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Chair

Mr. Merv Tweed

Standing Committee on Transport, Infrastructure and Communities

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• (1530)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Good afternoon, everyone. Welcome to meeting number eight of the Standing Committee on Transport, Infrastructure and Communities, with the orders of the day, pursuant to Standing Order 108(2), a study of the national public transit strategy.

Joining us in the first half of our meeting, from the Saskatchewan Association of Rural Municipalities, is Mr. Dave Marit, the president. From the Alberta Association of Municipal Districts and Counties, we have Carolyn Kolebaba, vice-president.

Welcome. You know the drill, I know, so I'll ask you to open up and then we'll move to committee questions.

Mr. David Marit (President, Saskatchewan Association of Rural Municipalities): Thank you, Mr. Chair.

I want to take this opportunity to thank the committee for inviting SARM to appear here today to give a rural perspective on transit and some of our issues.

SARM is an independent association that represents all 296 of Saskatchewan's rural municipalities. Membership is voluntary, and our strength comes from our members whose collective voice guides us in policy.

The issues that are of greatest importance to SARM members are issues that impact the quality of life and the productivity of rural communities. SARM wants to again thank the committee for allowing us this opportunity to present and to bring attention to rural transit issues.

In reviewing testimony from the last hearings, we were pleased to see that a number of committee members raised the need for some rural focus and clearly understand that all Canadians deserve access to basic transportation. We are aware that in a time of economic challenges, it is difficult for governments to commit large amounts of funding to new national programs.

We are here today to say that SARM recognizes the challenges of our urban counterparts with regard to public transit. We are also here today to tell you about the unique transit challenges that we face as rural municipalities and communities in Saskatchewan.

When you think of rural communities, you don't normally think of public transit, but there is an important part of the rural population that relies on public transit systems to access essential services and employment opportunities. In addition, rural Canada houses the industries that fuel growth in the rest of Canada. The natural

resources, energy, agriculture products, and raw materials extracted from rural areas now make up 50% of Canada's exports. This generates positive economic benefits to all levels of government through the revenues they generate, the people they employ, and the taxes they pay.

SARM is here today to advocate on behalf of our membership and to ask that rural areas not be forgotten when federal transit strategies are created and funding is allocated, either through the national public transit strategy or as part of the next national infrastructure program.

It is a well-known fact that the majority of health, education, social services, and other provincially and federally funded essential services that used to be more readily available in rural areas have been centralized in strategic urban centres across Canada. A good example to draw on is the ability of rural citizens to access quality health care.

In 2001, the Society of Rural Physicians of Canada indicated that 14.9% of Canada's physicians practised in rural areas in 1991. By 1996, this number had dropped to 9.8%. The same report projects the ratio of physicians per 1,000 population in rural areas to decrease from 0.79, in 1999, to 0.53 by 2021.

This report also states that rural hospital closures and centralization of many health services in larger cities means that rural residents have more difficulty accessing services.

In order for Saskatchewan residents living and working in rural Saskatchewan to access such essential services, they need to have options via publicly funded and reliable transit services. Special consideration needs to be given to the portion of rural population that cannot travel by private vehicle to access such services. The elderly, the youth, the disabled, and low-income families with limited or no access to a private vehicle cannot drive to schools and hospitals, etc.

According to Statistics Canada's 2008 "Rural and Small Town Canada Analysis Bulletin", Canada's rural population is older than the urban population. Within predominantly rural regions, 15% of the population is senior, compared to 13% in predominantly urban regions.

Industry housed in rural areas needs to have access to a reliable base of employees and often in rural areas this base is spread out and is not concentrated in a centre. They also need to be able to access cost-effective transit options to ship or to have shipped to them products such as office supplies, computers, IT hardware, and components used in the fabrication of products, as well as being able to ship finalized products to their customers. Home-based rural businesses rely especially on such services.

The transit of employees to and from work and the transit of goods being shipped via public transit to and from rural industries are important both to the overall productivity of rural-based industries and to the livelihood of rural citizens. This is something that all rural Canadians should have access to, and government funding from all levels should be allocated to such transit companies, to be maintained in the future.

If the government decides to proceed with a national public transit strategy, cost-shared federal government funding earmarked for rural transit needs must be allocated. This transit provides those in rural communities who do not have the ability or cannot afford to drive with a reliable and sustainable transit option to access essential services, and therefore, it is a public good.

• (1535)

It should not be solely the responsibility of municipal governments to fund such systems. It must be earmarked so that rural municipalities are not competing with urban municipalities for the same lump sum. It is hard to fairly rank and compare small-scale rural projects that might service smaller populations over a vast area to urban projects that service large populations in a more concentrated area.

Municipalities should contribute funding, but federal and provincial government funding should be made available also. This funding should be provided outside of what is provided by the federal gas tax fund, as that funding is already fully allocated to service roads, water systems, and other tangible infrastructure in rural municipalities. It should not only fund new initiatives, but should also support existing transit solutions, such as, in Saskatchewan, the Saskatchewan transportation corporation, which is currently offered in the province of Saskatchewan, to ensure the long-term sustainability of companies and our citizens.

Thank you, Mr. Chair.

The Chair: Thank you.

Carolyn.

Ms. Carolyn Kolebaba (Vice-President, Alberta Association of Municipal Districts and Counties): Thank you.

Good afternoon, members of the House of Commons Standing Committee on Transportation, Infrastructure and Communities.

Thank you for having me here today. My name is Carolyn Kolebaba, and I am the vice-president of the Alberta Association of Municipal Districts and Counties, the AAMDC.

Our association represents 69 rural municipalities and about 95% of the land mass in Alberta. Since 1909, we have helped rural municipalities achieve strong, effective local government.

The AAMDC is proud of our long-term relationship with our federal counterpart, the Federation of Canadian Municipalities, the FCM. Our president sits on the board of directors, and our executive director is active in FCM's administration functions. As vice-president, I sit on the FCM transportation, environment, and northern and remote communities committees.

I would like to thank you for giving the AAMDC the opportunity to speak in front of you today on this important topic.

Rural transit is an important consideration when discussing a national public transit strategy, due to the realities of rural poverty and the economic engine that lies within our rural areas.

To begin, it is important to realize that poverty in a rural area is a different reality than poverty in a metropolitan area. For instance, if a person has a minimum-wage job in the city, he or she may have access to affordable housing and public transportation. In the country, the same person would have less access to affordable housing and would need to prioritize paying for a vehicle before attending to other needs. The lack of consideration of rural areas in a transit plan would ignore the reality of rural poverty.

When it comes to the effect of rural transit for seniors, a recent U. S. study stated that men outlive their driving careers by seven years, whereas women outlive theirs by ten years. As our nation ages and many people live out their lives without access to a car for more than an entire decade, the lack of a transit strategy for rural areas will become more apparent. The lack of access to a private vehicle and the transit deficiencies in rural areas will result in seniors having unmet needs.

In fact, a 2008 study showed that rural seniors have more unmet needs than their urban counterparts. Even the Senate has identified this problem. As stated in the report of the Standing Senate Committee on Agriculture and Forestry in 2008, "Beyond Freefall: Halting Rural Poverty", the lack of public transportation represents a serious problem for seniors, the disabled, and low-income rural citizens.

In fact, that report made the recommendation that the government commit to 50% federal and 50% municipal funding for new rural transportation infrastructure. It also recommended a study on how to coordinate existing rural transportation services to create a flexible network that would provide extra transportation services to rural citizens.

In Alberta, we are currently beginning the transition to deregulate bus systems. Because of changing business models and the inflexibility of an old regime, Greyhound was no longer able to serve all areas of Alberta without government support. As such, the Alberta government chose to deregulate the industry and allow smaller players to enter the industry.

However, on October 1, Greyhound halted service to multiple communities, and to date there are few people stepping in to take its place. While we are hopeful that gaps will be filled as entrepreneurs come forward, there will likely always be gaps in service. This will only exacerbate transportation issues among seniors and low-income residents. Consideration of this issue by this committee is important for rural Alberta.

Our association would classify needed transit in rural areas into two categories.

First are the commuter trips that take people from the outlying areas of a region into an industry hub or larger centre. These trips may be up to 100 kilometres one way and are daily occurrences for which most people tend to use private vehicles. Getting serious about reducing greenhouse gases, lengthening the life of road infrastructure, and making sure that people can affordably get to their jobs would involve addressing these traffic patterns within regions.

Second are the trips needed by people who do not have access to vehicles, as I previously described. These trips are less frequent and have residents finding ways to get from their communities to a larger centre. Such trips are commonly needed, whether it is for medical appointments, shopping for items not available in their communities, or visiting family.

It is this hub-and-spoke system that is under threat in Alberta and other regions. A national transit strategy would be incomplete if it failed to consider the needs of this minority as consumer demand decreases for large bus companies across Canada.

In summary, industries rooted in rural Canada—farming, forestry, fishing, and natural resources—account for more than 50% of our national exports, and they provide the energy, food, and raw materials that fuel growth in the rest of the country. Without effective and efficient rural transportation of people, goods, and services, rural Canada will not be able to continue contributing to Canada's economic success.

● (1540)

Therefore, cost-shared federal government funding earmarked for rural transit needs to be allocated, because we believe it is not solely the responsibility of municipal governments to fund these systems. This money must be earmarked for rural needs so that rural municipalities are not competing with urban municipalities for the same pot of money. Rural Alberta municipalities should contribute, but government funding should be made available in a fifty-fifty cost-sharing arrangement, as suggested by the Senate committee's report.

Lastly, this funding should be provided outside of what is provided via the federal gas tax fund, as that funding is already fully allocated to servicing roads, water systems, and other infrastructure in rural municipalities. The long-term infrastructure plan promised in the last budget would be the ideal program within which to earmark funds for rural transit. This program could then deal not only with, again, the infrastructure deficit, but could address the rural transit deficit as well.

Thank you for your time today. I will try to answer some of your questions.

● (1545)

The Chair: Thank you for your comments.

Just before I recognize Mr. Nicholls, the example I'll use is that the government was trying to implement a higher age for driver's licences in Manitoba, and when we complained or expressed our concerns about young people and how they move, the comment back was, "Well, use public transit". Unfortunately, we don't have public transit, so sometimes there's a disconnect between organizations too.

Mr. Nicholls.

Mr. Jamie Nicholls (Vaudreuil-Soulanges, NDP): Thank you, Mr. Chair.

My question is directed more to Mr. Marit. It's so nice to have someone here from Willow Bunch No. 42.

I'm interested in some of the initiatives SARM has taken part in over the years, such as things like Clearing the Path initiative, which from my view was a partnership to align objectives and determine strategies for the challenges facing rural communities. You and your colleagues have identified that the structures and related regulations in the municipal system were sometimes an impediment to economic development in rural Saskatchewan.

Is that correct?

Mr. David Marit: Yes, we did.

Mr. Jamie Nicholls: So I guess it was useful to have all the stakeholders come together and discuss all the difficulties you might have had. Some of the things that you found were issues were: we need to establish priorities and standards across the board; municipal funding for economic development is needed; and more forethought on economic development is needed.

I'm from a place that was more rural when I was growing up, but my riding is mostly rural, so here's my question for you. How would someone from Vaudreuil-Soulanges in Quebec hear about the great initiatives that SARM has taken?

Mr. David Marit: Well, thank you very much for the question. I don't know how; I guess we took the initiative and thought we had to look in the mirror at what we were doing. It was something that our membership endorsed. That was another good thing, really, that came out of it.

I guess how we could work on it with other jurisdictions could be through FCM, at one of the committee levels. There, we have what we call a rural forum at one of their committee levels, and I sit as the chair of that committee. Pretty well all the municipal organizations across Canada sit on that forum. That might be a way to do that. There were some very strong recommendations that out.

Mr. Jamie Nicholls: Would it not be useful to have a national forum from the federal government, where stakeholders could get together and share these things?

Mr. David Marit: It would be. We tried that in Edmonton a few years ago. We called it “Rural Matters!”, and AAMDC took the lead on that. We had people from rural municipalities from right across Canada in a three-day workshop format, and we came out with a living, breathing document that talked about that very issue: what rural Canada needed.

Mr. Jamie Nicholls: That's great.

Now, in Clearing the Path, there was a transportation subcommittee, which you didn't sit on, but Jim Hallick did.

Mr. David Marit: Yes.

Mr. Jamie Nicholls: So SARM had input there as well. From what I understand, they came to the conclusion that there needs to be investment in order to carry primary weights on secondary roads. But today we're talking more about transit, so that's where I'll direct my questions.

In rural Saskatchewan, that usually means inter-municipal transit, I take it?

Mr. David Marit: Yes.

Mr. Jamie Nicholls: So we're talking about the STC or Greyhound. Those are the primary players in the market...?

Mr. David Marit: Right.

Mr. Jamie Nicholls: I was happy because I saw that the STC had a 10% increase in ridership last year, so people seem to be valuing the service more and more. They choose to ride with the STC for various reasons, some of them being convenience, environmental benefits, and the ability to relax or be productive onboard.

The STC receives subsidies from the CIC, the Crown Investment Corporation, to fund less used routes. So it has developed a way to fund these less used routes, whereas a private company like Greyhound might cut the route because it's not profitable, correct? We have a similar service around Montreal. It's called the CIT. How could they learn from the progress that the STC has made on these issues?

Mr. David Marit: I don't think it's not a matter of learning. It's a matter of commitment. I think that's where the province has come to the table and that's a reason why we're here today.

STC is a corporation within the provincial boundaries that has lost money over the past few years in operations, but it does provide a vital link to approximately 260 communities in rural Saskatchewan. Not only is it a vital link for the movement of people, but it has become a huge link for the movement of goods. We're seeing freight becoming a huge part of their revenue. Many of the buses are pulling trailers and hauling freight in and out of these communities—

• (1550)

Mr. Jamie Nicholls: I don't want to interrupt you while you are giving your answer, but I know my time is dwindling, so I would like to go on to my next question.

Mr. David Marit: Sure.

Mr. Jamie Nicholls: The Conservatives cut funding to rail, as did the Liberals in the 1980s. From what I understand, this impacted

many rural communities. Would you be in favour of a strategy to look at how passenger rail could be rehabilitated for rural communities?

Mr. David Marit: I would be concerned about the logistics of it, for many reasons. With the freight movement we're seeing across Canada now, I would be very concerned about safety issues. We're seeing trains rolling through our communities—Vancouver-Toronto and Vancouver-Chicago—virtually on an hourly basis. These are trains that are a mile to a mile-and-a-half long. I'm not saying it shouldn't be looked at, but I would be concerned about safety issues.

Mr. Jamie Nicholls: My next question will be directed to Ms. Kolebaba.

I understand that Greyhound is cutting 12 Alberta rural routes after the deregulation. While I don't believe the government should protect a private company in a monopoly, what are some of the ways we can move forward with in improving service on rural routes?

Ms. Carolyn Kolebaba: In Alberta they've decided they want to cut it, so it has been done. They are hoping that entrepreneurs will come forward and contribute.

But in certain areas, the rural and remote areas of our provinces, it is not a lucrative operation. In order for us to ensure the rural side is taken care of as well as the urban side, we need to somehow come up with a formula that best suits those areas and put it into a national transportation study that will look at how we can do that. I'm not here to tell you how to do it, but I do know it is needed, and we have to figure out a way to ensure those people have the same transportation that others do in this great land.

Mr. Jamie Nicholls: I agree entirely.

The Chair: Thank you.

Monsieur Coderre.

[*Translation*]

Hon. Denis Coderre (Bourassa, Lib.): Would our witnesses be so kind as to use their little devices in order to bring the two solitudes closer together?

Mr. Marit, you used the expression “matter of commitment”. I really like that expression. Ms. Kolebaba also talked about quality of life, governance and the government's role at all levels. I understand that.

We have been talking about funding in particular. I would like to start with that. You are saying that the gas tax cannot be used because it is already being used for infrastructure. Do you think we should raise this tax to be able to provide other services or should we have a dedicated fund for infrastructure with a national public transit strategy? At any rate, we cannot have a national transit strategy if we don't have an infrastructure strategy. At some point, we have to choose between rail and road. We are talking specifically about using those funds to maintain roads.

One of the problems we often encounter in Quebec is that the infrastructure has deteriorated over many years. As bus drivers say, we are moving backwards. What do you think about that? Where is the funding going to come from? The question is for the two witnesses and Ms. Kolebaba.

I am in favour of a dedicated fund for infrastructure with a transportation policy. You want to use a 50-50 approach. The Building Canada Fund can use the one-third, one-third, one-third formula. While respecting jurisdictions, are we able to have a real strategy involving a relationship between the Canadian government and the municipalities? Should we strictly be dealing with the provincial government? I know that the situation is very tricky in Alberta and in Quebec. Should we say that we will sign an agreement with a province and that we will make sure there is a dedicated fund for municipalities?

• (1555)

[English]

Mr. David Marit: I'll start, Mr. Chair, and take a crack at that.

When we're looking at funding, there's one thing we've been requesting for a long time—and I think it's something we must have—and that's a long-term infrastructure strategy. We need to have that with the federal government, the provinces, and municipalities. In that envelope, I think everything is there.

It has to be part of it. It doesn't matter whether you're talking about transit. It doesn't matter whether in rural Saskatchewan we're talking about roads and bridges, which are in dire need of repair, too, just as they are across Canada, or, as we talked about, whether we're talking about water and waste water through the Building Canada fund. In my province, there would be communities that would be in great difficulty today if the Building Canada fund hadn't come along and assisted them with water and waste water, because of the regulations and because of the changes they had to make. That was an excellent program

Now we have to move forward to 2014 as we start to have this discussion. I think it's important that we, as municipal leaders, are part of that discussion on the funding and how it's to be allocated. You raised a very interesting point about provincial jurisdiction and municipal jurisdiction. That is causing concern for many municipalities. Some provinces have excellent working relationships with the municipal organizations within their boundaries, and some have more strenuous ones. I think we simply have to work through that to make it right.

At the end of the day, we're here to serve the same people. That's the key and fundamental point. These people live in all jurisdictions and all parts of this country, and they're all entitled to and deserve adequate services.

Ms. Carolyn Kolebaba: Mr. Chair, transit in rural Alberta does not respect boundaries. I'll use Lloydminster as one example. The citizens of Lloydminster interreact.

I would suggest that a lot of our rural citizens travel through 10 or 15 municipalities to get to where they need to go, whether it's for health or whatever, so I would suggest that we—the federal, provincial, and municipal governments—are all here to support the one taxpayer. The assistance that's needed in those areas is a formula

that I think in rural areas should be addressed in terms of their geographic size, their lack of population, and their necessity. With our seniors, when we questioned them and did a survey, they had the five As: availability, affordability, acceptability, accessibility, and adaptability. So somehow we need to come up with something that's not a cookie-cutter solution.

You asked about the gas tax and whether we should add on there. I would defer to you as a more knowledgeable person on that one, but I think the formula, however it is created, definitely has to respect the rural distance factor. I know it's a tough one, but—

Hon. Denis Coderre: I believe that. The issue here is on the governance—I'm a Quebecker, so I'm like an Albertan, I'm a rebel with a cause—

Voices: Oh, oh!

Hon. Denis Coderre:—so what I'm saying is that we have to find a way to make sure that this country is not one size fits all.... It's a matter of quality of life. Rural people have their needs and their quality of life has to be respected. You don't ask.... There, the kids are leaving home because of the accessibility and all of that. I understand that. Now let's work on the doable part of it. That's the basic issue regarding what we're doing here, so we need recommendations.

With regard to the gas tax, both of you said that it's already used and it's the same pocket that's paying. You always have the problem with per capita, and we all know that, so you need a new deal with what should be the government's role, because at the federal level it's not their business to take care of municipalities. But at the same time, this country will flourish if we have a new reality through the municipalities, so we have to find a way.

What do you recommend and, specifically on the money issue, where will it come from? Are we talking about a private-public partnership? Are we talking about changing the way we spend money? Where should it come from? Do you like those questions...?

The Chair: You have 30 seconds.

Mr. David Marit: Thirty seconds?

Voices: Oh, oh!

Hon. Denis Coderre: Now you know how I feel.

• (1600)

Mr. David Marit: That's why you folks are in Ottawa: to make those decisions on where the money comes from.

If I may, though, I do want to comment on one point you made about P3s. We've found that in rural Canada, and in rural Saskatchewan, P3s to some degree.... I think the federal government has to look at P3 design to make it work better for rural use. P3s are great where there's a need, and if you look at where the P3s are, usually they're in the larger cities across Canada.

That's fine, but in rural Canada we have to find a way to make P3s.... I think there's an opportunity we're missing. I think it's an opportunity for the federal government, the private sector, and municipal leaders to look at it on the rural side to make it work. I think there's something we should be doing there; it's something we should look at. Right now, the P3 formula, the way it's set, doesn't work for rural application because of the standards and measures that are there.

The Chair: Mr. Albas.

Mr. Dan Albas (Okanagan—Coquihalla, CPC): Thank you, Mr. Chair.

Through you, I'd like to welcome our witnesses today. I appreciate their comments.

I served as a municipal councillor in British Columbia, and I know it's certainly a difficult process. I appreciate your work on behalf of the municipalities in your areas.

With respect to the Building Canada plan, infrastructure programming was designed on the basis of broad-based programs where federal funding could go to a number of investment categories, such as local roads, waste water and water infrastructure, cultural and sports infrastructure, as well as transit infrastructure.

Do you favour such broad-based omnibus programs where municipalities do have the flexibility in terms of investment categories, or do you favour a single or dedicated fund where federal investments can be made in only one specific infrastructure asset—for example, investments in transit infrastructure only?

Mr. David Marit: Thank you, Mr. Chair.

I think we have to stay with broad-based. I think it's important that we do. Then, within the broad-based program, we have to start to detail it a bit more, whether you get into transit or whether you get into rural infrastructure or other infrastructure.

We've had a very good look at what the Building Canada fund did and the good things that came out of it. As I said earlier, some great things have come out of it. I think we have to look at needs that have to be addressed. If you look at the province of Saskatchewan in terms of the Building Canada fund, for the rural Saskatchewan component—rural is what I represent, which is roads and bridges in rural municipalities—we got 4% of the fund allocation. The reason was that....

I'm not saying anything negative about the plan. I have communities that.... My own community is a good example. If we hadn't had a water project, the community would be in dire straits.

We can work on our roads and bridges at a level that we have to, but I think we have an opportune time here, as we move forward into 2014, to look at the program design, to look within the parameters of the fund, and say, "Okay, what can we do to make this a little bit better?"

We're not asking for the world. We're just asking for something.

Ms. Carolyn Kolebaba: I think whatever formula that comes up, or that you would decide we have—if you even decide that—I have one suggestion. We applied for Building Canada, and let me tell you, the paperwork you go through as a small municipality to get that

fund is almost as much as what you get. Somehow it has to be made simple. It has to be easy for smaller municipalities to apply for it.

Transit is as simple as a seniors bus to move them. In my area, we're not asking for roads and bridges, as my counterpart speaks to, although we have issues there as well. But when it comes to the transit itself and the links that we have, we just want to move the people from their homes in rural Alberta to their doctors, to their food sources. The rest of it will come through different areas.

That transit is an absolute necessity as we move forward. We're getting more immigrants. We're getting people who are not able to drive. We need the transit system in place, and we are willing to help out with that.

Does that help you?

•(1605)

Mr. Dan Albas: When you say you're willing to help out with that, does that mean you're willing to take on extra taxation to be able to subsidize? We've heard so far through this study that many municipalities often subsidize anywhere between 20%, in a larger community like Toronto, to 40%, or sometimes 50% or 60% of the service.

Is that what you mean by helping out?

Ms. Carolyn Kolebaba: I will tell you right now, speaking for my municipality in Northern Sunrise County, that we do subsidize a seniors van to ensure that we can pick them up at home in a rural area, in a farming community, and take them to Grande Prairie to their doctors, or to Peace River, and ensure that they get back home along with their food supplies. We check them.

So we're already committing. We just need that additional help to make this a better transit system.

Mr. Dan Albas: If I have another moment, Mr. Chair, I would just share a comment.

Speaking as a former councillor, my concern is that we do come to the table with the municipalities and the provinces to do these kinds of things, but those selfsame municipalities end up having to subsidize some of these transit systems. Then they don't have money for basic infrastructure and they need the infrastructure program yet again.

So I'm always concerned that sometimes we also create extra needs by not focusing specifically on that financial picture.

Thank you.

The Chair: Do you want to comment on that, Mr. Marit?

Mr. David Marit: Yes, Mr. Chair. I appreciate the question.

There is something that has to be said here about what is going on with rural transit, which you don't know if you don't live rurally. For the most part, people with special needs or such issues are delivered to wherever they have to go, whether school or whatever, usually by a parent or a guardian. They have no access to transit buses or any opportunity to move outside their community to get things done that they need done. It's not available to us at all, and I think that's something we should be looking at.

The Chair: Thank you.

Mr. Toet.

Mr. Lawrence Toet (Elmwood—Transcona, CPC): Thank you, Mr. Chair.

Also, thank you to our presenters today for their time.

I want to start with a question to Ms. Kolebaba concerning the funding issue you talked about. In your presentation you favoured a fifty-fifty approach, federal and municipal. I have a question for you about how the province fits into the scheme. Does the province not have a major role to play in this?

Ms. Carolyn Kolebaba: Yes, absolutely. In Alberta we have the Family and Community Support Services. They sponsor 80%. As municipalities, we put in 20%. Through that program, we run all kinds of programs for youth, the disabled, seniors, and so on. We put some of that money into transportation and then the municipality subsidizes it through the dollars we have within the pool for municipal government.

It's not enough. We know we need additional funds. We're doing what we can to fund it now, and our province has allowed us to use that fund to do it, but it's just not enough. Also, as I said, we do not respect boundaries: those citizens want to commute across that boundary.

Mr. Lawrence Toet: But do you not see the role...? You're using a certain amount of provincial funding now and you are allowed to allocate some of it. But do you not see that if you want to have a full strategy going forward, really, the province has to play a key role just in a transit strategy alone?

Ms. Carolyn Kolebaba: Absolutely, and we've asked for the whole system to be looked at in regard to how we're moving people. So yes, for sure.... In urban settings, it's simpler: there's a close-knit boundary. But in rural areas, it's largely driven by weather or by the gravelled road or the mud road—it's not all pavement.

Even in Alberta we have a divergence about how we would make the strategy. It's a conversation that I believe Alberta and the Canadian government need to have, but it's also one that municipalities need to be at the table for, so that we can help you understand the needs and so the money goes to the best place and is used honestly and effectively.

Does that help you?

Mr. Lawrence Toet: Yes.

Ms. Carolyn Kolebaba: Thank you.

Mr. Lawrence Toet: I also want to talk about the divergence of needs that you've raised a little bit here too. Mr. Marit spoke of almost more of a need for infrastructure versus operational, and you seem to be presenting more of a need for operational than for infrastructure support.

I bring that question forward for both of you. How do you deal with those two different and unique challenges when even two provinces with some of the same issues of being rural provinces with a large rural population...? As you said, 95% of your base is outside of the major centres. How do you deal with those particular issues that exist in such a conflicting way in two different provinces that are side by side? Also, how do we tie this all together into one plan?

•(1610)

Ms. Carolyn Kolebaba: Well, inside our boundaries in Alberta, the infrastructure we're utilizing to transport people today will be the same infrastructure on which we would put another van to transport people. This doesn't mean that these are paved roads and it doesn't mean they aren't. My concern today is the transit. We need to do better with it.

We will continue to grow the infrastructure in Alberta. We will continue to make the roads better for our citizens or whatever, but right now it's the transit that we need to help move more people, because as they age.... It's the same route from where we pick them up to Grande Prairie. It's the same movement. The infrastructure is there. It's just a matter of having more transit for them.

I would encourage you, when you do speak to our provinces, to speak about transit for those people and about putting in more dollars. If the federal government contributed, we would for sure have better access for them.

The Chair: David?

Mr. David Marit: Yes, thank you, Mr. Chair.

With regard to the comment on transportation, yes, roads and bridges are very important to us, but we're here today talking on transit, and thank you for that.

As for what it is in Saskatchewan, as I said in my statement, in rural Saskatchewan I don't know of a publicly funded para-transit bus, other than the fact that we have STC moving seniors. For the most part in rural Saskatchewan, it's volunteers or it's family members, and that's a great thing. We pride ourselves on volunteers and people working within the communities.

My colleague has stated that there are no boundaries when it comes to transportation needs. We have to move the people who need the services, where they need them, and as I said in my opening statement, when you see health care facilities consolidating and schools consolidating and issues like that, it has a huge impact on rural Saskatchewan as a whole. It's a way of life. We're an agriculture-based province. When people need special transportation methods, the need has to be looked at.

It doesn't mean that we can't look at it in our municipal system, because it can work that way, similar to what STC does. But as I stated earlier, it's a crown corporation that loses money every year. There are probably things they could do better, but I think there are things we can do through the federal government, through the provinces, and through the municipalities to coordinate an effort that could work and would be beneficial.

Nothing says that a transit bus can't transport both seniors and special needs people to facilities. Maybe that, in some of the design and some of the cooperation with all levels of government, is what we should look at.

Mr. Lawrence Toet: I want to just touch on this. You have some unique challenges, obviously, because of the size and scale, which is sometimes a little bit bigger but sometimes very small. What role would both of you see private operators being able to play in your rural transportation issues? Obviously in some of the very small ones, that would be a common-sense approach at times.

Mr. David Marit: It would. I think that's where we have to look at the whole P3 perspective, to some degree, to see where it can work.

The private sector will go where there is an opportunity for them to make money. We know that. Unfortunately, when you start talking about rural and remote Canada, you start looking at issues of cost of delivering service. That's why we're seeing some of the move away from it. This doesn't mean that there aren't still people there who need services, unfortunately, as we've started looking at what the private sector does. I think that then becomes a role not only of the federal government and of the provincial government, but of us as municipal leaders.

Municipalities in rural Saskatchewan today are doing things they never did 10 years ago as far as sharing costs and doing things are concerned. With all types of growth, we're seeing that, but I think there's an opportunity here for us, as three levels of government, to work together to deliver a service that we feel is very important, not only in rural Saskatchewan or rural Alberta, but all over rural Canada. It really is.

• (1615)

The Chair: Thank you.

It sounds a bit like the school debate when we were trying to figure out how we were going to move children from one school to another.

Voices: Oh, oh!

Mr. David Marit: Isn't it, though?

The Chair: Ms. Chow.

Ms. Olivia Chow (Trinity—Spadina, NDP): On that note, the word I keep hearing is coordination and having a comprehensive plan.

I have a private member's bill before the House of Commons that is being debated at second reading on Wednesday. It didn't come from me. It actually came from the Federation of Canadian Municipalities.

The vision is that the federal government can take a leadership role and bring together, let's say, Saskatchewan with SARM, and

Alberta together with your organization, plus some of the big-city mayors, and then, province by province, municipality by municipality, ask what the plan would be. For example, what would the plan would be for rural Saskatchewan? What would it be for the bigger cities, whether that's Saskatoon or Regina? How would the transit system work to ensure there are connections between smaller towns and the cities that the local municipalities can afford, and not just through their property tax?

Once you have a plan, you can work out who pays for what and whether it is delivered by the municipalities, the provinces, Greyhound, the private sector, or someone who owns a van or taxi service—whatever—but you must at least have a comprehensive plan to decide who pays for what and how. In the long term, say 10 or 20 years, who is going to fix the bus or upgrade it? Things fall apart, so when you get a chunk of money to buy new buses and they fall apart, who is going to fix them? Will the municipalities have to fix them from their property tax?

Having that plan and discussion would I think lead towards some kind of stable, predictable funding, so that the service level would be stabilized. Right now, it seems that it's boom and bust. Sometimes the money comes and sometimes it doesn't. It depends on the government, the provincial or territorial governments, and if the program is designed to be cost shared, sometimes the municipalities just don't have the money to do so.

Is that the role you want the federal government to play in the first instance? Of course, it needs to be backed up with some kind of funding to ensure that it's not just 4% of the Building Canada funds that rural Saskatchewan would receive.

Mr. David Marit: I think we're at opportune time to have this discussion. We know that the Building Canada fund comes to its end in 2014, so now we should be sitting down and talking with groups about what we want to see in that strategy and then in that program. Then, if we start looking at long-term infrastructure funding, then what all falls into that envelope? I think that's the discussion we need to have: what are we going to look at in the long-term infrastructure plan? Transit is going to be a part of it. Everything is going to be a part of it, and how do we look at it?

Because there are other players here that we're going to have to bring into the room at some time, especially from the rural perspective. I can't speak on the urban side, because I'm not an expert on their issues. I'm not really an expert on the rural side, but I'm here to speak about it. I think there are other groups we have to bring in, especially when you start talking about transit in rural Saskatchewan. Education has to be brought to the table. Health has to be brought to the table. Social services really have to be brought to the table.

Then we need to ask how we can work in partnership and harmony to make this work, because I just see things opening up here. If the federal government came through with something in this strategy, I see huge opportunities for rural Saskatchewan, and probably for rural Canada, when we start looking at a transit strategy with some implications that way. I have things going through my head that we could really be talking about, but here we're focused on transit.

•(1620)

Ms. Olivia Chow: And from Alberta...?

Ms. Carolyn Kolebaba: Thank you very much, Mr. Chair.

In our situation, we already have a system in place. It works, and we are moving it along; we just need additional dollars to make sure it continues.

I don't think a huge bureaucracy built around the transit system is the answer. I believe that municipalities are fully aware of spending that money in the best way they can. As for allocating dollars towards transit, excellent, and then ensure the municipality is doing that through all your paperwork that comes along with it on the accountability side.

I'm pretty sure it can be simplified. It just needs to be addressed. How you do it through the national strategy, when you look at it, is something that the associations would gladly speak to you about, more than our time here today permits.

It is a need. Don't forget the rural areas, because they need to move the disabled, seniors, and youth. We need to do this in order to ensure that we are all healthy.

The Chair: Thank you very much.

Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Thank you very much for being here today.

I haven't heard, so far, a convincing case as to why it should be the federal government and not the provincial one that would partner with your municipalities in funding this initiative.

Mr. David Marit: Because I think there's a role for the federal government in this, and I think there's a responsibility for the federal government in this, in servicing transit and its needs. I've lived in rural Saskatchewan all my life. I'm quite capable of driving where I have to go for what I need to do.

This hits really close to home, and Mr. Chair, I hope I can get through this. We were very fortunate that when our son was born 26 years ago he was very healthy. Three weeks later, a sister-in-law and brother-in-law had a handicapped child born in the city of Saskatoon. He's still in a wheelchair, and it has been 26 years.

If that had been our son, I would have had to make a decision as to whether I was leaving the farm or whether my son was leaving our house, and that's an awful thing to say. Or I would have had to equip a bus and I would have had to take him to a special school.

He is in the city of Saskatoon and is being picked up every day by a bus that takes him to a special school, where he is educated and is working in the community today.

Those are the things that have to be looked at.

Mr. Pierre Poilievre: The bus is provided by an agency...?

Mr. David Marit: Yes, it is.

Mr. Pierre Poilievre: Which agency is that?

Mr. David Marit: I think that in the city of Saskatoon it's called Paratransit.

Mr. Pierre Poilievre: Which level of government funds that?

Mr. David Marit: It's probably the city.

Mr. Pierre Poilievre: Okay.

Mr. David Marit: Yes, but is it strictly the city that has that role? In rural, what do I do...?

Mr. Pierre Poilievre: Is this your personal situation?

Mr. David Marit: Yes.

Mr. Pierre Poilievre: Okay. You've just given an example of how a municipality has provided the service.

Ms. Carolyn Kolebaba: May I respond?

The Chair: Sure.

Ms. Carolyn Kolebaba: Thank you, Mr. Chair.

I would like to say to you that the reason the Canadian government should be involved with this is that the more globally we are pushing everything, the more global our seniors have become as well. Even though they may be unable to drive anymore—one point I didn't stress is that more and more seniors are losing their licence because they can't see—it doesn't mean that they don't want to travel. It doesn't mean, like Lloydminster—

Mr. Pierre Poilievre: Excuse me. We are very short on time. I'm curious as to why it is that the federal government is uniquely positioned to provide a very localized service like this. If there's some way we can get an answer to that question, that would be of most help.

Ms. Carolyn Kolebaba: Okay. I would suggest that you do it for cities in their manner. So if you have a transit system that runs from A to B, whether it be anywhere in Canada, then I would suggest they should fall underneath the same...

Mr. Pierre Poilievre: So nobody has been able to tell me why this would be a federal responsibility as opposed to a municipal/provincial one.

Ms. Carolyn Kolebaba: If I may, there are three levels of government. Each one of us gets a few tax dollars, and we all...

Mr. Pierre Poilievre: The federal government has the same source of revenue as the provinces—identical. It's actually very simple. It comes from “Martha and Henry”, as Alberta's premier used to call them.

Ms. Carolyn Kolebaba: Exactly.

Mr. Pierre Poilievre: There's nowhere else it comes from, so we don't have access to any pot of gold here in the federal government that the provinces don't have access to. In fact, in many instances the provinces have more, because they get resource royalties—and that's their right, they should. You're from Alberta, and that would be especially the case in your province.

I still haven't heard why this localized service would be provided by the federal government as opposed to a local government.

•(1625)

Ms. Carolyn Kolebaba: Our service is not localized. We run well over 250 kilometres one way to take somebody to a regional facility.

Mr. Pierre Poilievre: Give me two municipalities.

Ms. Carolyn Kolebaba: I'll give you Northern Sunrise County to the City of Grande Prairie. I'll give you our cooperation between Dawson Creek, B.C., to northern Alberta, and links on the Saskatchewan side between Alberta and Saskatchewan. I guess that all I'm saying that if you believe there is room for rural Alberta in a transit system, then we need to have further conversations to help you understand something that we haven't mentioned....

Mr. Pierre Poilievre: Don't get me wrong: we're not advocating on this side to intrude into provincial jurisdiction inside big cities either. It's not that we're singling out rural communities. We're just operating on the basic premise that services should be provided by the governments closest to the people, not the governments furthest away. When you start to have this strange layering of multiple players for the same responsibility, it's actually very difficult for the taxpayer to even know who is accountable for the services that they are receiving.

I'll move to a second subject, and believe me, I think it's important that this question be answered if you want your submission to be taken seriously. Where would you have us get the money? Would you have us raise taxes? Would we increase the deficit or cut some other area in order to provide for the funding proposal that you've made requests on today?

Ms. Carolyn Kolebaba: Well, I would suggest some re-pooling of dollars.

Mr. Pierre Poilievre: From...?

Ms. Carolyn Kolebaba: I would suggest that inherent in the GST and the gas tax.... Incredibly, as Canada's economy is going to keep scaling up and up and up, then a portion of that...I would suggest that the federal government's taxation side...perhaps there. I would suggest many things. But I'm really not fluent in all the dollar pockets of the federal government, so for me to give you a direct response, I think I would be cheating you.

The Chair: I have to interrupt there. I thank you for being here. It's always an interesting conversation when we have our friends from the west come in and give us some advice. We do appreciate it and we look forward to future discussions.

We're going to take a quick two-minute recess and invite our other guests to join us at the table.

• (1625) _____ (Pause) _____

• (1630)

The Chair: Welcome back to the Standing Committee on Transport, Infrastructure, and Communities and part two of meeting number eight.

Joining us now, on behalf of the Canadian Taxpayers Federation, is Mr. Gregory Thomas, federal and Ontario director.

Thank you for being here. You know the drill, so please present.

Mr. Gregory Thomas (Federal and Ontario Director, Canadian Taxpayers Federation): Thank you, Mr. Chairman.

As the federal director of the Canadian Taxpayers Federation, I'm here representing 70,000 supporters from across Canada. We are Canada's largest and oldest taxpayer advocacy organization, proudly non-partisan, and funded solely by voluntary contributions from

supporters. We've never accepted government funding of any kind—we never will—and we're not a charity.

As we discuss the concept of a national transportation strategy, it's important that we have some context. The government just reported a budget deficit for last year of \$33.4 billion. It's interesting to note that revenues surged \$18.5 billion from the year previous, a healthy rise of 8.5%, bringing the government to within \$5 billion of the record revenues reached in 2007-08. Yet just three years prior, those record revenues were sufficient to throw off a surplus of nearly \$10 billion, while in this past year the government ran a deficit of \$33.4 billion, owing to surging annual expenses that shot to over \$270 billion from \$233 billion in the same time frame.

So to the extent that government revenue was sufficient last year to have generated a surplus if the minority Parliament had merely held the line on spending, we now have a spending problem, and a major spending problem at that.

In the context of four years of massive deficits that erased 10 years of progress in reducing Canada's federal debt, we approach the proposition of a national transit strategy with some trepidation. We note the enthusiasm of the Federation of Canadian Municipalities for such a strategy. In their brief, the FCM put forth the notion that they represent 90% of Canada's population and they argued for more money from Canadian taxpayers to fund municipal transit systems.

Look, we have sympathy for Canada's city governments. They have built the lion's share of Canada's roads, and for years they had to witness the federal government collecting a user fee for roads, in the form of a gasoline excise tax, while not spending any of the money on roads at all. So we do support the transfer of the gas tax to cities for road projects. We would rather that all the revenue from the gas tax be directed towards roads and bridge-building and maintenance and we'd rather that the municipalities and provinces collect the revenue, rather than delegating the job to the federal government and the Federation of Canadian Municipalities.

Let's be clear: the Government of Canada has no reason to collect an excise tax on gasoline, except for the obvious and disheartening reality that it can, so it does.

Of course, the Government of Canada has spent \$5 billion on transit since 2006, including \$1.1 billion in gas tax revenue that it rightfully ought to have invested in roads and bridges, not transit systems. Once the diversion of the gas tax into transit began, it failed to satisfy the demands of the FCM and city governments, which see only the insufficiency of the federal financing.

So let's not kid ourselves: the concept of a national transportation strategy, especially as set forth in the official opposition's proposed legislation, is nothing more than a money grab. The so-called legislation contains no strategy, only the proposal that the government convene a conference and gather a group of money-seekers together to draw up a list of demands and submit them to Parliament.

In case there's any confusion that this is something other than a naked cash grab, the province of Quebec is fully exempt from any strategic element of the strategy at all. The bill only provides that any element of strategy that would have an effect on Quebec's sovereign soil simply be monetized, turned into a federal cheque, and handed over to the National Assembly.

The relevant passage says, "Recognizing the unique nature of the jurisdiction of the Government of Quebec with regard to...transit", and ends with the statement that Quebec shall "receive an unconditional payment of the full federal funding that would otherwise be paid within its territory under..." the title of the legislation—

An hon. member: [*Inaudible—Editor*]

Mr. Gregory Thomas: Yes, entitled "National Public Transit Strategy", so—

An hon. member: [*Inaudible—Editor*]...Quebec?

Mr. Gregory Thomas: We have no quarrel with Quebec's jurisdiction over transit, but we don't submit that it's unique. We think that provinces have jurisdiction over transit. Perhaps if Parliament stopped collecting a heinous excise tax on gasoline, the provinces could go and tax it, fund away, and do what they like.

We were recently asked to comment on proposed tolls to finance the replacement of the Champlain Bridge in Montreal, in a radio interview, and the interviewer was shocked to hear that we enthusiastically support them. I had to point out that we're the Canadian Taxpayers Federation, not the Montreal bridge motorists federation, and we believe that those who use a service should pay for it.

• (1635)

So we put it to you that the FCM, collectively, have been proven to be bad managers of taxpayer dollars, and they should not be rewarded with more federal money for more municipal empire-building. We put it to you that voter turnouts in municipal elections are woefully low, way short of 90%, and that the municipal politicians are principally beholden to people on city payrolls who extract outsized pay packages, benefits, and pensions in exchange for their support, and also to people who buy land as far as possible from transit, schools, municipal infrastructure, and other amenities, and then proceed to build housing on it.

Here in Ottawa, you just need to look at last weekend's daily papers to see ads for new housing located nowhere near any transit.

City governments cheerfully approve these projects, extract massive development cost charges for parks, street lights, sidewalks, street trees, and then send their lobbyists to you to demand billions for elaborate transit systems to get all these newcomers to their

distant jobs. The cities' approach seems to be to fill pastures with two-car garages, and then demand federal assistance for ever wider roads and ever more elaborate transit systems to prevent their regional economies from collapsing into gridlock.

An hon. member: Tell us what you really think.

Voices: Oh, oh!

The Chair: Thank you.

I will go to Ms. Morin.

[*Translation*]

Ms. Isabelle Morin (Notre-Dame-de-Grâce—Lachine, NDP): I would like to thank the witnesses for joining us today.

You talked about the government's excessive spending and the increase in spending. You have worked for two ministers. Could you tell me who they were?

Mr. Gregory Thomas: Suzanne Blais-Grenier, former member for Rosemont, and André Bissonnette, member for Saint-Jean in the 1980s.

Ms. Isabelle Morin: Public transit benefits across the country are estimated at \$10 billion annually. That includes economic spinoffs and the benefits for users, the environment and communities. Their value is estimated as being twice as high as public transit operating costs and government investment.

Are you opposed to government spending going to public transit, even though evidence shows that it is profitable for the economy and it contributes to people's well-being?

• (1640)

Mr. Gregory Thomas: Yes.

Ms. Isabelle Morin: Okay.

Could you expand on that, please? Given that the system works well, that it is good for people and the economy and that it makes it possible to redistribute assets, which helps those in need, could you tell me why you are against it?

[*English*]

Mr. Gregory Thomas: At the Canadian Taxpayers Federation, we do not buy into the concept of redistribution of wealth as something that is a public good. We believe that wealth is earned and that taxes are levied to provide public services to the public, so any element of redistribution of wealth is not going to be something that meets with our support. We would even argue that in a place like British Columbia, the HST was voted down because it had this element of redistribution of wealth in it that was excessive.

With regard to the whole question of the federal excise tax on gasoline and the transportation strategy, I think there's a historic opportunity here for the opposition and the government to get together. Both the government and the official opposition support the notion of Quebec's jurisdiction in this area. I think it's not too big a stretch to extend that notion to the jurisdiction of the great provinces of Ontario and Alberta and every other province, and to the idea of the government's just getting out of levying excise tax and giving that space to the provinces.

Also, rather than just proposing that others come together and work on a strategy, I think a strategy that encourages governments to price the service they're providing.... In British Columbia, the Port Mann Bridge is going to be a \$3.3-billion improvement. It's the same deal with the Champlain Bridge in Montreal; it's a multi-billion-dollar expenditure.

If you go on the 401 in Toronto, it's plugged 24-7.

These are multi-billion dollar transportation investments that aren't priced at all. They're treated as free goods, so people build big houses with two-car garages at either end of them and plug them up. It's a disaster. It's an economic disaster for everyone.

As for the idea that we can sit here in Ottawa and strategize on how to unplug the city of Toronto better than they can do it themselves on the ground, I don't think that idea holds water.

[Translation]

Ms. Isabelle Morin: In your presentation, you said that cities and provinces should be the ones collecting money for roads. You are basically in favour of taxes for provinces and cities, but not in favour of those coming to the federal level.

[English]

Mr. Gregory Thomas: Well, on areas of their own jurisdiction, certainly.

The fact is that the federal government doesn't have jurisdiction in road building or transit building, and yet it levies taxes on transportation fuels. This has created this resentment in city governments, and with provincial governments, which are saying, look, you're levying taxes on transportation fuels, and historically none of this revenue has made its way back to Montreal, Toronto, Sherbrooke, or wherever, in the form of roads, buses, or what have you.

This elaborate mechanism has been evolved for the government to take tax it shouldn't be levying. Give it back to the people who should be levying the tax so they can use that money to build roads.

We didn't write the Constitution in the 1800s. If anyone thinks that city transit ought to be a federal responsibility, you could propose rewriting the Constitution. But it probably makes sense that city transportation, transit, ought to be a city responsibility, and they ought to have the means available to pay for it.

[Translation]

Ms. Isabelle Morin: In your opinion, what is the best way to address the needs of Canadians who are not happy with the public transit currently available in cities? Since municipalities are telling us that they don't have money, what is the best way to guarantee public transit?

Mr. Gregory Thomas: Our recommendation is that the federal government scrap the gas tax and that the provinces and the cities assume that responsibility. As a result, they would make the money back and have taxation power.

•(1645)

Ms. Isabelle Morin: What are you going to do to ensure that rural municipalities have enough funding?

Mr. Gregory Thomas: I come from Vancouver where all taxes combined amount to 50 cents per litre of gas.

Ms. Isabelle Morin: I am talking about a rural municipality, not Vancouver.

Mr. Gregory Thomas: You are talking about a rural municipality. What does "rural" mean? Are we talking about Rivière-du-Loup or —

Ms. Isabelle Morin: A small municipality.

Mr. Gregory Thomas: Could you give me an example?

Ms. Isabelle Morin: Saskatoon.

Mr. Gregory Thomas: Okay.

A voice: Prince Albert?

[English]

Hon. Denis Coderre: Point of order.

Voices: Oh, oh!

The Chair: I'll have to intervene there. I'll give you time to think about it while we go to Monsieur Coderre for his seven minutes.

An hon. member: Brandon, Manitoba.

An hon. member: Prince Albert.

The Chair: Brandon is the heart of Canada.

[Translation]

Hon. Denis Coderre: Thank you, Mr. Chair.

So now Saskatoon is a rural municipality!

Mr. Thomas, if I understand you correctly, the feds have nothing to do with public transit services.

[English]

It should pull out.

[Translation]

Is that it?

Mr. Gregory Thomas: Yes, that's it.

Hon. Denis Coderre: Yes, you are very direct. I like how direct you are. We are not going to argue.

You are also saying that the Canadian government should not get involved in infrastructure?

Mr. Gregory Thomas: That depends. If it has to do with international ports, like the port of Vancouver—

Hon. Denis Coderre: We have the bridge corporation. That handles the St. Lawrence. Does that mean that we should forget about the bridge corporation and that we should not have invested money in the Champlain Bridge?

You have worked for André Bissonnette. You know the south shore well. You know how it works. So you are saying to pull out.

[English]

You can answer in English. I'm a Liberal. You can speak in both official languages. I don't have any problem as long as you understand my question and you're providing me with an answer.

So we should pull out from La Société des ponts...?

Mr. Gregory Thomas: The idea of a federal government operating a bridge from one shore of Canadian soil to the other doesn't make any logical sense. That bridge connects to a city roadway network and a provincial roadway network that's 100% designed, built, and maintained by Quebec. Am I not correct?

Hon. Denis Coderre: No, you're not correct, because the bridge is an investment not only for the local economy, but for all of eastern Canada.

[Translation]

You are making the Tea Party sound like herbal tea drinkers. Having been part of a government before, I know that it has to make investments. So taxes are supposed to be used for services. I agree with you on that.

In basic economics, infrastructure is what brings in investments. When there are investments, there is wealth and the wealth turns into services. But the government is not a company. It has to provide services, and not just in Montreal. There are also taxpayers in rural regions and they are entitled to those services. But if they have no transportation or infrastructure, we have a problem, Mr. Thomas.

I am a radical centrist. I try to find a balance between the two. Yesterday, Richard Martineau was on *Tout le monde en parle*, as you might have seen, Mr. Chair. He is not really a leftist and he said that, in order to get depth perception, you need a left eye and a right eye. I really liked that. So we need to figure out how to get some depth perception.

I agree with you on the issue of accountability. We have to find ways to be accountable so that the money is well spent. But are you telling us that we should not take care of public transit, that it is not our problem and that we should not have a national transit strategy? I don't agree with that, but I can respect your point of view.

Or are you saying that we should perhaps review how we invest our money in order to make sure that people get services? Not everyone has big houses and two vehicles. Some people don't have that many resources, but they want to protect the environment. So they invest in public transit. What role do governments play in that?

Finally, did I hear correctly that you want to scrap the gas tax? If so, does that mean transferring taxation power to the provinces and municipalities so that they can do whatever they want with the money? Is that what you are telling us today? I am just trying to understand.

•(1650)

[English]

The Chair: Mr. Thomas.

Mr. Gregory Thomas: Yes. I mean, roads have been a provincial responsibility since Confederation. The federal government taxing fuel is something newer. For the longest time, the federal government taxed fuel and didn't contribute to roads, and that caused a lot of resentment in urban areas and in provinces. Now the federal government is taxing it and, through the FCM, is transmitting the money back.

I missed the Tea Party reference because you were switching back and forth. What was the deal with the Tea Party?

[Translation]

Hon. Denis Coderre: That's my sense of humour. It was supposed to be funny. It explains the two solitudes. We sometimes have good concepts in French that cannot really be translated. It just means that, even though our opinions may be well thought out, politics, like life, is made up of nuances. We cannot just say that that's the way things are, that things are bad and that everyone is like that and that we shouldn't get involved.

Mr. Thomas, with all due respect, I commend all organizations asking that money be well spent. The government's role is also to make sure that everyone has services, wherever they are, from coast to coast to coast.

Did I say "coast" three times? Is that what I said? The other "coast" is the American border.

The Canadian government has a role to play. I come from Quebec and I want us to respect the Constitution. I understand that we might have to invest and we have to make sure that everyone can play a part. But you are telling us that there is no part to play and that, on top of that, the federal government should remove the gas tax. I feel there will be inequities among municipalities. It is not just about the municipalities. It is also a matter of citizenship. Everyone has a right to have the same quality of life and belong to the first class, whether they live in a rural or urban area.

We need to have guidelines on how to spend the money. We have to invest, since we are not going to let people starve. One way is to invest in infrastructure. The Canadian government, with the support of the official opposition, decided to invest in order to protect our economy by providing services to people, as it did a while ago.

I actually respect your point of view. I am just asking you to look at the subtleties. It is important for the government to play its part and to provide services to people.

Mr. Chair, I could talk for hours but I am going to stop here.

[English]

The Chair: Mr. Watson.

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

For the benefit of my colleague, there's a fourth coast: Ontario has over 1,000 kilometres of coastline on its southern boundary, so why don't we just stick with sea through to sea, which is our motto? guess?

Thank you to our witness for appearing. This will be a very different round of questioning. Admittedly, your position among the witnesses has been very unique. Everyone to this point has supported, in some measure, a national transit strategy of some nature. You're the first one who has outright rejected the concept, so I'm not sure if I can ask questions now about the contents of a potential national transit strategy.

But you do raise something that, through the course of listening to witnesses, began to gnaw away at me a little. A professor appeared here, testifying as an individual, and I posed a question to him about what the idea of a transit strategy is attempting to solve and whether or not it's trying to solve something that's actually federal in nature.

The question I raised is that we likely have a problem with the densification of municipalities as to whether they're sufficiently densified, compounded by the revenue problem for municipalities with respect to provincial downloading. The question I asked was, "Is the federal government now being asked to pick up the tab for problems that were not its own creation?"

I'd love to hear your thoughts on that.

• (1655)

Mr. Gregory Thomas: I think it's very clear that for every penny or nickel of excise tax on motor fuel that the Government of Canada stopped collecting, the municipalities or provinces would start collecting it, in many cases, and they would apply that money to roads and transportation. So we think the most straightforward and efficient way is for the feds to abandon this field of taxation.

Mr. Jeff Watson: Let me clarify that a little more. If one of the root problems is a lack of densification, how does a transit strategy solve the municipal problem of needing to densify more? Or, secondarily, if one of the root problems on the revenue side is that the provinces have downloaded, how does a national public transit strategy reverse provincial downloading? That's more the question I'm getting to.

Mr. Gregory Thomas: We don't think broad-brush federal guidelines lead to effective services. In the area of health care, we believe that the Canada Health Act has stymied innovation and has prevented provinces and local health authorities from innovating.

In the areas of densification and downloading, we believe the biggest problem with transit and transportation is that the people who build roads provide them free of charge. You see bigger houses in pastures farther out because it costs you nothing to use the road to get to your job, and we think densification would occur at a rational level if people had to pay for the roads to get there.

I can give you a quick anecdote from my part of the world. In the Fraser Valley, one of the cities went on a massive job-creation endeavour and rezoned all kinds of industrial land. It zoned for housing close to the industrial land, provided tax incentives for industry to locate in the city, and then watched its labour force migrate 30 miles down the freeway so they could have bigger houses with bigger garages. So whereas previously the plugged on-ramp was the one from the suburbs into Vancouver, now the freeway interchange between the city and the valley is plugged, and the one that was practically out at the mountains, because the freeway was free to use.

Mr. Jeff Watson: Are you suggesting that to extend public transit systems further out, we simply migrate the potential problem outward? Is that what you're saying, or is it not what you're saying? I'm trying to understand what you're saying.

Mr. Gregory Thomas: I'm saying that in order to achieve density, the real costs in driving huge distances have to be captured. We have gridlock in a place like Toronto because that massive system of freeways costs nobody anything to get on and to get off, except their

time and their lives. We don't have road pricing, as it were, except on the 407.

Mr. Jeff Watson: Okay, fair enough.

Does anybody on this side have another question? I could defer my time.

• (1700)

The Chair: I'm going to go to Mr. Albas.

Mr. Dan Albas: Thank you very much, Mr. Chair.

I want to say thank you to our witness for coming today.

I understand that one of my former council colleagues—he served a different municipality—Jordan Bateman, has joined your organization. Certainly he has spoken to me a few times about some of the different challenges the municipalities have, so you have a great advocate on the west coast.

My questions today are related more towards the study that we've been developing. A number of issues that have been brought up are specific to infrastructure. I was hoping you could answer a couple of questions. Based on your earlier speech, I think I have the general tone, but I'd still like some basic answers from your organization's viewpoint.

Organizations such as the Federation of Canadian Municipalities and the Canadian Urban Transit Association have called for the federal government to dedicate an additional cent of excise tax towards a dedicated fund for transit capital investments. Would your group be supportive of this proposal?

Mr. Gregory Thomas: No. No, we would strongly oppose that. We think the FCM's collective track record is just absolutely abysmal.

Mr. Dan Albas: So you believe the case they make that they are underfunded by property taxes is more due to the political decisions they've made rather than to a legitimate argument?

Mr. Gregory Thomas: Yes.

Mr. Dan Albas: Okay.

What is your organization's reaction to the government's commitment towards a new long-term infrastructure plan, as announced in budget 2011?

Mr. Gregory Thomas: We believe necessary infrastructure in the federal jurisdiction should be justified, debated, and examined on a project-by-project basis. We reject Keynesianism in all its forms. Generally speaking, we don't think the solution to a debt crisis is more debt. We were opposed to the last economic action plan on the whole—not to say that there wasn't good stuff in it.

Mr. Dan Albas: For example, you would be more supportive towards a strategic thing like an interprovincial port or something that was key to the economic framework and allowed goods, services, and people to be able to move smoothly. Is that correct? Would you support more of a wider focus than just going from one municipality to another?

Mr. Gregory Thomas: Yes, and we also believe that the existence of these federal funds in some ways inhibits necessary transit and infrastructure developments, because provinces and cities honestly believe that if they wait long enough and scream loud enough, the federal government will ride to their rescue and throw money that has nothing to do with federal jurisdiction at local projects.

You get something like the Evergreen line in Vancouver, which is just waiting for more federal money to be thrown at it. It would have been built long ago if the cities and the province had had a realistic vision that Ottawa would say no, would continue to say no, and would sit out that project.

I don't think the feds need to bankroll every infrastructure project in the country. They call it a partnership, but if you look at it realistically, it's not how Canada was organized. Ottawa should stick to its knitting. The provinces should stick to theirs.

Mr. Dan Albas: Yes, well, often when someone calls for "leadership", I think it's actually funding that they're calling for.

Getting back to it again, can you give us an example of what kinds of projects you think are things that the federal government should stick to? You said that the provinces should stick to their knitting and so should the federal government. Can you give me an example of things that you think would be supported by your group?

Mr. Gregory Thomas: Sure. We support port developments, the St. Lawrence Seaway, Great Lakes transportation infrastructure, fighter jets, the things that are clearly within the... Northern development...

Mr. Dan Albas: Okay. You mean things that are directly within our jurisdiction and have an economic impact or that at least relate back to National Defence. Is that right?

Mr. Gregory Thomas: Yes.

Mr. Dan Albas: All right.

Thank you, Mr. Chair. I appreciate it.

I thank you again for your full presentation today.

The Chair: We'll go to Mr. Nicholls.

Mr. Jamie Nicholls: Thank you, Mr. Chair.

Mr. Thomas, you were in the investment business for 20 years. You're a graduate of a faculty of business in finance and economics. You managed investments for two chartered banks. When you managed those investments, did you look at the information from other banks, or did you work in a silo and just look at your own bank?

• (1705)

Mr. Gregory Thomas: No, some of the other banks' research analysts were the top-rated ones, so their's was research I read.

Mr. Jamie Nicholls: Okay, wonderful.

Normally you would think that we would disagree with everything the CTF says; however, I also look for points where we can come together. Certainly I could agree with the CTF that we should abolish corporate welfare and that the government needs to ease up on the secrecy and stonewalling they've been doing.

You were in the investment business, and you should know that investments for infrastructure, such as public transit capital, improve productivity in economies by freeing up roads from single-user cars. You talked about congestion. If you had an improved public transit system, you would see less congestion.

To get back to the points on which we might agree with the CTF, in talking about the economic action plan, some of the members of your federation said that much of the so-called stimulus money was funnelled to pet projects that probably won't lead to higher economic growth but certainly will add to the deficit and debt, which means higher taxes in the future. We can certainly see that one of the members spending \$50 million in taxpayer dollars on his personal pet projects would probably be something your organization would disagree with.

Another point on which we might agree was that another member mentioned that the federal government—

Mr. Jeff Watson: Point of order, Mr. Chair.

The Chair: Mr. Watson.

Mr. Jeff Watson: In fairness, it's an interesting line of questioning, but I'm not sure it relates to a national public transit strategy.

Mr. Jamie Nicholls: I'm getting there, Mr. Chair.

Mr. Jeff Watson: I would hope that you would get there now.

The Chair: I'll just say that it's not a point of order, but I was listening, and we need to get to the transit question.

Mr. Jamie Nicholls: I will get to the question.

Another thing on the strategy and planning of the government for infrastructure spending—and I will bring this to transit shortly—is that the CTF talked about the federal government putting up around 9,000 stimulus signs and said that it was part of the government's plan for taking credit for the orgy of stimulus spending.

This member costed it out and said that it cost, if you multiply it across the country and take into account installation costs, about \$3.2 million for signage for taking credit.

Now, what we've been trying to do with this transit strategy bill is depoliticize the process so that we can all get on board and improve the economy of this country by finding ways to improve the productivity of our transit systems.

This is my question to you. I will ask you to tell me which of the following would be more likely to gain the support of the CTF membership, putting aside the fact that the members are mostly against public spending, and accepting that, contrary to your position, funding will be transferred to the provinces and those provinces will use the money for their public transit systems. Which of these two would be more likely to gain the support of your membership? Spending with an eye to political gain on pet projects that have questionable economic impact? Or spending on a strategy that irons out the kinks before any money is spent and aims to improve the accountability and funding mechanisms to, in short, eliminate waste in spending?

What I'm saying is that spending is probably going to happen. Wouldn't it be better to have a strategy ahead of time for that spending instead of doing it on a sort of ad hoc basis?

Mr. Gregory Thomas: I know that you're making the case for your bill, and it's impossible to argue against having a strategy or a plan, but our point is that the federal government has no useful place in this process. Gathering people in Ottawa to put together a transit strategy.... There are plenty of qualified people on the ground in Montreal, Toronto, Saskatoon, and Vancouver, and they need strategies—

Mr. Jamie Nicholls: But the whole thing about it was what you mentioned: that when you were working with the chartered banks, you looked at the information other banks had. The analysts from those banks provided the best information. So what I'm saying is that this bill might help those experts in each province share the information with each other to find the best way of developing a system in which we eliminate waste, so that we're using best practices. Wouldn't you agree with that aspect of it?

I know the CTF won't agree to spending outside of constitutional jurisdiction of the federal government. I'm aware of that. I got that from your input, but given that spending is going to occur, that transfers are going to be made to the provinces, wouldn't it be best to figure out ahead of time the most efficient way to direct that funding towards transit?

• (1710)

Mr. Gregory Thomas: There's nothing wrong with exchanging information. A dear friend of mine coordinates a committee of research scientists on technology matters under the auspices of the National Research Council. They have a gang Skype exchange on a regular basis—I think on a monthly basis—in which there are 20 or 30 research scientists from across the country discussing things on Skype. I think they have an annual meeting at which they get together.

I'm not saying “don't meet” or “don't exchange ideas”, but I'm saying that the emergence of a—quote, unquote—national strategy is a fiction. There won't be a national strategy. There will be strategies related to the economies and the transportation systems on the ground that would benefit.

The Chair: I have to stop it there.

Mr. Butt.

Mr. Brad Butt (Mississauga—Streetsville, CPC): Thank you very much, Mr. Chair.

Thank you, Mr. Thomas, for being here.

I'm not quite sure if my NDP colleague who just spoke understood how Canada's economic action plan, the infrastructure stimulus program, worked, because it was actually the municipalities that recommended the projects they wanted funded. I know that in Mississauga there was a unanimous vote by the mayor and members of council as to which 122 projects would be funded in the city of Mississauga.

So when they talk about pet political projects, they weren't the federal government's pet political projects at all. It was municipalities, which understand the infrastructure on the street and what

they need in their communities, that recommended to the provincial and federal governments what should be funded. Let's get the facts straight on how that program worked.

Do you support a federal role in funding infrastructure for capital costs, for operating costs, for both, or for neither? Where do you folks draw the line? I think you did indicate that some infrastructure should be funded at the federal level of government. Do you believe the federal government should fund ongoing operating costs for transit systems or just contribute toward capital costs?

Mr. Gregory Thomas: No. We believe that transit and transportation systems should break even or make money, as Greyhound does, for example, and we don't see a federal government role in funding the operations of transportation-operating companies.

With regard to capital and operations, if it's something in a federal area of responsibility, like food inspections or agricultural inspections, we want federal government employees working with the best equipment so they can do their jobs most effectively.

I was reading today that the Department of National Defence owns something like 21,000 buildings, and it wants to cap the size of the army at 68,000 troops, so that pencils out something like one building for every three soldiers or.... It was on the front page of the *Citizen* today.

That was a long-winded response to your question, but no, we believe in the federal government operating its own infrastructure. We don't believe in the federal government subsidizing municipal or provincial infrastructure.

Mr. Brad Butt: There's been some talk about the 2¢ a litre gas tax, how that's being allocated, and what it's being used for. I wasn't a member of Parliament here when it was first devised by the federal government and the agreements were entered into. To the best of my knowledge, it was the Federation of Canadian Municipalities that made the argument for as much flexibility as possible in how they could spend that 2¢. It was not just for public transit and not just for roads. They wanted flexibility.

Then, as I understand it, in the case of the province of Ontario, where I'm from, the provincial Liberal government there actually didn't allow as much flexibility. They made it very clear with their portion that it was to be spent specifically on public transit, on roads and that type of infrastructure, because it's gas tax money.

Do you believe we should be tightening at the federal level what we allow municipalities to spend that 2¢ a litre on? Should it be directly focused on public transit and transportation-related costs so there's some accountability back? Or should we continue along the lines we are now, where there's a lot more flexibility? Maybe it can be used to build or subsidize a community centre or a recreation program or something different.

Should we be tightening that up a little to make sure that the federal contribution is going specifically to public transit and transportation infrastructure?

•(1715)

Mr. Gregory Thomas: We believe that as long as the feds continue to collect excise tax on motor fuels those revenues should only go to roads and bridges and transportation infrastructure, or else for sure it'll go into CUPE pay raises and half-million dollar salaries for city executives, and the rest of it will get siphoned off into the black hole which is city governance in this country.

Mr. Brad Butt: I think there are some good examples. Certainly in the city of Mississauga I can use good examples, where the federal government has agreed to partner on a one-third, one-third, and one-third basis with the province and the municipality to do some things that I think all of our municipalities need.

But the good thing about it is that the federal government is not on the hook for all of it. We're a partner in one-third of it. Do you like that model of a third, a third, and a third so there's accountability? Everybody puts something into the pot. It's not just one level of government funding it all. You have three different levels of government, each responsible to see a project...each one getting to put their sign up by the project, so there's some accountability back to the public as to who funded it, how it was done, and if it was done on time.

The three levels of government are, in essence, forced to work together. Is that a good model for how we do public transit infrastructure funding in this country?

The Chair: As briefly as you can, please, Mr. Thomas.

Mr. Gregory Thomas: Well, I think if you put yourself in the shoes of someone who's not an expert in government and is standing outside that community centre, or that facility in Mississauga, you will find they have no idea who built it. They have no idea who's responsible. There's no direct responsibility. I would say that having all three levels of government partnering on projects like that is a very bad idea.

I think the federal government should stick to the things it's constitutionally responsible for. If it's a community centre, let the city build it, run it, and take responsibility for it, and give the city enough room to charge the taxes it needs to deliver on the program its voters want.

The Chair: I'll give the last minute to Mr. Sullivan.

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, Mr. Chairman.

Thank you, Gregory. This has been an eye-opening discussion, because I'm hearing a lot of things I like.

I like what you're saying: that sprawl is caused by free roads that then engender a need for public transit. You only have to look at Calgary and see how it has spread north and south dramatically.

We started from the premise that we were stuck with the system we have, that we need something to put some order in the chaos that is public transit systems across the country, systems that are funded, we think, on the basis of too much political manipulation.

But if what you're saying is that we need to move tax points into the municipal system in order for the municipalities to be able to fund public transit, I don't think we disagree. If the funding can be there, if the federal government is willing to take its excise tax—or

whatever tax or income tax points—and shift that to the municipalities, do you agree that's an appropriate way to fund it?

Mr. Gregory Thomas: With this proviso: we don't think the federal government has any business taxing motor fuel.

We also think it's inherently dishonest to levy GST or a harmonized sales tax on motor fuel that includes all these excise taxes. You're taxing a tax and that's kind of a banana republic thing to do. It would be better to be straight up, as they've done in Quebec, where they're actually raising their tax rates and are no longer going to apply.... They're going to have a harmonized system.

We don't necessarily agree that you automatically assume that if the federal government stops levying excise taxes on motor fuels, every municipality and every province will immediately reinstate those taxes. But if the voters in Toronto want to have higher fuel taxes and more transit, and the voters in Red Deer want lower fuel taxes and less transit, those are decisions. Then you can decide to live in Toronto or in Red Deer, as the case may be.

We believe that's a better approach for all Canadians than trying to pretend that the federal government can meddle in transit matters.

•(1720)

The Chair: I have to stop you there. Thank you.

Thank you, Mr. Thomas.

I'll put in a shameless plug for him. He has some of his recent magazines, if you want to pick one up on your way out.

We thank you for input today.

Mr. Gregory Thomas: Thank you, sir.

The Chair: As you step away from the table, we have a motion to deal with as a committee. I'll read that motion, and then refer to Monsieur Coderre.

It was tabled on October 17 and states:

That, in relation to the illegal strike of the Lester B. Pearson International Airport Security Screening Staff, on October 7, 2011, the Committee invite representatives from the Canadian Air Transport Security Authority (CATSA), from Garda and representatives of their union.

Monsieur Coderre.

[*Translation*]

Hon. Denis Coderre: Mr. Chair, I will be quick.

On October 7, there was an illegal strike. The strike created problems for basic services. In terms of the situation at the airport, I think our job is to ask questions and find out what happened. I was told that there might have been something to do with Garda, CATSA and some unions. Given that our job is to guarantee basic services, including at the Toronto International Airport, I think that the committee should set aside a day and ask those people to come and tell us what happened. I don't see why anyone would be opposed to that. It is not just about labour relations. First and foremost, it has to do with the way the airport operates. There were consequences. We are talking about 74 people.

I feel that the issue is definitely more serious. We need to shed some light on the situation. That is our job as parliamentarians. It is about getting the story straight. I know that we really like talking about public transit, but I would like us to talk about air transport and airports as well. I would like us to set a day aside for that issue and to have the people come and explain things openly. Canadians will then be able to understand what happened on October 7, why there was a strike and whether there are other security problems at the airport.

[*English*]

The Chair: Are there any comments?

Mr. Butt.

Mr. Brad Butt: I realize I am a guest here, but I serve on the human resources committee, which deals with labour issues. Quite frankly, I think this is a labour relations issue. I do not think it's appropriate for this committee, with its mandate, to be dealing with this matter at this committee.

The Minister of Labour has been involved in this situation on a private basis, working with the parties that are affected. I really think you jeopardize some of the processes if you make the situation too public at the infrastructure and transportation committee. I don't believe this is an appropriate committee to be dealing with this issue, and I will be voting against this motion.

The Chair: Mr. Nicholls.

Mr. Jamie Nicholls: I think consumers want to know what happened, perhaps. It's people who end up getting affected by this, the consumers that are in airports, and they really want to know what's going on. They can't really figure things out when it's a complex labour situation. So I'm not against the motion.

The Chair: Monsieur Coderre.

[*Translation*]

Hon. Denis Coderre: That is why I am asking for a recorded vote.

[*English*]

The Chair: A recorded vote has been called. I'll ask the clerk to call your names.

(Motion negatived: nays 6; yeas 5)

The Chair: The motion is defeated.

I will just advise the committee that we have a full meeting on Wednesday. The following Monday, we'll have a subcommittee to decide where we want to go on the completion of this study.

Monsieur Coderre.

• (1725)

[*Translation*]

Hon. Denis Coderre: Mr. Chair, are we going to talk about the next issue?

[*English*]

If we're having a study on the national transit strategy, should we travel? Do we want to talk about a certain situation or will we have some teleconferences? That's the kind of discussion I'd like to have.

The Chair: We will do that on Monday.

The meeting is adjourned.

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