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# **Standing Committee on Transport, Infrastructure and Communities**

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**EVIDENCE**

**Thursday, February 16, 2012**

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**Chair**

**Mr. Merv Tweed**



## Standing Committee on Transport, Infrastructure and Communities

Thursday, February 16, 2012

• (0850)

[English]

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

Welcome to meeting 22 of the Standing Committee on Transport, Infrastructure and Communities. Our orders of the day are in regard to committee business.

I think everyone has a copy of the subcommittee's report in front of them. Basically, I'm asking for approval from the committee. The only thing I'll highlight to the committee—and I don't think we have to change it—is that on page 1 of the report, the subcommittee agreed that we would bring people in from the government for today's meeting. It reflects February 16th: that was the subcommittee's recommendation. But because of scheduling conflicts, that person will be coming to our first meeting when we come back on the 28th, so it's just a correction in the date. Other than that, I would ask....

Does the report have to be moved? Okay.

Monsieur Coderre.

**Hon. Denis Coderre (Bourassa, Lib.):** I recall that we wanted not just Natural Resources here, but also Industry, because there was some issue regarding intellectual property.

**The Chair:** Yes, and I think we're actually going to do that through the witnesses. The first gentleman we're going to bring in is going to give us a bigger picture.

**Hon. Denis Coderre:** Okay. That's good.

**The Chair:** Do we have a mover to move the acceptance?

Thank you, Mr. Sullivan.

All those in favour? Opposed?

(Motion agreed to)

**The Chair:** The report has been accepted. We'll now move into committee business.

We have two notices of motion on file. The first notice of motion is from Mr. Sullivan. I will open the floor and ask Mr. Sullivan to move his motion, and then we'll have some dialogue.

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

You should all have a copy. I will read it out:

That the Standing Committee on Transport, Infrastructure and Communities call on the Government to develop a rail infrastructure investment program as part of its 2012-13 budget in order to ensure adequate investment in Canada's rail system so that it can be safely used to provide passenger service to the communities it serves (including the Victoria-Courtenay passenger line and the Montréal-Gaspé passenger line); and that the Committee report this motion to the House.

**The Chair:** The motion has been put.

I'll open the floor for discussion.

Mr. Sullivan.

**Mr. Mike Sullivan:** Thank you, Mr. Chair.

I imagine that the members of the committee probably are aware of this, but if they aren't, there are two substantial chunks of the passenger rail system in Canada, those being Victoria to Courtenay and along the Gaspé, that recently have been closed to passenger rail traffic, not because of a lack of demand or a lack of carriages or engines, but because the infrastructure itself, the rail line, has become unsafe. It's unsafe to run passenger cars and freight along it. We'll get to that in due course.

The principal purpose behind the motion is to suggest to the Conservative government that they place an allocation in the 2012-13 budget to repair this infrastructure in such a way that it can continue to be used for passenger rail traffic. The demand is there.

Mr. Garrison will speak further to the Victoria to Courtenay situation.

In the Gaspé situation, this line closed fairly suddenly, within the last three months. Unfortunately, Mr. Toone, who is the member for that region, cannot be here today. He's in the Magdalen Islands dealing with the natural disaster there.

The Gaspé region—I'll speak a little to this—has a significant number of bridges as well as other infrastructure. The line is actually not owned by the rail companies. It's owned by a local firm—the Société du chemin de fer de la Gaspésie, which is essentially a co-op of the communities in the area.

They have discovered that the infrastructure they've inherited needs a lot of work, which would cost far more money than local communities could ever raise on their own. Those communities are I think prepared to do routine maintenance on the infrastructure, but rather significant and rather large bills have come due, and nobody with deep pockets is sitting at the ready to do this. They have now turned to the federal government.

I'll ask my colleague from Quebec to speak further to that. Those are the two significant pieces of infrastructure that we are aware of. There are probably other pieces of infrastructure in the country. I'm aware that the government has set aside some funding to repair some infrastructure in southern Ontario. That's a federal government undertaking; it's not a local undertaking.

I'm also mindful of the fact that since Confederation it has always been a federal responsibility to put in rail infrastructure in the first place and to help keep it up. Sir John A. Macdonald was one of the first to do so, although we're not suggesting that you follow completely in his footsteps. I think he had a little trouble over some rail goings-on.

We are hopeful that the government, in this coming budget, will pay serious attention to what is a calamity in those regions as far as public transit is concerned, and in particular in rail infrastructure for passenger cars.

Thank you, Mr. Chair.

• (0855)

**The Chair:** Mr. Nicholls.

[*Translation*]

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

In 1989, I left home and went west aboard a VIA Rail train. In the 1980s, passengers travelling by train came from diverse backgrounds, and service was reliable. Since then, the service has not been kept up to standard.

VIA has the duty to provide reliable services to all passengers who want to travel to the Gaspé. This is a federal company, and its mandate is to provide services to rural regions that are not well served by bus service or private transportation. On its website, we see that, according to its map, 50 roads are designated essential for rural communities and regions. If they want to cut a route, the company's plan has to be changed, or the Treasury Board Secretariat has to establish a change in route.

We want to confirm for people in the Gaspé that services will be accessible in the future. I think that this is an essential service for people living in that region, many of whom do not have the means to travel otherwise.

VIA Rail falls under federal jurisdiction, even if the railway owner is not the federal government, but rather the Société du chemin de fer de la Gaspésie, as my colleague mentioned. There is an agreement between the Quebec government and Transport Canada. VIA Rail assures us that this line will be operational in the future.

I simply want to say that I would like the government to reassure the people of the Gaspé that it will support and promote this service.

[*English*]

**The Chair:** Mr. Garrison, welcome.

**Mr. Randall Garrison (Esquimalt—Juan de Fuca, NDP):** Thank you very much, Mr. Chair. It's a pleasure to be back at the transport committee once again.

I want to talk today about what's locally known as the E&N railway. No one on Vancouver Island would recognize the pairing of Victoria and Courtenay as the Esquimalt and Nanaimo railway, but it has been in existence for a very long time. It was part of the agreement for Confederation. British Columbia insisted on passenger service to Victoria as a condition of entering into Confederation with Canada.

I'm not going to dwell on that obligation at this point, and certainly Vancouver Island is not threatening to leave Canada, but it is an important part of the infrastructure of the island. Because of the geography, we have essentially one highway, which runs the length of the island. Just outside of Victoria it goes over what would qualify as a mountain pass here in Ottawa, and it's called the Malahat. There's really only one route up and down the island on a highway, other than the railway. When there's an accident on the highway—and unfortunately it's quite frequent because of the geography—the highway closes and there is no alternative route up and down the island.

In addition to providing passenger service, the E&N railway provides an important alternative to the single highway that exists on the island. It's owned by the Island Corridor Foundation, a partnership between municipalities and first nations. It was turned over to this non-profit community group in 2006. The reason that the first nations and municipalities were willing to take on the E&N was that they see it as an important tool for economic development.

The problem is that both Liberal and Conservative governments in the past have allowed the owners of the rail line to allow the basic railbed to deteriorate. The situation now is that ties need to be replaced in order to maintain safe service on that rail line. The cost of that is around \$15 million. It's a very small investment for a very large benefit.

Part of the irony is that CP Rail was granted land to run the rail service and, peculiarly, when they gave it back and stopped running the service, they were compensated with a \$236-million tax credit for donating what had been public land back to a public body. That was a very large benefit to that private corporation. At the same time, nothing was given to the Island Corridor Foundation in terms of capital investment or funds to make repairs and to continue running the line safely.

On May 10, the last train left Victoria for Nanaimo and the service was shut down. At the time, an alternative bus service was to be provided until August, but then the minister, for his own reasons, shut down the alternative bus service, saying that the private sector and the highway provided adequate alternatives. Since August we've had no service whatsoever being provided by the public entity.

In June of 2011, the Province of British Columbia came up with a promise for half of the funding necessary to restore the rail line. It is a \$7.5-million contribution from the province, contingent on the federal government providing the other \$7.5 million. What people on the island are looking for now is a commitment from the federal government to match the provincial funding. It's actually quite a good deal—50-cent dollars here—to get that work on the railbed moving.

In addition to the possibility of restoring the passenger service, in the long run the line has potential for commuter service in the Victoria area. It has a very large potential for freight service, in particular for the transportation of hazardous goods on the rail line rather than on the highway over the Malahat. One of the problems we had certainly last year was that we had a gasoline tanker go off the Malahat into the Goldstream River, destroying a large part of the salmon run. If you repair that railbed, you have this other potential in addition to the passenger service.

One of the most interesting things to me is that because the Island Corridor Foundation is a partnership between first nations and municipalities, there are agreements in place so that when this work begins a large part of it will go to first nations. It will go to a group on Vancouver Island that has a very high unemployment rate and a very high need for some employment programs locally to help lift first nations people and communities out of poverty. So there are a lot of other very good things that could happen as a result of funding the E&N railway.

● (0900)

I'm very pleased that my colleague has brought forward this motion to the committee. I hope we can count on the support of members of the committee in urging the government to make what, in federal budget terms, is a very small investment that has a very large impact on Vancouver Island in terms of local economic development and tourism.

Thank you.

**The Chair:** Monsieur Coderre.

[*Translation*]

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

I am not certain that I have properly understood what my colleague from Vaudreuil—Soulanges is saying. It should be noted that the problem does not reside with VIA Rail. On December 22, VIA Rail decided to suspend services on the line to the Gaspé because there were safety issues. In 2007, the Quebec government and the federal government reached an agreement with the people in the Gaspé to create that company. It is now an independent organization in the Gaspé. The problem is as follows: \$100 million is needed over the next five years. So, \$20 million needs to be invested per year over five years to ensure that the railway is safe. In fact, there is a clear problem of sustainability.

Personally, I am in favour of supporting the people of the Gaspé; however, I wonder if it is really necessary to establish a separate program, specifically to resolve these two issues, meaning the one in Vancouver and the one in the Gaspé. Instead, I think we should ask the minister to verify whether existing programs could temporarily respond to this infrastructure problem. Of course, the economic situation must be taken into account. The budget will probably hurt in March. I support this motion, but I would ask the government to not wait for programs to be created and to avoid speaking in strictly technocratic language.

We should invite the minister, who is also responsible for Economic Development Canada for the regions of Quebec, to play a specific role with regard to the Gaspé. As for the issue in western Canada, a minister is obviously responsible for this file, but with

regard to the Gaspé, it is not by attacking VIA Rail that the problem will be resolved. The minister needs to be advised that there is a safety issue, that the people in the Gaspé are not second-class citizens and that with regard to their industrial development, they also deserve infrastructure. We should ask him to verify whether it's possible to utilize existing programs. In fact, creating a new program would take time and would have to go through Treasury Board. Furthermore, this is a time of pre-budget consultations, and the budget will be tabled on March 13. This would make no sense.

This is, however, an urgent need. Even recently we have been able to see the kind of situation that can occur when things get mixed up. Our colleague from Gaspésie—Îles-de-la-Madeleine is now in the Magdalen Islands. We are thinking of these people and we are happy to see how Minister Dutil and Premier Charest reacted.

With regard to the railway, since this is a public hearing, I think that we should ask Minister Lebel to review this situation, even if the Conservatives will vote against the motion. We are talking about people's safety, and if nothing is done, the railway will have to be closed. With regard to industrial development, without basic infrastructure and income, quality of life will deteriorate. The Quebec government has already invested in health care, but we also want to ensure that these people can travel and have access to this mode of transportation. I will be voting in favour of the motion, but no matter what the government decides, I would ask Minister Lebel to review this issue in the Gaspé. As Minister of Transport, Infrastructure and Communities, he may feel that the problem affecting Vancouver could be handled by the minister responsible for Western Economic Diversification.

Thank you.

● (0905)

[*English*]

**The Chair:** Ms. Morin.

[*Translation*]

**Ms. Isabelle Morin (Notre-Dame-de-Grâce—Lachine, NDP):**

It was not my impression that my colleague for Vaudreuil—Soulanges attacked a crown corporation. Ultimately, we are asking for \$100 million over five years for the provision of an essential service to the people of the Gaspé. At present, VIA Rail Canada is using a bus to meet the need. However, we know that buses aren't as comfortable as trains, and the trip takes approximately an hour longer than it would by train, based on our information. Taking the bus is not as attractive to consumers.

Right now, all we hear about is job creation. We saw this with all the witnesses we heard from when we were studying the national public transit strategy. To repair the railway, jobs need to be created. These are all jobs tied to the construction of railcars. We know that all public transit vehicles are built in Canada and that all cars are built in Asia.

This is extremely logical to me. If we talk about job creation in Canada, we must encourage sectors where there is a Canadian industry. This is a measure that our government should use, both to help with the provision of services in the Gaspé and services in my friend's riding, as well as to encourage Canadian industry working to provide public transit.

I want to repeat what my colleague from Vaudreuil-Soulanges said. There should be a mandatory provision of approximately 50 routes for designated communities. The Matapédia-Gaspé line is part of the mandatory routes. So we must help VIA Rail in this regard. Giving it \$19 million per year is not a lot for a government, if this helps create jobs, helps people to travel and reduces vehicle emissions. In fact, many people decide to take their cars instead of the bus because it is further.

I support my colleague's motion. Thank you.

● (0910)

[English]

**The Chair:** Mr. Nicholls.

**Mr. Jamie Nicholls:** Mr. Chair, I just wanted to clarify that I wasn't attacking VIA. I was simply pointing out that in their corporate plan, as my colleague said, they had 50 identified routes that are essential to rural communities. If one or two of those routes get taken out, the plan has to be revisited. The Treasury Board Secretariat of Canada is involved, and there has to be a consensus on route changes.

In the Gaspé, the train is essential to the economy, and something needs to be done, whether it be by Transport Canada, VIA, or whatever agency responsible. There has to be action on this so that the train service is restored. Local mayors and residents of the area are concerned. There are also worries that the service won't resume within the time that it has been said it will resume.

As I said, it's essential to the economy there. The train has been there for over 100 years. I just wanted to clarify that point.

**The Chair:** Thank you.

Monsieur Poilievre.

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** One thing I don't see in the motion is a source of funding. As far as I'm concerned, in a period where we have a deficit and where we look around the world and see the consequences of deficits, we need every single funding proposal to have a funding source. This does not have one, so I can't support it.

**The Chair:** Seeing no other—

Mr. Sullivan?

**Mr. Mike Sullivan:** I'm aware that there are government commitments to fund rail infrastructure improvements in southern Ontario. The funding source, in those cases, is general revenue.

I would assume that the Conservatives are not trying to play favourites in terms of who gets what funding. These are the most pressing, I guess, because these are passenger rail services and freight rail services that have now collapsed as a result of rail infrastructure. The government has promised I think \$175 million for one particular rail infrastructure upgrade in southern Ontario: the

Peterborough-Toronto railroad. My understanding is that the source of that funding is general revenue. There is a commitment from the government. I think it's contingent on matching funds from the province, but there is a commitment.

Nobody has suggested that somebody has to tax somebody to do it. It's part of the government's overall obligation, as the provider, in some circumstances, of public transit infrastructure, to come up with that money. There is also rail infrastructure money assigned to upgrade the service between Toronto and London, Ontario; CN has been given money by the federal government to upgrade that infrastructure. There was some concern expressed by the Ministry of Transport recently that the infrastructure money had not been spent and that CN was dragging its feet. My understanding is that they are now starting to spend the money.

It is a strange comment, I guess, that there isn't a source of revenue. There is a source of revenue: it's the general revenue of the government. Also, it's the general nature of this government to protect investments in rail infrastructure generally.

There will be, I understand, needs for other rail infrastructure improvements or maintenance, such as for the handling of wheat in western Canada. There is serious concern that some of those short lines have exactly this kind of problem. This hasn't come to the surface yet because transportation doesn't happen until later in the summer. But there is some serious concern that some of the short lines, which are community owned—they are not owned by the big rail companies—will collapse, and it will be discovered that without a Wheat Board, the transportation of wheat can't be done, because these short lines will fail.

There doesn't appear to be a government paying attention to this network of rail infrastructure in Canada, which in some cases has been inherited by local community groups. They have been trying to keep it running, to maintain it, but they don't have the deep pockets the federal government has.

I'm not suggesting for a moment that we're asking the government to raise taxes somewhere or to somehow impose some kind of penalty on the communities where this occurs. What I'm suggesting is that the government look at all of its priorities as it determines how it will spend money. One of its priorities needs to be the maintenance of infrastructure in Canada.

Canada was built on rail infrastructure. Canada was built on the ability to move goods and passengers from place to place. For at least 150 years, the federal government has traditionally had a role in helping to maintain that infrastructure. If the government is now abandoning that role, then the folks in Peterborough would like to know. The folks in London would like to know. The folks in Cornwall would like to know. The folks in Kitchener would like to know.

•(0915)

But we're not suggesting that there be something new and different happening. It is a normal course of action on the part of the Government of Canada to help maintain critical infrastructure. If there needs to be some kind of... We understand that there is, at least in the Victoria instance, an offer of help from the provincial government, and there is clearly an undertaking by the group in the Gaspésie to keep up this rail once it is finally put into good working order.

We're not talking about an ongoing investment over years and years. We're talking about one-time money. We think the government needs to look at all of its priorities and make determinations about whether or not infrastructure in Canada is a priority it can sign on to and, in particular, to determine that these two rail corridors be looked at in the designing of the next federal budget.

[*Translation*]

**The Chair:** Mr. Coderre, you have the floor.

**Hon. Denis Coderre:** I want to ask my colleague, the parliamentary secretary to the minister, a question.

I don't want to get into a semantic debate about the program, but there is a real security issue. I would like to know, first, if he is aware of the safety issue along this section of the railway. That reality needs to be taken into consideration. I also want him to tell me whether the minister would be prepared to review the issue, despite the fact that the motion does not mention funding sources. There is, nonetheless, a political reality.

[*English*]

**The Chair:** Mr. Poilievre.

**Mr. Pierre Poilievre:** The reality is that we don't have a funding source to pay for this proposal. People have pointed to past investments: those were budgeted and they were passed into effect at a time when there was a surplus.

Mr. Sullivan speaks of the Peterborough line. I think that was in the 2007 budget. That was a budget that had a multi-billion dollar surplus. There were dollars available at the time for that. There were also major rail investments throughout the economic action plan phase. That program has now lapsed. The economic action plan stimulus funding is not going to be renewed.

When we propose more money for anything in a deficit environment, we have to be more specific as to where it's going to come from. The term "general revenues" is a sanitized term used to mean taxpayers. The Government of Canada actually doesn't have any money; it's the taxpayers that have money. We collect it from them and they don't have any extra.... I don't get constituents calling me up to say, "I have extra money that I need you to spend for me".

We look at our budgetary balance and it is in the deficit position. We have to get out of a deficit position as soon as possible. As a result, we can't make any new, unfunded commitments to anybody. That's the reality.

We're going to introduce a budget. I predict that my opposition colleagues are going to be very upset that there will be a discontinuation of funding for a lot of different programs. We'll be finding significant savings across the board, and they will oppose

every single effort to save money and simultaneously demand that we spend more. The question for them is, where are they going to get all of this money? It's not enough to just say that you're going to tax big business more.

Every single time the opposition comes forward with a spending proposal, they take it from the same pot. As for the corporate tax hike they've proposed, they've spent it 40 times now. In every committee, I'm sure, there is a proposal that costs taxpayers money, and every time the opposition is asked how they will fund it, they say, "Well, we'll raise taxes on business". If every single funding proposal the opposition has sought from a committee were stacked one on top of the other and paid for with higher taxes on Canadian businesses, the business tax rate would be like 5,000% by now.

If they want a brand-new program to pay for these things, then I would ask them to come forward with a specific program in which they're willing to cut elsewhere to free up the money, and I would ask that they commit to only cutting that program for this purpose. They can only cut it once.

You can't say.... I hear the member say F-35s. So they're going to ground the air force. You can only do that once. You can't then go to another committee and say you're going to ground the air force to fund this program as well. You have to choose how you're going to spend the money that is out there.

By the way, you might want to come up with a proposal for keeping our airmen and -women flying at the same time. That also costs money.

At the end of the day, we're not going to vote for one-off proposals in every single committee—no matter how small they may appear by themselves to be—to accumulate a massive spending obligation for which there is no funding source. Though my colleagues across the way have, in their typical manner, made very good and well-researched arguments, and I respect the fact that they've done so in good faith and that they put time and effort into this motion, I can't support it for the reasons so stated.

Thank you.

•(0920)

**The Chair:** Mr. Watson.

**Mr. Jeff Watson (Essex, CPC):** No, I didn't have any comment.

**The Chair:** Okay.

Mr. Nicholls.

**Mr. Jeff Watson:** I may later.

**Some hon. members:** Oh, oh!

**Mr. Jamie Nicholls:** Well, Mr. Chair, there's a saying that I heard sometimes when I was growing up: you have to spend money to make money. Certainly, that's the case with infrastructure. When infrastructure investments are made, they act as a stimulus to the economy, which translates—when you create the wealth, through stimulating the economy through infrastructure—into having higher revenue in taxes. Therefore, you have more money to invest.

It's all about doing strategic investments and being careful, rather than saying "we're not going to spend any taxpayer money". There's no strategy there at all: it's simply an empty political slogan to try to sell an ideology to voters.

The smart way to govern is to make strategic investments. It has been shown that the two railway lines we've been talking about today stimulate the economy, are vital to tourism in the area, and are vital to the health care services of the people who use those lines, at least in Gaspé.

I fail to see how investing in rail infrastructure is somehow throwing money into a hole. Through those investments, we will create wealth, which will return to the government and increase tax revenues for the government so that it can spend in other places, invest in the economy again, and make other strategic investments. It sounds to me like this government just wants to pull out of spending altogether and doesn't want to get involved in anything.

**An hon. member:** Other than jets and jails....

**Mr. Jamie Nicholls:** And in terms of programs, to make a suggestion, I introduced a private member's bill two days ago that would give tax exoneration to employees receiving benefits such as bus passes, cycling infrastructure, and carpooling. We costed that program, and it was \$93 million, rather than the \$150 million the government currently pays for their 15% tax credit for bus passes. That's \$60 million, which is a good chunk towards the money that's needed for the Gaspé line, and it would exonerate these employees from the taxes that are linked to those benefits.

By making strategic and smart decisions, you can actually benefit the economy and increase tax revenues through wealth creation and through stimulating the economy. I don't see the willingness on the other side to do so.

• (0925)

**The Chair:** Ms. Chow.

**Ms. Olivia Chow (Trinity—Spadina, NDP):** There is, in the Government of Canada, a program called P3 Canada. P3 Canada is designed, according to its economic plan website, to deal with the \$1.257 billion of infrastructure funds. On May 10 of 2010, P3 put \$50 million into maritime radio communications. In 2011 it received proposals, 18 of which are transportation proposals.

It is supposed to deal with public-private partnerships, Mr. Chairman. In this case, I think it fits perfectly because you have a private company, I believe, and then you have the provincial government, which says, "Yes, we will share a third". All it needs is a third from the federal government. That's a real definition of partnership. It's called P3 partnership.

In fact, PPP Canada—P3Canada.ca—tells me, "Public infrastructure impacts the lives of every Canadian—from the water they drink to the road they drive on to get to work". It talks about green projects. It talks about transportation and all of those things. It even gives me a map of all the projects it has funded. There's one on transportation. I notice that there are a lots of transit projects in here, so I fail to see....

The Lachine Train Maintenance Centre is a P3, so I see that (a) there's money in here and (b) there is a project. There is a good

description: round two just finished and round three is probably going to be starting soon, because this is 2012 the last I heard.... Yes, in federal funding, they just gave \$25 million to Lachine train maintenance in its use of public transit: "design, build and finance a facility...to maintain the current and future fleet of commuter trains". My gosh: I think these projects certainly fit. So if Mr. Poilievre is anxious, or maybe doesn't know this program really well, it's called P3Canada.ca. It has all the projects in there.

On top of that, at this committee not long ago we talked about the \$48 million in green infrastructure funds that were reprofiled and then got sent back to general revenue. Now, a green infrastructure fund at \$50 million can certainly be used, because trains are green. On Vancouver Island, I am sure that because of the lack of train service, there are a lot more cars on the road, going up and down Vancouver Island. It's a beautiful place to be and they have very good members of Parliament who are fighting for their rail lines.

If you want me to amend that motion to add in P3, for example, I can certainly do that, but I think I've made my point.

I just want to point out one other project in Ontario that's facing a great deal of trouble, which is in Cornwall. Recently, VIA rail decided to cut the service to Kingston, Cornwall, and all of southern Ontario, so that now they no longer have evening services to Toronto or Montreal. As a result of that, if you're a business person and you want to travel to Toronto, you have leave Cornwall really quite early. You can't really finish the day and jump on a train to get back to Toronto, or Ottawa, or Montreal. Actually, the lines cut were the evening services of Toronto-Montreal and Toronto-Ottawa. The mayor of Cornwall, for example, is extremely upset, and said that this was going to hurt. The Chamber of Commerce is saying that this is going to hurt them.

• (0930)

I think these two projects in front of you are just one example. We really seriously need to look at our rail service across Canada. Already in the last 10 to 15 years, a lot of passenger services have been cut. In places where they rely on rail service, it's being reduced. As a country, we need to go the other way, I think, and increase the rail service.

Both of these lines have been in place in Canada for more than 100 years. If they remain shut, it's really a part of Canada that's being lost.

[*Translation*]

**The Chair:** Mr. Coderre, you have the floor.

**Hon. Denis Coderre:** Mr. Chair, we have been talking for three quarters of an hour, and the NDP has already changed its mind. This proves the extent to which this party has no experience in government. They are asking for a new program to be created, then they are trying to teach us a lesson by saying that a program does exist, that PPP program.



You should already have done your homework instead of wasting our time today. You should have already, after identifying a problem in the Gaspé and on Vancouver Island, have asked the government to make sure that it provides the public, for safety reasons, with adequate rail service, through a PPP.

We are wasting our time, Mr. Chair. I find this unacceptable, particularly coming from the member for Trinity—Spadina, who is experienced. I don't understand why, on top of everything, she is trying to teach her own troops a lesson. I find this a bit sad.

I have a serious question to ask Mr. Poilievre. Here, we are talking about safety. I don't want to talk about funding. They are being mixed up. We, that is, the Liberal Party, are not mixed up. There is a safety issue in the Gaspé. I am talking about people. I am not talking about money, but rather about safety.

The motion will not pass. Could Minister Lebel look at this issue and see what is happening, and whether there is a real safety issue and whether there are any solutions that could be considered? I am not asking you what the funding sources are, but rather whether there are any solutions that could be considered. I am not asking for money. I am asking you whether, for safety reasons, the minister could review this file. Is he aware of what is happening? If so, then say so.

• (0935)

[English]

**The Chair:** Mr. Watson.

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

Ms. Chow can't amend this motion to include the P3 funding. It would undercut the purpose of the motion, which is to seek a new investment program for rail infrastructure. P3 is already budgeted funding, and I'll remind her that—her colleagues sitting with her didn't, because they weren't here—she voted against that particular funding.

To go to Mr. Coderre's point, P3 is under Finance Canada, not the transport minister specifically.

Mr. Chair—

**The Chair:** Mr. Coderre, on a point of order.

**Hon. Denis Coderre:** I like you very much, Jeff, but I talked about security. I didn't talk about P3. I was just proving a point that they didn't do their homework right.

**Mr. Jeff Watson:** It was lost in the translation, then.

**The Chair:** It's not a point of order, but a good point.

Mr. Watson.

**Mr. Jeff Watson:** I don't think we're under any illusion: this is designed more to play politics. Even if a specific measure like this were included in our budget, the NDP would likely vote against the budget anyway. This is just scurrilous politics being played here at the committee level. I will be voting against the motion.

**The Chair:** Monsieur Coderre.

[Translation]

**Hon. Denis Coderre:** I simply want to repeat that we are in favour of the PPP for the Champlain Bridge. The NDP is proposing a

PPP for the railways. During the last study where we talked about public transit, the NDP was opposed to the PPP, and now, they're in favour of it for the railway.

[English]

I rest my case.

**The Chair:** Mr. Sullivan.

**Mr. Mike Sullivan:** I just want to remind Mr. Watson that Windsor's rail service is also threatened. In the report that came out last year, sponsored by the federal government, it was in part suggested that there is no viable reason to continue service between Toronto and Windsor.

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

**Mr. Mike Sullivan:** Sorry?

**An hon. member:** I said that civil servants may...[Inaudible—Editor]

**Some hon. members:** Oh, oh!

**The Chair:** We're getting into debate.

**Mr. Mike Sullivan:** We're getting into debate. I'm just reminding him.

Thank you.

**The Chair:** Ms. Chow.

**Ms. Olivia Chow:** Thank you, Mr. Chair.

I raised P3 precisely because Mr. Poilievre asked us for the source of funding.

I do want to remind my good friend in the Liberal Party that a lot of the rail passenger service reductions occurred under the Liberal government. Maybe that's one of the reasons why they didn't get a lot of rural seats: because a lot of the service being reduced is in fact in some of the remote communities. You don't want me to list them, but I can tell you that there's one in northern Ontario where the people still remember that they used to have that rail line, and they lost it under the Liberal government, the former Liberal government.

Thank you.

**The Chair:** Seeing no other interventions, I will call the question.

**Ms. Olivia Chow:** A recorded vote, please.

**The Chair:** We'll have a recorded vote on the question. All in favour? Opposed?

(Motion negated: nays 6; yeas 5)

**The Chair:** The motion is defeated. We'll now move to the second motion. I think everybody has a copy of it, but we'll make sure.

We are going to deal with Ms. Chow's motion, so I'll give Ms. Chow the floor.

• (0940)

**Ms. Olivia Chow:** Thank you, Mr. Chair.

I will speak about the Toronto Port Authority, with which I have some experience. My colleagues from Quebec will talk about the Quebec Port Authority.

I noticed recently that Colin Watson has been reappointed to the Toronto Port Authority. Mr. Watson was subject to two investigations—one by Davies, Ward and Beck, which is a Bay Street law firm—because of a conflict of interest.

**This law firm was, I believe, hired by the Toronto Port Authority and identified that he did have a conflict. It said that:** In our opinion, Mr. Watson would be in a conflict of interest...in participating in the discussions of the Board relating to Porter, or in voting on decisions of the Board relating to Porter because doing so would provide him with an opportunity to further the private interests of one of his friends.

There, they are talking about Mr. Robert Deluce, the CEO of Porter Airlines. It continued, saying that:

Therefore, in our opinion, Mr. Watson is precluded...from participating in discussions of the Board relating to contracts or other business dealings between TPA and Porter and from voting on decisions of the Board relating to such matters.

He has acknowledged that he is a friend.

As some of you may know, Porter Airlines has a monopoly, a closed monopoly, because it has some of the lands of the Toronto Port Authority, and the port authority code of conduct is found in its letters patent. It reads in part that : A director or officer shall not allow his or her personal interests...to conflict with or to give rise to the appearance of a conflict with the duties and responsibilities of the director or officer or the interests of [TPA].

That refers to the Toronto Port Authority. It continues, stating that: ...public confidence and trust in the integrity and impartiality of the Authority may be equally compromised by the appearance of a conflict as by the existence of an actual conflict....

A director or officer who is in conflict...shall not participate in discussions or vote on any decision of, or provide recommendations to, the Board on any matter related to the conflict....

Then the commissioner, in 2009, wrote a report. The Conflict of interest and Ethics Commissioner noted:

According to...Mr. Watson, he had made it clear on several occasions that he was a “good friend” of Mr. Deluce and that he had mentioned sharing various social occasions, including golf, with Mr. Deluce.

This appointment I believe contravened the Canada Marine Act because it said that a mandatory requirement for the appointment of directors is that there be a “consultation” process with port users that should be followed. In this case I don't believe that has taken place. Number two, aside from one nominee from each of the federal, provincial, and municipal governments, the rest of the directors must be appointed as a result of that consultation.

The reason why I want to have this in front of us and to invite Mr. Colin Watson is to ask him precisely about the appearance of the conflict of interest and the lack of consultation with the users and the City of Toronto. I have specifically said that it should be on February 28 of this year. I think it's important that the appointees.... Under this committee's mandate, we do have the right to invite appointees to come before this committee so we can become familiar with such appointees.

● (0945)

Thank you.

**The Chair:** The floor is open.

[Translation]

Mr. Coderre, you have the floor.

**Hon. Denis Coderre:** I am in favour of this motion, but I would like to know one thing. Bernard Généreux was formerly the member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup. Clearly, I find it a bit interesting that this former MP was appointed to the board of directors for the Port of Quebec. Was he the government's candidate?

[English]

**The Chair:** Monsieur Poilievre.

**Mr. Pierre Poilievre:** I don't think it's appropriate for there to be political meddling in this process, the way this motion suggests.... There are appointments for port authorities, airport authorities, and organizations of this type all across the country on a regular basis. If we transform this committee into a vetting process for every single one of those appointments, we'll never be able to study anything else.

We make all of our appointments based on merit and we are always accountable at election time to the people in the respective communities where those appointments are made. Frankly, I think we've done a pretty good job. We have very successful port and airport authorities right across this country.

I look at Ottawa, for example, where we've made appointments now for six years, in partnership with the city, and at what an amazing success story it is. The Ottawa International Airport was just recognized as I think the best airport in the range of two million to five million passenger visits per year. Obviously we have to give credit to the CEO, Paul Benoit, to the employees who commit their days and nights to running the operation there, and to the users. But at the same time, you can't deny that the board of directors, which is partially appointed by the federal government, has had some role in bringing about that success.

So we have a good record of choosing qualified people who oversee these authorities and run them successfully, and, I might add, in most cases on a not-for-loss basis, so at little to no cost to taxpayers.

I think to distract the committee from its important work in order to become a vetting house—or worse yet, a witch hunt—to bring honourable and qualified Canadians before this committee would be a terrible distraction.

Thank you.

**The Chair:** Mr. Nicholls.

**Mr. Jamie Nicholls:** Well, by continually mentioning “at little cost to taxpayers” and whatnot, I think the government is engaged in playing politics here as well. We as a committee can act as oversight for decisions that are made that we have serious questions about.

Now, it's my understanding that Monsieur Généreux was not the candidate chosen by the *conseil d'administration* for the port, but rather was selected by the minister. Is this correct...?

The citizens of Rivière-du-Loup have serious misgivings. There are things we would like to question Monsieur Généreux about to ensure that he is indeed the most qualified candidate for this position. The fact that the government has meddled in the decision of the *conseil d'administration* of the port by choosing their own candidate—

**An hon. member:** That's how it works—

**Mr. Jamie Nicholls:** —and not under the advisement of the *conseil d'administration*, not working with the council that administers this—

**An hon. member:** That's the law.

**Mr. Jamie Nicholls:** I understand that it might be law. I understand that, but the fact is that the government should work with its partners to find the best candidate. We have serious misgivings about this. We'd like to ask questions of Monsieur Généreux. We think that in our capacity as members of this committee, we should provide oversight to certain decisions.

● (0950)

**The Chair:** Mr. Adler.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Chair.

When I sit on the finance committee, I see the same thing: how NDP members come and make wild accusations, totally unfounded. They're just not doing their research.

Here's another case of the NDP not only not doing its research but now sinking to new lows. Mr. Watson was cleared over two years ago by the Conflict of Interest and Ethics Commissioner, Mary Dawson, of any allegation of impropriety and conflict of interest. The head of the Toronto Port Authority, Mark McQueen, said that it was time to put this matter to rest and move on with advancing Toronto's economy.

Now the NDP comes forward, using an allegation that was made over two years ago, and tries to assassinate someone's character. Have they no respect for human decency? Have they no respect for a person's reputation in the business community, in his community, and within his family?

I think this is a new low for the NDP, and I'm really shocked, especially since it comes from a member who claims to have a lot of experience in this field. I'm just shocked and appalled. I cannot support this. It's an outrage.

**The Chair:** Ms. Morin.

[Translation]

**Ms. Isabelle Morin:** Thank you, Chair.

We are talking about experience, and the members opposite are asking whether we are aware of this because we have questions about Mr. Généreux's qualifications, as he has been appointed to the board of directors for the Port of Quebec. However, his career has never been connected to the maritime sector; he was the general manager of a printing shop.

How could the government say that this is the most qualified individual? He is the CEO of a print shop located in La Pocatière, and he is being appointed to the board of the Port of Quebec. If he is

truly the best person for the job, we would like to be able to draw that conclusion ourselves.

We are members of the Standing Committee on Transport, Infrastructure and Communities. At present, someone has been appointed to represent the government on the board of directors of the Port of Quebec. My colleagues and I do not understand why that individual has been appointed, other than the fact that he is a former Conservative MP. Furthermore, he lives 150 km from the port.

Thank you.

[English]

**The Chair:** Mr. Watson.

**Mr. Jeff Watson:** First of all, the committee just agreed to a timetable for what we would be spending our time doing for the next several weeks. It's not just now that they're pre-empting this: with notice of motion, they had intended to pre-empt the committee's work all along anyway. I don't think that's good. Second, what they're not proposing is a review of all appointments at Transport Canada, and there are hundreds and hundreds of appointments there. Perhaps that means they endorse all of our appointments except for these two. We thank them for that.

What they are proposing is a selective endorsement of certain appointments. In my opinion, either this committee is going to vet all appointments or it will vet no appointments. By what means do you select certain appointments for vetting? Given the sheer volume of appointments at Transport Canada, this committee would be completely inundated and exclusively devoted to reviewing appointments. We would not be getting on with the other important work we have already agreed to do.

I think we should go with the timetable we've suggested for this committee's work. That's the much more valuable work here. We should not proceed with.... Again, this is for politics. This isn't for anything else. I'll be voting against the motion.

● (0955)

**The Chair:** Mr. Nicholls.

**Mr. Jamie Nicholls:** We're not suggesting vetting hundreds of candidates. We're suggesting asking questions of two. It's within the mandate of the committee to do so, so I don't see anything unusual here. When two candidates come up who we have legitimate questions for, we don't see why the committee should be prevented from fulfilling its mandate to question them.

**The Chair:** Mr. Sullivan.

**Mr. Mike Sullivan:** I think Mr. Watson hit the nail on the head when he said it would take probably years of meetings to try to review all of the appointments. That is why we've proposed only bringing up two. I guess the reason these two are here is that there have been legitimate concerns raised in those communities about the appropriateness of the appointments. As a committee, we have the opportunity—I thought—to review some of these appointments.

There is a significant amount of money being spent by this government on these authorities, a significant amount of money in the salaries and per diems and the rest of this, and we want to make sure the taxpayer is getting good value for that money. We don't want there to be a return to the kinds of appointments that are put there purely for political purposes: to reward bagmen, to reward former failed candidates. The Conservatives complained about that when the Liberals were doing it. They complained vigorously about the Liberals appointing their friends—who didn't have experience in running ports—to port authorities.

We're concerned that some of those tendencies may be creeping up here. You may be able to prove us completely wrong, so fine. Let's bring these people here and find out just what their qualifications are to be paid from the public purse to run these authorities.

I understand...you haven't seen.... We review all of them in my office. I make sure that when we get all the notices of appointments from the government, we look at all of them. We look at all of them as thoroughly as we can in the time.... With some of them, little red flags go up, and we do some checking. We say "oh yes, that's okay"....

But here, we have two where bigger than little red flags go up. We have done a little bit of research on these and discovered that there were some issues with regard to these individuals.

That's all we want to do. We're not suggesting, nor would we suggest, that we would want to review as a committee the hundreds and hundreds of appointments this government makes. By and large, most of them are just reappointments of people who were appointed by the previous Liberal government—or rather, some are. Clearly there have been some changes, and clearly, the Conservative government, which complained about appointments being done for political purposes, has weeded out a lot of those people.

But when they start falling into the same traps, we want to be able to ask the questions. I thought that was a legitimate role of the committee: to ask questions of people who are on the public purse in roles in which they are being given the trust of the Canadian people. If there are allegations that these appointments are being made for political reasons rather than for good economic reasons, we'd like to be able to get at those. That's why we put these forward.

**The Chair:** Before I recognize Ms. Chow, I think it is important to put on the record for the information of all members that port authorities are self-financing. They're not financed through the government. That is just to make the record clear.

Ms. Chow.

• (1000)

**Ms. Olivia Chow:** Yes, but they're also entitled to apply for funding from the federal government, and quite a large number of port authorities do receive federal funding. Previously, under the Marine Act, they weren't allowed to receive public funding, but then there was a change of legislation allowing all port authorities to apply for federal funding. Subsequently, the Toronto Port Authority, for example, has received quite a lot of federal funding dealing with the airports.

I see that a press release from April 21, 2006, talks about a new public appointments commission, and that it is established that:

The mandate of the Public Appointments Commission is to oversee and report on the...selection processes for Governor in Council appointments to agencies, boards, commissions and Crown corporations.

That's crown corporations like port authorities. It continues:

The Commission will develop guidelines, review and approve the selection processes proposed by Ministers to fill vacancies within their portfolios, and report publicly on the Government's compliance with the guidelines.

...The Public Appointments Commission is provided for in the Federal Accountability Act which was tabled in the House of Commons on April 11th, 2006.

**At that time, the Prime Minister said that:** By establishing the Public Appointments Commission, the Government is implementing a key component of its overall plan to strengthen accountability in government as outlined in the Federal Accountability Act...The Commission will provide the necessary oversight—

**The Chair:** Mr. Watson, on a point of order.

**Mr. Jeff Watson:** I believe the motion is to call specific appointees before the committee. The Federal Accountability Act is not a part of this committee's mandate, so I don't think that's relevant. I'd like her to be relevant to the motion, I guess.

**The Chair:** I was listening to Ms. Chow and I was hoping that she would round out to the point very quickly.

**Ms. Olivia Chow:** I'm about to.

To continue:

The Commission will provide the necessary oversight to ensure that the selection of individuals is based on merit and is done in an open and transparent way.

Now, Mr. Chairman, since we no longer have this commission, there's really no way for anyone to "provide the necessary oversight to ensure that the selection of individuals is based on merit and is done in an open and transparent way".

If these appointments are done in an open and transparent way and are based on merit, then there is nothing to hide. Allow us to bring them here to the committee.

**The Chair:** Mr. Adler.

**Mr. Mark Adler:** Mr. Chair, once again, I'm really uncomfortable with this motion that the NDP is proposing. These are McCarthy-esque tactics.

**Some hon. members:** Oh, oh!

**Mr. Mark Adler:** What they want to do is bring in appointments that our government has made and pretty much ask them, "Are you now or have you ever been a Conservative?" This is ridiculous.

Please, come on: have you no common decency?

**The Chair:** Seeing no further comments, I'll call the question.

**An hon. member:** A recorded vote.

**The Chair:** There is a request for a recorded vote.

(Motion negated: nays 6; yeas 5)

**The Chair:** The motion has been defeated and that is the conclusion of today's business meeting.

I'll wish everybody a good break week back in your constitu-      The meeting is adjourned.  
encies. We'll see you on the 28th.

Thank you, everyone.

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