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Chair

Mr. Merv Tweed

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•(1105)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Thank you, and good morning, everyone.

Welcome to the Standing Committee on Transport, Infrastructure and Communities, meeting 30. Pursuant to the orders of the day, we will hear a briefing on the vision and priorities of the Minister for the Transport, Infrastructure and Communities, TIC, portfolio, Mr. Chuck Strahl.

Also joining us at the table from the Department of Transport is Yaprak Baltacioglu, deputy minister; and John Forster, associate deputy minister. Welcome.

Minister, I'm sure you know the routine. You'll make a brief presentation, and then we'll move to committee questions.

Hon. Chuck Strahl (Minister of Transport, Infrastructure and Communities): Thank you very much, Mr. Chairman, and thank you for the invitation to appear before your committee. I welcome this opportunity to discuss the priorities of the Transport, Infrastructure and Communities portfolio. As you have already mentioned, I'm joined by a couple of very able people: Yaprak Baltacioglu; and associate DM for infrastructure, John Forster.

The transportation sector plays a critical role in the Canadian economy and in the daily lives of Canadians, and our infrastructure investments are likewise touching every community. They're providing better-quality roads, cleaner water, and renewed community buildings, and at the same time helping to create jobs when the economy most needs it.

I'd like to speak to you today about both transportation and infrastructure.

[Translation]

The transportation system has always been identified with opportunity in Canada, connecting the country coast to coast; connecting workers with jobs, travellers with destinations and products with markets.

[English]

It's a system that's recognized as one of the safest in the world. However, this is also a critical time for the transportation sector. The world is changing and technologies are changing, and these changes are coming at a time of ongoing global economic volatility, particularly as the recovery remains weak in the United States, our largest trading partner.

The government recognizes that a more connected world offers Canada enormous opportunities for trade. Efficient, safe, secure, and clean transportation systems that link Canada to the world are vital to realize these opportunities.

There are a number of global pressures that will have an impact on demands placed on our transportation system well into the future. They include continued global restructuring, driven in part by the rise of new economic powers such as China, India, and Brazil; ongoing security threats that I'm sure you'll want to talk about; rising demand for Canada's natural resources; and pressure to address the environmental impacts of both industry and consumer activities.

Canada's ability to compete globally will continue to depend to a large degree on the strength of an integrated, secure, and reliable transportation system to support trade. We cannot be complacent in the face of these challenges, and I want to share a few thoughts on how the portfolio is prepared to deal with these challenges.

Our approach will need to continue to depend on forming effective partnerships across public and private sectors and with key domestic and international players. We want to ensure that we maximize the benefits from the strategic infrastructure investments we have made in recent years, and we want to continue to build on the partnerships and collaboration we have built through our infrastructure funds.

Let me speak for a moment on our infrastructure investments, what we have achieved, and how we will look to the future. Since the government introduced our economic action plan in January 2009, we've invested approximately \$10.7 billion in federal funds toward more than 6,100 projects. Working with our partners, we are jointly investing over \$30 billion in Canadian infrastructure, and our partners have applauded our partnership in helping deliver infrastructure projects that are important to them.

In addition, our government built upon infrastructure programs that were already in place. We accelerated existing long-term funding under the \$33 billion Building Canada fund. We created a \$4 billion infrastructure stimulus fund, and a \$1 billion green infrastructure fund. We provided a \$500 million top-up to the Building Canada fund communities component, and we built a truly national partnership with the provinces, territories, and municipalities.

[Translation]

And I was very pleased that the Auditor General's report earlier this week also underscored that the Economic Action Plan is being delivered effectively. Her report says the Government of Canada reacted quickly and effectively to design and implement the plan and fund eligible projects.

[English]

Since last May, when Minister Baird met with you, we have made significant progress. As of the end of September, provinces, territories, and municipalities have reported that work is completed on about five times as many projects under the infrastructure stimulus fund as they reported last March.

We're also pleased to see that more than 61% of projects are being constructed at least 30 days faster than originally forecast. That's good news, and in fact, 99% of the reported infrastructure stimulus fund and communities component top-up projects are now under way or completed. These projects put people to work when the economy needed it most and will provide infrastructure that will serve Canadians for generations to come.

It is important to note that as the economic action plan winds down, a plan that was always intended to be temporary, timely, and targeted, and as projects complete construction, the Government of Canada has made a long-term commitment to work with the provinces, territories, and municipalities to build world-class public infrastructure.

The \$33 billion Building Canada plan complements the economic action plan, and whereas the economic action plan targeted the shovel-ready projects that could kick-start the economy, the Building Canada plan focuses on the longer-term projects that require more time to plan and build. That means that funding for these projects, under programs like the Building Canada fund, will continue to flow past next March.

As well, this government increased the gas tax fund to \$2 billion a year and made that permanent. Municipalities can rely on this funding and use it when they need it, whether that is as they receive it or sometime in the future.

Mr. Chairman, we also need to continue building stronger links not only within Canada but also with our international partners. I mentioned earlier transformative changes taking place in the global economy and the transportation system that supports it.

[Translation]

Earlier this month, I had the opportunity to visit China to celebrate the 40th anniversary of Canada's diplomatic relations with China. Many community members have traveled to China and I am certain they were as impressed as I was by the rapid economic growth and the great strides in building a transportation infrastructure to sustain that growth.

• (1110)

[English]

China is already Canada's second largest merchandise trading partner and our third largest export market. Moreover, I encountered everywhere enthusiastic support for stronger trade ties and a

transportation system that will bring us closer together. By building stronger partners in the transportation systems here in Canada, partnerships that bring industry and all levels of government together, we put ourselves in an excellent position to create stronger trade partnerships around the world.

That was clearly evident while meeting both with companies and with government officials in general in China. They are very pleased, I can say, with what Canada has been able to put together here. It was a very encouraging visit, from my perspective.

[Translation]

We have been making the changes necessary to keep pace. We will continue to focus clearly on the future needs of the transportation system in a fast changing-world.

There are lessons to be learned from today's global supply chain. That is why we cannot address the challenges I have outlined earlier in isolation. They are all interconnected and that is why the partnerships across industry and other jurisdictions are so critical to our competitiveness and success as a trading nation.

[English]

This approach underpins our Asia-Pacific gateway and corridor initiative, for example. We are applying the lessons learned from this initiative to our other gateways. One of the most important lessons from the Asia-Pacific gateway initiative is that it takes much more than infrastructure to prove the integrity and efficiency of a gateway and corridor. It takes the right governance structure and the appropriate regulatory environment. It takes policies that are integrated across all jurisdictions and every stakeholder must pull together with a common objective in sight.

It is a truly creative approach to bringing different modes together in a way that hasn't been done before. It means working more closely and more effectively with all public and private sector stakeholders to maximize the efficiency of the global supply chains.

[Translation]

Our partnership approach has become our strategic advantage, and our gateway approach has caught international attention both in China and the United States as a best practice.

[English]

Many are trying to adopt our model. That means we can't be complacent. We have to stay ahead to remain competitive, and I see this is one of my major priorities, and I'm sure the priority of this committee, as we move forward. It's an exciting time to be involved in the transportation sector and to invest in infrastructure, and I'm motivated by the challenges I face as the Minister of Transport, Infrastructure and Communities.

I'm inspired by great opportunities. We play an integral role in the economy of this country and in our trade opportunities worldwide. In many ways, the world has never been more interconnected by our transportation system, so that means there's a great opportunity. I don't think we've ever had such support from all stakeholders in these partnerships to strengthen the integrity of Canada's transportation systems, and of course delivering the needed infrastructure is a good part of helping to make that work as well.

Mr. Chairman, I'm looking forward to working with you and the committee in the months ahead. I welcome any questions you may have.

The Chair: Thank you very much.

Mr. McCallum, seven minutes.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair.

Welcome, Minister.

In my new role here I'm really excited. It's a fascinating portfolio, with many challenges and issues.

But in terms of the infrastructure deadline of March 31, I cannot for the life of me understand why you don't simply grant a blanket extension of something like six months. It's not as if any economists anticipate a dramatic drop in the unemployment rate over the next 12 months. Right now we have a frenzy of overtime and bidding for materials, which raises the costs, which are then downloaded to the municipal taxpayer. It doesn't seem to make sense. Many towns are going to be late, through no fault of their own, sometimes because your government was late, as the Auditor General said, in granting approval; sometimes because of weather; and sometimes because of any number of reasons.

So what we have now is a situation in which towns cannot do their planning, where they risk higher taxes. Why don't you just do the simple, straightforward thing and grant a six-month extension for all municipalities?

• (1115)

Hon. Chuck Strahl: I know that is one side of the argument, but the other side of the argument is that the whole effort, of course, originally, and the contribution agreements we signed with municipalities and provinces were specifically to try to jump-start the economy in that crisis period, if you will, and to try to finish it all by March 31. Every proponent of a project not only agreed to that, but they had engineers signing off who said they could actually do that.

By kind of keeping the pressure on to complete it by March 31, a couple of things have happened. We have a lot of projects out the door, and also, because in many parts of the country projects were done, and done ahead of time, because of that emphasis on doing shovel-ready projects, we were able to reinvest money that was realized in the savings. We've done over \$100 million, for example, of plowing back into new projects because the original projects were done and ahead of schedule.

I hear your concern about overtime and so on, but in fact we found in many areas, many jurisdictions, that the projects actually came in

under the anticipated budgets, and we were able to take those savings and plow them back into increased numbers of projects.

So it kind of cuts both ways. By being aggressive and saying "Let's do it", we've been able to do even more than we originally anticipated.

Hon. John McCallum: I'm not saying it was wrong to have this March 31 deadline at the beginning. I'm not saying that was wrong at all. But here we are with winter approaching and not much construction season left before the deadline. I'm saying that now is a different time from a year ago, and I don't understand what would be the downside. Why not simply grant a six-month extension at this point? It would be simple, it would be fair, it would allow municipalities to plan, and it would alleviate the risk of downloading the costs to municipal taxpayers. I can't see any downside for it at this time.

I don't understand why you seem to be hiding behind the provinces. If Brantford, for example, has a problem through no fault of its own, simply grant an extension to Brantford—although I'm saying grant it to everybody. But why do you hide behind the provinces on this matter?

Hon. Chuck Strahl: I don't want to hide behind anything, but as you know, the agreements are done in concert with the provinces and the provinces are the ones that ride herd on it, so to speak. What I've said to the provinces is to give me the data. I know there are projects that are concerned, so I share that concern. That's why we said we want to be fair and reasonable. We've said to the provinces, "Give us the data. What's the state of affairs?"

Some of them have come back to us and said, "We've looked at these projects, a project..." For a bunch of reasons, who knows...and without pointing fingers of blame—there's lots of blame to go around sometimes—the projects just can't be done. It wasn't ready; it's not ready. So they've re-scoped the project, they've done a different project, and so on.

Hon. John McCallum: Again, with respect, you haven't answered my question.

Hon. Chuck Strahl: Well, I'm getting to it, though.

Hon. John McCallum: What's the downside of a blanket six-month extension at this time? Granted, I agree with you that when the program was first initiated, that March 31 deadline made sense. Now it's today. What's the downside of doing it? It won't cost you any more money than you've committed and it will give certainty to municipalities.

Hon. Chuck Strahl: The downside is it's still five months away from the deadline. In part, the agreement that everybody signed, including these proponents and municipalities, said they could get it done by March 31. So we said, "Well, okay, that's what you signed, that's what you're going to do. We understand you're going to make every effort to do that. That's the contract." It's still a good way away from any deadline, but I've said to the provinces, give me the data, give me the detail and we'll look at it. We'll be fair and reasonable. When I go to Nova Scotia, for example, they say they're 98% done, or they're going to be done. I go to B.C. and they say they're going to get them done. Alberta says they are likely going to get them all done. Saskatchewan, even after the flood, says they're in very good shape. Manitoba says it looks good. They're going to get them all done. It's not like it's a crisis.

On the other hand, I understand it could be a problem, especially in Quebec where they got off to a late start. I've said to several ministers, give us some detail. Right now we don't have any detail, especially on the PRECO projects, so we're just using anecdotal stories that there could be some degree of problem. I want to work with them to address that, but I can't really without the data.

• (1120)

Hon. John McCallum: Thank you.

I have one quick last question on a different subject. I understand that over 5,000 Air Canada maintenance jobs might be at risk of moving to Costa Rica or El Salvador. The law states that those jobs should be in three Canadian cities, but I understand it is an issue because Air Canada is no longer the majority owner of those maintenance facilities. My question to you is this. Are you going to take action to protect those 5,000-plus, well-paying permanent jobs?

Hon. Chuck Strahl: I don't know if you've spoken to Air Canada lately or not. When I spoke with Air Canada...they're very proud of their maintenance facilities here in Canada. In fact, as recently as this week, when I met with them, they use it as part of the argument of their economic multiplier effect that they have in the regions. They say these are the jobs. They're not just talking about pilots; they're talking about all of the jobs in the industry that spin off from that. They seem very proud of that, and they use it, if you will, as part of their advertising as good corporate citizens.

The law is in place, as I've said to you in the House of Commons, and we expect Air Canada to adhere to that. There is no indication that it will be otherwise, and I expect the law will be adhered to exactly.

The Chair: Thank you.

Monsieur Guimond.

[Translation]

Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ): Thank you, Mr. Chairman.

Minister, I thank you for appearing before our committee. You and I were both elected in 1993, so we have known each other for a few years. You know full well how committees operate. Given that I want to take full advantage of your presence, my questions will be brief.

I would like to ask you some questions regarding the infrastructure program because it can be said that, in terms of numbers, the problem is all the more glaring in Quebec. I think you can appreciate that. You presented the situation in the provinces, from west to east. On a number of occasions, in the House, I have asked you questions and you have responded that the shortage of pipes, contractors and labour are anecdotal.

What am I to garner from your most recent response to Mr. McCallum? If the Government of Quebec submits specific cases to you... In the House, in response to my questions, you talk of flexibility. I, unlike the Liberals, do not agree with a six-month extension of the program across the board, as I am not convinced that is what we need.

However, would your officials be prepared, if need be, to assess on a case-by-case basis the situation in municipalities that are having some difficulties completing the work? Perhaps it is a matter of one, two, three or even seven months. That is what I, personally, would consider flexibility.

[English]

Hon. Chuck Strahl: The reason I'm reluctant to go past what I've been saying concerning "fair and reasonable", especially in Quebec, is that we're very careful to respect Quebec's wishes that we deal with the Province of Quebec and not directly with municipalities.

It's different from everywhere else in the country. In most of the country, when somebody has a problem, they phone up someone in our department and we see what we can do—see whether there are things we can do to help, or what can be done.

In Quebec's case, the reason I deal with the Quebec ministers and say to them.... I hear individual stories, mostly in the media, about people who have trouble in their project in a municipality, and I don't doubt that it's true, but I say to the province, being respectful of the province, "You are in charge; you have told us you don't want us to deal directly with the municipalities." So we deal with the province—because that's the law. So I say to the province that they have to come back to us and give us the data—that they themselves have to, because they've made it quite clear that they don't want me dealing with Trois-Rivières directly. So I say to the province, "Come back with the details and just tell me."

I don't know exactly why that's been a problem. I've been asking now since I became the minister for them to give us the detail, and so far we haven't received it. I get along well with all the ministers there and everything seems fine, yet the detail just isn't forthcoming.

• (1125)

[Translation]

Mr. Michel Guimond: Very well.

Minister, I do not want to blame the interpreters, but the Bloc Québécois fully agrees that Quebec should manage this program and that the municipalities should deal directly with the Government of Quebec through the Department of Municipal Affairs which would, in turn, deal with its federal counterpart.

In any case, we will do what is needed so that the Government of Quebec may take action, in light of your response.

I would also like to get back to the issue of job transfers at Air Canada. You said that you had met with people from Air Canada, but, Minister, you must know that the Air Canada Public Participation Act, passed in 1988 under Prime Minister Mulroney, provided some guarantees as to jobs being maintained in Quebec and elsewhere in Canada. That is mainly why Air Canada has the obligation to maintain headquarters within the Montreal urban community.

Section 6(1)(d) of the act provides that with respect to maintenance “provisions requiring the cooperation to maintain operational and overhaul centres”... In French, it says “*centres d’entretien et de révision*”.

Legislators do not come up with this off the top of their head. The words “*Entretien et révision*” means small maintenance jobs. According to my understanding of the word “overhaul”, and I am not as bilingual as you are—I say that with a touch of irony—the work carried out in Winnipeg, Mississauga and the Montreal urban community is far more significant than that. There are over 6,500 employees in these three operational centres, mainly in Montreal.

We know that Aveos has signed agreements on acquisitions in El Salvador, and according to the most recent rumours, perhaps even in Costa Rica.

Can Air Canada employees, and in particular highly competent Air Canada machinists, count on you keeping your word and thus forcing Air Canada to keep these jobs in Mississauga, Montreal and Winnipeg?

[English]

Hon. Chuck Strahl: I don't know what I can add to what I said earlier. We're watching the situation, the same as you are. I don't have any indication of any problem or any issue. I understand the questions I've had in the House and I understand some of the speculation in the media. I've not seen any evidence of those concerns on the ground.

When I talk to Air Canada, I haven't heard anything otherwise. They have to respect the letter of the law and they know that. As I say, they are quite proud when they talk about the impact of the airline industry in Canada. They don't just talk about the travelling public or the number of pilots or the planes; they talk about the industry as a whole and—it's even part of their advertising, if you will—of the impacts, especially in these service centres they have. So it's part and parcel of what they do.

We are monitoring it, as I'm sure you are, but I have nothing more to add, other than that the law is in place and I don't have any evidence that it's not being adhered to. Other than to keep a close watch on it, I don't know what more I should do.

The Chair: *Merci, monsieur Guimond.*

Mr. Bevington.

Mr. Dennis Bevington (Western Arctic, NDP): Thanks, Mr. Chair.

Welcome, Mr. Minister. I'm very pleased to see you here.

In your previous role we had many opportunities to visit my constituency, the Northwest Territories. I look forward to you coming in your present role and taking a look at some of the infrastructure programs there that you are familiar with and that can be good for Canada as a whole. That's something that I'm sure you share with me.

Transport, of course, is a very complex department. It's the meat and potatoes of Canada, moving people and goods around, and we are under constant need to survey the many issues of its different areas. One of them, of course, is the railway revenue formulas that have been set up and the need for a review of them. Many of the people moving grain across this country are very concerned with what's happening with the rates they're paying. They're feeling very much that the companies are perhaps not treating them as fairly as they should.

Now, we're in a somewhat monopolistic situation in Canada. Are you moving ahead with this review? Is this review going to be expedited in a fashion that can help these farmers out over the next while?

• (1130)

Hon. Chuck Strahl: Thank you for those questions.

You're right, I have enjoyed my time travelling; the northern part of my travels was a unique pleasure in my past portfolio. It's something I encourage for all Canadians. If we're talking about transportation, I urge them all to take a trip up north and enjoy that part of Canada as well. It's a great part of the world.

We put quite a bit of emphasis, as you know, on the rail service review. It's coming to a close now. We have an interim report that was published during this last week or so. In that, the independent panel made a series of recommendations on rail service issues that tried to address some of this quasi-monopolistic reality we have in Canada, whereby you have two railways but often, depending on where you live in the geography, only one option.

During the rail service review, an independent panel met with all these folks, as did we all, but the independent panel came forward with a series of recommendations that they hoped would address some of this exclusive provider problem—I guess you'd call it a monopolistic provider—and some of those issues that were raised in submissions by shippers and by ports and others.

I met with the forestry crowd this week, and agricultural groups, and so on, and I've urged them during the time that the draft report has come forward—the final report will be written up in the next few weeks—to make sure they put their oars in the water and address the concerns raised in that service review. Many of the issues are going to be contained in the service review, because it's not just about costing, but about placement of cars, a capacity for reciprocity with the railways, enforceable commercial contracts, and all those things that go with it. I've urged them to comment on that so that when the final report comes in, the government can react to it.

I've told the agricultural guys to deal with the review, that I want to see it dealt with first, before we deal with a cost review. We can't really do them both hand in hand, so I've asked them to do them sequentially. We'll do that one first and see whether it addresses their issues.

Mr. Dennis Bevington: Now let's go on to infrastructure.

I would echo the comments that have been made here about making a decision on the extension of infrastructure programs. If you don't make a uniform decision, at least start to get this thing done.

I met with the consulting engineers association. They're saying that many increased costs are coming on stream because the decision has not been made to extend the deadline for these programs; municipalities are picking up these costs.

That's not a good way to do business. These municipalities went into programs in good faith to help stimulate the economy of Canada, and they should not be penalized unduly for trying to work with our federal government. I put that out as a comment.

I'm also concerned about the direction the government is taking in terms of a long-term infrastructure investment strategy. We have a few years left in the Building Canada fund, but we have a huge infrastructure deficit and we also have a very large deficit in federal financing.

Are you moving ahead with plans now for increased funding in the future for infrastructure in this country?

• (1135)

Hon. Chuck Strahl: I'm not the finance minister, so I don't write the budget on this, but we've been able to point to the fact—and I mentioned it in my remarks—that infrastructure needs to be a lot more than stimulus spending. We know that; it needs to be long term.

That's why our last major infrastructure plan was seven years long. That's also why we've doubled the gas tax for municipalities and made it permanent. There's \$2 billion a year there that they can lever and count on in the long term. Those are some things that are not just in the window; they're reality. So folks can already plan on that.

That being said, there's obviously a desire, both from the Federation of Canadian Municipalities and from the engineers and from the Canadian Public Works Association, and from others, for long-term planning for infrastructure needs. This stimulus funding was necessary, and they all welcomed it and have all lauded it and said it was a great thing. But they also understand, as do we, that it's not the way to fix long-term infrastructure needs.

It was also brought up at the federal-provincial transport and infrastructure ministers' meeting in Halifax a month ago. So there's a common thread running through this: people want to get together and plan long term. I think that's a good idea.

Just to assure them, things don't end on March 31; things continue. It's business as usual, and they should count on that. But certainly in the longer term, we need to sit down with all of the stakeholders, as we've done in the case of the Pacific gateway, as a good example, to see what parts of it are infrastructure-related, regulatory, jurisdictional, and so on, to see what part we can all play in that.

The Chair: Thank you.

Mr. Watson.

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

Thank you, of course, to the minister and our witnesses for appearing today.

I'm going to start locally and then move beyond the Windsor-Essex region in short order.

Minister, shortly after your appointment you were in the Windsor-Essex region, in fact making a very important ISF announcement in the Windsor port facilities—an important economic development project and a good set-up to the Detroit River international crossing project, with the amount of aggregate and other products that are going to have to proceed through the port into that region.

I want to talk about DRIC in just a moment, but I think that announcement builds on a number of important things. It wasn't long ago that we were in the depths of a very tough global recession. It hit the Windsor-Essex region harder, arguably, than anywhere else in the country, with 16% unemployment at the time.

As a government, we not only helped stabilize the auto industry, which was an important part for the base of the economy, but we stimulated the economy to create some very important jobs, with the highest infrastructure stimulus funding per capita across Canada being invested in the Windsor-Essex region. Since then, we've been moving to projects that are about diversifying the economy and improving the economic development, including that port announcement.

But there is the other important issue for the economic future of our region, and that is the Detroit River international crossing project, one that not only promises thousands of jobs in the immediate Windsor-Essex region, with construction and other things, but thousands of jobs through Ontario and into Quebec as well. It's very critical.

Can you give the committee, and of course Canadians who are watching these televised hearings, an update on what measures you're taking to maintain the momentum behind the Detroit River international crossing project, and as well, what steps or measures you're taking to engage our American partners in that important project?

Hon. Chuck Strahl: Thank you.

It was a pleasure to head down to Windsor for that announcement. I had an e-mail exchange with the chairman of the Windsor port just to ask him how it was going. There was a little delay of a week or two at the start, but he says it's going wonderfully and that it's going to reinvigorate that port. You know, it's a smaller but integral part of that whole region, so I'm really looking forward to the impact. That's another case in which a certain amount of federal money levered both private sector and local money. It has just been a good example, really, of what's necessary.

On the Detroit River international crossing project, when I was down in Windsor I made mention that there is no bigger and no more important infrastructure project, as far as the Government of Canada is concerned, than this crossing. That's how important it is. It's not just important for Windsor, of course. As I've been learning, 50% of the goods moved out of Quebec by truck go across that crossing. This is a huge continental gateway issue. We all saw what happened when that bridge was shut down on 9/11. An eye-popping 8,000 trucks a day go across there. That bridge and expanding the capacity in that area is critically important.

I met with the American ambassador. I reiterated the importance of it to the Canadian government. I've offered to, and I may yet, make a trip to Washington. I want to be respectful of the mid-terms there, so I don't want to interfere there, but I've told them that if necessary, I'm happy to go down there and meet with the lawmakers and decision-makers. I met also with Secretary Napolitano and Secretary LaHood about this issue and reiterated to them the importance of this to Canada.

They have also, in response, appreciated the effort we have all put in and the investment that's on the table for both sides of that bridge to make it work. They're very impressed and basically have said that Canada couldn't have done more or done a better job of presenting that.

What they're waiting for now on their side is for the Michigan legislature to approve this. Once that's done it can go on their priority list for highways and gateway infrastructure. Until the legislature down there does its work, they can't put it on their priority list, but they assured me that it's an absolute priority. That's almost a technicality. So my hope is that the Michigan Senate will deal with this quickly. And of course Canada stands ready to make that work on our side of the border.

• (1140)

Mr. Jeff Watson: Thank you. Of course, the important step of the additional \$550 million that was offered was well received in the region.

Hon. Chuck Strahl: Both secretaries basically said that we can't do more than what we've already done. They can't ask for more from Canada; we've done our part.

Mr. Jeff Watson: Moving beyond the DRIC project, our economic action plan provides about \$12 billion in infrastructure stimulus funding over two years. Transport Canada itself received direct allocations of, I believe, I would say, \$163.9 million and \$975 million for various crown corporations in the portfolio. What is your department doing to ensure that this significant amount of funding is spent in accordance with the provisions of the economic action plan?

Hon. Chuck Strahl: I'll let Yaprak talk about some of those specific examples. I think it's important, when you talk about the economic action plan, for people to remember that infrastructure investment is only a small part of it. There's tax relief. There's the elimination of tariffs on imported merchandise. Last month the finance minister announced the elimination of tariffs on new ships, which the folks on the Great Lakes tell me will mean a billion dollars' worth of investment in new ships on the Great Lakes. There are EI provisions. And on and on it goes. So the economic action plan is much bigger than infrastructure, and the impact of the whole package is important to look at writ large.

On the specific investments, perhaps Yaprak....

Ms. Yaprak Baltacioglu (Deputy Minister, Department of Transport): On the specific investments, we got money for bridges. We got money for CATSA, in terms of capital investments. All of them are on track. As well, the department got money for the federal lab in Blainville that will do road tests for cars and trucks and so on. That is actually almost done and everything is on track.

Some of the money we got was beyond the two-year timeframe. For example, on the bridges, there have been ongoing safety improvements. They're all progressing on target. What we do is watch over the delivery to ensure that everything stays on track. No major problems and no major risks are encountered right now.

The Chair: Thank you.

Mr. Malhi.

• (1145)

Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.): Mr. Chair, I would like to share my time with my colleague.

Hon. Chuck Strahl: Excuse me, Mr. Chairman. Last time the committee asked a question about civil aviation inspectors and the number that might be hired; that was a concern of the committee. I wanted to let you know that since Transport Canada last spoke to the committee on this issue, another 52 inspectors have been hired specifically for that.

The Chair: Thank you.

Mr. Malhi.

Hon. Gurbax Malhi: Thank you, Mr. Chair.

How many projects received funding? How many promotional signs have been used for these projects? How much did they cost?

Hon. Chuck Strahl: Mr. Forster is looking up the exact numbers for some of your questions.

Talking about signage, typically every infrastructure project at every level of government in the history of Canada has had signage attached to it. The previous government did it. The provincial governments do it, municipal governments... They all do it, because people expect to know who's contributing to a public works project. So it's part of the contribution agreement that signage be put up. People should know; where you're spending this money should be transparent and open, so signage is part of the agreement. I don't have a dollar number and I don't know that it can be figured out. It's part of the expectation that a sign will go up, just as it does for every level of government, to show who is spending this money, who's responsible for it. The public deserves to know.

On the actual numbers, John.

Mr. John Forster (Associate Deputy Minister, Infrastructure Canada): Since the EAP was announced in Budget 2009 in January, we've approved 6,230 projects. The total value of that is \$30.4 billion. That's under both stimulus programs, the two-year...plus a key part of the action plan was to accelerate the Building Canada fund and get it moving faster. So that includes both components. The federal contribution for those projects is \$10.7 billion, so we've leveraged an additional \$20 billion of investment from the provinces, municipalities, and other partners.

Hon. Gurbax Malhi: As the minister mentioned, the public should know about the projects, what the contributions are from the municipality, the provincial and federal governments. Also, the public has the right to ask the question, how much money is being spent on the signs?

Hon. Chuck Strahl: Again, we make it part of the agreement. We just say, you've got a million-dollar road project, and as part of this agreement, put up a sign at the job site that tells people who's responsible, who's funding the project. That's part of the agreement, and we don't separate it, just as we don't separate how much is spent on engineering and flag people. We just say that part of the agreement is to put up a sign so that people know the project is... We're not hiding from it. We built the project and we're not ashamed of it. People deserve to know where the money came from. It's part of the agreement, and it can't be separated cost-wise because it's part of the contribution agreement. I don't think there are any exceptions to that.

John, that's the way it is?

Mr. John Forster: Yes, that's correct, and that will be part of the cost they submit as part of their claim.

Hon. Gurbax Malhi: Thank you.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Minister, you mentioned a keen awareness of changing trade and travel patterns, not only in Canada but internationally as well. A key sector of the Canadian economy is the tourism sector, which generates over \$70 billion annually. International landings contribute over \$15 billion annually to the Canadian GDP, the Canadian economy. Yet Canada's position is deteriorating rapidly, and we're moving from number eight in terms of international landings in 2002 to approximately number 15 now. We're losing five million passengers.

One of the reasons why we're losing that economic activity is in part because of high costs, such as the high costs of travel to Canada

and the lack of competition among Canadian airways. But things like airport rents and high security fees are other things that are contributing to the high cost of becoming a traveller to Canada. What specific plans do you have to eliminate or at least significantly reduce those costs so we can at least regain our position in the top 10 destinations for international travellers?

• (1150)

Hon. Chuck Strahl: Thank you.

You may well want to talk to the tourism minister or the minister of small business as well. They may have something to add.

There are a couple of things I would say. As you mentioned in your preamble, part of it is cost. For example, on airport rental costs, the costs today are one half of what they were in 2005. We've cut them in half for airport rentals. That's a significant reduction from what it was in another era. It's considerably less.

The other thing, though, is that we're also suffering, in some ways, from a higher Canadian dollar. When we had a 70¢ dollar, it was a pretty cheap trip to jump on an airplane and go north. Now that we're closer to par, for people who have only so many disposable dollars, that becomes part of the decision-making process. It means that we have to work harder.

One of the things, for example, when I was in China... They're delighted that Canada has approved destination status. We negotiated that with China for visitors coming from China. That's why several airlines spoke to me there about increasing travel to Canada, now that we have that status, in order to take advantage of that. I think that's going to be a real growth area for us.

This just points to the fact that in our gateway discussions, including the Atlantic gateway, we need to find ways to keep those tourism dollars coming in. That's a hugely important industry for Canada. We are taking steps, but I think it's going to take a full court press by all levels of government. That's why a gateway approach is usually best. It's never just one thing. It's going to be everything from tourist attractions to facilities, to ease to come in and out, visa determination, and approved destination status. All of these sorts of things are part and parcel of a good tourism industry.

The Chair: Thank you.

Monsieur Guimond.

[Translation]

Mr. Michel Guimond: In another vein, Minister, you are certainly aware of the fact that ship piloting in the Great Lakes region currently exists for Canadian ships. There is an exclusion regarding the obligation to have pilots in the Great Lakes region. Contrary to popular belief, the Great Lakes do not start at the mouth of Lake Ontario, but start as far back as the Saint-Lambert locks.

As you know, last April, there was a leak traced back to a drilling platform in Louisiana. It is not necessarily related to piloting, but you know how concerned people are about environmental considerations, specifically people living along the St. Lawrence River and on the network linking the St. Lawrence to the Great Lakes. People are worried. We are fortunate in that we do have a maritime highway composed of the St. Lawrence, the locks and the Great Lakes. Nevertheless, it involves risks.

You have only recently taken up your position as minister, but your deputy ministers must certainly know that pressure is being brought to bear by shipbuilders on the issue of pilot qualifications. They would like self-regulation. In other words, they would decide whether their captains are qualified enough to operate in the locks and Great Lakes regions. It is as though you are asking Colonel Sanders to watch over the hen house. Allowing the industry to regulate itself would be bizarre. In any event, your government has already had the opportunity to object to similar practices. I could refer you to fifteen or so countries throughout the world, and namely the United States, for whom this is the United States Coast Guard's responsibility. I have here a poll conducted by Nanos Research. In 10 ridings, some of which are represented by your colleagues from the Conservative Party, the ridings of Burlington, Essex, Kingston and the Islands, Leeds—Grenville, Mississauga South, St. Catharines, Stormont—Dundas—South Glengarry, Sarnia—Lambton, Windsor—Tecumseh and Welland, 89% of the 1,000 people polled by Nanos Research, a recognized firm, stated that the safe operation of commercial ships were of extreme importance to them.

Does the Conservative government intend to allow the industry to self-regulate?

• (1155)

[English]

Hon. Chuck Strahl: Thank you for that. That's an important question. I've not been the minister for that long, but certainly I've been made aware of that issue. There has been a review of the use of marine pilots on the Great Lakes and the necessity of that, because, as you say, the system is quite different than it is in some other ports, so that...

Is it still under review?

Ms. Yaprak Baltacioglu: You asked us to have a review of it and it will be done.

Hon. Chuck Strahl: So I understand that's a real concern, and we have to get an answer that satisfies people's concerns about the safety of that region. I don't dispute what you're saying. That's why we've asked for that review.

There were a couple of unfortunate accidents that thankfully, were not worse than.... They could have been much worse. We understand that, and that's why that review is taking place.

There are other issues that are also important on the safety side as well. For example, we're also reviewing the need and the necessity for voice recorders, the black boxes on both ferries and on larger ships, to make sure that not only are they operated in a safe way, but that if there is an incident of some sort, we have improved and increased data in order to figure out what went wrong to prevent it from happening again.

So I think we understand that safety levels do need to be increased, and we're reviewing things in several different categories to make that happen.

The Chair: Merci.

Ms. Brown, to finish up. We have about two and a half minutes.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Mr. Chair.

I just want to first of all report, Minister, on a project that has been completed in my riding, and I want to compliment the Newmarket curling club for their effectiveness in getting this done. They applied for money to increase the size of the curling club. They are on time—in fact, earlier than expected—and on budget.

They were determined not to lose a season of curling, and they now have a facility that is going to be a revenue-generating facility for them, as they will be able to host provincial bonspiels. I want to commend them; I was there at the opening last Saturday.

My question revolves around the economic stimulus that we've seen and the economic action plan. You spoke in your remarks about the need to integrate different modes of travel—that's what your reference was to. But what I've heard from my constituents is how, through this economic action plan, they have seen three levels of government come together on projects to get things stimulated in the economy and get these projects done. They've been very happy to see their tax dollars at work and a cooperation between various levels of government.

You also referenced the Building Canada fund. My question is this: with this new cooperative spirit that we have experienced, is there room for us to now have a long-term discussion about infrastructure projects across Canada, to do an assessment on a go-forward basis?

We saw Advantage Canada put in place four years ago by this government, which is really a long-run business plan for the country. Is this something we can build on because of our experience with the economic action plan?

Hon. Chuck Strahl: Thank you.

First, my congratulations as well to the Newmarket curling club. I think it shows that when curling is at stake, no rock will go unturned.

Voices: Oh, oh!

Hon. Chuck Strahl: Anyway, congratulations to them. We've seen many of those examples coming in ahead of time. That's great news, and congratulations.

In November, for example, there will be a discussion, by mostly big city mayors. It's being held in Saskatoon. The mayor of Saskatoon has called a meeting. A lot of the big city mayors are going to be there to talk about exactly what you're talking about: What's the long-term strategy? How do we work together?

Transport Canada will have representation there to observe what's going on. I have also talked to the FCM. While the FCM is supportive, they understand it's not just a big city issue. They're saying maybe we should think bigger than the big cities, and I concur. Infrastructure is important in big cities, but it's equally as important in small towns. While our needs may be different, infrastructure investment of all kinds needs long-term planning.

I think they're on to something. The provinces already do this. They develop a long-term plan already; they have identified their needs. And they are typically the ones that have to determine that jurisdictionally.

We're a funding agent, but we're not picking the priorities. We're helping. We're observing. We're giving our experience in best practices and what's working elsewhere in the country. So we can contribute to that.

To get back to your first point, I think that discussion is already happening. I think it will happen more, and I think it's a good discussion. I think the lesson for all of us is on the cooperative side. Regardless of individual projects or whether you like the signage or not, what taxpayers like to see in between elections is people downing their political tools and showing they can work together. When you do that, everybody benefits.

In fact some of the early friction, when people were trying to find their way, soon disappeared. Each jurisdiction found out—all of us found out, I'm not picking on anyone here—that the taxpayers were saying get that behind you, we've got a crisis on our hands, all three governments work together. If there's something to be learned in that, I think we should take note. All of us should do that. We'll have an electoral fight when we need to, but let's do the necessary infrastructure investment while we can.

Even better than that is the experience we've had with the gateways. The gateway experience, and I can speak most closely about the Asia-Pacific gateway, is not only three levels of government, it's regional governance, port authorities, railways, airports, private sector, highways people, truckers associations. It's everybody sitting around a table as big as this saying it's not just about money; it's about fluidity and how we keep this line moving.

When I was in China, the word that came back from everybody, from the chairman of Costco, to some of the biggest companies in the world, was that they know when they ship...even if they're going to Chicago, it's two to three days quicker to go through Canada than the United States of America. That's because they appreciate what's happening on the Asia-Pacific gateway.

Again, that's not attributed to just one government; it's a full court press of every private and public sector possible saying what's the quickest way to get a container to Chicago and what can we do as part of that? That why the business community and overseas investors say they need to do business with Canada.

You show me that and we'll be there in spades.

•(1200)

The Chair: Thank you, Minister. I thank you for being here today.

We're going to recess for five minutes while we transfer from TV back to the regular committee meeting. Then we'll ask the officials to come forward.

Thank you for your attendance today.

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_____ (Pause) _____

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•(1210)

The Chair: Welcome back, everyone.

Pursuant to Standing Order 108(2), we are studying the impact of the Government of Canada's deadline of March 31, 2011, for completion of projects under the infrastructure stimulus fund and the recreational Infrastructure Canada program.

Joining us for the second half, from Infrastructure Canada, we have Mr. John Forster, associate deputy minister, and Bryce Conrad, assistant deputy minister. Joining us from Western Economic Diversification Canada, we have Daniel Watson, deputy minister, and Cathy Matthews, director general, finance and management accountability.

Mr. Watson, I understand you have a brief presentation, and then we'll go to questions and answers. Please begin.

Mr. Daniel Watson (Deputy Minister, Western Economic Diversification Canada): Thank you very much, Mr. Chair.

I'm pleased to be here today to discuss Western Economic Diversification Canada's work at implementing Canada's economic action plan and activities in western Canada over the last 18 months. I am joined today by my colleague, Cathy Matthews, our deputy chief financial officer for the department.

[*Translation*]

As you know, Western Economic Diversification Canada, or WD as we're known, is the regional development agency responsible for the four western provinces. WD's primary mandate is to promote economic growth, development and diversification in western Canada.

[*English*]

In addition to our core programs, our department has also been responsible for delivering a number of federal adjustment programs in western Canada on behalf of the Government of Canada over a lengthy period of time.

WD has developed strong relationships with provincial, regional, and municipal bodies and a range of community organizations that played an extremely valuable role when it came to delivering Canada's economic action plan.

Just like other regions across Canada and countries around the world, western Canada was hit hard by the recent economic downturn. Many communities had the misfortune of seeing their major employers reduce their operations and in some cases shut down completely. The economic events of 2008 were unprecedented and proved to be the challenge of our time.

As you know, the Government of Canada responded to the global financial crisis with the announcement of Canada's economic action plan on January 27, 2009.

• (1215)

[Translation]

Immediately following the January 27 announcement, WD began work in earnest on program design, operational and delivery aspects of the programs.

[English]

By mid-May, WD launched the community adjustment fund and recreational infrastructure Canada program, sometimes known as RInC, in western Canada with calls for proposals.

[Translation]

To ensure all Western Canadians were informed, all EAP program information was made available on the public website, regional staff engaged in dialogue with provincial governments and held numerous outreach activities with partners, communities and a number of organizations across the west.

[English]

The volume of applications was significant. By the June deadline, WD had received over 1,600 applications for the RInC program, requesting in excess of over \$400 million in federal funding, almost triple the allocation we had available.

At the same time, WD processed over 1,000 CAF applications, requesting in excess of \$2 billion in funding—again roughly six times the allocation we had available—and approved 314 projects that will use all available project funds for western Canada.

[Translation]

Consistent with the objectives and guidelines established for CAF and the RInC program, WD'S due diligence not only ensured projects met all eligibility requirements, but also focused on guaranteeing projects could start quickly and create jobs, while meeting the March 31, 2011 timeframe of the Economic Action Plan.

[English]

Through the exceptional contributions of staff, these projects were evaluated and by June we were already starting to announce funding commitments.

If I use the word “exceptional”, and it's not something I use on a regular basis, I simply say it because in comparison to the economic action plan, WD processed approximately 10 times the number of applications that we would typically see in a normal year.

[Translation]

That means that less than six months after this program was announced, western communities were already seeing the benefits.

[English]

Communities began receiving the much-needed support to improve recreational infrastructure across the west. But perhaps most important of all, jobs were being created and people were getting back to work. In fact, if you look at the project reports that people send in to us, our clients forecast nearly 3,000 full-time-equivalent jobs will be created or maintained as a result of RInC projects in the west. We'll confirm those numbers as time goes on and fit them into the modelling that is going to be developed. But we did ask the clients as they were developing those things, and those are the numbers they tell us.

[Translation]

Since then, our department has continued to work extremely hard to deliver RInC program funding to the communities that need it most.

[English]

To date, under the RInC program, WD has approved over \$149 million in funding for 718 approved projects. Our RInC investments have leveraged an additional \$415 million from other sources towards western communities. This leverage funding, which would not otherwise have been invested, particularly in the economic context we've been through in the last year and a half in these communities, is particularly important in the context of this economic climate.

[Translation]

More than 200 of these projects are already complete and over \$55 million has already been expended.

[English]

To date, the RInC program has helped approximately 440 communities across the west, communities ranging from the Pacific Ocean to Hudson's Bay. Funding has already reached communities like Winnipeg, where RInC has helped replace the fields at the Winnipeg Soccer Complex. The upgrades are increasing the number of games that can be played each day, and as a result of this project the complex is a more attractive venue to hold national and international events. The official grand opening of the Winnipeg Soccer Complex was held on September 25, 2010. And in communities like New Westminster, British Columbia, where funding helped upgrade and expand the Century House Centre for Active Living to better serve the community, added amenities and a 4,000-square-foot addition will allow the centre to introduce new multi-generational activities.

• (1220)

[Translation]

The grand opening of this renovated centre just last month had over 200 people in attendance—a sign that this facility really will bring the community together.

[English]

These are just some of the examples of how RInC funding is being delivered in communities across the west.

On the issue of winding down these stimulus programs, the Government of Canada has always been clear this funding will end on March 31, 2011. This was an explicit term that was part of all public materials, our project funding decision process, and our contribution agreements with proponents.

[Translation]

WD will continue to work with proponents to ensure that the projects will finish on time. In our opinion, most of the projects will finish on time. I would even add that the vast majority will do so.

[English]

We have monitored projects closely, we have maintained close contact with proponents throughout this timeframe, and our analysis suggests we can anticipate 94% to 96% of the funding will be delivered on target. In reference to other programs we deliver on a usual basis, this is a very high standard of achievement. We will continue to monitor the progress of these projects closely, as we have done throughout the process, and we will continue to provide regular reporting and accounting to our ministers and to Parliament.

[Translation]

In addition, I would also like to note, we are continuing our work with our colleagues at this table from Infrastructure Canada to ensure Building Canada Fund—Communities Component top-up projects in western Canada also finish on time.

[English]

To summarize, we have worked closely with proponents throughout the program's life to ensure they stay on track. We anticipate 94% to 96% of the funding will be delivered on target. Nearly 3,000 full-time-equivalent jobs will be created or maintained, we're told by our project proponents, as a result of RInC projects that touch approximately 440 communities across western Canada.

[Translation]

We are making a difference in the lives of western Canadians in these communities.

[English]

Thank you for your time this afternoon. I look forward to your questions.

Merci.

The Chair: Thank you very much.

Mr. McCallum.

Hon. John McCallum: Thank you.

Perhaps this is to Mr. Forster, or whomever of you feels it's appropriate to answer.

I'd like to follow up a bit on my questions to the minister, because I honestly don't really understand the downside of a blanket extension at this time. I fully appreciate and support the deadline in the first place. But now that we're close to the end of the construction season...if a blanket extension would give certainty to municipalities for their planning, it would reduce the amount of overtime and competition for materials and bidding up of prices; it would still likely be a period of high unemployment where stimulus was a good

idea. What's the downside? What's the negative in terms of this alternative?

Mr. John Forster: I think the minister presented the government's view on the deadline. The original program was for a two-year period. The stimulus was to be temporary and targeted. We think the deadline was very important, to make sure that projects actually got built in that timeframe. In some of our other programs, where you don't have a deadline, things can tend to go on. He has indicated that the vast majority of projects—and it's the same with Daniel's experience with RInC in western Canada—are in good shape and will be finished in time for the deadline. There is still almost a quarter of the program to go.

We're monitoring projects very closely, as is Daniel, to see how they're finishing. We're working and showing flexibility to replace projects or re-scope projects to help our partners finish by the deadline. The minister pretty much outlined the government's position at this time on the deadline.

Hon. John McCallum: Okay. I won't continue on that subject.

Let me shift to another subject, which is jobs. I was concerned that the information on jobs was so poor, in the sense that the Auditor General said different departments use different definitions, that the numbers were not terribly reliable, and she used words like "anecdotal". So in contrast to signs, where there was meticulous detail, it seems that concerning the jobs, which is really what the program was for, we still don't have a clear picture of how many jobs were created or saved under this program. Why is that? Is that the case, and if so, why was more effort not expended to get accurate information on job creation?

•(1225)

Mr. John Forster: Maybe I'll start and then Daniel can add to it.

The government is obviously very interested in jobs and the impacts of the economic action plan. As the minister indicated this morning, the plan is much more than just infrastructure. There are tax credits. There are training programs. There are a number of initiatives.

There are a couple of ways...and I think the job impact was presented in the last report to Parliament tabled in the House. There was a whole chapter there. The Department of Finance is leading the analysis across the government on the entire job impact of the economic action plan. The report indicates that there can be challenges if you try to do it on a project-by-project basis and then add up all the numbers, for a number of reasons, such as consistency and interpretation. Again, you're not going to get part of the action plan that is not project-based. As well, you're not going to capture indirect and induced jobs. I may be able to ask my contractor how many people he hired, but he's going to have no idea how many jobs were created by the asphalt company, by the person who built the sewer pipes, by the truck driver who delivered them. So you don't get a complete picture.

The government's approach was to do modelling. That analysis was presented in the last report, and actually we appeared with Finance last year at the government operations committee, where they explained and presented it.

I don't know if you want to add anything on your side.

Mr. Daniel Watson: I'll add something, if I may. I'd say pretty much the same thing that my colleague had to say. I refer to some numbers here. Those are the ones that the proponents tell us, but they don't tell us how many people were employed at the lumber store to sell them the lumber or the other materials to do these things.

There is another very interesting thing we can't count here. A number of the communities that we have supported, as you can imagine, are small communities in rural areas. In a bunch of cases you can tell—by the power savings reductions that they're looking at and by the upgrades they're doing—that for a small municipality, it's got to be a choice between keeping the system or facility going and not keeping it going for some years into the future. Having visited a number of these places, I'm quite convinced that without some of these upgrades, in some cases they would have had to close down. How you calculate the employment per facility that doesn't shut down is one of things we just can't do at this point in time, but there are models for trying to figure those things out.

In the short term, obviously the goal was to get people directly employed in replacing cooling and heating systems and stuff like that, and in the longer term to figure out the right modelling for exactly the number of jobs that will be created, indirectly and directly, as my colleague pointed out.

I will briefly go back to the question of the March 31 deadline. Obviously I can't speak as the minister could to the public policy choice there, but what I will say is that proponents have worked extraordinarily hard to make sure they will be done by March 31. They've taken us at our word that the date will be March 31. We've written it into agreements; they seem to honour those agreements and they expect us to as well.

One of the things we have heard an awful lot is that as people have done extra work and rearranged things, re-scoped things, and so on, they've said very directly to us, "We're going to a lot of effort here to make sure this happens; we want to make sure that you're being straight with us that the date is March 31." As we've talked to them about that, they've relied on that information. I think the results are pretty clear in the fact that we expect 94% to 96% of the money to be spent with the current deadline.

Hon. John McCallum: Okay. Thank you.

The Chair: Go ahead, Monsieur Guimond.

[*Translation*]

Mr. Michel Guimond: Thank you, Mr. Chairman. My question is for Mr. Forster.

As the Associate Deputy Minister of Infrastructure Canada, do you acknowledge that the province experiencing the most difficulties in completing the projects today is Quebec?

• (1230)

[*English*]

Mr. John Forster: First of all, let me say that Quebec has been a very good partner with us in rolling out this stimulus program, as have all the provinces and the municipalities. As the minister indicated this morning, we have some information on the status of projects in Quebec, but it's not a complete picture. He's been in discussions with his provincial colleague on that matter, and when

we have more information on the status of projects there, we'll be able to give a better picture of where the program is.

[*Translation*]

Mr. Michel Guimond: I'm referring to a very good article that appeared in today's *Le Soleil*, Thursday, October 28, 2010. This is a Canadian Press article found on page 33. The article talks about the fact that the Parliamentary Budget Officer estimated that nearly 1,000 projects receiving federal funding may not be completed by March 31.

Is the Parliamentary Budget Officer correct or has he made a mistake?

[*English*]

Mr. John Forster: We've worked very closely with the Parliamentary Budget Officer in providing him with data and information. The report on which that number is based was using data as of the end of March 31. He was using data from last year and didn't capture any of the huge—as you know, if you travel in this country and through cities—the incredible amount of construction that was taking place this summer. We provided him with some more recent information lately. As we get it and clean it up, we provide it to him regularly.

He was also doing estimates of what he felt the worst-case scenarios were. I'm not sure we would agree with the methodology on some of the scenarios. We've just provided him with some more recent information.

[*Translation*]

Mr. Michel Guimond: In that same Canadian Press article, in the last paragraph, it states that some provinces have suggested that the unspent funds be put into a trust account and that the provinces be allowed to spend it on problematic projects after the federal deadline.

Could you tell us which provinces made those suggestions? Is the article consistent with the truth? Is it true that some provinces suggested the money be placed in a trust fund? If so, which provinces?

[*English*]

Mr. John Forster: There are a number of options on how you could do it. We have received suggestions from provinces that should the government wish to extend it, you could.

[*Translation*]

Mr. Michel Guimond: Which provinces? You are not answering the question. The Rideau Canal is not yet open, we cannot skate on it yet. I asked a specific question: what provinces made those suggestions?

[*English*]

Mr. John Forster: There was a letter provided by the Premier of Manitoba on behalf of provinces, all of them, following the last meeting of the Council of the Federation, requesting the federal government to consider extending the deadline, which the government is doing. In there they've suggested you could extend the deadline; you could do a trust fund arrangement. There a number of mechanical options on how you could do it.

[Translation]

Mr. Michel Guimond: Who are you discussing the Quebec projects with? Who is your counterpart? Are you speaking to the Deputy Minister of Municipal Affairs, Regions and Land Occupancy for Quebec? Who are you speaking to?

Mr. John Forster: We are working with several Quebec ministries. My counterpart in Quebec is the Assistant Deputy Minister of Finance for Quebec. We are also working with several ministries, such as the Ministry of Municipal Affairs, Regions and Land Occupancy of Quebec, the Quebec Ministry of Transport and the Ministry of Culture, Communications and the Status of Women in Quebec. Those are the ministries with which we are working.

Mr. Michel Guimond: I give the floor to Mr. Gaudet.

Mr. Roger Gaudet (Montcalm, BQ): My question is for Mr. Watson. First of all, I would like to congratulate you for your good work. I must, however, mention that you benefited from the Vancouver Olympic Games. That opened the door. In fact, all of the employers were there. The games took place in February 2010, at the beginning of this year. It was therefore easy for them to just go next door in order to be able to do work. I'm very happy about that.

Last week, representatives from Manitoba municipalities came to see us. They told us that if they had had bad weather in August and September, they would have been obliged to ask for an extension. I also congratulate you for the fact that 99% of the projects in the Canadian west will be completed. We still must be cautious, because Vancouver and British Columbia are neither like Quebec nor Ontario. They have a better climate, and they can work almost 12 months a year in some areas. It is more difficult to work during the winter, but in some areas they can work year-round.

I would like to hear your opinion on the fact that some provinces do not have the good fortune to have the same climate.

• (1235)

Mr. Daniel Watson: I'm very familiar with four provinces, but I do not know the other six very well in that regard. As far as the Olympic Games are concerned, in fact, they represented a very big challenge for us. People were working on this major project. As a result, the smaller million-dollar projects were not of so much interest to them because there were projects that represented tens or hundreds of millions of dollars. The competition from these major projects made it that much more difficult to sign agreements with the municipalities, particularly in British Columbia.

All municipalities were interested in the Olympic Games. Wanting to discuss other smaller projects was sometimes more difficult, because people were saying that the Olympic Games were coming the following year. The Olympic Games involved many workers and a lot of resources. We were very happy to have the Olympic Games, but it was not an advantage within the context of the program. At times, this represented competition, but despite that, I congratulate the communities and municipalities throughout the west, because it was not only in British Columbia. Many people moved often from Alberta, Saskatchewan and Manitoba to Vancouver in order to finish these projects.

At this time last year, many projects were underway.

Mr. Roger Gaudet: I agree with you entirely. It does not change the fact that the contractors—let us take the Olympic Games as an example—had completed their projects in October or November of 2009.

Generally speaking, the projects were completed. The Olympic Games took place in February, and the athletes arrived at the beginning of January. The contractors were ready to start work on new projects at the beginning of March. I am happy that the Olympic Games were held in Canada. For you, it was a good barometer as to whether the employers could go and work elsewhere, on something else.

I have been the mayor of a small municipality. A small municipality is not the same thing as a large municipality like Vancouver or Montreal. In the small municipalities, there are no engineers or architects, there's nothing. Therefore, it takes longer and it is more difficult to launch projects than in a big municipality, because we have to make calls for tender in several areas in order to get several projects done. The small municipalities were lucky, they had the advantage of good momentum.

In Manitoba, the municipal representatives told us that because of the good weather in August and September, they were able to complete all of their projects. Had that not been the case, they would have done the same thing as the other provinces and asked for an extension.

[English]

The Chair: *Merci, monsieur Watson.*

I have to stop there and go to Mr. Bevington.

Mr. Dennis Bevington: Thank you, Mr. Chair.

And thank you to the witnesses here.

I'm just going to take a bit of time to understand the nature of the changes that were made to environmental assessment for the projects.

Certainly, in the Auditor General's report, she talks about this in some detail, but she doesn't give me a clear understanding of whether the entire economic action plan projects, whether they be Building Canada projects or infrastructure stimulation fund projects, were exempted from environmental assessment.

What's your understanding of the exemptions?

Mr. John Forster: I'll ask Bryce to respond to your question.

Mr. Bryce Conrad (Assistant Deputy Minister, Programs Operation Branch, Infrastructure Canada): When the global recession hit in September 2008, in and around that area, Minister Baird, who was then the Minister of Transport, Infrastructure and Communities, went on a whirlwind tour of the provinces to engage them in discussions as to how we could speed up infrastructure projects.

• (1240)

Mr. Dennis Bevington: Okay, but we're not looking for a history lesson; we just want to get the numbers.

Mr. Bryce Conrad: The temporary regulations that were put in place have now been made permanent, so that's the first point to be made.

The short answer to your question is about 93% of the projects funded under the infrastructure stimulus fund were exempted from having to do a separate federal environmental assessment. It does not speak to the fact that a lot of these projects would have otherwise had to undergo provincial environmental assessments or municipal class assessments, etc.

Mr. Dennis Bevington: That's in her report, but what about the Building Canada fund?

Mr. Bryce Conrad: Again, the projects under the economic action plan were the ones that were privy to the—

Mr. Dennis Bevington: And that would include the Building Canada fund?

Mr. Bryce Conrad: Correct.

Mr. Dennis Bevington: So there would be some pretty large projects that were exempted, then?

Mr. Bryce Conrad: Not necessarily. Each project was assessed and verified. The regulations are very detailed and specific as to which projects could and could not be exempted.

Mr. Dennis Bevington: Well, you know, environmental assessment is an interesting field, and I worked in it for a while. The environment is one part of any environmental assessment, but there are also alternatives and need for the project.

Was there any process that was kept in place that those particular issues could be addressed in terms of any of these projects?

Mr. John Forster: Maybe I'll just add to that and respond to your question.

The regulations said for certain kinds of projects you're not going to need to do a separate federal environmental assessment. If you're repaving an existing road in downtown Edmonton, the regulations said you're not going to need to do a federal environmental assessment for that. Large projects that are built in Canada, like a brand-new subway line, you're going to do an EA, and we have done those for sure.

Mr. Dennis Bevington: So none of those were exempted that came up during that time?

Mr. John Forster: No. The regulations talk about the "kinds" of projects. It covers, sir, all of the programs, but it's specific to these kinds of projects where we have demonstrated in the past there are very small or non-existent environmental impacts. We're exempting those.

Mr. Dennis Bevington: Hold on, I didn't quite ask you that. I asked you.... In environmental assessments you look at alternatives and you look also at the benefit analysis. Was any of that work done on any of these projects?

Mr. John Forster: Where we are required to do a federal environmental assessment, i.e., it wasn't exempted under the regulations, we would have followed the environmental act and the law and the process. So we would have done—

Mr. Dennis Bevington: So there was no other process done to determine whether these projects had a benefit analysis attached to them, so that there was any sort of understanding of the alternatives that could be proposed to these projects?

Mr. John Forster: It depends very much on the nature of the project. If it's a very minor work, such as a street repaving, it would be exempted under the regulations. If you're doing a larger project, such as twinning a highway or building a brand-new subway line in Toronto, etc., you would go through that analysis.

Mr. Dennis Bevington: How about creating a new access road through a populated area?

Mr. John Forster: It depends on the nature of the—

Mr. Bryce Conrad: It would depend on the nature of the project and whether or not it triggered the requirement for federal permits.

Mr. Dennis Bevington: The Auditor General said that in many cases federal officials did not even conduct a walk-through in these projects. How did you determine whether there was sufficient work done to determine whether there were environmental issues attached to the project? In many cases, it's public concern that triggers environmental assessment. How did you determine that without some preliminary work, as the Auditor General suggests that you didn't even conduct walk-throughs in many cases?

Mr. Bryce Conrad: I don't believe the Auditor General referenced the fact that we didn't do site visits to projects. I think that is an interpretation that has since been added.

The entire infrastructure stimulus fund and much of the economic action plan was based upon a trust, a relationship: a partnership between ourselves, the provinces, and municipalities. There is no real need for us to visit Steeles Avenue in downtown Toronto to understand that Steeles Avenue needs to be repaved or resurfaced.

We did environmental assessments of the projects under Canada's economic action plan. I believe we did 69 of them.

• (1245)

Mr. Dennis Bevington: That's out of 6,000.

Mr. Bryce Conrad: It's out of 4,000 under the infrastructure stimulus fund. Those are the big projects. The port of Nanaimo, for instance, underwent a fairly extensive environmental assessment.

But we did ask questions. The criticism in the Auditor General's report, I believe, has to do with the amount of information we secured as part of the application process, in that we did not ask its proximity to a provincial or municipal or local or regional environmentally sensitive area. Our view at the time was and remains today that if a province or a municipality is submitting a project for our consideration, presumably they are doing so recognizing that they have set aside specific parks and areas and would not submit a project that is in some way inconsistent with the reason for setting that park aside.

That is the criticism the Auditor General levelled at us.

Mr. John Forster: Could I just add one quick point to Bryce's answer?

Also remember that under the stimulus fund, if we got an application that required a significant federal environmental assessment, we wouldn't approve it under the program because it would take too long and would not be construction-ready. If it was going to take us eight months to do an EA, we tended to exclude and reject—

The Chair: I have to stop it there. I'm sorry.

Mr. Trost.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair. I will be splitting my time with my colleague, Mr. Mayes.

I'm very interested in what Mr. Watson said earlier: that not only was everything performing around 94% to 96%, but that in comparison to the way other programming has been done.... You handled, I think you said, ten times the volume of applicants you normally would and yet you appear to be achieving considerably better results.

I want to know why you think that's possible, what we can learn, and how we can apply it. I'm assuming you're doing this already, but I would specifically encourage that whatever lessons we learn from this we apply to the functioning of the bureaucracy and programming in the future.

So what was it? Was it a change in regulations? Was it a matter of personnel? Was it the way you did your contracts? What are the things that have made this, by the Auditor General's and everyone else's count, one of the most successful roll-outs ever? What did you do different?

Mr. Daniel Watson: There were a couple of things. First, it is a very specific program with a very specific set of objectives. That specific set of objectives was to get a very defined range of programs up and running in a defined timeframe.

A number of things came together. There was the size of the department: we had more staff that were able to deal with this. Those staff were brought in on a temporary basis and will go away in a short period of time as the program disappears on March 31.

The dedication of staff, I think, is an important part of it. Public servants, in my experience, join the public service because they want to make a difference at a point in time that matters. One thing that's important to remember is that at that period of time when the economic action plan came out, not just Canadians but people around the world were very concerned about what was going on. Major financial institutions that had been around for generations had disappeared.

Mr. Brad Trost: I get that. But public servants, I would say, are dedicated to their whole career, not just specifically for two years. There have to be other things that you've done.

Mr. Daniel Watson: No, and I think the dedication to getting the thing done, as the public policy direction of the government—namely, to get people working in a short period of time, to see projects up and running.... The clarity of the selection criteria was actually very important; things such as what my colleague from Infrastructure Canada said about making sure you could do these things in very short order. That was built in.

Also, I think the partnerships with the municipalities and other players involved were critical. They had critical parts to play with this. If it hadn't been for them, we wouldn't be where we are today; I think that's true. Also, there's the dedication to making sure that the agreements were in place in very short order, making sure that we were clear about what the expectations were. There was also the experience of having worked with these people in the past. They were able to tell us, and we trusted them when they said, that they

simply could not do this, that, or the other thing in a particular timeframe, but could do these other things.

I think those flexibilities were all important.

Mr. Brad Trost: I'll turn my time over to Mr. Mayes.

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Thank you.

I'm a member from the Okanagan—Shuswap in British Columbia, and the staff in Vancouver who work for WED were always just great to work with. They responded in a timely fashion to the questions forwarded by my staff, and that just moved those applications along. I wanted to convey to your staff in Vancouver that they did a great job.

One of the best jobs is in my community. It's a small amount of money, but it was for new seats in the local arena. Now I can sit in comfort to watch my four grandsons and one granddaughter play hockey, and I think of you every time I sit down—not quite.

Concerning the allocation of moneys for the program, was money allocated on a per capita basis? Or was it on a regional basis, considering some of the priorities, as far as economic impact was concerned, that a region had with regard to the downturn in the economy? Or was it just on the order of the applications as they came in? How did you set the priorities to get that money out?

• (1250)

Mr. Daniel Watson: Nationally, the money was divided on a per capita basis. Western Diversification as a whole got the amount on a per capita basis. Within that, we set a base amount of \$10 million per region. Then, additionally, between the two different programs, CAF and RInC, there was an additional \$410 million approximately. That was divided on a per capita basis.

Then, within the region, the Vancouver office that you talked about, the B.C. office of WD, talked to just about every municipality there was, talked to all the proponents that there might be, had it up on the website, took in applications, and judged those applications on the criteria that were published.

Those were the criteria, critical things such as whether you would create jobs now, whether you would be done by March 31, whether you needed such things as environmental assessments that would actually put you outside the window or were ready to go, whether you had your financing in place. Those were all criteria, and all those pieces had to come together.

We had \$2 billion in requests for CAF funding alone. We had roughly \$450 million, I think it was, in requests under the RInC funding, and we used those criteria to pare it down to those places. As I say, on CAF we came up with 440 communities across western Canada that were able to pull projects together.

Mr. Colin Mayes: Are the 3% to 4% that are not completed getting close to completion? Are they going to be 90% completed by the cut-off date, or 80%, or is it more serious than that?

Mr. Daniel Watson: In fact, if we look at the ones that we think might not complete at all, they are less than one percent. If you look at those projects that might have some issues around the deadline, even those will probably spend 85% of the proposed money. In the other cases, what it is, quite frankly, is that in cases, for example, in which people said it was going to cost them \$100 to do the project, they've come to say that they're done but it only cost them \$96. That's where a lot of that slippage will arise.

And then, of course, you can always have those moments in which, despite somebody's best efforts, for whatever set of reasons, something happens. It could be a municipal election, an issue in the community, any number of other things that simply change priorities, for whatever set of reasons. It's pretty rare, but it does happen.

But even with all those things factored in, we're estimating somewhere between 94% and 96% expenditure.

The Chair: Thank you.

Mr. Malhi.

Hon. Gurbax Malhi: Thank you.

How many projects are identified that are not meeting the deadline, and are they considering giving an extension to them?

Mr. John Forster: I'm sorry, could you just repeat the question?

Hon. Gurbax Malhi: How many projects are identified as not meeting the deadline?

Mr. John Forster: At this stage what we do is a risk analysis of projects. So as they report quarterly to us, we kind of rate them as low, medium, and high risk.

Our high-risk projects are running pretty similar to Daniel's experience, less than 5% of the ones where we have information on them. And it doesn't mean for us, when we do a risk rating, that they won't finish on time or that none of it gets done. Some of them will be very close to finishing, and, as Daniel said, they might spend 80% or 90% of their money.

Others we rate as high risk just because they were large projects to begin with, like a large port project, so we knew going in that they were.... It doesn't mean they won't finish; it's just that we flagged them as high risk, so we do extra monitoring with them and have a lot closer contact with the provinces and the proponent on them. But the percentage is about—

• (1255)

Hon. Gurbax Malhi: You don't have the number?

Mr. John Forster: The number of projects? No, not with me, but the percentage is around 4% to 5%. It also changes regularly as we get reports in. We're constantly re-evaluating and assessing and doing our risk rating differently.

Hon. Gurbax Malhi: They are going to get the extension in case they're not finished?

Mr. John Forster: I just follow what the minister outlined as the government's position on the deadline at this stage.

Mr. Daniel Watson: I would add to that, if I may, that there are some projects that for some of the types of reasons I talked about a little earlier, you could give them 10 years extra and they still

wouldn't get done. Those are the ones we're seeing drop off the list at this point in time, and it's in the single digits.

Hon. Gurbax Malhi: Thank you.

Mr. Daniel Watson: I don't mean single digits as a percentage; I mean single digit numbers of projects.

Hon. Gurbax Malhi: Thank you.

The Chair: Two and a half...

Hon. Gerry Byrne: Mr. Chair, thanks very much.

And thank you to our witnesses.

May I ask a question on communications and dissemination of information? Does Western Economic Diversification operate under any internal guidelines or externally mandated guidelines as to who you can speak to about a project?

Mr. Daniel Watson: Well, there's the Government of Canada general communications policy from Treasury Board and so on.

In terms of talking to people about projects, we talk to the proponents all the time. It's just a part of our business. There are well-established policies about who can talk to media and so on about individual projects. But generally we don't do that, and that's simply because the people who run the projects are the people who talk about them. So if the municipality of XYZ has put forward a proposal and they're talking about it, generally they're the ones who do all the communication about that.

Hon. Gerry Byrne: So staff are under absolutely no restriction whatsoever in speaking directly to members of Parliament about a project?

Mr. Daniel Watson: Well, no. There are some very clear guidelines on how public servants interact with elected officials, and we follow those. So it's not the case that every public servant can say whatever they want to every elected official, no. There are some very clear rules about that, and those responsibilities—

Hon. Gerry Byrne: Would you be able to outline some of those rules? Say, for example, a member from a riding in British Columbia were to make an inquiry to staff about the status of a project. Would you convey information to that member of Parliament?

Mr. Daniel Watson: One of the absolute principles, when a public servant talks to a member of Parliament rather than the minister, is that it needs to be information that we would share with any parliamentarian. So if we were prepared to do a briefing on the arrival of the RInC program or the CAF program, for example, it would be something we would do for any parliamentarian.

The materials we sent out at the time of CAF and RInC coming along were ones that were available to all MPs, period—at least all MPs in western Canada. I suppose if any others had wanted to know what WD was doing, we would have been—

Hon. Gerry Byrne: So what you're saying is that it's not the policy of Western Economic Diversification—there is no instruction—to refer communications from an opposition member of Parliament to the minister's office, as opposed to answering his questions directly. Am I hearing that correctly?

Mr. Daniel Watson: Put the other way around, all communications from members of Parliament need to go to the minister's office, and then the minister directs—

Hon. Gerry Byrne: Just a second. We just heard testimony—

The Chair: I have to—

Hon. Gerry Byrne: —a few minutes ago that there was direct communication—

The Chair: We're past the time.

Monsieur Carrier, you have one minute.

[*Translation*]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good afternoon, gentlemen. I have not sat on the Standing Committee on Transport for a long time. I would just like to ask one question—perhaps it has already been asked—concerning the extension of the infrastructure project deadline from the technical or accounting perspective.

Since the money has already been budgeted for and given the fact that the current projects, because of the March 31 deadline, would cost much more in extra time and operating costs, would it be possible to extend the deadline, in everyone's interest? I know that there may have been an answer earlier on, from the department. Technically speaking, is there any possibility, any opening on that front?

Mr. Daniel Watson: I have never in my life seen a project that took more time and cost less. I'm therefore not convinced that paying for a longer time would decrease the costs. The people, particularly in the RInC program, who have the greatest interest in minimizing costs are generally those who are paying two thirds of the bill. In general, we pay one third of the total costs and the other partners pay two thirds. I can guarantee you that it is even more in their interest to decrease the costs. That is the context within which they are working at this time.

• (1300)

[*English*]

The Chair: Thank you.

With that, I'll thank our guests.

On a personal note, I, too, want to echo my thanks to Western Diversification. We've had tremendous cooperation in our area, and I know that my municipalities have been very pleased with the cooperation we've received.

Mr. Jean, on a point of order.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): I have a point of order and clarification.

Mr. Byrne had a question that he wanted answered, and I would like it answered as well, if we could. I think it has some relevance in

relation to this committee and what our study is on. If he wants to ask that question, I think it's relevant and I think it should be answered.

The Chair: If we can put the question very succinctly and very briefly...

Hon. Gerry Byrne: I think I did, Mr. Chair, but I'll ask it again.

The Chair: I'll give you the time, sure.

Hon. Gerry Byrne: We did hear some inferences during the committee testimony from members from the government that they interacted directly with Western Economic Diversification officials at the local and provincial levels, the regional offices levels, and that the communication was two-way, flowing freely, and that it was very helpful. Are you under any specific instruction to raise an issue to the minister's office exclusively if a member of Parliament calls? Is there any differentiation between whether it's a member of the governing party or a member of the opposition parties as to how you will respond to those questions?

Mr. Daniel Watson: It's an excellent and very important question that I take extraordinarily seriously as a deputy minister. Any MP who asks for any information needs to go through my minister's office. That's an absolute principle, and that's what's happened in these cases where we've been working on projects; that's the way the information flows. So the contact goes to the minister's office. We provide the information to the minister's office. I will say, when we attend announcements and so on with members of Parliament, we obviously talk to them at that point in time when we're at the events, but there is not, by any stretch of the imagination, a regular flow of information between MPs and public servants on a regular basis. It needs to go through, following some very clear principles, the minister's office.

Hon. Gerry Byrne: I don't think that's what the testimony captured, Mr. Watson.

The Chair: I have to end it there, and I'll thank all the committee members today, and our guests for being here—

Hon. Gerry Byrne: Words were exchanged between offices of the Western Economic Diversification—

The Chair: Can I have that microphone turned off, please?

I want to thank you for being here.

Committee members, we're going to meet on Tuesday to review Bill C-20. I've reserved the last 15 minutes for a subcommittee meeting so we can plan the future schedule of the committee. Okay?

The meeting is adjourned.

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