



House of Commons
CANADA

Standing Committee on Transport, Infrastructure and Communities

TRAN • NUMBER 011 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, February 5, 2008

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Chair

Mr. Mervin Tweed

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• (1110)

[English]

The Chair (Mr. Mervin Tweed (Brandon—Souris, CPC)): Good morning, everyone. Welcome to meeting number 11 of the Standing Committee on Transport, Infrastructure and Communities.

Pursuant to the order of reference of Tuesday, December 4, 2007, we are examining Bill C-23, an act to amend the Canada Marine Act, the Canada Transportation Act, the Pilotage Act, and other acts in consequence.

Joining us today, from the Community Airport Impact Review, is Mr. Bill Freeman. As individuals, we have Mr. Adam Vaughan and Mr. Brian Iler.

I will advise the committee that we have the minister coming at twelve, so I will stop the proceedings short of twelve o'clock so that we can have the full hour with the minister, as I presume most of the members of the committee want.

The witnesses here today have been advised that because of the time restrictions, we are asking them to make a three- to four-minute presentation; then we will do the question-and-answer segment around the table as time permits.

I don't know whether the witnesses have picked an order in which they would like to speak, but we will start with Mr. Vaughan. You have four minutes.

Mr. Adam Vaughan (As an Individual): My name is Adam Vaughan. I am a city councillor from the city of Toronto and represent one of the waterfront wards in that city.

We're going to be speaking today about some of the concerns we have about how this policy impacts the city of Toronto from a variety of perspectives. More importantly, we are also going to be speaking—and you might be surprised to hear this from a local politician, in particular one from Toronto—about the worry we have that making Toronto accessible to these funds will not be a good thing for the city.

We would rather you spent this federal money in other cities and other jurisdictions. It is not something you hear often from cities; it's not something you hear often from the city of Toronto. But to finance our port, which is a port in name only, is to do so to the detriment and the harm of other ports across the country that actually need the strategic investment to facilitate international trade and local economic development.

The city of Toronto's port is really internal to the local economy of Toronto. There are three main things that arrive by ship, and three

things only. There is sugar, for a sugar refinery on the waterfront that is largely a throwback to an industrial era when we had a significant distillery and beer manufacturing based in the downtown core. That doesn't exist any more, and the sugar, if it weren't for cheap Cuban sugar, probably wouldn't exist in Toronto either; nonetheless, it survives. It is adequately served by the odd ship that comes through and it doesn't require a massive infrastructure and delivery of dollars from Ottawa to sustain its activities.

The other two things that come are salt for our roads, which is cheaper to ship by water—but if the port were to disappear tomorrow, I can assure you that the salt would still arrive some way, by rail or by truck—and aggregate and gravel for the construction industry, again for the healthy downtown building boom we currently have underway. Again, if the port weren't there.... Other cities across this country somehow manage to get gravel and sand and aggregate into their communities for construction mixing.

The really serious components of this lie in the lack of accountability of the Toronto Port Authority. For many years while the Liberals governed, no federal appointments were made to the port authority. It ran without a city of Toronto appointment. We have refused to appoint and we refuse to acknowledge the authority that this agency has over our waterfront. The federal government didn't appoint the five federal members, and it ran with a single provincial member making all the decisions on behalf of the federal infrastructure program. That was it. That was somehow deemed to be accountable and proper management of a port authority.

Since the Tories have taken office, we have had a series of appointments, and my colleagues will speak to that. But Toronto refuses to appoint and acknowledge the authority of this port authority upon a non-existent port in the city of Toronto.

It doesn't move anything. The container ships that you think come and drop off the containers.... Those containers are empty. They don't even arrive by water; they arrive by truck and are there for the port authority to practise loading and unloading the non-existent boats. This is not a port. It really isn't a port.

But there are some other problems here. For example, I've been on council for a year, and twice already I've ended up in court courtesy of the port authority, one time for wanting to build a sidewalk next to a public school on the waterfront. They deemed that the federal agency's need for a parking lot trumped the local responsibility we had to get kids to and from the neighbourhood to their local school. So they've taken us to court, forbidding us from building a sidewalk next to a public school and a community centre. They said if they don't get their way on this issue, they'll tear up the local neighbourhood park, because they have an easement across it to build a bridge, which they are no longer going to be building. It's absurd.

There are other problems as well. These have to do basically with the situation that sees two competing federal investments on the waterfront in contradiction with one another. The federal port authority will move if you give it the ability to raise money, to not spend on the harbour wall.... The harbour wall is collapsing in Toronto, and they refuse to repair it. They refuse to even acknowledge ownership of the harbour wall. They say it's not their business to maintain the harbour wall. This is the port authority speaking.

If you fund these sorts of initiatives and if you give access to federal infrastructure dollars for transportation to the port authority, what do we tell the TTC? What do we tell the trucking companies in Ontario that can't get through the gridlock in Toronto?

• (1115)

The Chair: Mr. Vaughan.

Mr. Adam Vaughan: I'll just wrap up.

The Chair: Very briefly.

Mr. Adam Vaughan: What do we tell the trucking companies in Ontario that can't get through the gridlock in Toronto? Do we tell them that their money will now be used by a non-existent port authority to finance non-existent business models in a situation that has only incurred debt in the name of Canada and is run completely contrary and in contradictory ways to the will of the people of the city?

I ask you not to include Toronto as a port authority any longer, not to include federal appointments—

The Chair: Mr. Vaughan, I'll have to interrupt you there.

Mr. Adam Vaughan: —and not to allow access to federal dollars.

The Chair: I realize everybody has a lot to say, but we are on limited time and I would ask that you respect the chair.

Mr. Freeman, you have four minutes.

Mr. Bill Freeman (Director, Community Airport Impact Review): I come from a group called Community Air, which is a community group made up mainly of people who live in the downtown core. We have particularly focused on the Toronto Island airport, which has been, frankly, a tremendous difficulty for local people.

I recognize that most members don't come from Toronto, but this airport has been the biggest and most intense political controversy in the city of Toronto certainly for the last five years, and it's a problem that has gone on now for at least two decades.

Essentially, this airport is within two kilometres of the downtown financial core of the city. What's happening is that Toronto's waterfront is being renewed, regenerated. Billions of dollars of public and private money are going into the regeneration of the waterfront. People are very enthusiastic about that. I can say thank you to the federal government for participating in this, but I can't say thank you for the Toronto Port Authority, which has used its authority to build and expand an airport.

It is the expansion of this airport that is the huge problem. It used to be a rinky-dink little airport. Now, with the current plans, the plan is to have up to 20 aircraft operating out of this airport. It's going to be not only the pollution, the safety, the traffic, all of those attendant issues, but the real problem here—well, one of the problems—is that the Toronto Port Authority has used its power under the Canada Marine Act to avoid, essentially, local control and local planning, which in the province of Ontario is the responsibility of the municipal government. The municipal government gives us local control.

David Miller, the current mayor of Toronto, in 2003, when he ran the first time for mayor, won the election largely on this issue. His slogan—I can see the signs in front of me right today—was “No island airport expansion”. The controversy at that time was around the bridge to the island airport. The bridge was cancelled, but the port authority, using its power, has gone ahead and expanded this airport despite the clear wishes of the people of the city of Toronto.

Incidentally, polling that has been done showed, in 2003, 60% or more of the people were opposed to this.

So the structure of the Canada Marine Act is the problem, as far as we're concerned. We would like to see control returned to the City of Toronto on the whole issue of planning. That's where it should be. That's where citizens can have their input and deal with it as citizens see fit—that's it.

I'm going to stop at that point. I'm certainly open to questions. Thank you.

• (1120)

The Chair: Thank you, Mr. Freeman.

Mr. Iler, you have four minutes.

Mr. Brian Iler (As an Individual): Thank you, Mr. Chair, members of the committee.

Ten years ago the Government of Canada made a serious mistake, a mistake that has had devastating consequences to the city of Toronto and its citizens. That mistake was to include the Toronto port in the list of port authorities under the Canada Marine Act.

That act has two significant fundamental criteria for ports: they must be of strategic significance to Canada's trade, and they must be and are likely to remain financially self-sufficient.

Mr. Chair, neither of these criteria has been satisfied by the port authority. They were not satisfied then. As Mr. Vaughan has pointed out, this is not a port of national significance to trade in any way, and this port has never been self-sufficient. It has relied on handouts. It has relied on dissipation of its assets.

One of the features of the Canada Marine Act is an effort to achieve some level of accountability to the citizens of Toronto and the users of the port, by requiring that at least four of the directors of the port authority be representative of users of the port.

I tell you today that under the Liberal government no appointments were made to fill vacancies from port users. In fact, as Mr. Vaughan has pointed out, the board of directors was allowed, under the Liberal government, to dwindle down to one person. There is no accountability when one person, who is a lawyer, a nice person, appointed by the provincial government, is responsible for everything that goes on.

Unfortunately, the Conservative government has made things, if possible, worse. They have appointed people to the port authority who have no relation to the users of the port, none whatsoever, contrary to the requirements of the Canada Marine Act. We're boggled by that.

Where is the accountability? We have five appointees now from the federal government, one from the city, vacant because the city will not participate in this sham, and one from the Province of Ontario. This is not a port of national significance. The port should not be controlled by federal government appointees. The port should be controlled by a majority of appointees from the city of Toronto, local control, where control belongs on a port of local significance only.

It is my submission that the act be amended to require that the board of directors of the port authority be comprised of five appointees from the city of Toronto and one each from the province and the federal government.

If this mistake had not been made ten years ago, we know what would have happened. We would not have seen the necessity for the federal government to pay an ill-advised \$35 million of taxpayers' money. The City of Toronto would not have been sued, with the resultant obligation to pay \$48 million out of hard-earned city taxpayer money. I and Mr. Freeman would not have been sued by the port authority. Mr. Vaughan would not be currently sued by the port authority.

This port authority is out of control, ungovernable, and unaccountable.

Mr. Chair, your committee can solve this problem, can remedy this mistake so that we can look forward to this termination of governance by the port authority of our port, to the return of the island airport lands to the city, and contemplate a truly spectacular development in replacement of that airport.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Iler.

We'll now go to questions.

Mr. Volpe, you have seven minutes.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Thank you, Mr. Chairman.

I apologize to colleagues and witnesses for Air Canada's great delay in getting its passengers here and to this airport. I should have used a different one.

Mr. Freeman, can I read something to you? I caught all of your presentation. You issued a retraction and an apology to the Toronto Port Authority. Let me just quote it for the record. It says:

The memo and associated commentary on the web-site made statements about the Toronto Port Authority, its officers and directors, and in particular Henry Pankratz, Lisa Raitt and Alan Paul which reflect adversely on their competence, honesty, responsibility, and regard for the law. We acknowledge that there is no foundation for those statements, and that they should not have been made, nor circulated. We further acknowledge that there was no improper motive in the bringing of this lawsuit. We unreservedly retract these statements and apologize sincerely to the Toronto Port Authority, its officers and directors, and in particular to Henry Pankratz, Lisa Raitt, and Alan Paul.

You are a signatory to that, as I think is Mr. Brian Iler.

• (1125)

Mr. Bill Freeman: That's correct.

Hon. Joseph Volpe: Tell me, did something else happen between the time of that apology and today, something that causes you to repeat the same kinds of accusations and defamations?

Mr. Bill Freeman: We have not repeated those accusations, Mr. Volpe. First of all, the members should know that this became a very heated debate and some statements were made that we regret. That's what the apology was about. We have not changed....

Hon. Joseph Volpe: Are they the same ones you made today, Mr. Freeman?

Mr. Bill Freeman: From that day to this, we have not changed our opposition to the island airport expansion. That's the key issue, and it continues to this very day.

Hon. Joseph Volpe: Mr. Freeman, that may be your key issue. We're dealing with Bill C-23. We were considering amendments. The chairman quite generously allowed individuals to come forward. You're appearing as an individual, but you claim that you are a member of a community in Toronto that is very much.... By the way, I live in Toronto as well.

Mr. Bill Freeman: And I live in Toronto, yes.

Hon. Joseph Volpe: Good. But how many people does your organization represent?

Mr. Bill Freeman: I said 2,000 people. That's about right.

Hon. Joseph Volpe: Those are....

Mr. Bill Freeman: Those are people who receive our newsletters. We hold meetings. Maybe 2,000 people do not show up, but a significant number of people come.

Hon. Joseph Volpe: Mr. Freeman, we're dealing with ports and not the island airport. We're talking about port authorities. So let me ask this of Mr. Adam Vaughan.

Mr. Adam Vaughan, you and I have known each other in the past. I want to deal with you with all the deference that should accrue to an elected individual. But you have also chosen to come here as an individual. I've read your submission, and I'm in a little bit of a quandary about whether to deal with you as an individual or an elected member.

Did you clear your presentation with city council, and does your presentation represent the position of the council of the city of Toronto?

Mr. Adam Vaughan: Insofar as the city council has taken the position not to appoint or recognize the legitimacy of the Toronto Port Authority, for many of the reasons I've stated, my position is consistent with the position that was voted on and adopted. It has been the prevailing position of city council since the port authority was put in place ten years ago.

This is completely consistent, then, with both the mandate I sought and received from my electorate and with the position of city council.

Hon. Joseph Volpe: Well, Mr. Vaughan, with all due respect—

Mr. Adam Vaughan: If you take....

Hon. Joseph Volpe: —that's interpretive. There is not a resolution.

Mr. Adam Vaughan: I can add that this summer, when the issue of constructing a sidewalk next to a public school near one of the port authority operations was in front of council, the position that I advocated on behalf of my community was unanimously adopted by city council and by the local community council, which had carriage of the issue. This is the position in which I now find myself in court defending. The port authority says that it has planning authority over this stretch of lower Bathurst Street, and that it requires access to its facility from this part of the street.

Hon. Joseph Volpe: What does that have to do with Bill C-23?

Mr. Adam Vaughan: We're proposing....

Hon. Joseph Volpe: Mr. Vaughan, one moment, please. We're trying to consider what the government's proposals would be to make port authorities viable commercial entities. We want to be sensitive to everything that takes place at the local level, and we want to consider the larger issues. That's what we're obliged to do as members of Parliament.

If you want to talk to us about the difficulties that you have in the planning process in your council and how your council relates to one of our port authorities, I think that we need to be equipped with resolutions of council. There should be a council position with respect to the port authority.

Mr. Vaughan, with all due respect to the kinds of issues that any local councillor might or might not engage in, we are dealing with a larger issue. That's why I ask whether we should be considering you

as an individual, in which case we would address every individual citizen's submission on its personal merit, or if you're presenting something from council officially, in which case I'd like to see a mandate from your council setting forth the position this committee ought to consider. I don't think you should put us at a disadvantage.

● (1130)

Mr. Adam Vaughan: Let me address that, then. The notification for this meeting arrived at my office short of a council meeting, which means we'd have had to call an emergency council meeting to take a position on the specifics of this bill.

Your decision not to hold hearings across the country in ports where there is friction between the local authority and ports is a decision that you took on your own. So we arrive here on short notice and we seek to address some of the positions being put forth in this proposed legislation.

So I speak, yes, as a member of city council, in consistency with the positions my council has taken, but also as a local representative representing a waterfront community. You raised four issues that I'd like to address.

The Chair: Mr. Volpe.

Hon. Joseph Volpe: Mr. Vaughan, this committee still has to address a series of issues. You again represent something that is not typical of witnesses to not just this committee but any committee of Parliament. I've been here a little while. We try to make all issues either jurisdictional and therefore non-partisan, or individual, or stakeholders.

You are, as I understand it, a member of a partisan political organization.

Mr. Adam Vaughan: Excuse me—

Hon. Joseph Volpe: Just a moment, Mr. Vaughan. You ran under a particular party label.

The Chair: Order, please.

Hon. Joseph Volpe: We need to know whether a witness who comes before this committee is representing a partisan position or whether it is a personal position.

The Chair: Order, please.

Mr. Adam Vaughan: Excuse me, but that's a lie. That is a deliberate lie.

The Chair: Order, please.

Mr. Adam Vaughan: Mr. Volpe, I expect you to conduct your business with the honour of your office. That is a lie.

The Chair: Order, please, Mr. Vaughan.

Mr. Vaughan, please.

Thank you.

Hon. Joseph Volpe: Mr. Vaughan, you ran as an NDP councillor.

The Chair: Order, please.

Can we have the mikes shut off, please?

Mr. Vaughan, I do want to just remind you that this committee started reviewing Bill C-23 in December. Regrettably, whether you were or weren't informed in a timely fashion is a point of debate. But the time has expired, and I'll go to Monsieur Laframboise.

Mr. Adam Vaughan: Excuse me, but my reputation has just been deliberately misrepresented by a member of this committee.

The Chair: Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you very much.

My question is for you, Mr. Vaughan, for the simple reason that, before becoming a member of Parliament, I was President of the Union des municipalités du Québec. What you say today is very important. You signed the letter as a municipal councillor of the City of Toronto. I sense that you're uncomfortable with the amendments. So far, you're the only witness who has shed light on certain problems, including those concerning appointments to the board of directors and changes made to the act.

I'd like to know why the City of Toronto didn't file a brief. A resolution would have been appreciated. I understand that it's a big city and that it's not easy. However, I would like you to give us an explanation. That might change our way of viewing the bill. What you say is important to me. If the way the Conservatives want to change the board of directors penalizes the City of Toronto... I especially don't want one of Canada's major cities to be penalized by this bill.

Why didn't the city table a brief or resolution? I'm going to leave you the time to answer.

[*English*]

Mr. Adam Vaughan: The city did not pass a resolution because the details of this legislation did not reach city council in a timely fashion.

When we reviewed this with the mayor's office and the secretary who has control over the waterfront and read the minister's comments that this particular funding would not be new dollars but would come out the existing framework, we realized this put a risk on our ability to tap into the dollars for transportation and infrastructure destined for cities for an array of projects, from transit to highway improvement to bridge reconstruction, and that the city of Toronto would be competing with a federally constituted body for precious infrastructure investment from Ottawa.

I can assure you that if the position was put in front of city council that local authority to drive infrastructure investment was going to be supplanted by a group of people who are appointed by the federal government and have no accountability or relationship to the city or

port, there would be unanimous endorsement to oppose the proposed changes to the Canada Marine Act and infrastructure management of this sort. The issue is about local accountability, local agencies, and in particular local governments' ability to control both the planning process and economic development of their agencies.

I can understand there might be a national interest in making sure that ports in Vancouver, Prince Rupert, and Halifax are there to serve the needs of the national economy. There is a case to be made for those ports to fall under federal jurisdiction.

The city of Toronto's port is the 44th smallest port in terms of size. It moves 0.4% of the cargo by sea in this country. Almost all of that is internal to the economy of the city of Toronto. Setting up a federal agency that is not accountable to the port users, the local city, or for that matter the shipping industry, in such a way that competes with cities for scarce transportation dollars is something the city of Toronto would not, cannot, and will not support through a resolution. I apologize that we didn't get it in front of the council sooner.

But make no mistake about it, as other cities learn about the implications contained in this brief and this legislation, I think you'll hear from the Federation of Canadian Municipalities and other municipal jurisdictions. It is not appropriate to put cities in competition with federal agencies for federal dollars. It's unacceptable.

On the last point, Mr. Volpe talked about the viability of this port authority. This port authority has lost money every single year that it has been in existence. Its only source of income has been to sue people. It's now trying to sue me for building a sidewalk to a local school that it says didn't even exist under its transportation planning. It was there for ten years prior to the port authority.

This port authority does not respect local authority and local government. It doesn't invest its dollars in shipping activities. It's building parking lots. It built a ferry dock to the Rochester ferry a year after the Rochester ferry stopped running. It doesn't participate in shipping activities. To take dollars out of Halifax and Prince Rupert and put them in the Toronto waterfront doing God knows what—certainly not repairing the harbour wall, because we can't get the federal government to even accept responsibility for something they built in 1911.... But to take dollars out of critical and needed infrastructure investments on our coasts, to aid prairie farmers, miners in northern Ontario, and the lumber mills of B.C. and Quebec.... They can't get their goods out through Toronto's port. It's not even hooked up to rail any more. It has disappeared as a port.

All we have to say on that falls on deaf ears when it comes to Ottawa. And you're asking for a council resolution.

I'm asking you to be resolute in supporting strategic ports like Montreal and Prince Rupert, which are fundamental to the national economy. I would ask that you leave Toronto's waterfront to the city of Toronto and let us develop it so it serves our local economy, which quite clearly is not a shipping economy and not one that is focused on international trade.

• (1135)

[Translation]

Mr. Mario Laframboise: In your opinion, why aren't the federal members from the Toronto region adopting the city's position?

[English]

Mr. Adam Vaughan: Well, a number of federal Liberal MPs supported me when I ran for city council.

Mr. Mario Laframboise: Really?

Mr. Adam Vaughan: Really.

An hon. member: Name them.

Tony Ianno was frequently in my campaign office offering assistance, and he is still in communication with me.

But I ran as an independent.

The Chair: Please, gentlemen, stick to the question.

Mr. Adam Vaughan: I ran as an independent, and from my conversations with various Liberal MPs, it seems that internal interests unique to the Liberal Party trumped good governance. That's what happened at the port authority. And that's why even the Liberals, in the run-up to the last election, were afraid to appoint people to the port authority. They were afraid of what it would do to their reputation in Toronto.

Sadly, the response to that by the current government has been to appoint people with no recognition of the governance requirements of the port authority acts.

So we're trying to figure out what Ottawa is doing in our port. We're trying to figure out why Ottawa has an interest in our port. It's surely not for anything that moves in by boat. I'm not even sure the people they've appointed to the port authority know how to swim.

The Chair: Thank you, Mr. Vaughan.

Mr. Masse.

• (1140)

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

I can assure committee members.... I just came from a previous committee where the Conservatives and the Liberals added late witnesses and they extended a meeting. Subsequent to that, there are mayors of those municipalities who have already attended those meetings without resolutions from the council and will not have resolutions when they appear before that committee. So there's no reason to apologize for the fact that you're here without a resolution.

Now I want to move forward on some of the issues. It's important to get to some of the particulars here. It is correct that this legislation will allow for this port authority, Toronto in particular, and others, to

apply for \$2.1 billion in gateway funds. Those funds could be drawn in competition versus other infrastructure projects like the Windsor-Detroit area and other types of east-west and north-south infrastructure.

Second, it is true in this situation with Toronto, from documents that have been submitted to this committee, that it will be able to borrow \$27 million and also be able to carry nearly \$14 million in long-term debt.

Also, what's pertinent what we're hearing today with this is another answer to a question I had in terms of land use policy. And this is a quote from the document that we have here. "The policy initiative is intended to facilitate and expedite the effective use of existing or newly acquired properties through leases or licences to third parties"—which may be effective in some places, but in others, where there's conflict with the current situation, there is not that type of provision in this bill to significantly help those different municipalities deal with the situation.

So my question to the witnesses here today is, if this is allowed, in terms of additional moneys to be borrowed to be able to have long-term debt to compete for federal infrastructure funds, in the type of situation right now, will it worsen or heighten the problems in your municipality in Toronto, in this particular instance? And in general, do you think it might create conflict in other regions?

Mr. Adam Vaughan: This returns me to the position of the fact that this port authority is not running a port, so why are you giving it borrowing power? What does it need to finance that's so critical and necessary to the infrastructure, fiscal or transportation or otherwise, of the Government of Canada? Why do you need to allow this facility to borrow money? One of the reasons it does borrow money is to keep itself afloat. This is a port authority that has proved adept at doing one thing very well, and that's lose money.

So they had some land holdings, some residual land holdings from when it used to be the Toronto Harbour Commission, before it was taken away from the City of Toronto.

You speak to the fact that they're not supposed to build condominiums, but the reality is that the port authorities in the past have been very engaged in facilitating that kind of construction, but they're not engaged in waterfront activity.

We've been trying for a year and a half to get them to fix the two shipping channels that enter the harbour of Toronto. They won't do it. Part of the problem is they have no money to do it, but part of the problem is they refuse to take jurisdiction over the issue. Conveniently, when the letters patent were drafted for the port authority, they removed the harbour from the jurisdiction of the port authority. What they left it with was a couple of ferry docks and a couple of shipping channels, but they only have jurisdictional control over the navigation of those channels. They don't actually have control of the maintenance of those channels. Why would you do that? I don't get it.

In creating capacity for this body, which is accountable to nobody but the minister, its public meetings are defined by 15 minutes of questions with someone who basically directs them towards port authority lobbyists. They spend more money on lawyers and lobbyists than they do on shipping. So in giving them the ability to borrow, I would assume for capital and capital only investments, one would have to ask, what's the long-term strategy on the waterfront? They don't have one. What's their interaction with the port? Beyond the three private shippers that move salt, sugar, and sand into the city, there is no relationship. The one thing they've built on the waterfront, for about \$10 million, was a ferry dock that had no service to it for transportation, was not built in the inner harbour, where people use the inner harbour, and was built after the ferry it was built to serve essentially went bankrupt.

The only thing that remains, beyond the website with the non-existent ferry, are signs on the highway to a non-existent ferry dock. It's a calamity. It's a disaster. Why the new government would even think of appointing people to this body rather than dissolve it is beyond me. But giving it the ability to borrow money and to give it access to a pool of capital, which, as we know, is scarce and growing scarcer here in Ottawa, and to rob that capital from places like Montreal, which is striving to build a real port and move real cargo, or from Prince Rupert and the deepwater ports on the west coast, which are a fundamental part of the resource and agricultural sectors of the prairies, to take that money away from those industries and to make it accessible to a bunch of yahoos down on the waterfront in Toronto, I don't get it. I just don't get it.

We have bridge problems getting cargo back and forth across the U.S. border. Are we building more bridges? No.

• (1145)

Mr. Brian Masse: One of the amendments that I'm proposing is to have the Auditor General be able to audit all ports in Canada with an annual audit. Is that something that your organizations would support?

Mr. Adam Vaughan: Absolutely.

A witness: We would support that.

A witness: Go for it.

Mr. Brian Masse: Lastly, is there anything that can be done with regard to the municipal act and the ports? One of the things we're looking at is how we can actually have the ports somehow be able to go through or be vetted similar to the municipal act. Would that give at least some type of assurance to local property owners?

Mr. Adam Vaughan: When the federal Liberals set up the infrastructure program, they did it with a great deal of intelligence and sensitivity to local initiatives, understanding that local initiatives really needed to drive the agenda when it came to federal infrastructure programs.

I think it was Paul Martin, in an interview I did with him when I was at the CBC, who said that our job is not to pick where to build a bridge, but to facilitate those economies that can afford to build a bridge, and help them build a second one if necessary.

We need to use the federal infrastructure money as a form of economic development, but local economies know where that infrastructure is needed, and they know best. From that principle, the

infrastructure program has made a significant difference to large, small, and medium-sized communities across this country. It was a very smart move.

What this piece of legislation seeks to do is to eliminate local authority from the discussion, to put local investments in the hands of a federally appointed body that has no electoral accountability to anybody, and then to say that it will compete with duly elected officials on the ground for scarce infrastructure dollars. That's unacceptable.

I would hope that the Liberals, who had the intelligence to use local government to drive the infrastructure program sensitively, creatively, and to great benefit of economies right across this country, would have the equal wisdom to respect those principles in this new piece of legislation. Instead, what you end up with is more largesse.

The Chair: Thank you, Mr. Vaughan.

I will go to Mr. Jean.

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

Thank you, witnesses, for appearing today.

I just want to let you know that if you do that motion of council, if you don't want any money for Toronto for the port authority, you can put it into Fort McMurray in anything you like, because that's what I represent, and we need all we can get. We'd be happy to take any money you don't want.

Mr. Adam Vaughan: It's for a port authority.

Mr. Brian Jean: We can start a port, whatever it takes.

At this stage, though, I do want to confirm something that was mentioned by one of the witnesses. Toronto actually is the sixth largest port, as far as operating revenues, excluding the airport, in Canada. I want you to be aware of that.

I have the figures here, Mr. Vaughan. I'm not trying to be argumentative, but I have the figures in front of me. I was astonished that it's \$9 million a year, but it's the sixth largest in Canada, and that does exclude the revenues from operating the Toronto City Centre Airport. I'm not trying to be argumentative because I'm from northern Alberta. I just want your money that you don't want. So that's not a problem.

Mr. Adam Vaughan: We'll get you different information, but it's the 44th largest port in Canada. Goderich, Ontario, moves more cargo than Toronto.

Mr. Brian Jean: I'm just providing the figures that I have, and I'd be happy to table them, if you'd like that.

Mr. Adam Vaughan: Hamilton moves more than Toronto.

Mr. Brian Masse: Please table them.

Mr. Brian Jean: I'd be happy to.

Mr. Bill Freeman: Last year the Toronto Port Authority annual report—

Mr. Brian Jean: Mr. Freeman, this isn't a debate. I'm providing you the information I have. I would be happy to table my notes.

I was also wondering if you had an opportunity to look at the policy initiatives under land management flexibility that the Conservative government has proposed for this legislation. Have you had an opportunity to look at that?

So you have indeed read that under the policy change it's to, and I quote, "enable the CPAs"—the Canada port authorities—"to lease or license such land, on a temporary basis, provided that the following criteria are met". And the second criterion is that "each individual use is compatible with the land use plan of the port and has taken into account the land use plan of any adjacent local government".

Then it goes on to state that CPAs, Canadian port authorities, are required to develop a land use plan for properties under the management of the CPA. I quote again: "land use plans must account for the relevant social, economic and environmental matters and zoning bylaws that apply to neighbouring lands".

Have you read those?

Mr. Adam Vaughan: Yes.

Mr. Brian Jean: So you understand that's good news as far as Toronto goes, and with the council, as far as what the resolutions are.

Mr. Adam Vaughan: I'll leave it to a lawyer to explain what the word "account" means.

Mr. Brian Jean: I understand what it is. I'm a lawyer as well, so I do understand.

Mr. Adam Vaughan: But the reality is that in my ward, as we seek to build a sidewalk next to a public school and to render an intersection safe for school children, the port authority has taken us to court and is suing us for acting in bad faith, saying that their needs on the street trump the local needs of children.

• (1150)

Mr. Brian Jean: But, Mr. Vaughan, it's all the more reason for you here today, and the other witnesses, to push forward this legislation as quickly as possible so that this policy is then in place.

Mr. Adam Vaughan: Well, if you could just switch "account" to "subservient"—

Mr. Brian Iler: If I may, what you're reading is something that tries to accommodate a decision of the Supreme Court of Canada between the Vancouver Port Authority and the City of Vancouver. We've noticed this pattern across the country: the port authorities are in conflict with local communities.

The City of Vancouver and community groups ended up having to go all the way to the Supreme Court of Canada to try to wrest some degree of land use control away from the port authority, which

insisted it had the sole and exclusive right to do it. That had to change, and has to change, across Canada.

Mr. Brian Jean: I agree.

Mr. Brian Iler: Our problem is that the port authorities, in the way their governance is set up, are focused so exclusively on the federal government's interests—which in Toronto don't exist, because it's local interests only that are being served by our port—they forget the rest of the community's interests.

Mr. Brian Jean: I'm sorry, Mr. Iler, but I do have more questions. I would say, from that initiative, you should encourage this bill to be passed as quickly as possible.

My final question, actually, is about your mention of Toronto or the council wanting to see five board members appointed from Toronto. Let's be fair, though. If they are appointed to the board, they have a fiduciary duty to take into account what's best for the Toronto Port Authority. So they're bound to do what's ultimately best for the Toronto Port Authority. So I don't understand how it would benefit Toronto if your theme is to change it completely.

Mr. Adam Vaughan: Unlike the federal government, we have very strict rules for the appointment of lobbyists to agencies, boards, or jurisdictions. One of the things we wouldn't do is to appoint spokespersons for industry, who have nothing to do with the port, to the port authority. We'd seek to appoint people to the port authority who actually had something to do with running a port. Further to that, we'd make sure the work of the port authority was focused on the port.

Mr. Brian Jean: I'd like to cede my time to Mr. Volpe.

Some hon. members: Oh, oh!

The Chair: Order.

Mr. Brian Masse: Now I've seen everything here. If there weren't a trade-off going on, now I've seen it. That's unbelievable. No shame, no shame whatsoever.

The Chair: Mr. Masse, please.

I have three minutes left and have Mr. Zed on my sheet. If he prefers to cede his time, it is up to him.

Mr. Paul Zed (Saint John, Lib.): Well, I'd like to hear from Mr. Volpe as well.

Some hon. members: Oh, oh!

Mr. Paul Zed: But if I'm the next speaker, I'll speak quickly and share my time with Mr. Volpe.

I'm from a port community called Saint John, New Brunswick. We had the opportunity recently, as the critics for communities, cities, and infrastructure, to travel the country and meet with your mayor and several councillors in the city of Toronto, as well as Vancouver, Calgary, Winnipeg. And I have never heard a city councillor come to a committee and say they don't want participation, partnership, and strategic relationships with the national government. So I have to tell you, Councillor Vaughan, this is a first.

My concern is that I well remember the City of Toronto coming to Ottawa to talk about the ecology, lands, economy, and community of Toronto, and about harbour and port development. We think of the word “port” as you have historically described it, as the commodore here has referenced, as a place where you're going to sail, but a port has become a gateway.

When I meet the mayor of Toronto and he tells me that your community is a gateway for all of Canada, as is Fort McMurray and Vancouver or Saint John, and he translates his website into 94 languages, it sounds like a port to me.

Now, I accept that there are community issues you have concerns about, but frankly, without being disrespectful, I think you're barking up the wrong tree today as individuals. We're reviewing the Marine Act. If you have some local governance issues, it's clear to me—from a quick search I've done—that the last time we heard from Mr. Freeman, Mr. Vaughan, and Mr. Iler was when you were all apologizing on the front page of the *National Post* and on the CBC

• (1155)

Mr. Adam Vaughan: I've never apologized; I've never had to apologize.

Mr. Paul Zed: —expressing your concerns about things you'd said.

I want to say, like Mr. Laframboise, that I was very surprised to read your submission on city council stationery, when in fact in any relationships I've ever had as the critic, the talk has always been about partnerships and strategic relationships.

I'll cede the rest of my time to Mr. Volpe.

The Chair: You have 40 seconds.

Hon. Joseph Volpe: There's not much time left, but I just want to clear up something.

I was glad to hear Mr. Vaughan talk about the intelligence of our approach to infrastructure. What I was concerned about initially was the confusion of this bill with a series of other issues that have absolutely nothing to do with this bill. But the connection has been made by Mr. Freeman and Mr. Iler, deliberately, with the island authorities and with the City Centre Airport, and then by Mr. Vaughan suggesting that the resources for the port come only out of lawsuits.

I want to put on the record that the lawsuit to which they have made reference is one where the federal government—and you had one of the lawyers here before this committee explain what happened—sat down with the province and the municipal government and tried to extricate the city out of a lawsuit it was going to lose. You heard that as testimony in this committee and that the Government of Canada handed over \$35 million in indemnities in order to keep the city safe, harmless from what the city viewed, because it signed on to the agreement, as an irresponsible action against the port authority among other players.

I don't think we get a clear picture of things if we confuse one with the other. So Mr. Freeman, and Mr. Iler in particular, I'm afraid that if you want to make an impact on Bill C-23, you'll have to do it a little differently.

The Chair: Mr. Volpe, I'm sorry, but as I stated earlier, I would call the meeting at this point in time and allow for the exchange of our witnesses and for the minister to come forward.

I want to thank the witnesses for attending today and for a lively, spirited debate. I appreciate your time. Thank you very much.

We'll recess for a few minutes to allow the minister and his officials to come in on Bill C-23.

• _____ (Pause) _____

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• (1200)

The Chair: Welcome back to meeting number 11, part two.

With us today is the Minister of Transport, Infrastructure and Communities, the Honourable Lawrence Cannon. Joining him from the Department of Transport are Emile Di Sanza, who is the director general of marine policy; Janet Kavanagh, the director of port policy; and Ekaterina Ohandjanian, legal counsel.

Welcome.

Minister, I would assume you might have an opening statement, and then we'll proceed with rounds of questions.

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities): I do, Mr. Chair.

Thank you very much, colleagues, for inviting me to be here this morning.

Incidentally, I was very pleased to shake Mr. Volpe's hand as I came in here.

Hon. Joseph Volpe: There's a conspiracy to malign me. Drive-by smears, and then feigned friendship. That's great. I love it.

Hon. Lawrence Cannon: Colleagues, I'm pleased to continue the discussion on Bill C-23, which basically proposes amendments to the Canada Marine Act. As you may know, the CMA required the Minister of Transport to complete a review of the provisions and application of the act.

In 2002 the government appointed a panel to undertake coast-to-coast consultations on the Canada Marine Act and to report back to the Minister of Transport with recommendations. Very broad-based consultations were held and generated extensive and substantive input from stakeholders, including all levels of government, Canada port authorities, marine transport companies, marine industry associations, as well as associations representing other modes of transportation, shippers, logistics companies, and labour organizations. The result was the CMA review report tabled by the Minister of Transport in Parliament in June 2003, which subsequently provided the direction of Bill C-61.

[*Translation*]

The proposed amendments in Bill C-61 aimed to build upon the commercial operating environment envisioned by the National Marine Policy of 1995 and the subsequent Canada Marine Act of 1998. It reflected an approach that responded to industry concerns, recognizing the importance of promoting strategic investment and productivity improvements.

Bill C-23 addresses many of the same recommendations flowing from the CMA Review. I believe that Bill C-23 goes even further in terms of optimizing our port regime in order to compete in today's global economy and putting Canada's major ports on a more competitive footing with their international counterparts.

The ports have been waiting a long time for these changes. Canada Port Authorities have told us that these proposed amendments are fundamental to the success of Canada's marine ports in today's global environment. A number of provinces have also echoed a similar message.

If we wait any longer, opportunities could be lost. Opportunities that have the potential to have a significant and long-term positive impact on regional economies and ultimately on the Canadian economy.

[English]

Marine transportation accounts for almost a fifth of the volume of Canada's exports to the United States and over 95% of the approximately 162 million tonnes of commodities and processed goods Canada exports to other countries. All parts of the country benefit from the production and employment generated by the marine sector.

While the largest absolute impacts are in British Columbia, followed by Ontario and Quebec, the positive economic effects of marine transport activities extend to all regions of the country. Clearly, the marine sector makes a significant contribution to the output of the economy, is a creator of high-paying jobs, and also a significant generator of federal, provincial, and municipal revenues. The proposed amendments in Bill C-23 would have a positive impact on the marine industry and would position Canada port authorities, which are so important to Canada's economy, to respond to the emerging trends in globalization and to support Canada's national trade objectives.

At this point, I think it's important to distinguish between the legislative proposals of Bill C-23 and any related and complementary policy initiatives that may be put in place. As part of our commitment to openness and transparency, and also to ensure that you have a comprehensive understanding of the modernized strategy envisaged for our port authorities, we have shared with you the various policy initiatives that are being pursued.

I understand that a number of questions and comments have been raised concerning land management policy initiatives, and I have provided additional information and I trust have responded to these questions. These policy initiatives are very important and of course necessary. They reflect the result of significant analysis and examination, including third-party studies in some cases. They are initiatives that will have an immediate impact on industry within the existing legislative framework. However, they do not make up the substance of Bill C-23 but are complementary to the bill's provisions.

While Bill C-23 is national in scope, I understand that it has generated significant discussion regarding the role of municipalities.

● (1205)

[Translation]

Our cities are economic generators by themselves, but they also serve as essential transportation hubs and gateways, providing access to ports, airports and border points. This means that what happens in cities is essential to the rest of the country. Through the \$33 billion Building Canada Infrastructure Plan, we will fund investments in transit, local roads and highway projects to help mitigate our growing congestion problem.

We are convinced that these investments will have a major impact on Canada's competitiveness; on the environment, and on the quality of life of Canadians. The Building Canada Plan underpins a national emphasis on trade gateways.

We cannot talk about trade gateways without talking about ports. In addition to the Asia Pacific Gateway and Corridor initiative, I signed a Memorandum Of Understanding (MOU) with the provinces of Ontario and Quebec in July 2007 to develop the Ontario-Quebec Continental Gateway and Trade Corridor.

There are many marine-related opportunities along the St. Lawrence River and throughout the Great Lakes. Opportunities for increased short sea shipping that have the means to alleviate congestion, facilitate trade, reduce greenhouse gas emissions, and increase the efficiency of the transportation system through better utilization of waterway capacity.

● (1210)

[English]

In October 2007 the federal government also signed an MOU with all four Atlantic provinces to advance the important work of development and developing a forward-looking Atlantic gateway strategy. There are many opportunities to explore that, and that will include our ports.

I understand some concern has been raised with respect to community involvement in port activities, particularly related to land use. On this issue I would like to note Captain Houston's remarks of last Tuesday. He confirmed that there is a significant history of ensuring that the municipalities have a lot of say in how the port is developed, over and above what is required by the port authority.

For the Vancouver Fraser Port Authority, Captain Houston explained that a municipal liaison forum has been established that brings together the board of directors with municipal councillors on a regular basis to ensure that the views of the community are understood and considered. In addition, each and every project that is implemented in the Vancouver Fraser Port Authority is submitted to the development process of the municipalities of jurisdiction for their comments, and wherever possible their comments are accommodated.

I'd like to add that I have seen this process in action recently. Working with the communities of Delta, Surrey, and Langley, as well as others, including Transport Canada, the Vancouver Fraser Port Authority has been part of a team effort that has created the Roberts Bank rail corridor, a series of nine overpasses that will facilitate traffic flow and reduce congestion in the lower mainland near Roberts Bank.

The needs of municipalities are clearly being considered in activities related to the ports, but equally important, regular dialogue is now occurring to ensure that all parties can learn from each other. The proposed amendments in Bill C-23 are absolute imperatives for the success of our gateways and corridors strategy.

While all of these separate and complementary initiatives are important, the reason I'm here today is to discuss Bill C-23, amendments to the Canada Marine Act.

This bill has five key components. The first amendment is designed to level the playing field for Canadian ports with other ports around the world. Bill C-23 removes the prohibition against federal funding in respect of contribution program funding for infrastructure, environmental sustainability, and security.

Currently, with very few exceptions, our Canadian ports are prohibited from accessing federal appropriations, while ports around the world are receiving increasing government funding for capital, environmental initiatives, and security enhancements. In addition, transportation sectors other than maritime are able to access these funds. It does not make any sense to discriminate against Canadian port authorities when we know that ports are an integral part of our long-term objectives, particularly regarding our national gateways and corridors strategy.

As you know, one of the objectives of our national policy framework for strategic gateways and trade corridors is to optimize the efficiency of the existing multi-modal transportation system. Greater use of the marine mode, especially with initiatives such as short sea shipping that are eligible for funding under the Building Canada Fund, will be a key solution to get goods off congested highways and railways and help protect our environment at the same time.

Short-sea shipping is also a priority for the United States, and we are working closely with our U.S. colleagues to further develop these opportunities. So let's put our CPAs on a more level playing field with the other transportation modes and the ports of other countries.
[*Translation*]

We are proposing amendments to the Act that would provide the option of a commercial borrowing regime for ports earning revenues of over \$25 million a year for a period of three consecutive years. These amendments will allow the largest, most diverse CPAs to make financing decisions that are affordable, prudent and sustainable. For those eligible ports that choose to implement a commercial borrowing regime, they would be subject to a code governing borrowings in combination with commensurate accountabilities on the part of the Board.

Amendments are being proposed that are geared to providing long-term stability and continuity in the governance of CPAs. Bill C-23 provides for an additional term of re-appointment of board

directors, thereby increasing the maximum tenure for a director from six to nine years, three terms of three years. Incumbent directors would remain in office until a renewed or new appointment is made. I would add that this is a term of a maximum of nine years.

On the subject of governance, I would like to clarify a very important point, one that is often forgotten or not well understood. You may recall that Captain Houston also noted this point in his remarks before this Committee. Specifically that Board members are appointees. Their fiduciary duty is to represent the best interests of the port authority board members. The act moreover stipulates that board members are not there as representatives of the people that nominate them – this is a matter of law, as such, and it does not matter whether it is one appointee or three appointees, board members must represent the best interests of the port.

• (1215)

[*English*]

Other amendments related to facilitating future amalgamations were warranted. You may be aware of the three ports in the lower mainland that amalgamated, effective January 1, 2008. The proposed amendments in Bill C-23 would put in place additional provisions for a consistent and streamlined approach to responding to potential future amalgamations, should the need arise.

The administrative monetary penalty amendments that are part of this package would provide ports with a modernized enforcement regime consistent with similar legislative impacting entities such as the St. Lawrence Seaway Management Corporation. Moving away from the lengthy court system for regulatory offences and introducing an independent review-and-appeal process has been demonstrated to result in a more efficient and cost-effective process, benefiting both the enforcement officers and the users of the marine system.

Mr. Chairman and honourable colleagues, I believe that these proposed amendments are the right thing to do for the marine transportation system. They are long overdue, and they are a critical part of this government's overall policy and frameworks supporting transportation and trade in Canada. They are also integral to the long-term objectives of the three national gateway and corridor strategies: the Asia-Pacific one, the continental one, and the Atlantic gateway.

Bill C-23 is required to ensure that Canadian ports have the tools they need to compete in a global trade environment and in support of their role with the national policy framework for strategic gateways and trade corridors. And it's the right time to make these changes for the Canadian economy.

Thank you very much, Chair and colleagues, for your attention.

The Chair: Thank you, Mr. Minister.

Mr. Zed.

Mr. Paul Zed: Thank you, colleagues.

Mr. Minister, thank you for coming today.

I obviously can't speak for everyone at this table, but I think in general terms you're going to find people are very much in favour of the modernization occurring with this legislation.

One of the concerns I have relates specifically to underfunding. I was wondering whether or not you could speak to that as a policy matter.

We heard from the port of Montreal. You know that I come from the port of Saint John. Rather than having three strategies, would there be any benefit to having a strategy called the continental Atlantic strategy, under which, as a national policy, you as a government would encourage Montreal east, where all of those groups would work together?

I'm asking that question because of the St. Lawrence issues, because of the marine transportation issues. Historically, in the maritime provinces, we're more north-south traders, but we have some challenges, certainly, in post-9/11. I was wondering whether we could ask you for your philosophy behind that.

Also, I was wondering whether you would comment on Churchill. As you may know, I, as the critic for cities and communities, have been travelling the country, and I have found that in Manitoba there's a great interest in Churchill. With global warming and climate change happening, Churchill is becoming a bigger issue.

Also as part of my list of questions, Mr. Chair, perhaps I could ask the minister to comment on the challenges that the communities—the smaller ports especially—are facing with security and policing. In bigger cities and city centres, it's not as much of an issue, but certainly in cities like Halifax, St. John's, Newfoundland, and Saint John, New Brunswick, policing, which was taken away from that jurisdiction in the 1990s and downloaded to the municipalities.... I'm wondering whether you might have some comments to offer, in terms of whether special funds might be available.

I've asked you a lot of questions. I'm sorry.

● (1220)

Hon. Lawrence Cannon: That's all right.

Mr. Paul Zed: You're used to them now.

Hon. Lawrence Cannon: I do certainly want to thank you for your encouragement, in terms of the direction this piece of legislation is bringing to our colleagues around the table.

In terms of the strategy that's developed for our gateway strategy, the framework agreement basically follows the geographical patterns of the country and of course the trade flows that have been recognized there. I'll let Emile and his team go into probably a little more detail.

Just to give you an overarching view, that is the way we set up the continental Ontario-Quebec gateway, which goes into the heartland of the United States, as well as the Asia-Pacific one, which was initiated previously but which we funded considerably over the last number of years, and which offers, I believe quite honestly, a best-

practice environment. It showcases a lot of things, I think, we can do, in terms of developing our competitiveness abroad.

In the case of the Atlantic gateway, we have come to realize that we need to be able to develop a comprehensive approach, and that's why the four provinces came together and agreed with us on the MOU. We are in the midst of putting together, over the course of the next several months, the data required to be able to help us promote.

Rightly so, you pointed out that the changing climate offers, I think, new opportunities for Canada up in the Fort Churchill area. The Prime Minister, as a matter of fact, was up there not long ago, and he announced investments into the rail system.

It is not at all excluded from the Building Canada plan. As a matter of fact, we have set aside money to be able to analyze and do the research on the new trends that are coming up. We do want to look at an Arctic gateway, and it will be an overarching strategy that should eventually come up.

Regarding the security and policing issue, over the course of the last several months we have put forward programs to ensure our restricted areas are secured, or at least the restricted areas in the ports. There are programs there. We have signed agreements with the Montreal Port Authority, the Halifax Port Authority. Emile can respond to that.

In Vancouver, because there was a request on behalf of the union and the labour group to be able to put that aside until such time as they complete their elections, that also should be moving forward.

Maybe, Emile, you have a point to add to those issues.

Mr. Emile Di Sanza (Director General, Marine Policy, Department of Transport): With respect to the gateways, as the minister indicated, I guess the MOUs that were signed for Quebec, Ontario, and the federal government, and similarly in the Atlantic region, call for a series of studies and examinations. These will look at trade flows, traffic patterns, infrastructure requirements, and at a series of priorities to be established in that respect.

Of course, nothing there prevents the various business arrangements still to take place that cross over those geographical limitations. In fact, a number of those are taking place between Atlantic Canada, the Montreal region, and then further into the seaway and the Great Lakes. So nothing there would presumably stop that.

With regard to security, one element, of course, is the proposed amendment to the legislation here that would provide access to funding for capital projects under infrastructure, environmental sustainability, but also security enforcement. While there was a program, that program terminated in November 2007. The provision here would provide continued access should a funding program be established to that effect.

● (1225)

The Chair: Thank you.

I'll go to Monsieur Laframboise, and perhaps the minister, in his answer, can speak very briefly about the Churchill question—because I certainly have an interest in that too.

Monsieur Laframboise.

[Translation]

Mr. Mario Laframboise: Thank you very much.

Minister, you know that the Bloc Québécois will support this bill. This has forced me to do a little research. As regards governance, you state in clause 11 of the bill who may not be a member of the board of directors, and you include the officers and employees of a port authority. You know how I love the municipal world. However, paragraph 16(a) of the act states the following about individuals who may not be directors of a port authority:

(a) an individual who is a mayor, councillor, officer or employee of a municipality mentioned in the letters patent;

Having regard to that provision, I would like you to explain to me how it is that Ghislain Harvey is sitting as chairman of the board of directors of the Saguenay Port Authority, whereas he is the mayor's chief of staff, and thus on the city's organization chart, in addition to being President and CEO of Promotion Saguenay, a creation of the city. Try to explain that to me.

Hon. Lawrence Cannon: From what I understand, the City of Saguenay is entirely sovereign with regard to the people it appoints to the board of directors of the port authority. In that sense, we do not necessarily foresee a conflict. It was the City of Saguenay that appointed the incumbent to that position.

Mr. Emile Di Sanza: We should do some more research on the subject, Minister.

Hon. Lawrence Cannon: I checked, Mr. Laframboise, and that's what I was told.

Mr. Mario Laframboise: Perhaps a legal opinion should be requested, having regard to the individuals whom section 16 of the act excludes as directors. That would reassure me.

Hon. Lawrence Cannon: All right.

Mr. Mario Laframboise: As regards governance, clause 13 of the bill states the following:

13. The Act is amended by adding the following under section 21:

21.1 Subject to the letters patent, the board of directors may delegate the powers to manage the activities of the port authority to a committee of directors or to the officers of the port authority.

It's as though subcontracts could be awarded. However, my research led me to believe that, in order to avoid conflicts of interest, the port authority could not grant contracts to directors. I would like you to reassure me that the Saguenay Port Authority has awarded no contracts to members of the board of directors and that this bill will not permit that practice.

Is that the purpose?

Hon. Lawrence Cannon: I entirely agree with you that this should not allow people to exchange contracts freely.

Mr. Emile Di Sanza: The purpose here is strictly to facilitate the performance of the responsibilities of the boards of directors. In the case of smaller ports, for example, it may be difficult for the board of directors to have to bear the entire workload. To a certain extent, these people may delegate certain powers to directors. Ultimately, however, those responsible are still the board of directors and its members.

● (1230)

Mr. Mario Laframboise: Mr. Di Sanza, can contracts be given to members of the board of directors?

Ms. Ekaterina Ohandjanian (Legal Counsel, Justice Canada, Department of Transport): That's a question that comes under the code of ethics. It's judged on a case-by-case basis; the specific facts have to be known in order to examine that question. I don't think this question is contemplated by Bill C-23 or by the Canada Marine Act. It is the letters patent and the code of ethics that apply to the directors, who may perhaps find an answer if specific facts are submitted to them.

Mr. Mario Laframboise: May contracts be awarded to members of the board of directors?

Ms. Ekaterina Ohandjanian: The general question—

Hon. Lawrence Cannon: The answer is clear: it's no.

Mr. Mario Laframboise: All right.

Obviously, the Port of Montreal has reassured me, because it sees a possibility of expansion. Minister, you must reassure me as well.

We know that the Port of Montreal has no debt, and I wouldn't want it to be penalized with respect to government assistance. I wouldn't want only those that are indebted to be eligible for assistance programs. Can you assure me that all ports will be eligible for the infrastructure programs and that their financial ability to make their own investments won't be considered? Do you view matters differently?

Hon. Lawrence Cannon: Perhaps we should stand back a little. On the one hand, our strategy on gateways and trade corridors is mainly to see the tools we have and, on the other hand, to identify areas of congestion blocking the smooth flow of our trade. That then enables us to make appropriate investments to maintain the competitive advantage that we have in certain fields. This method won't be based on pipe dreams or frivolous ideas. A framework will enable us to say clearly the direction in which we want to head. We grant access to these funds with a specific direct intention. That's the nature of the MOUs we've signed with the governments.

From a geographic standpoint, the Port of Montreal is the second largest port in Canada. It's a major port, and we want to contribute to its development in a complementary manner, so that we can continue to have an advantage in the market that we want to penetrate.

Mr. Mario Laframboise: Would the cruise ship marina be eligible for the infrastructure program, or does that still depend on the programs?

Mr. Emile Di Sanza: That will depend on the program criteria and the business plan that the Port of Montreal puts forward with its partners. The question is also whether the Port of Montreal will want to seek funding for that specific project, because it has access to other funding sources; it has other partners. In certain cases, the ports will fund their projects with their private sector partners rather than seek public sector funding.

Mr. Mario Laframboise: Except that they're the ones who decide. Can you orient them?

Hon. Lawrence Cannon: Yes, that's definitely decided as part of a partnership. That's the spirit that we are putting forward here.

[English]

The Chair: Mr. Masse.

Mr. Brian Masse: Thank you, Mr. Chairman.

Thank you, Mr. Minister, for appearing before our committee. I would also like to thank you and your staff for providing answers to questions. Often answers are not provided to members during visits, and I would like to at least acknowledge that, because you have done so today.

In that document that has been distributed back to us, there is an element I would like to focus a little attention on, and that's the issue of the access to the gateway funds that CPAs will be receiving. The document says it is "contemplated" that the CPAs would have access to this fund. Can you confirm whether there is new legislation required, or is it a decision from cabinet, and is it actually iron-clad that they have access to this fund? Secondly, what other funds are being contemplated for them to have access to?

Hon. Lawrence Cannon: I'll answer the last question first. They still have availability to the traditional funds that were there previously. What we've done here is we've enlarged the tool kit, basically, and we've said under the Building Canada Fund that the categories of, for instance, short sea shipping and other infrastructure programs will be available to the CPAs.

So if I understand your question, Mr. Masse, it's does this mean that you have to pass the piece of legislation to—

• (1235)

Mr. Brian Masse: Yes, it's contemplated. It doesn't say they will; it says it's contemplated.

Mr. Emile Di Sanza: That's simply in reference to the fact that this is proposed legislation.

Mr. Brian Masse: Okay.

In that as well, those projects are merit-based projects. Can you give me your definition of what merit-based projects are and give examples?

Hon. Lawrence Cannon: I guess a merit-based project, if you distinguish it from a jurisdictional allocation, is done with the—

Mr. Brian Masse: Is it like a road? Because it's coming from border infrastructure funds, I'm a little bit concerned.

Hon. Lawrence Cannon: Yes, it's coming from the gateways, which is not the border infrastructure fund. Let's look, for instance, at the Detroit-Windsor crossing, which is something you're very familiar with. If we look at the corridor structure, what we're doing, basically, with the Government of Ontario, the Government of Quebec, and the federal government is that we've come together, we've signed an agreement, and we've said let's look at those areas where there is the strongest congestion. How should we alleviate within the next 10, 15, 30, and 40 years those areas that are fundamental obstacles to our commerce? That's the whole initiative we want to put forward. Then we will determine, with the provincial governments as partners, where the best value for money is. So if it's determined that in this case we need to put in a short sea shipping arrangement to alleviate trucking on whatever highway, we'll look at it. That's a hypothetical.

That's what I'm saying about being merit-based. It is agreed upon by the levels of government that are involved as partners in this.

Mr. Brian Masse: That clarifies to a certain degree the issue.

I guess one of my concerns is that there is no new money in this. You're taking from existing funds. We're adding more players who can draw out of that fund, players identified as having billions of dollars of needs, and they're also in competition.

I'm glad you brought up the Windsor-Detroit gateway. It's the first time you've beaten me to the punch on that, and I thank you for that, and that hopefully means something. We know that we need billions of dollars of infrastructure down there, and the concern is that we'll draw out of this fund in competition with very worthy projects. So I want to hear, basically, whether the government is committed to more money in this fund for the ports.

A philosophical question coming from it, though, is why, under this bill, you even have to give them access to those funds. When we look at the borrowing limits and the long-term debt they can now incur—and this table shows billions of dollars they can now have access to—why would they need public funds? Is it because there are no private investors? Are we concerned about that? Is it a part of the P3s? What is it they need now? Because they have an incredible amount of capital they can now access through borrowing and long-term debt. Why is it that they even need to compete with other border projects?

Hon. Lawrence Cannon: I think, Mr. Masse, it's part of an overarching strategy that has as its objectives to maintain our competitiveness and to make sure that our trade corridors and gateways are basically functioning. So what we're doing here, fundamentally, is adding tools to the tool box.

Let me put it this way. I guess the best example is what we did at Roberts Bank. I spoke to this issue before. It is in the Asia-Pacific gateway. We put forward something in the vicinity of maybe \$40 million or \$50 million, maybe a little more, which generated over \$300 million worth of investment from both the municipalities and the private sector. Basically, we were able to make sure that we had our objectives of seamlessly integrating the transportation network for our goods and products to bring them into the heartland of Canada, into the western part of the country, and of taking care of community concerns, such as whether we were stopping at intersections, because there's this flow of rail cars going through. It was a combined effort. We do need that seed money to, in many cases, get this up and running. So that's the general idea behind this.

• (1240)

Mr. Brian Masse: Given that, I have two quick questions, and I don't need lengthy responses.

Given that this is the strategy and philosophy, would you agree to the Auditor General having the ability to audit ports, seeing that they now have public funds? Also, there are issues with borrowing and lending.

Second, would you provide some support measures so that if there is conflict with the municipality over the use of those partnerships, they could veto it or at least have some type of independent tribunal or some type of situation to evaluate it? We've seen down in our corridor that the Province of Ontario is now fighting, because they don't want to actually expedite the funds for the Windsor-Detroit corridor on the border crossing. So would there be some other mechanism for that?

Hon. Lawrence Cannon: I'm a little leery on the veto part, Mr. Masse, because my experience indicates it doesn't foster conducive relationships.

Mr. Brian Masse: Maybe it could be some type of mediation.

Hon. Lawrence Cannon: Yes.

I'll let Emile speak to the issue of the Auditor General, and maybe about mediation.

Mr. Emile Di Sanza: The Auditor General would certainly have scope to undertake an examination of any public funds that would accrue to any of the port authorities.

Mr. Brian Masse: But they would have a harder time piecing those funds through the other investments the port authority might be partnered with, because you're getting into lease agreements and—

Mr. Emile Di Sanza: There are a number of other instruments—for example, the special examination that ports are subject to, and the financial audits. In the case of any public funds from any programs, certainly the Auditor General would have full scope to conduct whatever examinations are appropriate.

The Chair: Thank you.

Mr. Fast.

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

Thank you, Minister, for appearing before us today, and also thank you to your staff members.

I can tell you, as a representative from western Canada, specifically British Columbia, that our region is very excited about this legislation. As you know, the Pacific gateway is a huge opportunity for Canada, as well as the other two gateways you mentioned.

There have been some stresses. There have been restrictions on the ability of the ports to do the job they've been mandated to do. This certainly frees them up to a much greater degree.

We had some witnesses before us an hour before you came. The suggestion was that there hasn't been enough consultation on this bill. There was concern that there hadn't been enough notice for them to provide their representatives with authority to speak. Yet I note that this piece of legislation goes back to 2002. There were extensive consultations going back that far.

Could you explain the consultative process that you and your staff went through to come up with the bill before us today?

Hon. Lawrence Cannon: I'll let Emile speak to the historic background and the consultation.

The Bill C-61 that Jean Lapierre put forward is basically the benchmark. As a minority Parliament, we've taken less contentious

pieces of Bill C-61 and those elements we believe have gone through consultation but received unanimous support, and we've parsed that into different pieces of legislation.

We've done the International Bridges and Tunnels Act. We've come forward with this piece of legislation. We've done the railway freight shippers' rights, which was Bill C-8. I congratulate you for that. That has generally been the approach. Honestly, I think there has been a great deal of consultation on all these pieces of legislation. There is not one member around the table who is not cognizant of that.

Emile, maybe you could back up to the Bill C-61 period.

• (1245)

Mr. Emile Di Sanza: As you pointed out, there were extensive consultations as part of the review of the Canada Marine Act in 2002 and 2003. They went across the country and met a large number of stakeholders. The report emanating from that review, for which I believe there were 140 briefs or presentations to the committee, was broad-based. That report was tabled in Parliament by the Minister of Transport at the time, in 2003. There were reactions following that. There was feedback from various interested parties on the review panel's report and further recommendations of possible changes to the proposed legislation.

After Bill C-61 was tabled in the House, we received feedback from various interested parties. We've continued our dialogue since that time in preparation for the bill before you today with various stakeholders and interested parties. Since that time there have been developments and changes related to various other initiatives, particularly the gateways initiatives, which I think has a bearing on a number of the elements introduced in these proposed amendments.

Mr. Ed Fast: If I could drill down and be a little more specific, during your process of consultations from 2002 until the present, have there been ongoing consultations with the cities of Vancouver, Toronto, and Montreal?

Mr. Emile Di Sanza: Through various mechanisms, there has always been input in some capacity or other, either from interested parties in those municipalities or, in the case of Vancouver, because of the Asia Pacific initiative and the exercise we've just gone through in terms of the port amalgamation, there has been considerable input into a number of different areas. Of course we have direct dealings with port authorities and various associations across the country that represent either users of or suppliers at the ports themselves.

Have we had specific dealings with the municipalities? I'd say indirectly, since the time of the consultations. Of course the panel did visit these various cities during the consultations, and there were opportunities, whether for municipalities, provinces, or other stakeholders, to have input.

Mr. Ed Fast: During that process, did any of the cities or the respective councils of those three major cities register formal opposition to this particular bill or its predecessor, Bill C-61?

Mr. Emile Di Sanza: I'll have to verify that. I don't believe that to be the case, but we can certainly check.

Hon. Lawrence Cannon: I might just add that in the case of Toronto, for instance, Mr. Tassé basically did meet with officials from the City of Toronto on his report, which was a special report under those circumstances.

Mr. Ed Fast: Thank you.

The Chair: Thank you.

Mr. Bell.

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

Thank you, Minister, for coming again.

In response to Mr. Fast's question, in the 2002-03 period, I know that a number of municipalities in greater Vancouver made presentations, and in my former role as mayor of the district of North Vancouver, I made a presentation to the panel, supporting changes and basically supporting the need for improvements to the port regulations. Therefore, as you've mentioned, Minister, this bill builds largely on Bill C-61, which was begun by Minister Lapierre under the previous Liberal government. Generally speaking, I support it and our party supports it.

One of the issues you made reference to is the relationship with municipalities. Again, the port of Vancouver, where I have the greatest knowledge, has done a pretty good job on that. North Vancouver, for example, was the second municipality, again during my term as mayor, to sign an official protocol and accord with the port of Vancouver, a municipal protocol to exchange information about planning so that there was less chance of breakdown. So it's important that this kind of philosophy flows through the act and flows out of this act.

Particularly with respect to the Pacific gateway, for which I'm the Liberal Party critic, the importance of China can't be underestimated. We know the estimates are that by 2015, certainly by 2020, China will be either the number one economy or tied for number one economy in the world. The gateway is poised to try to take advantage of that for all of Canada and the opportunities that present through both Prince Rupert and the Vancouver ports and the amalgamated ports. Sixty percent of the containers coming into the port of Vancouver come from China, and 40% of the containers leaving presently go to China, so it's a huge player, as far as we're concerned.

Port growth and modernization in China is going on at a phenomenal rate. That's why it's important that we do our best to catch up. We know that in the United States and in fact countries down to Central and South America, they're improving their port facilities in anticipation of this growth out of China.

One of the concerns I have in talking to stakeholders and port authority people in Vancouver is they feel that we're not moving fast enough. I know this bill will help, but part of the concern was that back in December of 2005, Mr. Harper indicated during that election time that a Conservative government would equal the commitment of the Liberal government in terms of the gateway, which at that time was \$591 million over five years under Minister Emerson when he was a Liberal minister. The concern I have is that what we've actually seen—and I did this through a parliamentary question to get the answers as to what the actual spending was in terms of gateway funding—is that in the five-year total, the comparable five-year

period, we're some \$39 million shy with your government's commitment; and in the first two years, the 2006-07 and the 2007-08 period, we're something like \$79 million shy. So the money has been rear-ended.

I know your government has extended it to \$1 billion, which is another \$450 million, in the years 2011 to 2014. But I guess the concern I've heard relates to maybe some of the things in this act but also in terms of the flow of money actually happening and front-ending it rather than pushing it back; and by the deficiencies I've mentioned there, it's putting the Pacific gateway at a technical disadvantage where we see the U.S. ports pouring money into their facilities and we see what's happening in China, and we don't want to lose out on those opportunities.

I'm just curious. The Province of B.C. has made China a priority. They're doing it in a whole variety of ways. We've recently seen the United States move ahead of us on approved destination status for tourists, which affects the ports by virtue of the cruise ship industry, which is big out of Vancouver, because a lot of those tourists in fact cruise Alaska, cruise the Pacific coast. We have the potential for three to four times the current rate of tourism out of China, which is big money for all of Canada.

Can you comment on how we can get this money for the gateway—the Pacific gateway in particular is my interest now—flowing more quickly than in the current plan?

• (1250)

The Chair: I'd ask you to be very brief. I want to make sure that all members get a chance.

Hon. Lawrence Cannon: Okay.

I don't want to dispute the quantum. I know that we've put in \$1 billion. There are a lot of projects out there, and we funded the gateway council. Minister Emerson was basically responsible for that. Clearly, you asked him the question; you didn't ask me the question in the House. I think he can respond to that, or I'll make sure you get that information.

Are the projects being delayed? No. The ones being put forward are bought into by the federal government, and when there is involvement with the communities they're there. I've given you examples of some of the projects that are taking place in Vancouver in the lower mainland.

You're absolutely right to indicate that Prince Rupert is a very strategic port. We've moved in that area from phase one, and we're looking at phase two. We are working with the first nations to be able to get that done. I work closely with the Government of British Columbia to make sure that transportation issues related to labour relations are smoothed out. I recall that when I became minister, one of the outstanding issues was the problem my predecessor had left me of the trucking dispute in the Vancouver port. We were able to settle that.

As we're moving forward, both your party and our party see that it is extremely important—and we firmly believe this—to make sure we capitalize as much as possible on the growth that is coming over the next several years. There are challenges, and clearly we've identified and tackled them. We've put in the money that is required to be able to go forward.

The Prime Minister, Minister Emerson, and I concluded an agreement with the B.C. premier. There was an announcement on the gateway strategy. As I recall, Premier Campbell was very supportive of the initiative.

• (1255)

The Chair: Thank you.

Monsieur Carrier.

[*Translation*]

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

Good afternoon, Minister. It's always a pleasure for us to see you here presenting your bills, which are important. The Bloc Québécois will support the bill, which we find positive on the whole. However, we nevertheless still have some minor reservations about granting additional powers to port authorities enabling them to lease the lands they acquire for future use.

Following the testimony of a councillor of the City of Toronto, we learned that there was quite a conflict between the city's orientation and that of the port authority, two administrations that do not work together or jointly.

In your presentation, you cited a very interesting example, that of the Vancouver-Fraser Port Authority. It has formed a municipal liaison forum to ensure that the community's viewpoint is understood and taken into consideration. I find that quite logical.

You say in your presentation that the needs of the municipalities are obviously taken into consideration in port-related activities. That's a nice statement, but I wonder whether the bill provides for certain mechanisms. Will there be a mechanism to ensure that, before they go ahead, the projects presented by the port authorities to security federal funding receive the consent of the municipality?

Hon. Lawrence Cannon: It's always a pleasure to see you, Mr. Carrier, and to discuss the bills.

I'm going to leave it to Mr. Di Sanza to answer that question, more specifically as regards the content of the legislation.

Mr. Emile Di Sanza: Under the current marine policy, the legislative framework, the various regulations and letters patent that apply to the ports, the port authorities are already required to submit land use plans to the municipal administrations and to consult them.

I believe you're referring to the strategic initiative and the political viewpoint. We've clearly stated—and you'll find that in the documents we've submitted to the committee—that the use of lands for temporary purposes is subject to very specific criteria. We wanted the conditions on which the ports could exercise that flexibility with regard to lands used for temporary purposes to be very transparent. You'll find those detailed conditions in the documents available.

Mr. Robert Carrier: Very good, that answers my question.

[*English*]

The Chair: Mr. Watson, we have a couple of minutes.

Mr. Jeff Watson (Essex, CPC): Just to shoehorn in at the end. Thank you, Mr. Chair.

Thank you to the minister for appearing here today, and thank you to the minister for taking the initiative to talk about Windsor as a critical border gateway as part of the central Canadian trade corridor.

We often talk about the Ambassador Bridge and the million dollars per minute in two-way trade. I think what is seldom talked about is the amount of economic activity that passes under the Ambassador Bridge along the Detroit River connecting the upper Great Lakes and the lower Great Lakes.

Short sea shipping is seen by many in the community as a real possibility for future growth for a smaller port like the port of Windsor. How does Bill C-23 help smaller ports? I think we've heard a lot from the bigger ports testifying before us here, in particular with respect to the new borrowing limits and things like that. But how is Bill C-23 going to help a smaller port like Windsor become more competitive, capitalize on its opportunities, and become a larger port?

• (1300)

Hon. Lawrence Cannon: I will let Mr. Di Sanza respond to that question. But fundamentally, I'm happy that you raised the issue of the continental corridor. Basically, the Windsor-Detroit crossing is the most important trading corridor that exists, in terms of our relations with our commercial partners in the United States. If you look at auto manufacturing, which is an important sector of the economic activity back and forth on not only a regular but a continual basis, it is extremely important.

As a government, our dedication is to make sure that it continues and that we are able to enhance it and are able to maintain the vigour and the dynamism of our economy in that area.

Maybe on the other issue, Emile, you can make some report.

Mr. Emile Di Sanza: Briefly, with respect to what is in the proposed amendments for the port of Windsor, certainly the potential access to infrastructure funding for capital projects and environmental sustainability and security would be a key element for the port.

You mentioned short sea shipping. One of the first examples of short sea shipping was between Windsor and Detroit—in fact, the truck ferry that operates there. More importantly, the department has just completed a fairly comprehensive study of the St. Lawrence Seaway and the Great Lakes in terms of new cargo opportunities in the Great Lakes and along the seaway, specifically targeting short sea shipping as an area to further develop.

There is considerable interest among our counterparts in the U.S. in looking at that. Indeed, as you may be aware, the Building Canada plan also provides for funding for short sea shipping, depending on the programs that would exist to that effect.

Hon. Lawrence Cannon: To your question, Mr. Watson, for the board of directors and the members there are going to be enhanced governance structures for the smaller ports. So the board of directors will have.... I think that's section 25 of the piece of legislation.

Mr. Jeff Watson: Thank you, Mr. Chair.

The Chair: I wonder whether the minister would like to make a brief comment on Churchill before I adjourn the meeting.

Some hon. members: Oh, oh!

Hon. Lawrence Cannon: I will be more than pleased—

The Chair: It was asked by Mr. Zed.

Hon. Lawrence Cannon: I will be more than pleased to comment on Churchill.

There are the borders and gateways—as we say in French, *des portes d'entrée*—and that means that there's a door. While in this case I think the door is wide open, we have to be able to come

forward. We are going to prepare a study. We are going to work on that so that we have a fourth gateway in Canada.

That is of course part of our Arctic strategy, which is led by our colleague Minister Strahl, who is responsible for that file. I am quite sure that in the coming months we will have a very happy chair.

The Chair: Thank you very much. Thank you for appearing; we appreciate it.

Just as advice to the committee, on Thursday we will be going clause by clause on this bill. Amendments are in. So we can deal with that at that time.

Thank you. The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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