that have been dedicated to that purpose.

All in all, I'd say the government has stepped up from what the previous government left behind.

**Mr. Ed Fast:** Some time ago we had representatives from both the Montreal airport authority and the Toronto airport authority before us. One issue that was significant to me was air cargo and the fact that historically we've done very little, if anything, to ensure that the cargo that goes on our planes is secure. In fact, I was amazed to hear that by far the largest majority of cargo actually ends up on passenger planes, not just cargo planes.

Is that something you consider to be of serious concern? If so, what steps are you taking to specifically address that with the companies that work with our cargo?

**Hon. Lawrence Cannon:** We are beefing up our operations in that sense. I referred earlier to our air cargo security in Budget 2006. Incidentally, we allocated \$26 million over a two-year period for the design and pilot testing of air cargo security initiatives. That wasn't done previously, so work is currently under way to develop effective measures to ensure that cargo security is there throughout the whole supply chain and that we are able to evaluate leading-edge screening technologies.

This is a dynamic process. You just can't say, "Okay, everything is done". You have to continue to develop the new technologies and adapt them to the changing environment. In that regard, that's what we're doing.

**Mr. Ed Fast:** The testimony before us indicated that to implement full air cargo security systems would be horrifically expensive. Is there some plan to phase this in over time?

**Hon. Lawrence Cannon:** We all have to be cognizant of the way we as a government have acted on this issue and several issues. It's done on a risk management basis. What does risk management mean? Fundamentally, it means we observe where the more problematic areas could be and we go forward to make sure those issues are dealt with.

I'll give you an example. In the realm of public transit, we introduced a program that will help our transit corporations throughout the country deal with any threat of terrorism and be able to build upon and write up a plan in case of any contingency that might occur. We've done it on the basis of what the larger areas are and what would be targeted by terrorists in those areas. We have managed the risk where there would be the highest potential for danger and then moved down the line like that.

Clearly, the Government of Canada doesn't commit to every kind of threat. There are higher threats and lower threats. There are higher-risk threats and lower ones. For instance, the possibility of public transit being targeted in a small community is less than it would be in Toronto, Montreal, or Vancouver. That's the way we function through all areas of transportation.

•(1615)

**The Chair:** Mr. Ranger.

**Mr. Louis Ranger:** It will be very expensive. The government has given us \$26 million to set up pilot projects to make sure we design this properly. It took a little while at Treasury Board, but they've now declared this to be what they call a major crown project. That is bureaucratic language for saying, "Get it right because we're going to be investing a lot of money in this". So that's an indication of what the priority is.

**The Chair:** Thank you.

Monsieur Bélanger.

[*Translation*]

**Hon. Mauril Bélanger (Ottawa—Vanier, Lib.):** Thank you, Mr. Chairman.

Good afternoon, Mr. Minister. Welcome to the committee.

In last year's supplementary estimates, a small transfer of approximately \$16,000 was made to the National Capital Commission, from vote 1 to vote 45, in order to make up for the shortfall for costs associated to the rental of the Queensway-Carleton Hospital, and this was subsequently reduced to \$1. If this amount part and parcel of the main estimates for the fiscal year 2007-2008?

**Hon. Lawrence Cannon:** Yes, that can be found in the main estimates.

**Hon. Mauril Bélanger:** Can you tell me where that can be found?

**Hon. Lawrence Cannon:** The deputy minister will—

**Mr. Louis Ranger:** It can be found in the main estimates, under vote 1. It is part of the \$318 million.

**Hon. Mauril Bélanger:** Can we have a—

**Hon. Lawrence Cannon:** Are you talking about a breakdown?

**Hon. Mauril Bélanger:** I'm talking about the \$318 million. I think a breakdown is needed. What is the amount this year?

**Hon. Lawrence Cannon:** It is \$23,000.

**Mr. André Morency (Assistant Deputy Minister, Corporate Services, Department of Transport):** It is \$23,000.

**Hon. Mauril Bélanger:** It is the same amount as the previous rent.

**Hon. Lawrence Cannon:** Exactly.

**Hon. Mauril Bélanger:** Can that amount be found in any particular program? Is that amount part of a program or fund?

**Hon. Lawrence Cannon:** Mr. Bélanger, one of the recommendations put forward by the panel ordered to review the NCC mandate deals precisely with the issue of the use of state property by public institutions.

You are asking if there's a program. I am replying that as we move to implement the panel's recommendations relative to reviewing the NCC mandate, we will be dealing with that issue.

**Hon. Mauril Bélanger:** I can therefore presume that there is no program or fund?

**Mr. Louis Ranger:** Treasury Board is a cabinet committee, and a decision has been made.

**Hon. Mauril Bélanger:** All government expenditures are usually registered in a program, and Treasury Board attaches conditions, correct?

Is this transfer subject to any conditions?

**Mr. Louis Ranger:** The conditions are the same as for the department's ordinary expenditures.

**Hon. Mauril Bélanger:** I want to come back to that, but I'd like to know if there is a specific duration. Is it the same as a lease? Has the transfer been done?

**Mr. Louis Ranger:** Yes.

**Hon. Mauril Bélanger:** Can you tell me whether the lease was renewed?

**Mr. André Morency:** I think that the lease—

**Hon. Mauril Bélanger:** The lease will expire in 2013.

**Mr. André Morency:** They renewed the lease until 2013.

**Hon. Mauril Bélanger:** No, the lease was already in existence. Was the lease extended?

**Hon. Lawrence Cannon:** Do you mean beyond 2013?

**Hon. Mauril Bélanger:** Yes.

**Mr. André Morency:** When the lease expires in 2013, it will be renewed. It amounted to \$1 per year.

**Hon. Mauril Bélanger:** Does Transport Canada enjoy similar conditions? What is the relation between Transport Canada and the NCC with regard to the extension? Is there a different figure?

**Mr. André Morency:** At this time it is an annual transfer to the NCC budget.

**Hon. Mauril Bélanger:** How much does it amount to?

**Mr. André Morency:** The transfer amounts to \$23,000.

**Hon. Mauril Bélanger:** What will happen after 2013?

**Mr. André Morency:** That will have to be determined at that time.

**Hon. Mauril Bélanger:** Are you telling me that it has not been determined?

**Mr. André Morency:** We know that up to 2013, it will be \$23,000 a year.

**Hon. Mauril Bélanger:** But are you telling me that the amount has been determined beyond 2013?

**Mr. André Morency:** What will happen after 2013?

**Hon. Mauril Bélanger:** Yes.

• (1620)

**Mr. André Morency:** It will be \$1 per year.

**Hon. Mauril Bélanger:** What will happen to the transfer from Transport Canada to the NCC?

**Mr. André Morency:** That has not been determined.

**Hon. Mauril Bélanger:** Now, are you telling me that it has not been determined that the amount will be around \$180,000?

**Mr. André Morency:** No.

**Hon. Lawrence Cannon:** Those are your words.

**Hon. Mauril Bélanger:** You are the one who—

**Hon. Lawrence Cannon:** No, you are the one who brought up the figure of \$180,000. I do not know the figure.

**Hon. Mauril Bélanger:** As a matter of fact, according to some information, following a submission—

**Hon. Lawrence Cannon:** Very well, sir, we will give you the answer later.

**Hon. Mauril Bélanger:** Let us go on to another subject. How do you explain this decision? How does it align with the Auditor General's recommendations?

**Hon. Lawrence Cannon:** Continue with your question.

**Hon. Mauril Bélanger:** According to her recommendations, the government should not use indirect means to do the things that it can do directly. In this case, indirect subsidies are involved. If you need to subsidize the Queensway-Carleton Hospital, it should be done directly. The money could come from some place other than Transport Canada.

How does the department justify its disregard of the Auditor General's recommendations?

**Mr. Louis Ranger:** This was a Treasury Board decision.

**Hon. Mauril Bélanger:** Did the minister recommend it?

**Mr. Louis Ranger:** The issue was discussed before making the decision.

**Hon. Mauril Bélanger:** My question is for the minister.

Mr. Minister, how do you explain the fact that you have disregarded the Auditor General's recommendations?

**Hon. Lawrence Cannon:** You are presuming that we have gone against the Auditor General's recommendations. Of course, we must determine whether that really happened. You are the one who said this.

We are dealing with public property that is, of course, used by the public. The transfer amounts to the modest sum of \$1 a year. You know that as well as I do.

You are referring to things that were never in any way mentioned by the Auditor General. I am saying that this was authorized by the government, by Treasury Board and by cabinet. That is all.

**Hon. Mauril Bélanger:** Mr. Minister, Mr. Austin, the Assistant Secretary of the Treasury Board Secretariat made a statement before the Standing Committee on Government Operations and Estimates, and I quote:

The Auditor General has raised concerns in the past regarding the need for transparency for Parliament and the recognition of the value of real property when transacting to avoid indirect subsidization.

Moreover, Treasury Board adopted policies for reviewing this.

**Hon. Lawrence Cannon:** However, regarding the case at hand, Mr. Bélanger, there is no basis to your allegations. You stated a general principle. I agree with you regarding the general principle.

Now, we will have to see, of course, what happened in this specific case.

**Hon. Mauril Bélanger:** In this specific case, it was confirmed that there is an annual transfer equivalent to the former lease. My information says that the lease was renewed and that it amounts to about \$180,000.

If you want to deny that there will be a transfer, it is all right with me, but I want to know.

**Hon. Lawrence Cannon:** No. We are not denying it.

**Hon. Mauril Bélanger:** However, the basic issue, Mr. Minister, with your permission, is that there are more than 6,000 leases between the Government of Canada and various organizations such as churches, school boards, community groups, and they are all non-profit organizations. Besides, the government has adopted a policy regarding its use of real property. In this specific case, there seems to be a violation of this policy.

I represent a number of organizations in my riding and I suppose that this is the case for all my colleagues in this room. You also represent a number of organizations in your riding that would also like to get a \$1 lease.

Now, does the government or Transport Canada intend to disregard all the leases that have been signed and to start a new procedure and renegotiate them at the cost of \$1?

**Hon. Lawrence Cannon:** No, not at all. That is not the issue. In this case, it is an issue of being able to recognize that specific real estate is public property. Let me come back to what I said a moment ago. On the one hand, this public property is properly used and on the other hand, Mr. Paquet's document, if I'm not mistaken, contains recommendations to the very same effect.

Now, are we violating the principle? I do not think that we are violating it. It would have to be proved.

**Hon. Mauril Bélanger:** That is not the issue. The government has every right to allow the leasing of real property for \$1. However, according to the Auditor General's recommendations that were previously accepted, a policy was adopted to disallow indirect subsidies.

Now, do you recognize that the case at hand is, in fact, a case of indirect subsidization?

**Hon. Lawrence Cannon:** No, I do not admit that.

**Hon. Mauril Bélanger:** Thank you, Mr. Minister.

[English]

**The Chair:** Thank you.

Monsieur Carrier.

[Translation]

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

Good afternoon, Mr. Minister. Good afternoon, gentlemen.

I would like to put a brief question regarding the Canadian Transportation Agency. We made a long and careful study of Bill C-11 that will give extra powers to the Transportation Agency, powers that were asked for by many people. The extra powers have to do with noise in marshalling yards and various other nuisances, and the railway tracks that could be handed over to suburban transit authorities. I do not think that the bill has received royal assent yet, but it should come soon.

Therefore, I am expecting that the extra powers given to the Transportation Agency will be accompanied by extra funds so that it can act as promptly as possible once the legislation has been adopted.

Now, how do we explain this slight decrease in the budget of the Transportation Agency? Will there be more work for the same number of persons?

• (1625)

**Hon. Lawrence Cannon:** Mr. Carrier, I am told that the budget amounts to \$26 million. Apart from some internal changes, it is substantially the same as before.

**Mr. Robert Carrier:** Nevertheless, considering all the extra responsibilities given to the agency, can we infer that the work was previously done on a part-time basis and that it will be done in the future on a full-time basis?

**Hon. Lawrence Cannon:** No. Do you mean the commissioners?

**Mr. Robert Carrier:** It will be their task to set standards regarding nuisances caused by railways. Currently, there are no standards, and they will be able to make decisions regarding complaints from the public. Previously, the Transportation Agency only played a role in consultations or negotiations, whereas now, it will have to assume serious responsibilities. Moreover, this is what we want. We hope that it will be effective and that we will not have to wait for another year or two before getting a new budget to make the agency functional.

**Hon. Lawrence Cannon:** Basically, I think that once the bill receives royal assent, we will see how it plays out in terms of organization. However, as of now, I can tell you that there are similar files that have, no doubt, been analyzed by people in that organization. I do not think that we can presume that those people are working part-time or less efficiently or not hard enough, because they take their job very seriously.

In due time, we will see whether there is an increase in the work involved, and we will review things accordingly, Mr. Carrier. I think that this is the proper way to manage things.

**Mr. Robert Carrier:** Thus, you cannot confirm that the staffing situation has been analyzed and that a plan for personnel—

**Hon. Lawrence Cannon:** We always have a personnel plan. I thought that your question had more to do with... In case there might be extra work, we always review our permanent and temporary staff according to the standards required by Treasury Board. The organization must table a corporate plan that contains answers to several of your questions. In due course, we will see what this means in terms of new tasks or new assignments.

**Mr. Robert Carrier:** You really should be able to tell me that the planning is already underway and that the procedure has been launched.

**Hon. Lawrence Cannon:** The deputy minister can tell you that the planning has been well done.

**Mr. Louis Ranger:** When we table a bill, we must evaluate its financial impact on the institutions involved, and this is what we did in the case at hand. Recently, I met the new president, Mr. Hare, who is, in fact, re-engineering the organization and he thinks that he will be able to handle all the pressure. As the minister said, if, in the future, we notice that there are unexpected requirements, for instance with regard to complaints about noise, and if we need extra personnel, then we will follow normal procedure and we will make a request.

**Mr. Robert Carrier:** You will react quickly.

**Mr. Louis Ranger:** Yes.

**Mr. Robert Carrier:** All right, thank you.

Earlier, we talked about CATSA, the organization in charge of airport security. We see that this year, you intend to give \$70 million more to this organization. I think that you levy the sums that you hand over to CATSA. Do you automatically turn over the money that you collect? Does the budget increase simply reflect a larger amount of funds that you automatically turn over to the organization?

• (1630)

**Hon. Lawrence Cannon:** Another colleague put the same question a moment ago. Funds have been allocated. Of course, some money is collected. However, there are good years and bad years. Due to the dynamics of new evolving technology, there is, more or less, a balance between money coming in and money going out. This year, an increase of nearly \$74 million was added to the budget.

**Mr. Robert Carrier:** Was the budget increased because of specific activities or improved monitoring? You mentioned a study that is currently going on, but does it have anything to do with...?

**Hon. Lawrence Cannon:** As my deputy minister says, it contains a little bit of everything. Last summer, the management of this organization was asked to take on new tasks, especially with regard to measures restricting the transportation of gels and liquids in luggage. Now, when you fly by plane, you will note that there are extra charges, which are due to these changes.

**Mr. Louis Ranger:** Mr. Minister, if I may add something, many things are involved, but, for instance, we noted that the increasing number of passengers requires more personnel to get the work done. Airport expansion is another issue. Therefore, we need additional capital property and equipment. In this field of high technology, equipment very quickly becomes obsolete. These needs were identified, and they justify the \$74 million in added funds.

[English]

**The Chair:** Thank you.

Mr. Watson.

**Mr. Jeff Watson (Essex, CPC):** Thank you, Mr. Chair.

Thank you to the minister for his appearance here today.

I'm relatively new to the transport committee. I came over just before Christmas. One thing that's become really clear to me is that the responsibilities in Transport Canada are massive. They're complex. But the portfolio also deals with some very critical priorities, critical responsibilities, from coast to coast.

To start, this Conservative government is addressing green initiatives in the Great Lakes Basin. We can't overlook that this is important in my hometown of Amherstburg, for example. The last primary only treatment facility on the Canadian side of the Great Lakes is now being replaced with a new \$30 million facility there because of COMRIF.

We're addressing long-term structural needs with respect to international trade, and I don't think this can be downplayed. This is very significant. Not only our window on Asia, with respect to the Pacific gateway initiative, but our window on the United States, which for me is one of the most critical... It is our reality in the Windsor region. We have the busiest border crossing, not just in North America but in the world: \$1 million per minute in two-way trade with the United States at the Ambassador Bridge, at that corridor only. So it's critical to Canada's economy, all the way to Quebec. We often joke that—you may well know, Minister—there are 17 stoplights between Montreal and Mexico and they're all on an 11-kilometre stretch from the end of the 401 to the border along here on Church Road in Windsor. The infrastructure is over 75 years old there.

Budget 2007 made a commitment. It did a few things. One, it outlined the federal government's responsibilities with respect to funding the projects there, the new crossing, and it further announced \$400 million as a downpayment.

First, to either you or your officials—whoever is fine—can you verify that that is included in the estimates, that \$400 million downpayment with respect to the Windsor–Detroit crossing?

**Hon. Lawrence Cannon:** That amount of money is in Budget 2007. We'll probably see it in supplementary estimates in the fall.

**Mr. Jeff Watson:** Which is what I expected.

Can you or your officials also verify...? There's been some confusion that this represents the total amount of the 50% eligible cost on the access road. Some of your officials in the region have said it's only a downpayment, or an initial amount, and that there

could be more once the costs of DRIC have been finalized. Can you verify that that's the initial cost and there could be more?

• (1635)

**Hon. Lawrence Cannon:** Essentially, there could be more. We want to see this project functioning in the mid-teens to be able to ensure we maintain a competitive edge. We are in discussion with the Government of Ontario at the deputies level. We've had discussions with Ontario on the link between the bridge and of course the 417. Those discussions are ongoing.

We are looking at a governance structure once we have the environmental assessment that should be made public in the coming months. We'll be looking at a governance structure. I've raised this issue with the American authorities, the Secretary of Transportation, Madam Peters. Discussions are ongoing with the Government of Michigan. This is a project to which this government is fully committed and wants to make sure it's going to be done.

**Mr. Jeff Watson:** I can say the communities in the region are particularly pleased. The access road you talked about from the end of the 401 to the new border crossing is a provincial responsibility, yet we've committed to 50% of the eligible capital costs on that road. It's a very strong statement to the region, and I know we're going to be looking forward to what the allocations are going to look like.

I want to switch to something else, the Building Canada Fund, as it's being conceived. In our region, for example, we're looking at—and this speaks more to priorities I think than specific estimates—recreation complexes, things that will have benefits with respect to reducing health care costs by improving the health outcomes of Canadians. Is that a priority being considered for a fund like this or something coming up? I know our region is looking in particular. Some regional facilities are being mulled over, potentially Olympic-sized swimming pools, things of that nature that would be critical to quality of life in our region and certainly in regions throughout Canada. Is that a priority we're considering? Is that on the table?

**Hon. Lawrence Cannon:** Let me back that up a bit before responding.

Last year I had the mandate to go out and seek provincial opinion as well as territorial opinion on a series of issues, including that specific issue. Our colleague Tony Clement was in Whitehorse not long ago to meet with his counterparts, particularly the ministers responsible for sport and recreation.

At that time we looked at—and are entertaining as we speak—the possibility of doing something in our new programs. I don't want to tell you it's a priority, but at the behest of the provinces we're looking at that possibility.

**Mr. Jeff Watson:** I would encourage you to go down that route.

If I can just shoehorn something in here, I have one last item.

You mentioned that you'll be going to cabinet with details “soon”; I think that was the word used in your statement. Are we down to days, weeks, months...?

**Hon. Lawrence Cannon:** I think we're down to weeks.

**Mr. Jeff Watson:** Okay, fair enough.

Thank you.

**The Chair:** Mr. Zed.

**Mr. Paul Zed (Saint John, Lib.):** Thank you, Mr. Chair.

Welcome, Mr. Cannon. We appreciate you and your colleagues being here.

I have a series of quick questions on a variety of different issues; you're a minister who covers a lot of waterfront.

I want to ask you first about the Transport Canada open skies agreements. I understand that these agreements that you're negotiating, or are commencing to negotiate, with some of the Middle Eastern countries are following similar agreements that you've reached with the United States and Ireland. And while I think that's positive, I'm interested in hearing about the progress of the negotiations with the European Union and Mexico, countries that make up the vast majority of destinations for Canadian travellers. In January the EU in particular expressed interest in completing such a deal with Canada.

Can you provide the committee with an update on the status of negotiations with the European Union and Mexico? And if you can't do that today, could you get someone to provide that information to the committee?

• (1640)

**Hon. Lawrence Cannon:** I'd be pleased to provide you with an update on that one.

We announced our open skies, or blue skies, policy back in the month of November of last year. We immediately were besieged with a lot of requests from a lot of trading partners and of course different countries.

Immediately following our announcement, the European Union did indicate some interest and wanted to know what was happening. We did dispatch some officials there. It was an exploratory meeting with these officials. In the same way, two weeks ago I had the opportunity to meet the secretary of transport for the Mexican government. They also indicated a keen interest in open skies, but no formal negotiations have commenced in that area.

**Mr. Paul Zed:** Thank you.

The big city mayors have urged Ottawa to share a penny of the GST. I was curious to know your response or reaction to the decision of the 22 largest mayors in the country to put forward that concept.

Also, while you're thinking about that answer, perhaps you wouldn't mind responding to the request by the Federation of Canadian Municipalities that they be given some sort of permanent position or "seat at the table"; I think that's the term that's often used. As you well understand, Minister, the moneys that get spent under a federal-provincial-municipal agreement require that a third of the money come from a local municipality or a community.

I'm wondering what your opinion is on that subject.

**Hon. Lawrence Cannon:** At the outset, may I indicate that in Budget 2007, we did carry on the gas tax from 2010 to 2014, which

significantly means an additional \$8 billion to Canadian communities and municipalities throughout the country.

On the gas tax issue, as you are well aware, during the last campaign we committed to reducing the GST from 7% to 6% to 5%. As a government, we committed to reducing that GST for all of the population. We didn't commit to hand it over to another level of government.

**Mr. Paul Zed:** In your discussion about a Pacific gateway, I am wondering if you have given any consideration to an Atlantic gateway. I know the previous government had also talked about, in similar language, a different kind of program.

Obviously, I'm from the maritime provinces, and between my colleague from New Brunswick Southwest and myself, we share the fifth largest border crossing in the country. I think it would be a wise investment if moneys were available for the Atlantic region in conjunction with some sort of cooperation with ports in Saint John and Halifax and throughout the Atlantic, as well as highway infrastructure. I was wondering whether or not moneys might be considered or allocated for an Atlantic gateway.

**Hon. Lawrence Cannon:** Well, Mr. Zed, particularly in Budget 2007, there is an amount of \$2.1 billion, if I'm not mistaken, that has been allocated to gateway strategies. That does, of course, include, notionally, Atlantic Canada as well as central Canada. Those are things that we will be pursuing. They are a priority. We believe it is uppermost, as my colleague Mr. Watson indicated before, in terms of improving and continuing Canada's competition in world markets. That is the key to our success, so we are committed to that.

**Mr. Paul Zed:** Thank you.

I have one last question. Of course, you might guess what this might be, but in the 2007 federal budget, it did not address one of the most important financial issues in my riding of Saint John. It's a local issue. It's an issue that has continued under a number of different governments. The bridge in Saint John is the only federal structure in Canada that has a toll. Now, I understand it's put on by a federal-provincial-municipal authority. The original cost, Minister, was around \$18 million for this bridge. Since the bridge opened in 1968, the citizens have paid approximately \$23 million for the bridge, yet we still owe another \$23 million. We accept the principle that some costs need to be met for repairing the bridge, but I was wondering whether or not you would consider giving some reasons as to why you wouldn't consider forgiving the debt for the bridge and leaving the authority to be responsible. On either side of the bridge now, as you may know, is a provincial highway—since the original 1968...

Previous ministers have looked at this, and I was hoping that since you would like to look at doing something important for the Atlantic region, you'd consider forgiving the debt.

• (1645)

**Hon. Lawrence Cannon:** I was going to ask you, previous ministers looked at it and what was the outcome?

**Mr. Paul Zed:** It was close. Actually, Minister Lapierre looked at this and came very close, but unfortunately there was a small change of government.

**Hon. Lawrence Cannon:** I'm looking at the note my deputy has handed me here. I understand from my note here that the Saint John's Harbour Bridge Authority was part of an agreement that was entered into in 1966 with the Province of New Brunswick, the City of Saint John, and the port authority to assist with the financing and the construction of the bridge until it repaid its debt obligation and became financially self-sufficient through the collection of tolls. I think that's what you mentioned before—

**Mr. Paul Zed:** Which is going on and on and on.

**Hon. Lawrence Cannon:** The toll has been set at 25¢ for cars, 15¢ if using tokens. It was opened in 1968, I see here. The original loan was \$18 million and accumulated debts grew until 1991 to \$32 million. Well....

**Mr. Paul Zed:** You're not going to get your money back anytime soon.

**Hon. Lawrence Cannon:** I don't think so. I see here that with the revised budget forecast and proposed toll rates, the authority is confident that it will be able to repay the \$22.6 million debt in full by March 2016, the same time that we will—

**Mr. Paul Zed:** You'll be seeking re-election.

**Hon. Lawrence Cannon:** Oh, we're here until 2016? Sounds like it. Thank you very much.

**The Chair:** If I may interrupt, I'll turn to Mr. Jean now.

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

On that note, as you know, Minister, we've had an opportunity to study rail safety recently. We've heard from a lot of witnesses.

I know you're a minister who for the first time put a ministerial order against CN. As for a safety action plan, there were 76 enforcement actions over the last year, I think. This government, through the department, did an independent review of the Railway Safety Act in October, and indeed encouraged this committee, through me, to take another look at rail safety as much as we could. Indeed, I wanted to bring to your attention, Minister, that one particular witness, who had survived a double fatality in B.C., said your actions were long overdue; he in fact applauded your actions. I wanted to bring that to your attention.

My first question is actually in relation to the Quebec bridge. I know that my Quebec caucus, especially the Conservative members, have come to me over time on the Quebec bridge and have had a lot of questions on that. I was wondering if you could give us an update on what has taken place in relation to that CN property.

**Hon. Lawrence Cannon:** Well, specifically on that issue, we have decided to take CN to court on that specific point. We believe that CN does have an obligation. I won't go beyond that because it is going to be before the courts, and I'll let the courts decide on our allegations or premises.

Maybe Guy wants to talk to that specific issue, but we'll leave it at that.

**Mr. Brian Jean:** I know it has been a contentious issue for the people of Quebec City as well, so I'm glad to see that the government is taking steps on that after a long time waiting.

I also want to talk a little bit about inspectors. We've received some statistical information on Transport Canada safety inspectors. I think all members have a copy of this in both languages. We've heard a lot of speculation from time to time in relation to the deletion of inspectors. From this chart, it looks like in 1992-93 we had 576 inspectors, and today we have somewhere in the neighbourhood of 873, so there has been quite an increase in the number of inspectors.

I was wondering if the department or Monsieur Grégoire could continue on with his explanation as to why there has been the change in the number of inspectors.

• (1650)

**Hon. Lawrence Cannon:** Well, that's a good point, so we'll let Mr. Grégoire complete his answer.

**The Chair:** Go ahead, Mr. Grégoire.

**Mr. Marc Grégoire:** There has been, indeed, a significant increase in the number of inspectors since 1992-93. The reasons for those increases are written in the right column of the chart given to you. First of all, the Moshansky inquiry resulted in the department obtaining a number of additional resources in 1993-94 and 1994-95. Then, on November 1, 1996, the department transferred the air navigation system to Nav Canada. A number of people—about 6,400—were transferred to Nav Canada. Some were ANS inspectors, but some stayed over at the department. These were ANS air drone inspectors. That explains the further increase you see there. Then as part of airports transfer, people doing inspections on behalf of the airports group in Transport Canada were transferred back to the civil aviation group.

You see, then, back in 1999-2000 and 2000-2001 that we got another increase for the safety workload review. Then we got program integrity. The management committee and the DM in 2003 allocated \$9.3 million to civil aviation. So that took us from 576 to 873.

What I was trying to say at the beginning was that we cannot find a reference to 1,400, which didn't come from us. Other inspectors who are not shown there are aircraft services inspectors who are still with Transport Canada but in another branch, as well as engineers who do aircraft certification—about 130—who are not there either.

**Mr. Brian Jean:** So in essence, over the last 12 years, the number of inspectors has increased by over 300.

**Mr. Marc Grégoire:** Yes, that's correct.

**Mr. Brian Jean:** That's a significant percentage.

I was wondering, Minister, about the \$33 billion this government has allocated, which is obviously a tremendous amount to put into infrastructure and is long overdue. And you've had rave reviews from the federal municipalities organization. How is this going to be spent, Minister? Is this going to be allocated on a per capita basis for the most part? How is it going to be allocated as far as the country is concerned?

There's been some talk and something raised by Mr. Volpe previously that would suggest that political motives are going to be utilized in the allocation of money, but....

**Hon. Lawrence Cannon:** I'll let Mr. Volpe speak to that question. Clearly, in Alberta, he's going to have a...I'll grant him Alberta, but apart from that....

The total amount of money that's being spent.... I mentioned the gas tax funding before, in terms of the \$8 billion being carried forward.

There's the GST rebate, which brings the total rebate for communities and municipalities to 100%, so that's \$5.8 billion.

I'm on page 167 of the budget, colleagues.

Then \$8.8 billion for the Building Canada Fund.

For gateways and border crossings there is \$2.1 billion. That specifically, of course, is not necessarily on a jurisdictional basis.

The Building Canada Fund would have the P3 projects, which are \$1.2 billion.

There's the equal per jurisdiction funding, which is the \$25 million per jurisdiction for seven years, which totals up to \$325 million per province and per territory, for a grand total of \$2.275 billion.

There is the Asia-Pacific corridor initiative, which is roughly \$1 billion, as well as the other projects, which are sunseting infrastructure initiatives for about \$4 billion.

So the total amount on table 5.3 is \$37 billion.

• (1655)

**Mr. Brian Jean:** That's going to be allocated on a per capita basis?

**Hon. Lawrence Cannon:** They will not necessarily all be on a per capita basis, but the Building Canada Fund will be. Also the gas tax, of course, will be done on a per capita basis inasmuch as it's directed towards the municipalities.

**Mr. Brian Jean:** Excellent. Thank you, Minister.

**The Chair:** Mr. Bell.

**Mr. Don Bell (North Vancouver, Lib.):** Mr. Minister, I have a couple of areas I'd like to talk about. The first is railway safety. You made mention regarding the history—I guess the increasing history—of derailments and incidents that were finally responded to. You made reference and response to my colleague, Mr. Volpe, about this predating your time. I think you will acknowledge that the spike in railway derailments became very noticeable by the summer of 2005. A lot of that was with CN, which had taken over BC Rail in July of 2004. By the summer and fall of 2005, it became apparent that there was a significant spike. We'd had the Cheakamus River incident.

Minister Lapierre did order, in the fall of 2005, a safety audit and a safety management report to look into the causes of this. I recognize that you took action in December of 2006, I believe, with respect to appointing this panel and gave them until October. I'm concerned that in October of 2006 this committee had begun our motion, prior to your appointment of the panel. I had put forward a motion calling for this inquiry that we're currently undertaking. I just wanted to put the sequencing in to suggest that in fact the railway derailments really spiked—and that was across Canada, but particularly noticeably in British Columbia—after the takeover of BC Rail.

The Liberal government did respond by both ordering the audit and placing orders, as you did. You ordered a section 32, and there were section 31 orders placed upon CN regarding the length of trains they could carry and the speed of the trains in British Columbia.

I'm curious as to why you felt a panel was needed on top of the work being done by this committee. Did you think our work wasn't going to be adequate?

**Hon. Lawrence Cannon:** No. There's an old expression in French that says, *trop fort ne casse pas*.

**Mr. Don Bell:** Which means...?

**Hon. Lawrence Cannon:** Which means that we should be taking every possible measure we have. So, yes, a review panel is important because a review panel will focus on, as I mentioned before, going and getting the best practices that are out there. We'll be going out there and meeting the people. I'm not saying this committee will not be able to do it, but the committee will be doing that also, so we will have the opportunity of comparing and moving forward with two groups that do want to enhance our railway safety measures.

I want to point out also, Mr. Bell, that in 2006 we issued 76 enforcement actions to the industry as a whole. This includes 11 orders regarding CN operations and 30 notices on safety issues. There was a ministerial order. You alluded to it before—under section 32—and that was the first ever to ensure compliance. Then we did the Railway Safety Act.

I don't want to cast aspersions here, but this has been going on for some time, and the time for action is now. I think you're just as committed to that as I am.

**Mr. Don Bell:** I'm hoping that when this committee comes in with recommendations, which I expect will be well before October, you will be prepared to act on those and not hold off until you get your report from your panel.

**Hon. Lawrence Cannon:** I'm going to wait until I have as much information as possible to show the members of this committee. I think we are going to have to go through a legislative commitment, and in that sense I think it is important to give the members of this committee, as well as myself, as much information as possible. We'll make sure this is done in a proper and orderly fashion, so we can all see it.

**Mr. Don Bell:** My concern is that the reports that were ordered by Minister Lapierre were received in January—at the time of the election—yet they were not made public. You declined to make them public. We had additional incidents and deaths that occurred.



I'm wondering how you feel about the information in that report. Why wasn't it made public so we could put the pressure on CN? Do you feel that some of those subsequent incidents might have been avoided had we put the additional pressure on CN?

•(1700)

**Hon. Lawrence Cannon:** Mr. Bell, as a third party, CN didn't authorize Minister Lapierre to go forward with that. That was their decision. My deputy says they have apparently changed their opinion on that now.

It's exactly the same question Mr. Julian asked me last year. I'm all for opening this up, but unfortunately the laws that govern this gave CN the possibility of saying it doesn't want to make this public.

I think we have to have as much public information around this issue as possible so that as legislators we can pass the best bill possible.

**Mr. Don Bell:** Will you be recommending changes that would not give an agency such as CN the ability to veto when the government does an inquiry, so we would have that information available to the public, and certainly to this committee, which is responsible for the Railway Safety Act?

**Hon. Lawrence Cannon:** Those are recommendations, Mr. Bell, that could come from this committee as well as from the other panel. I'm not against that. I'd have to look at it in terms of the legislative impact. As parliamentarians, I think we're all committed to railway safety. There's no doubt in my mind on that.

**Mr. Don Bell:** Do I have more time?

**The Chair:** Yes.

**Mr. Don Bell:** I have a quick question. I'm jumping now to Western Economic Diversification Canada. I'm interested in the possibility of funding for the National Maritime Centre for the Pacific and the Arctic, which is to be located in British Columbia, particularly my riding of North Vancouver. This is the movement of the existing maritime museum into a maritime centre. It is an expanded program. Some of the initial funding came from the WEDC. It helped prove that the site in North Vancouver was the best site in the lower mainland; Victoria was also considered. I'm wondering, within the funding you talked about, do you see any funding going that way?

**Hon. Lawrence Cannon:** I'm sorry, I'm not cognizant of every project.

As I mentioned before, we are committed to sitting down with the provinces, because they are partners in this. We're committed to sitting down with large municipalities as well as the small ones. We've made that commitment.

**Mr. Don Bell:** I'll get the information to you.

**Hon. Lawrence Cannon:** I'd be more than pleased to look at it.

**The Chair:** Mr. Storseth.

**Mr. Brian Storseth (Westlock—St. Paul, CPC):** Thank you very much for coming today, Minister. It's good to see you again.

I want to acknowledge the leadership that you and your department have taken on some of the safety issues. You addressed hopper cars early on, which is very important to our western farmers. Of course, Bill C-11 and railway noise are some things you have

taken an active role on and that this committee has worked on. And I look forward to seeing your continued lead on shippers' issues, which will inevitably be coming up soon. I wanted to get my plug for that one in.

I know we've talked about the open skies policy and the lead you have taken on that, but I'd like to get your impression of the positive aspects I'm hearing from the airport authorities I deal with, particularly on issues like Edmonton. There is an enthusiasm for this agreement that they've not seen in years.

I'd like your comment on that, to start.

**Hon. Lawrence Cannon:** I think there's a general tendency, clearly in North America but also in large parts of this world, to more open skies policies. What it does is it reduces all the obstacles and at the same time enables the consumer to have the best price possible to be able to fly. It gives the airports more traffic. It fundamentally is a winner, I would say, for the economy.

My discussions last week with the U.S. secretary of transport, Ms. Peters, as well as the Mexican secretary of transport, Mr. Téllez, were extremely interesting in that sense. We have committed to looking at opening, through our trilateral agreement...to opening all our skies in the next 10 years. Discussions will be ongoing on that.

As you know, we have an agreement with the United Kingdom. The European Union, as I mentioned to Mr. Zed, is interested. They've already sent out feelers in that regard.

So I think there is a tendency that way, and Canada is stepping up to the plate. We literally are part and parcel and an important actor in that regard.

Last week I also had the opportunity to go to Hamilton to welcome the first Globespan aircraft flight from the United Kingdom; it had one stop either in Ireland or in another destination and then to Canada. It is a competitive carrier. The prices are low. I believe that is going to stimulate clearly the Hamilton airport over the next coming years. That's important, because it will then become the hub for a very busy carrier, not only in North America...because Hamilton is now, for that carrier, the North American stop, its privileged and first stop.

So this clearly will stimulate economic activity in Hamilton.

•(1705)

**Mr. Brian Storseth:** Of course, one aspect of the increased traffic to our airports is the need for increased security. When it comes to airport security, once again you've taken a very strong lead on many of these issues.

I notice that within the estimates, it's one of the areas receiving some increase in funding from this department. I wonder if you could comment a bit on the necessity of this and the effectiveness of this increased funding.

**Hon. Lawrence Cannon:** The increased funding goes not only to CATSA but also to our marine operations as well as transit operations. I had a chance to discuss this before, and Budget 2006 put more money into these operations.

Once again, security is uppermost. It has to be uppermost in our world, where there are constant threats. We have to be extremely vigilant. We have to make sure that the equipment we use and the areas we cover are state-of-the-art.

I use the example of the restricted access identity card. That's something that is now in place. People who are not authorized to go into these restricted areas will not be able to do it. They won't be able to do it because a new way has been developed in terms of technology that will prohibit somebody from entering this place. That is an example of state-of-the-art technology.

As I alluded to before, we are working with pilot projects in terms of air cargo. We've done something that has never been done before in terms of our ports and restricted access areas. We are quite proud of what we're doing in this area. It's something that wasn't done, that was neglected previously, and we're doing it.

**Mr. Brian Storseth:** As a final quick question, Mr. Minister, when I was going through the estimates, I noticed \$26 million in the budget for the Saint John harbour cleanup.

I wonder if you would comment on this briefly, on how that's going.

**Hon. Lawrence Cannon:** I will let my officials talk to you about the day-to-day of the project, but the government committed to that. It's a partnership between the community and the provincial government. We invested an amount. Roughly, the first tranche was in the vicinity of \$8 million. That was done some months ago, and we announced the other tranche so that we can get ahead on that.

Incidentally, that reminds me that pretty well all these programs that we're running in terms of CSIF and MRIF...I was looking at the statistics, because I asked my officials where we were going in terms of the environment. Actually, on the projects from coast to coast to coast that are MRIF projects—COMRIF in Ontario, and in Alberta it's different—60% of the amounts of money that are dedicated to these projects are to projects that are environmentally friendly. In terms of the CSIF projects, it's waste water management projects and of that similar sort, so 35% of the amounts that are dedicated to the Canadian strategic infrastructure fund are projects that are environmentally friendly.

Yes, we are turning the page, and yes, we are getting things done.

• (1710)

**The Chair:** I will go around one more time, with about four minutes for each. Mr. Volpe and Mr. Bell both have questions, so I'll start with Mr. Volpe.

**Hon. Joseph Volpe:** Thank you very much.

Actually, I do appreciate the fact that the minister is staying for the duration of the meeting.

I want to go back to a couple of issues that have been raised, first of all, to one by Mr. Jean, who has referred again to the allocated inspector positions that I referred to earlier on.

Mr. Jean noted that over the course of the last 13-odd years the number of inspector positions had actually increased. I thank him for seeing that. However, the question I had asked was whether there was a reference—and I know I'm repeating myself, so Mr. Grégoire

will probably provide us with this information later on—on whether these numbers of inspectors have kept pace with the increase in the number of flights and flight miles.

I'm being non-partisan here. It is important for us to address an issue that's been raised on many an occasion, and that is, if the safety management systems that you are proposing, Mr. Minister, are going to add some validity, they have to be measured against the inspectorate's abilities to get the job done for Canadians under Transport Canada's mandate.

If you would be so good as to tabulate those figures for us so that we have a good sense, I'd appreciate it.

**Hon. Lawrence Cannon:** Okay.

**Hon. Joseph Volpe:** Secondly, I'd like to go back, if you don't mind, Mr. Minister, to something I said a little while ago. It wasn't to be partisan. I was just looking at the facts about the railway crossings, your—initiative. I've indicated that whenever public safety is of concern it's always a welcome issue. However, I note here in your press release that the department finances up to 80% of the total cost of the improvements, with the balance provided by the railways, municipalities, provinces, and territories.

Was the \$10.4 million a reflection of your 80%, or do you expect that this is the total amount, with the Government of Canada picking up 80% of that? Is that contingent on the other partners coming forward with their moneys before it is expended?

**Hon. Lawrence Cannon:** The deputy minister will respond.

**Mr. Louis Ranger:** We're one of several parties involved. It's conditional on the others committing their share.

**Hon. Joseph Volpe:** This is the total amount of the Government of Canada commitment.

**Mr. Louis Ranger:** It is \$7.1 million, yes.

**Hon. Joseph Volpe:** No, it is \$10.4 million.

**Mr. Louis Ranger:** Yes, that is correct. In the coming year it is \$7.145 million.

**Hon. Joseph Volpe:** Thank you.

You know, Mr. Minister, lest you think we were inventing things—as I said, I could read the list where all of these things exist. There are 55,000 crossings across Canada, according to your initiative. There are 103 projects, and all but four of them are in ridings where you have representation. I applaud members for making representation on behalf of their constituency, but I wanted to make the connection with rail safety and how that fit in with what we have been talking about all along. That is, about every three and a half days you have a primary track derailment, especially with CN. We've been trying to get at that, and we wondered why your department—it says here “leading department”, so the responsibility would be yours—wouldn't be acting on a report that had already been commissioned by your predecessor and that was available to the department and to the public.

I just want to clear this up, and I want to be fair, because in the past I've said that this draft report from the Lapierre inquiry was available. You, on national television, said you weren't permitted to make it public. Just a few moments ago you said it appears that CN has changed its mind.

I'm going to give you an opportunity to clarify it, but just let me put it in place for you. CN has said they never had any objection to having that report publicized. In fact, what they did was they dealt with your department on the draft so that the final report, which was then subject to audit to ensure that they complied with that report, was the one that we would be judging. All of the questions that we've been raising are subsequent to the publication of that audit that took place about a month ago. So our question, my question specifically, is why we don't use the legal mechanisms, the regulatory mechanisms that you have at your disposal, to ensure compliance by CN with a system that they participated in putting in place. After all, they tied your hands—by your definition, not by theirs—by saying “We want to have input, so until we have input, please don't judge us.” You complied, and then on their final paper they're not complying. So what's going on, Mr. Minister?

• (1715)

**Hon. Lawrence Cannon:** I think you're confusing a certain number of things, Mr. Volpe. First of all, my predecessor, Mr. Lapierre, did not have an action plan that was available. I just asked my deputy minister that question and that's not the case. So there wasn't something, the day that I came in and was sworn in, that I could come in with in front of this committee and say, “Here's the plan, gentleman, let's go forward.” That wasn't the case.

On the issue of the safety audit and the notices that we put forward, we did in effect do that. We went back and checked a certain number of issues in the summer of last year. We then indicated to the authorities of CN that we wanted them to abide by these enforcement measures that we were putting forward. There was some discussion. They refused. They didn't want to do it. We literally, and I'm being quite transparent here, said, “Well, if this is not the case, we're going to bring you to court on this issue.” They then indicated that negotiations and discussions were to take place. They took place, and then they slowly complied with it.

But this having been said, Mr. Volpe, at the end of the day, I did not have any intent or any idea on my part to cover this up. CN indeed had indicated to us that they didn't want this information to be made public, and we were obliged to follow what the law requires of us. Then, further and pursuant to that, they said, “Okay, fine, we'll make that information public.”

That's my version. That's the version my officials had, and that, as far as I'm concerned, is what the truth is here on this issue.

**The Chair:** Mr. Laframboise.

[Translation]

**Mr. Mario Laframboise:** Thank you very much, Mr. Chairman.

Earlier, Mr. Minister, you said that something that is too strong will not break, but we should not dodge the issue.

I have a specific question about inspectors. I have always maintained my position in their regard. I am very interested in check pilots, who have been trained and who can never visit an aircraft and

who cannot verify whether the pilots are competent and capable of checking the aircraft. I am interested in them.

At the outset, I was given a list of the check pilot positions that had been filled. Mr. Grégoire, are the 873 positions on my list meant for 873 check pilots? If not, when will you give me the list of check pilots for the years 1992 to 2006 and 2007?

I am interested in check pilots because these people can never go on the ground to visit an aircraft and see whether it is in good condition. I am interested in them. Does my list represent 873 check pilots?

**Mr. Marc Grégoire:** No, not at all, this is only a part of their group. I did not understand that you wanted the entire list of pilots. You spoke to me several times about budgets for training pilots, about the number of hours of flight for pilots, but never did you mention the number of CAIs as such.

There has been no decrease. On the contrary there has been a proportional increase, and I could send you the figures that deal solely with civil aviation inspectors, that we call CAI's because of their participation in the collective agreement.

**Mr. Mario Laframboise:** Very well. I would like you to give me the list. Will you send it to me?

**Mr. Marc Grégoire:** Yes.

**Mr. Mario Laframboise:** Very well, there is no problem.

On the other hand, let's come back to vote No. 10. In 2006-2007, \$300,000 was set aside for rehabilitating the Quebec bridge. Not a penny is left. Is this the same Quebec bridge that Mr. Jean mentioned earlier?

• (1720)

**Hon. Lawrence Cannon:** The deputy minister tells me that the funds are there.

**Mr. Mario Laframboise:** Now, they have disappeared. How can you make \$300,000 disappear just like that! I find it hard to believe

**Hon. Lawrence Cannon:** Did you mention \$300,000?

**Mr. Mario Laframboise:** There was a sum of \$300,000.

**Hon. Lawrence Cannon:** The deputy minister will find it.

**Mr. Louis Ranger:** I thought that you were talking about another sum.

**Hon. Lawrence Cannon:** We will find it, Mr. Laframboise.

**Mr. Mario Laframboise:** Is there money in the current budget to carry out maintenance work on the Quebec bridge?

**Hon. Lawrence Cannon:** Money was set aside in budget 2006.

**Mr. Mario Laframboise:** Yes, money was set aside.

**Hon. Lawrence Cannon:** Indeed.

**Mr. Mario Laframboise:** But it is nowhere to be found in budget 2007.

**Hon. Lawrence Cannon:** It is still there.

**Mr. Louis Ranger:** We are talking about \$300,000.

**Hon. Lawrence Cannon:** Yes, we are looking for a \$300,000 entry.

**Mr. Louis Ranger:** It was probably for maintenance work required last year.

**Mr. Mario Laframboise:** You are not providing any more funding this year. Now that the matter is before the courts, you have decided not to spend another cent on it.

**Mr. Louis Ranger:** I will have to get back to you on this. As you can appreciate, with a \$1.9 billion budget—

**Mr. Mario Laframboise:** That is fine.

**Mr. Louis Ranger:** It is probably a one of a kind situation. I will send the information to you.

**Mr. Mario Laframboise:** That is fine, because I do not want you to stop at going to court, I want the Quebec bridge repaired.

I am sure you want the same, Minister. Is that not so?

**Hon. Lawrence Cannon:** The bridge does not require fixing. It is important to be clear about this, Mr. Laframboise. The bridge does not need fixing and does not constitute a public danger. Apart from the time I have spent here in the Ottawa Valley—a region that I love—I have spent all my life in Quebec City. Year-in year-out the Quebec bridge has always needed a coat of paint, etc. It has been like that all my life. Contrary to what some might claim, the bridge is not in a state of advanced disrepair. Far from it. If that were the case, the bridge would have been closed.

**Mr. Mario Laframboise:** The fact remains that the last incident was cause for concern. Even your parliamentary secretary was concerned. The witnesses from CN told us that we had ordered an engineer's report. That is nothing to be sniffed at, given CN security. Obviously, if they are the only ones looking after the Quebec bridge—

**Hon. Lawrence Cannon:** I think we have found the answer you were looking for.

**Mr. Mario Laframboise:** Good, go ahead!

**Mr. Louis Ranger:** A \$60 million maintenance agreement was reached, that included painting. It was an agreement between the CN, the Quebec government and the federal government. It was a 10-year agreement. What is at issue is the year 10 contribution, our last contribution to the program.

That is the matter before the courts. We know that the bridge was not fully repainted. It is the last year, the year 10 payment that is at issue.

[*English*]

**The Chair:** Mr. Dewar.

**Mr. Paul Dewar:** I want to follow up very briefly on Mr. Bélanger's question about the arrangement with the Queensway-Carleton. I know of some lands the Civic Hospital uses, for example. Would a similar arrangement fall from that if the Civic Hospital used NCC lands? That could be arranged through—

**Hon. Lawrence Cannon:** Yes.

**Mr. Paul Dewar:** Okay, thank you.

I want to move on to your comments on P3s and the P3 fund, on a desk in the federal office for P3s. You have mentioned here in your

comments \$1.3 billion for a new national fund for public-private partnerships, plus \$25 million for a new federal office for P3s.

The first question is this. Why do we need to have these arrangements if in fact government can presumably go to market and get money for a better rate than, often, corporations can? A value-for-money argument....

Secondly, what happens when you get into a P3 and the company goes south on you? In other words, are taxpayers going to be left holding the bucket here for arrangements that are made? Presumably we're all hoping that an arrangement with a P3 goes well, but what happens if a company goes bankrupt or overextends itself? Presumably the taxpayer then has to foot the bill, because there's a contract to build, whatever, a bridge, etc.

My question, then, is, why do we need these? Everyone knows that when a government goes to build a bridge, you don't have people in your department go out in trucks and build a bridge. You contract that from the private sector. So it's not like we're talking about the private sector not being involved; it's how they're involved. I know many people are concerned about this P3 arrangement.

• (1725)

**Hon. Lawrence Cannon:** Specifically, on the last part, Mr. Dewar, in terms of eventual apprehension as to whether or not the private partner will not honour its obligations, the process in the ones I've been involved with, the process to select a private partner, is a long and extensive one. There is a chronology that's respected. In many, many issues where this has gone forward, that provision, or at least that contingency, is taken care of in the way you ramp up to it.

In the P3 office there is an amount that's dedicated to public-private partnerships. We feel, for instance, there are a lot of funds in Canada that invest abroad, and they would want to invest here in Canada under conditions that are similar to the ones they're already engaged in.

I'll give you an example. Not too long ago, the Ontario teachers' fund purchased 20%, if not 30%, of the Confederation Bridge. That is something they now possess, and that will give that fund a return for its money. That is an example of being able to take Canadian savings and capital and put them to the use of the Canadian economy.

The question of the office.... Clearly, because we are going to need additional staff, we're going to need personnel to run this office, and that's the reason why there's \$20-some-odd million for the office, Mr. Dewar.

**The Chair:** Mr. Jean.

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

Minister, I want to set the record straight and I want to get it on the record. Has this government any intention to reduce, or has it reduced, the number of safety inspectors under aviation?

**Hon. Lawrence Cannon:** The government doesn't intend to reduce the number of inspectors. Government, as a matter of fact, is using the safety management systems as an additional layer.

You've had, I understand, people who have come forward to this committee to indicate that this is one of the ways of ensuring and adding on additional safety measures. The safety management system is not a system that is dedicated for the purpose of deregulating; that's not what we're doing.

We will not—and that is quite clear—allow aircraft to fly if they're not safe. That has not changed, and it's not going to change, under us. I'm sure that in years to come, in 20 or 30 years—I think somebody talked about 2016 here, as to when we're going to change—it's not going to change then either. So we're dedicated to that purpose.

**Mr. Brian Jean:** My final question, very quickly, Minister, is on the safety management systems that you referred to. I always get a kick out of Liberal righteous indignation, but the reality is this safety management system was actually proposed by the Liberals in a previous bill, was it not?

**Hon. Lawrence Cannon:** Yes, it was, and of course we're getting rave reviews from a lot of officials who are saying this is the way to go.

It's much the same as when we talk about our program to upgrade level crossings. It's not driven by political considerations; it's driven by risk, the number of vehicles that use those crossings, and proximity to urban centres. Years ago maybe there weren't very many people there, but with urban sprawl that issue has arisen.

When we are taxed with the idea that we're going forward and not doing anything in terms of criteria, there's nothing further from the truth. Mr. Jean, we can table here the criteria for the program and the parameters that guide the people who make those decisions, and believe me, it's not politically motivated. On the contrary, it's motivated because we want to save lives.

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

Mr. Volpe, on a point of order.

**Hon. Joseph Volpe:** We're being non-partisan, so I just want to acknowledge that Mr. Jean and the minister recognize the fact that all that was old is new and good, because Bill C-6 and Bill C-11 passed thanks to the Liberal members around the table.

• (1730)

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

**Hon. Mauril Bélanger:** Mr. Chair, I have a real point of order.

**The Chair:** Mr. Bélanger.

**Hon. Mauril Bélanger:** Mr. Chairman, will we receive from the officials

[*Translation*]

the breakdown the minister mentioned for the \$318 million transfer. I would also like confirmation that there will be an increase after 2013. I would like to know the exact amount.

[*English*]

Will we receive that confirmation?

**The Chair:** I would ask that you forward it to me through the clerk.

Thank you for attending, Mr. Minister and members of Transport Canada.

We will have a very brief subcommittee meeting after this.

The meeting is adjourned.

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