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## Standing Committee on Transport

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**Chair**

**The Honourable Roger Gallaway**

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• (1530)

[*English*]

**The Chair (Hon. Roger Gallaway (Sarnia—Lambton, Lib.)):** Good afternoon.

Pursuant to Standing Order 108, we have today a briefing on policies and visions.

We welcome the Minister of Transport. Welcome, Minister.

I know that many committees have talked a lot about having the ministers responsible come before them. I want to say you're quick off the mark. We welcome your attendance here today; your eagerness to appear before this committee is welcome, and appreciated, I'd like to think, by all around the table.

I wonder if we might start by having you introduce those with you.

[*Translation*]

**Hon. Jean Lapierre (Minister of Transport):** I would like to introduce Mr. Marc Grégoire, from the Safety and Security Group; Ms. Christine Burr, from the Policy Group; and Mr. Jacques Pigeon, who is our counsel. I never leave home without my counsel.

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

[*English*]

**The Chair:** You have some others sitting behind you there. Okay, that's fine.

We would ask you simply to start by making the statement you wish to make here today.

[*Translation*]

**Hon. Jean Lapierre:** Mr. Chairman, I would like to begin by congratulating you on your election to this position and to thank you for inviting me to meet the committee so early in this session of Parliament. As I look around the room, I see a good mix of returning members who bring a wealth of experience to the table, as well as a strong contingent of keen new members.

Although we do not always agree on everything, I think we can agree on the importance of increased competitiveness and economic growth for our country and the important role transportation will play in reaching those goals.

As the Speech from the Throne indicated, securing Canada's global economic success and improving our overall quality of life are key priorities. That is why I look forward to working closely with all of you over the coming months to help achieve these goals.

I have had the good fortune to learn early, growing up on the Magdalen Islands, how transportation links small communities to the outside world. Since I left the islands, I have also seen the many ways transportation makes our cities work.

And one of the lessons I learned in both rural and urban Canada is that our transportation system does a fantastic job, but improvements, of course, can always be made. This system handles more than \$1 trillion worth of goods every year. At the same time, Canadians and visitors to this country take more than 170 million trips in Canada and we Canadians take more than 75 million international trips every year.

We have a road network that covers more than 1.4 million kilometers. Every day some 35,000 trucks cross our border with the U.S. And last year our transit systems carried more than 1.5 billion riders. So transportation clearly plays a critical role as a driver of our economy — locally, provincially, nationally and internationally — and I was very happy when the Prime Minister asked me to take on the job of Minister of Transport. One of the first things I did after I was appointed was to make good use of that transportation system to get out and meet as many stakeholders as possible, as well as many of our provincial and territorial ministers.

Let me tell you, this was well worth doing. What I learned across the country will definitely help me talk to you today about the objectives we want to pursue. In my travels across Canada, I heard two very clear messages. First, we were reminded that an efficient transportation system is key to Canada's competitive economy. Whenever we talk about transport, we're talking dollars. And second, we were told that transportation users, for the national network, looked to the federal government for leadership.

In the Speech from the Throne, we emphasized our government's commitment to building a globally competitive and sustainable economy. We want to invest in our people, generate new ideas, provide what I might presumptuously call smart government, support regional and sectoral development, and promote trade and investment. These are the building blocks. We believe that transportation will help bring it all together.

•(1535)

[English]

The policies we have implemented over the last ten years have given Canada a highly efficient transportation system, which supports our position as one of the world's top trading nations. But the dramatic growth of new markets is putting tremendous pressure on this system. Bottlenecks are beginning to develop at key ports; there are concerns about the ability of our rail and marine systems to meet current demand, let alone future growth; and at the same time, the air and road sectors are also facing pressures.

In short, there are a number of transportation challenges we must address. To meet these challenges, I want to focus on three key issues I consider fundamental to the future of our transportation system: first, promoting a safe and secure transportation system; second, enhancing trade corridors and improving strategic infrastructure; and third, encouraging sustainable transportation.

Today I would like to take the opportunity to talk briefly about these priorities. I would also like to talk about our legislative plan and the two bills already before you, and about a very important task I would like to propose to this committee.

First and foremost, security is critically important to the success of our transportation system, which, in turn, is essential to the success of our economy. In today's environment of heightened security and awareness of potential threats, transportation security can no longer be seen as an add-on; it's the way we must do business. When it comes to security, we can't afford to ignore challenges in our transportation system. While governments have no greater role than protecting the health and safety of their citizens, terrorism threatens our well-being in other ways as well. It can bring the economy to a virtual standstill, so we must all work together to make the security of our air, marine, and surface transportation systems the best it can be.

But security has to go hand in hand with efficiency. Our vigilance in the way we manage our transportation system must be coupled with common sense, so my second priority is to ensure that borders don't become barriers. The challenge is to find ways to provide a transport system that is as safe and secure as possible, while respecting the need for the efficient flow of goods and people within our country and across our borders. As the Speech from the Throne underscored, we must secure and enhance our access to foreign markets.

Transportation across the Canada-U.S. border is truly what makes our economy tick. More than \$1.5 billion worth in trade crosses the border every day—\$1.5 billion. The lion's share of that trade, more than 60%, is currently moved by truck. Almost one-third of that goes across at the Windsor-Detroit crossing. It is critical to our economy at all levels—regional, provincial, and national. That is why it is imperative that our trade corridors work smoothly; but the combination of growing trade and new security measures has led to increased border congestion. It's a complicated issue, affecting shippers, carriers, infrastructure providers, and all levels of government on both sides of the border.

The federal government, along with the provinces and bridge authorities, has announced more than \$1 billion in infrastructure

improvement at major crossings; but we must do more. Transport Canada remains committed to developing and implementing initiatives to improve the secure and efficient flow of traffic along key trade corridors.

In addition, we all know that China has emerged as a major trading partner. Our bilateral trade with the People's Republic has grown almost 500% in 10 years. The surge in container imports is putting strains on our west coast port and rail infrastructure.

My third priority is to promote sustainable transportation, economically, socially, and environmentally. The challenge is to find a way to ensure the economic benefits of an efficient, accessible, and secure transportation system for Canada while reducing the adverse environmental effects of transportation activities on infrastructure. We've been making progress in recent years in promoting a more sustainable transportation system.

•(1540)

Our sustainable development strategy addresses a wide range of environmental issues, from climate change to clean air and water to managing our contaminated sites. The transportation sector accounts for one-quarter of all greenhouse gas emissions. Many new programs are in place to reduce emissions from both passenger and freight transportation, to promote better urban design and transportation planning, and to advance the development of new technologies.

We have made specific commitments in these and other areas. But again, more needs to be done, and we will continue to work with all levels of government and key stakeholders, including our industry partners, to seek new solutions to challenges associated with sustainable development. We must find bold new ways to commercialize clean transportation technologies and promote the growth of Canadian firms that supply them. We need to find solutions to issues such as congestion and urban sprawl. We need to move people and goods more efficiently, rethink the use of the automobile, and facilitate more environmentally benign transportation choices.

We need to support multimodal projects that improve the efficiency of the transportation system as a whole and make better use of all modes of transport to make the system function more efficiently, and we need better connection between the modes of transport. This will help mitigate the effects of transportation on the environment and contribute to a productive and competitive economy.

[Translation]

Now I would like to talk about our legislative agenda. We, as parliamentarians, have a collective duty — we owe it to Canadians — to make this Parliament work. Parliament must be as effective as possible, generating real and tangible benefits for our citizens. We have a duty to be a source of progress for our country.

We must move ahead on issues that are important to Canadians. So you can expect to see a number of bills come before you for examination. Bills, for example, on the Canada Transportation Act, the Canada Marine Act, the Air Canada Public Participation Act and the proposed Canada Airports Act. In fact two bills, Bills C-3 and C-4, have already been referred to the committee. I believe, of course, that both these bills are needed.

Bill C-3, which you are now studying in committee, supports a Government of Canada decision, made last December, to transfer certain Canadian Coast Guard responsibilities relating to pleasure craft safety, marine navigation services, pollution prevention, and response and protection of navigable waters from Fisheries and Oceans Canada to Transport Canada. Ultimately, this is a government organization which aims to transfer the legislative powers associated with these responsibilities from the Minister of Fisheries and Oceans to the Minister of Transport.

Bill C-4, which is also under study, has been subject to amendments. This bill would move forward on implementation of the Cape Town Convention, which approved an internationally harmonized regime to reduce the risk of financing aircraft purchases. These changes would result in more favourable arrangements for airlines, which in turn should contribute to increased airline earnings and more investment, we hope, in new equipment. We know the air industry strongly support this legislation.

In my early discussions with stakeholders since becoming Minister, I have consistently emphasized the need for consensus. Clearly, if we are to make headway in this Parliament, we, as a government, will have to advance legislative proposals that will gain wide support around this table and eventually in the House. The onus falls on all of us to contribute to consensus building. Personally, starting today, I intend to work very closely with all of you to make progress together on a constructive legislative and policy agenda.

I also want to engage you very early in the development of our legislative proposals so that we have ongoing consultation to ensure that we have your support for certain aspects of the legislation we are proposing. I think that, if we want this minority Parliament to work, we absolutely have to work together in the best interests of everyone.

We need to review our key pieces of legislation to ensure they are still appropriate for the emerging challenges of the new century. That is why I have asked my department to look at the Canada Transportation Act and the Canada Marine Act in light of the new pressures and opportunities we see emerging.

At this point I am still considering how, or whether, to reintroduce bills that were contentious in the last session. You are all aware of Bill C-26 and C-27. What we want to do is to reintroduce the parts on which there appears to be a consensus among you. There's no point in wasting our energy examining bills that have no chance of passing. I believe we want to be an effective Parliament. And that's why I intend to consult you in advance on all legislation.

• (1545)

As our House Leader has indicated, committees will be invited to focus on complex and difficult policy issues. The first such issue I would like to propose for this committee, and one of the major issues I believe we need to address now, is the question of liberalizing our

air policies. I believe this is one of the major issues we must examine.

[English]

Over the years, the federal government's air policies have promoted greater liberalization while protecting what we have, protecting against loss of service, against dilution of our carriers' presence in international markets. But changes are sweeping the sector. Worldwide, there's a trend toward making aviation markets more accessible, with decisions being left increasingly to market forces.

The Canadian economy is growing. Major airport authorities have invested in infrastructure and are looking for new opportunities. Thanks in large part to its employees and its management, Air Canada has come out of bankruptcy protection with a revitalized business plan and balance sheet, and is targeting international growth. At the same time, carriers in all parts of Canada, like WestJet, CanJet, Jetsgo, and others, are creating a more competitive marketplace and providing passengers with more choice.

I believe the air sector is well positioned to pursue new opportunities. The time is right to build a more aggressive, forward-looking, market-driven framework that will help the industry expand regionally and globally. Travellers, shippers, and consumers stand to benefit from the increased competition that results. This is an excellent time for us to re-examine the issue of further liberalization on three fronts: domestic, transborder, and international air services. I am asking for your assistance in this exercise.

I would like to propose that this committee conduct a review of how Canada should modernize its approach to the economic regulation of air transportation. You may wish to take this chance to consult widely on the opportunities and on the challenges. As always, you could consider issuing one or more reports on your findings. My department has prepared a guidance document to provide some background on the issue and suggest some avenues worth exploring. I have this document here, and I will table this at the end of my notes.

For example, domestic air services have been largely regulated in an economic sense since 1988. Among the few remaining restrictions is a requirement for Canadian airlines to be Canadian-owned and -controlled. Can we relax the ownership restrictions? What about control? Can we allow foreign carriers greater options when providing services between points in Canada? If so, under what conditions? And what would the effects be on employees and on the Canadian aviation industry?

Air services between Canada and the United States are governed by the "Open Skies" agreement signed between our two countries in 1995, but important restrictions remain. Should we consider negotiating with the U.S. on allowing transborder courier services to fly to two or more points in each other's country, or on extending transborder services to third countries and allowing airlines to compete fully on price in these markets? What about cabotage—that is, allowing U.S. carriers to fly Canadians between points in Canada and vice versa? Or should we try to go even further and integrate our air markets under a single set of rules? Is our industry sufficiently well developed now to be able to take advantage of the new opportunities that may arise? And should our approaches be different for passengers and all cargo services?

On the international front, Canada's air services are largely governed by more than seventy bilateral agreements with individual countries. Although we have made great progress in negotiating increasingly deregulated bilateral air agreements, this remains the area with the greatest number of restrictions and the greatest hope for reform.

When we are negotiating bilateral agreements, should we try to further relax or remove restrictions on services between our countries? Should we expand that relaxation to third countries? And how do we balance all the Canadian interests affected by such changes?

• (1550)

[*Translation*]

I have only had time today to scratch the surface of these issues, but I'm sure we will have many other opportunities to discuss the considerable activities and issues in this very exciting and challenging field.

Let me conclude by saying that I think we can all agree on our common goal: to build a safe, globally competitive and sustainable transportation system. I intend to work very hard with all of you to ensure that our transportation system keeps getting better and provides Canadians with the services they deserve.

Mr. Chair, gentlemen members, madam, thank you for your attention. I'll be pleased to answer your questions. I of course take this opportunity to submit this brief to you.

[*English*]

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

We'll start scratching that surface by allowing Mr. Gouk to begin.

Mr. Gouk.

**Mr. Jim Gouk (British Columbia Southern Interior, CPC):** Thank you, Mr. Chair.

Thank you for coming, Mr. Minister. I'm certainly interested in trying to get some measure of you, and some sense of what your vision is for transport. I have one question that I'll ask at the end.

You said you would be seeking the cooperation of the committee—which is certainly wise, given the make-up of both the Parliament and the committee—in achieving the most in the shortest time. First, if you're going to reintroduce elements of Bill C-26 and Bill C-27, as you said, I can tell you that I found little merit

in Bill C-26. There might have been some, but it was scant. There was a tremendous number of witnesses to back that up. They had that same sort of attitude.

On airports, one of the things I believe is a priority is to look at the rents the airports are paying now, and the framework for rental increases in the future. But that must be done in conjunction with spending restraints on the airport authorities at the other end, so they don't take the savings and use them for other areas. The operators have to have some say and control over the expenditures that are allegedly made on their behalf.

For CATSA, we need efficiency and accountability. We don't seem to be getting either. There are a lot of ideas. I've already spoken with you about a couple of notions I have on that. We had them come before this committee in the last Parliament, and they virtually refused to answer our questions on accountability. That has to be stopped.

We need an increase in aid to regional airports, not a wide-open chequebook. They're suffering; it's very hard for them. They also need protection against government policy expense. If the government brings in policies that download expenses on regional airports, there has to be financial assistance to offset that. Little airports run by small communities cannot afford that.

Finally—I would be remiss if I didn't say this, and I'm sure people who know me expect this—I am very much opposed to any approval of VIA Rail going on the southern B.C. route. It is strictly a tourism route, in direct competition with a private sector operator that is not subsidized, but instead pays to the government taxes that would be used for VIA subsidies.

Grain producer groups, and indeed the majority of the grain handling and transportation industry, have major concerns about the Farmer Rail Car Coalition's proposal to acquire the government hopper car fleet. Is the minister prepared to consider continued government ownership of the cars, with the understanding that the operating agreement between the government and the railways would be renegotiated to provide long-term stability for both the railways and western Canadian farmers?

**Hon. Jean Lapierre:** Thanks very much for those questions and comments.

On Bill C-26, I really intend to sit down with members of the committee and look at every aspect of the bill to see if we can reach consensus. I'm not dreaming of unanimity, but consensus will do. I'm really looking forward to reviewing every aspect of Bill C-26. For example, I'm sure you can't be against regulating noise or things like that. We'll see.

Wherever I've travelled in the country, every airport I've gone to, they've all talked to me about the rent. My department has reviewed the whole airport rent dossier. We'll have to go back to cabinet. As you know, there's almost a conflict of interest for Transport Canada in that file, because the rent is being paid to Transport Canada in its base budget. It was a bit awkward, frankly, when I found that out. We will have to go to cabinet with some proposals, and there's a price tag to them, obviously.

At the same time, I'd like to be able to introduce an airport act that will make sure there is accountability and transparency and that will have governance rules that people can accept—because it's still public property. I think all of us here realize that even if those airports have been given to non-profit corporations or have been leased to non-profit corporations, we all have responsibilities. I'm sure when you go home, if something goes wrong at the airport they think you have something to say or something to do on the topic. We have to make sure that the communities and the people have some input into those decisions. The next time the people from CATSA come I'll come with them, if they refuse to answer your questions.

Accountability is a must in this system. We're talking about an organization that is getting major revenues from travellers, and efficiency should be the norm. I've travelled the country. I have some concerns myself, and I think we're there to improve. This is a new organization. I think we all hope it will improve. We all hope we can go through this pretty quickly and have a secure system. I've heard things across the country that I'll share with you eventually, and with CATSA themselves.

On the regional airports, this is probably the most difficult file, because you don't want to go back to the old system. How do you provide for air service? What I get is that the hub gets pretty good service, and now with competition people are happier than ever because it has brought about a reduction in prices for many people. But if you live away from the hub and want to have regular flights, that's where it becomes complicated.

I've met some of my colleagues on the Atlantic caucus and other caucuses, and they're nervous about losing their service. They see their airports having difficulty. It's not easy.

We tabled a report not too long ago that was neutral on the solution. I had a federal-provincial conference of ministers of transport, and they raised it loud and clear. We're now putting together a study to try to find the role of each airport. Some are for tourism, and others are only for economic development, and they don't necessarily belong to the transport system. So how do we adjust to that reality, and what do we do?

Some governments have tried, for example, to subsidize the carriers. It doesn't work. We have to look at what we can do with the minimum. I don't think we can go back to the old system. Everybody would agree with that.

On VIA, I'm told it's your favourite topic.

**A voice:** One of several.

**Hon. Jean Lapierre:** VIA is going through a transition period right now because it has two corner offices that are empty. You've seen the ads in the papers. We're hoping to find a new chairman and

a new CEO before Christmas. I think Reg Alcock's process will go until Christmas, or something like that.

• (1555)

Those people are probably going to be called before you, and before they're confirmed I'm sure you'll want to ask them pointed questions. So you'll have an occasion to do that. Since it's their year of transition, I think after that we'll ask this new board with their new direction to provide you with a long-term plan. But at this time, frankly, it's a transition period, to say the least.

On hopper cars, I had quite an education on Monday. I spent the day in Winnipeg with some of your colleagues, and we listened to all sides of this issue. It's been dragging on for nine years, and I would like to go back to my cabinet colleagues before Christmas with some options. I think we've got to come up with a decision eventually, one way or another, but I don't think it makes governments look very efficient to be dragging on for so long on an issue like that.

It's not an easy one. Mr. Batters was there, and Mr. Anderson from your caucus. We listened to all sides, and ended the day with probably more questions than we had when we walked in. But I would sincerely like to move on this one, and at least reach a decision with my cabinet colleagues before Christmas.

• (1600)

**The Chair:** Thank you very much.

We'll now move on to Madam St-Hilaire.

[*Translation*]

**Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ):** Thank you, Mr. Chair.

Thank you for your presentation, Mr. Minister. As you said, I hope you will come back because we have a lot of questions to ask you. I believe you already know that you can likely count on the cooperation of a number of committee members, depending on the issues, of course.

I have some comments and questions that I will formulate as I go along. I know you will understand them all.

With respect to security, this may be interesting. We received a lot of submissions in the last committee from flight attendants. What are you going to do with that? Are you going to make recommendations? Your predecessor made a commitment to that effect, that this would come back before the committee.

You referred to the regions. A Magdalen Island native such as you is definitely sensitive to the regions. Regional air transport is doing poorly. If you went to meet the people in the regions, it would not be easy to get there. It's expensive, and there are a number of potential solutions. I haven't yet heard any solutions from you. Isn't the excise tax a promising option? Is the security tax still necessary when you travel to the Magdalen Islands? Is it perhaps less necessary than when travelling to New York?

With regard to Air Canada, you expressed your concerns to us, and we expressed ours to you. We've been waiting for 30 years for that company's services to be bilingual, and I'm very concerned for the future. I'm counting on you for an eventual solution.

Now you're talking about liberalizing the airways. That may be a good idea. I will remind you of what I said about official languages in order to be sure that it goes on record. We of the Bloc québécois hope there will be commitments. Air Canada was subject to federal legislation, and there were no results. On the contrary, Air Canada has produced poor results.

That's all for the moment, but I'm counting on another visit from you.

**Hon. Jean Lapierre:** Thank you, Ms. St-Hilaire. As regards security in general, and in the case of flight attendants in particular, I know there have been a lot of talks. I believe we have draft regulations in the works. Perhaps Marc could give you an answer on the technical details.

**Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security Group, Department of Transport):** We conducted a preliminary consultation and are now preparing the draft regulations, but we still have several months of work to do. So we won't have draft regulations ready to be published in Part I of the *Canada Gazette* until much later this fall or this winter.

**Hon. Jean Lapierre:** After the process, there will be other consultations, and so on.

**Mr. Marc Grégoire:** Yes, that's correct. The question is whether we come back here, before this committee, before publishing the regulations in Part I of the *Gazette*. Otherwise we would publish the regulations in Part I of the *Gazette*, and there would be another 60-day consultation.

**Hon. Jean Lapierre:** The truth is that, if committee members tell us they have the time and the interest in this question, we can definitely ensure that it is raised here. In any case, you are masters of your own destiny. We can discuss the matter as soon as the studies are completed in our department. Then we can sit down and consider them.

As regards the regions, I'm very concerned about them. The solution, I know, is not clear. It's not easy to go to the Magdalen Islands. My parents are coming for the Christmas holidays. They're lucky because they still have Aeroplan points, when they can use them. It obviously costs an arm and a leg. At the same time, there's the concern about a total loss of service. In some cases, this is essential.

I cite the example of the Magdalen Islands because the ferry doesn't operate in winter. If there's no air service, you can't leave the islands. So the small airports have problems. In more remote regions, there's no airport problem because Transport Canada has retained financial responsibility for airports in more isolated regions. But others have concerns. I've discussed them with the provincial ministers, but if you have any suggestions to make, I'll listen to them because the matter is not clear.

For example, we have the experiment conducted by the Quebec government, which made a commitment to buy all its tickets from one airline. Did that achieve the desired results with regard to

regional service? People in the regions tell us that it ultimately did not achieve the desired results. Colleagues have told me about the American model. I asked the Department's officials to look into it. As regards rural service in the regions, they can subsidize a portion of the route and small individual carriers can then bid on the route. I'm told this is the arrangement they've seen in the United States. We'll have to see whether it works well. Perhaps you can examine this during your study.

Air Canada and bilingualism have been discussed in virtually all the reports of the Commissioner of Official Languages over the years. We have to come back here with a bill to ensure that Air Canada's new structure retains the same linguistic obligations as Air Canada had before the reorganization, no more, no less. We made a formal commitment in that regard, and the purchasers, that is those who made money in this affair, knew it in advance. I believe I informed them of that in August, before the matter was resolved in court as regards protection under the act.

We'll come back here with a bill to that effect. My advisor in this area is the Commissioner of Official Languages, Ms. Adam. I've already had a meeting with her. Her people and mine are working together to ensure that the act is consistent in all respects with past obligations. So it's a matter of the status quo. As regards attitudes, let's hope that the spirit of the act, not just the letter, will be complied with. With the new colours, perhaps there'll be a new spirit.

As regards liberalization and your concern about service in French, I believe that's one aspect that absolutely must be addressed in your study. I'm going to get the committee's recommendations in this area to be sure that nothing has been lost. We know how fragile language is. In that sense, I hope this is one of the aspects that the committee will examine. We won't be taking any action ahead of you.

• (1605)

**Ms. Caroline St-Hilaire:** What I understand is that you won't necessarily go any further, despite the fact that Air Canada has never complied with the Official Languages Act. You have no intention of imposing anything further. It will be the status quo. They are still not complying with the act, but nothing else will be imposed.

**Hon. Jean Lapierre:** I'm not the one responsible for administering the act. What we can do is establish the legal framework. We hope that all good corporate citizens will comply with the act. If they don't, the Commissioner of Official Languages will do her work. The provisions of the act are there. I am the Minister of Transport. It's not up to me to change the spirit of the Official Languages Act. Our commitment was formal: nothing more or less than before. We're not going to take advantage of the restructuring to try to change the ground rules. They were there when the company was privatized. There have been other cases like this one: CN and, I believe, Petro-Canada. They had obligations that were maintained after the sale. So it's that principle we're going to respect. As for the rest, we hope they will act as good corporate citizens. We hope it with all our heart.

[English]

**The Chair:** Thank you.

Ms. Desjarlais.

•(1610)

**Mrs. Bev Desjarlais (Churchill, NDP):** Thank you, Mr. Chair.

Mr. Minister, thank you for coming. Thank you for the lunch the other day, giving us a heads-up as to some of the issues you thought were important we deal with. I think a number of those you mentioned have certainly been ones a lot of us have already tossed around as being areas of concern. Certainly these include the stability within the airline industry, the problems associated with CATSA, NavCan fees, and airport rents. On air liberalization, we have different views on how it's going to affect the system. I know it's going to shock everyone, but the subsidizing of routes may not necessarily be the answer in a lot of areas. I think we're certainly open to discussion on it.

Before I get into any other comments, I heard you mention the issue of possibly gazetting some of the changes. Before we end up with a situation of another change, we were a bit concerned about getting gazetted previously in relation to flight attendants ratios. Your predecessor, Mr. Valeri, had made a commitment to the committee at that time—and I'm hoping I'll hear that same commitment from you today—that there would be no changes to those regulations, and that if there were going to be any changes, they would come before the committee. So I'm going to get this one out of the way right off the bat.

**Hon. Jean Lapierre:** The answer is yes. If the committee wants to study that before any move is made, we'll be happy to come before you and give you all of the details on everything we have.

**Mrs. Bev Desjarlais:** Okay, great.

I'm going to mention as well the issue of the Farmer Rail Car Coalition, because I certainly had the impression from you before the meetings in Winnipeg this past week that there was an intention to follow through and give the support the Farmer Rail Car Coalition needed. They've been dealing with this issue for a number of years.

Western farmers, mostly Saskatchewan farmers, have suffered through a terrible time and have seen a way of possibly restoring some balance to their operations. They want to have the opportunity to operate those rail cars and have come in with a business proposal that seemed to be accepted. Then, all of a sudden, the new mix was that CN and CP didn't want to give them that opportunity. We don't need to wonder why that's going to happen. I have to admit I'm a bit disappointed that once again they have a roadblock in place, because I saw that as a way for western farmers to at least have some benefit after a very trying time. I think it's an area we're going to have to deal with, as well; and quite frankly, I think it's going to have to be somewhat of a priority if it's your intent to go to cabinet and have a decision by December.

I'm just going to go quickly through my list. Of course, there's VIA Rail.... Mr. Gouk has his position and I of course have mine. So I'm always open to discussions on VIA Rail—and certainly to discussions on the fact that VIA Rail had funding cuts made to it. It was one of the first orders of the day after the new cabinet came in, which was disappointing at a time when I think rail and sustainable transportation policies need to be put in place. It was disappointing to see that happen, and disappointing to see that it hasn't been put back in the estimates and there's still no increased funding for VIA Rail.

That's pretty much it. There's no real question in there, just a number of comments.

**The Chair:** Mr. Minister, would you like to respond?

**Hon. Jean Lapierre:** Yes, with pleasure.

On CATSA, for example, during all my travels I've always wondered why we decide that 100% of travellers are potential terrorists. I don't believe that.

Look at the NEXUS system we have for truckers. People have accepted to have background checks and what have you, and after that they just go through. So it goes faster. I don't see why we wouldn't have that in the air sector. Why couldn't frequent travellers agree to have a background check? After that they'd be known as good people and everything like that. Why do we have to do that all the time, and take such a long time? That's the type of initiative I'd like CATSA to look at, because we have to make it more efficient.

I mean, I don't know if you're frustrated by it. On Monday morning I flew to Winnipeg from Montreal, and it took 35 minutes to go through. It's kind of frustrating. And then you're nervous: my gosh, have I got a nail clipper in my pocket? If I do....

So I want it to be secure, but efficient also. They'll have to look at new models, hopefully, and try new systems to make sure we keep the security but have efficiency as well, as I said in my speech.

On airport rent, we know the discrepancies. They all have different arrangements and what have you. That's why I see that as going hand in hand with airport legislation, so that you can come at it with common ground and common principles.

On small airports, I don't have the solution. That's why I'd be interested to hear your views. It's not an easy one. Everybody means well in that regard. We don't want anybody to be isolated because market forces don't want them. How we grasp this issue, I'm not too sure.

On flight attendants, I responded.

In terms of hopper cars, I have a couple of concerns. I'm sure they're yours also. I want to know what the proposal is going to do to rates, to the CAP. And there's a big issue about the renewal of the fleet. Those are my concerns. For example, the rates could be lowered pretty much if nobody cared about what was going to happen 20 years down the road. You could use those cars until they broke, but what happens 20 years from now?

Frankly, what I'm concerned about is equity for the taxpayers and also for the farmers. If we can find the right balance...and that's why I want to go before my cabinet colleagues, to get some direction on that. Your opinion is very important, too.

On VIA Rail, well, as I say, it's a year of transition. We'll see what the new direction does. They'll come here and explain, and do what they have to do.

• (1615)

**The Chair:** You have time for one more quick question.

**Mrs. Bev Desjarlais:** Okay.

I'm glad you brought up CATSA again, because I did have a couple of questions in relation to it. Certainly, as you said, 100% of the passengers going through are not of questionable character. Quite frankly, I often wonder, if they're checking all of these people who you know darn well aren't, who else is getting through?

I also have the situation where pilots who travel on a regular basis are being checked and have to go through this process. One pilot who has the same name as...his name is flagged. He can't get his name off the list. Those kinds of things are absolutely ludicrous. I think we do have to clean up that part of the system.

I have a letter in front of me, and I know it was sent to you and I believe all my colleagues, as transport critics. It was sent from a fellow who was travelling on WestJet, coming back from New York. He stopped in Toronto, went through customs, and picked up his bag. When he got back to B.C., he found that his bag had been torn open. Inside was a card that said his bag had to be inspected. It was from the American Transportation Security Administration.

He tried to check this out, and I tried to check it out, but we still don't have an answer from CATSA. They said it might take 10 to 15 days. It's a bit much that they couldn't give an answer as to why this would happen, why, on Canadian soil, an American security agency card would be inside.

Somewhere in the process, someone suggested to him that maybe someone had tried to steal from his bag, and the card was a decoy. The fact that someone would even make that statement and somehow think that was a better answer was just beyond me, to suggest that when the bag was going through customs and security, it would be accessible.

Being that CATSA hasn't given us an answer yet, and being that I know what it's like to get answers from the head of CATSA, I would certainly encourage you, and encourage us as a committee, when the CATSA chair ever comes before us, to have the minister at his side. Quite frankly, he told us before that he couldn't tell us anything without the minister. So I think if you hold his hand, that's probably the best route to go.

Thank you.

**The Chair:** Very quickly, Minister.

**Hon. Jean Lapierre:** Maybe he doesn't need me to hold his hand, but at least on the things I was talking to you about before, I know they're working right now. I've asked them to look at a way to expedite going through the system for people who, as you say, are frequent flyers and have no record whatsoever. I hope they come up with some imaginative solutions.

As for the case, now that you've mentioned it, I'm sure you'll get an answer pretty fast.

**The Chair:** Mr. Scarpaleggia.

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Thank you, Mr. Chair.

• (1620)

[*Translation*]

Good afternoon, Mr. Minister, and welcome to the committee.

I would like to thank you for this proposal for a study on air liberalization. I find it very interesting. This is a burning issue, a complex and important issue for the economy and for tourism.

My two questions and comments concern the St. Lawrence Seaway. Sometimes we hear about certain problems with the seaway. Could you enlighten us about those problems and the solutions you intend to implement in the medium and long terms?

Second, you mentioned that you would like to see the positions filled at VIA Rail before commenting on passenger rail transport. Personally, I'm one of those people who was—and I still am—somewhat discouraged by the possibility that that sector might one day become a profitable and sustainable alternative means of transportation. That sector has been promoted for decades as the saviour of transportation. We also see that it's still highly subsidized. But service is disappointing. I'm not pointing the finger at VIA Rail; it's a question of circumstances. Sometimes it's very hard to find a conductor.

I personally travel by train sometimes, and I see that, for all practical purposes, no security measures are taken on board trains, especially compared to what you see at airports. The same level of security might not be necessary, but there's nevertheless a happy medium. There's no security or anything comparable to what you see at airports.

**Hon. Jean Lapierre:** As regards the seaway, a study is still under way, since we know that that infrastructure has reached a certain age. However, there is no question of enlarging it or anything in any of the scenarios. The idea instead is to determine how we can maintain the infrastructure and ensure it doesn't deteriorate. It's a major waterway. Once we have the study findings, I'm sure we'll share them so that we can see what the issue would be for Canada and, of course, our neighbours.

As for VIA Rail, I hope one day that passenger transport will be a profitable venture. With the business plans, which we'll discuss in the coming months, I'm told that, if we made major investments of \$3, \$4, \$5 or \$6 billion, it could become profitable. It's sort of the chicken and egg argument. As a result of the situation and the vacuum there, I haven't yet focused on this. I'm waiting to have a new direction. This is a promising means of transportation when it's reliable and pleasant. Many countries have achieved success in this field. That's why we all dream of it, but it involves major investment decisions. Every time we talk about it, whether it's the Quebec City-Windsor corridor, the Calgary-Edmonton corridor or whatever, we're talking about major investment. I'm not the only person people will have to talk to since the Minister of Finance would have as much to say on the subject as I.

With respect to security, I must say that we've begun our efforts in the air security field. In my view, laudable efforts have been made and major expenditures incurred. There has been a lot of development in maritime security. Rail security is also one of our priorities, of course, because no one can be insensitive to the events that occurred in Madrid. We're also talking about plans for subways because they are major facilities.

•(1625)

**Mr. Marc Grégoire:** We've asked all the railway companies under federal jurisdiction to update their security plans, and VIA Rail has updated its plan. We're in constant contact with VIA Rail's security officers. We share information with them and we have authority under the Railway Safety Act to put security measures in place where needed. However, the information we have tells us that such measures are not necessary at this time.

[English]

**Hon. Rob Nicholson (Niagara Falls, CPC):** Thank you very much, Mr. Chairman.

Welcome to the minister and his officials.

Congratulations on your appointment as Minister of Transport, and I thank you for your offer of trying to build a consensus with this committee. That's appreciated.

You said in your opening remarks that an efficient transportation system is key to Canadian prosperity. Since you believe that, and there is a consensus I'm sure in this committee on that, that when you're talking to your friend, the Minister of Finance, about investments in rail and other modes of transportation, I think if you convey your belief and the belief of this committee that these things are investments in the well-being and the economic prosperity of this country, I'm hoping that will carry the day when the minister is developing his budgets.

You said as well in your comments that bottlenecks are beginning to develop at Canada's borders and we don't want them to become barriers to trade. Let me suggest to you that there are not just beginning to be bottlenecks, we have bottlenecks right now, and for the last few years I dread long weekends, busy days in the summer, when I know that traffic will be backed up at Canada's borders, sometimes for miles, and it can go in either direction, whether you're coming into Canada or leaving Canada.

You indicated I think that there's a billion dollars planned for infrastructure. My first question to you is when are we going to see it? I know there have been plans announced in May for the Peace Bridge in Fort Erie and for other areas. We want to see it. We need it. How soon can we give some assurances to individuals making investment decisions in this country that these borders are going to be open, that they are going to open efficiently, quite apart from any problems that we've had in the past? How long will we have to wait?

**Hon. Jean Lapierre:** If I may, on border crossings, I was in your area last week and I saw some work being done, and when I looked at all the plans of what they wanted to do, I was pretty impressed to see what the Peace Bridge Authority is trying to achieve to make sure they have a more efficient bridge and that all installations are well in place.

So we're investing already and work's being done. As a matter of fact, I think it will go on for a couple of years.

In the Windsor-Detroit area we have phase one of a project that has already been approved and they're working on it. It's about \$85 million; and now we're in the process of working on phase two.

As you know, it's not going to be tomorrow that we'll be able.... A lot of people think that we could build a new bridge tomorrow. In all scenarios, the date will be something like 2013 if we follow all the processes, the binational process and what have you—

**A witness:** And environmental assessments.

**Hon. Jean Lapierre:** —to build a new crossing. But in the meantime, there are many ways to improve the facilities that we have and that's what we're doing. For example, just adding those four booths in Windsor-Detroit—I don't know if you've seen that—has changed tremendously...and not only adding the booths, but staffing them. That's a challenge for the Americans. It's also a challenge for us. But that has really helped to reduce waiting times quite a bit.

**Hon. Rob Nicholson:** I wonder if you could take this up with the Prime Minister. He said in congratulating the President of the United States on his re-election that he would be very soon on the phone to him and he would take up the question of BSE and softwood lumber. These of course are great issues to this country. Could he take up as well, with the President of the United States, the questions of Canada's borders? It takes two countries, as you know, to do this. I wonder if you could do that.

Let me raise one other matter with you as well. It's somewhat depressing, quite frankly, to hear that the estimate is that we're not going to see any new spans before 2013. You raised the questions of the Peace Bridge in the Fort Erie area; they have plans to expand.

What's complicating it is, quite frankly, there's an application by a private company. It seems to me that if a decision isn't made by the Government of Canada and either you're going to stick with the publicly owned authority or you're going to entertain a private application.... If you could make that decision in the near future, at least it would clear up that confusion so that at least the publicly owned authority in that particular case could go ahead with their plans.

•(1630)

**Hon. Jean Lapierre:** As a matter of fact, you're raising an interesting question about the authority we have on those border crossings. I think I'll be coming back to you to ask for authority maybe on some of those amendments, perhaps in Bill C-26, because right now we have no set of rules on how we govern those crossings. In the U.S. they need a presidential permit. Here we have a void, and I think we need a set of rules to have certainty in the process.

**Hon. Rob Nicholson:** I agree with you. There is some uncertainty with respect to the governance, but it seems to me that something of international concern would properly fall within the jurisdiction of the federal government, and presumably within the executive power that resides with the federal government. There are hundreds of excellent lawyers over at the justice department, and it seems to me they should be able to figure that out, so please pursue this. I agree it is a murky subject once you get into that particular area.

You indicated as well your House leader was hoping that we would tackle some complex and difficult issues, and I certainly extend my thanks to him for that suggestion in a minority Parliament to get going on these. I suppose one of the things that would be interesting to know, before we get into the air liberalization study or we have a look at that, is what kind of a commitment can we get from you that at the end of the process you're going to move forward from that? Again, what assurances, if any, have you had from the United States that they would agree in principle to opening up air traffic?

**Hon. Jean Lapierre:** There are two issues. On the international crossings, I'll be back before this committee to discuss that—how do we have governance rules and what have you. I know that the Deputy Prime Minister is on the phone and in contact very often with Tom Ridge, and they have set that as a priority for themselves. I think she's putting on all the political pressure that she can at this time. Mr. Ridge was in Ottawa a couple of weeks ago, and he has really taken an interest in that. We really want to push it fast.

On air liberalization, frankly I'm looking for guidance, because I'd like to move, but I want to make sure we do it in a prudent fashion and that we know what we're getting into. That's why I'm counting on this committee to help me. I want to be proactive on this file, but I won't do it before you have looked at all the opportunities and all the difficulties, because it's not black and white. But as soon as I get the report.... I came back to this place because I wanted to accomplish things, and I'd really like to move.

**Hon. Rob Nicholson:** The last half of it was the Americans. Have you had any indication from the Americans that they might be interested in something like this?

**Hon. Jean Lapierre:** Yes, I had conversations with Secretary of Transportation Mineta in Montreal about a month ago, and I had a visit with the American ambassador, Mr. Cellucci, last week, and both have indicated a great interest in this process.

**The Chair:** Thank you.

Mr. Karygiannis.

**Hon. Jim Karygiannis (Scarborough—Agincourt, Lib.):** Minister, I'd like to thank you for coming today.

Although I have an ample opportunity to speak with you one on one, I was wondering if we can venture down the subject of CATSA. I have heard from some colleagues that there is some concern about CATSA. I have to tell you, having seen the work CATSA does and the people on the ground who work for CATSA—these are the people who actually check us in—I feel very proud of the work they do.

Travelling down that path, I am wondering if we are to start saying to people, you passed all your clearances, you have absolutely no baggage, and you have absolutely no police record, and—or to somebody who travels a lot we would say—you can pass without going through screening and without having to worry about it.

Sometimes we're all forgetful, as you said yourself, when we go in: "My God, did I have a pair of nail clippers? Did I have something on me."

When you compare us with other jurisdictions—the United States, or Britain—they emphasize security more. In Britain, if you're coming in from another country, although you passed clearance at that border crossing and when you arrive in Britain you're to fly onwards, they make you go through security again.

I am wondering if we are going down a path that might cause our neighbours, be it the folks to the south or our European counterparts, some concern if we were to issue a card to somebody and say "you don't have to go through security". Is it possible that by doing that we might be creating two sets of lists, one of people to whom we say "you're a frequent traveller, not a problem; go ahead" and one of others to whom we are saying "you're not a frequent traveller; we have to move you over and look at you"? I am wondering if we are getting away from the universality we have.

In an air flight it's very easy to get a glass, and if you break it you automatically have a weapon. For somebody who is a grandmother there is no problem if she goes on with two knitting needles. Somebody who went through and is beside her can certainly grab them from her. I am just wondering how the people we interact with, the other stakeholders abroad, will look at this.

•(1635)

**Hon. Jean Lapierre:** First of all, I have asked CATSA to look at that scenario, because I know even our allies are doing it. In Washington they have a pilot project that does exactly that, and it is one of the most secure airports in the U.S.

The only thing I'd like to do, frankly, is bring back the pleasure of travelling. Right now it's becoming a pain. If we can find a system.... We have already FAST and NEXUS, and yes, there are two lines. There are people who go fast because they happen to earn their living doing that and they have their NEXUS card. I want it as a pilot project, but I want to look at the possibility.... The card would be accessible to any Canadian citizen who applied for it, I'm sure. But we'll start with the pilot project to make sure we don't put security at risk.

I'm sure there's a better way than what we're doing now. It's impossible that we've decided in this country we're going to wait until we have difficult.... We have difficulty going to the airport because most airports don't have proper roads to get there. Then you wait at the counter, and they've also cut down on staff, so you wait for a long time at the counter. Then you wait through security. For example, one day I was going to Saguenay, and frankly, with the time it took me to go from home to the airport, to get all the stuff and get back, I should have driven to Saguenay; it would have been faster.

So I think there's a problem. Without leaving any risk—we have to do our job on security—I'm sure there are ways to improve it. Otherwise, I don't think we're helping the sector at all, frankly. That's why I hope CATSA looks at alternative ways to make it more agreeable for people to travel. I'll leave it at that.

**The Chair:** We have time for one more question.

The minister is sounding like a frustrated traveller.

Mr. Carrier.

[*Translation*]

**Mr. Robert Carrier (Alfred-Pellán, BQ):** Mr. Lapierre, thank you for appearing before our committee. It's very much appreciated. It's good to be able to exchange questions and answers on subjects of concern to us all.

I was listening to the various comments and questions that were made. We see that transportation really affects the lives of all Canadians in a number of areas. We practically have to limit ourselves in the problems we would like to resolve as of now. There are a few questions that concern me and they concern Mirabel Airport.

Last week, we witnessed the end of passenger flights. The fact that such a beautiful airport has lost its primary purpose is very sad for all Quebecers. On that subject, without saying that it's a fiasco, we would nevertheless like to preserve the future.

With respect to cargo transport, which has theoretically been maintained at Mirabel, there is already some question of establishing an international free trade area. The Government of Quebec has come out in favour of that, but the Canadian government has not taken that approach. I would like to hear your comments on the subject.

With regard to plans for the transformation of the present airport by ADM, four possible options have been decided on but not disclosed. I would like the facilities to be at least preserved so that they can be used in the event Dorval Airport is no longer sufficient. That way, we'll always have an alternative at Mirabel.

I also have a question regarding an optimum transportation solution, in the sense of sustainable transportation development. I would like to hear your comments, particularly concerning the greenhouse gas reduction objective.

You've previously come out in favour of a rail shuttle between Dorval and downtown. I believe that's a good idea. I would like to know whether you're thinking more about assigning commuter trains in the major urban areas than options involving construction of very

expensive highways and bridges. This objective would be a practical solution to avoiding congestion, in addition to reducing greenhouse gases.

My last question concerns the railway system. I would like to hear your opinion on the Quebec City-Windsor corridor. That could be a quick and effective route, and we wouldn't be forced to constantly increase the number of traffic lanes.

• (1640)

**Hon. Jean Lapierre:** Those aren't minor questions. Thank you very much, Mr. Carrier.

We were obviously all saddened by the closing of the passenger terminal, but ADM made that decision to preserve the future. I know that everyone was informed that we wanted to renew the leases until 2023 because that was part of the master plan. So they're going to retain the assets. Even the UPA people were informed on October 2 of the intention to extend the leases. So the assets will be there.

As to freight, I hope it will be kept there and that it will be expanded. There's also the entire industrial aspect. When we discuss Bombardier's future together, we'll have to look at the facilities there. It's an extraordinary location for aircraft manufacturers, which, as we know, are involved in major projects, in particular with the new C series aircraft. I don't know exactly where all their projects will be located, but we're going to monitor the matter with great interest.

ADM has received eight project proposals for the use of the air terminal and surrounding facilities. I believe ADM has selected four. I don't know which ones they are. ADM will have to notify me if those projects require amendments to the lease. So if there ever has to be an amendment to the lease, the Minister of Transport will have to use his authority. Of course, a federal government representative sits on ADM's board, so that we'll be aware of the situation, but, for the moment, I know nothing about it. Does one of the submitted proposals include a free trade area concept? I have no idea. Once we have the information from ADM, I'll be pleased to share it with you because I know that will have a major impact on your region. So as soon as we get news on the subject, I'll pass it on to you. But as for preserving the future, they're doing it right now.

As for what's going on with regard to public transit in particular, I very much hope that we'll be able to sign bilateral agreements with the provinces on the gas tax. There will be new money for that. I know that a number of cities, such as Montreal, have major public transit expenses. We had talked about a five-cent tax on gas over a period of five years. That adds up to more than \$2 billion a year. If you divide that amount by four, that means an annual injection of \$600 million for Quebec. Six hundred million dollars annually is almost Transport Québec's budget, which is \$800 million. So we would virtually double the amount for transportation.

There are projects. You need only think of the Montreal metro: I believe it would cost slightly more than \$1 billion to change the equipment, which dates back to 1966-1967. We were much younger then. So I'm counting on the government to make public transit and sustainable transportation a priority under the bilateral agreement on municipal infrastructure. That's somewhat in the spirit of the agreements we've previously had on infrastructure. I think the results will be good in that area.

As for the Quebec City-Windsor corridor, we'll be talking to you about that again. It's a big money issue. Once VIA Rail's new board is in place, I'll see what's being offered. I know that the Minister of Finance reduced VIA Rail's votes the last time. I haven't discussed the matter with him, but I imagine that's part of the long-term plan we'll be discussing. There's nothing on the table for the moment.

• (1645)

[English]

**The Chair:** Thank you.

Ms. Desjarlais, and then Mr. Scheer.

**Mrs. Bev Desjarlais:** I have just a couple of—

**Hon. Rob Nicholson:** Mr. Chairman, just as a point of order here, there are a couple of members here who still haven't had anything. I'm glad to have one member get two rounds, but....

**Mrs. Bev Desjarlais:** I am certainly okay with that, Mr. Chair, if they want to—

**The Chair:** If you don't mind. We have lots of time. Everybody will have lots of time.

**Hon. Rob Nicholson:** That's fair enough, Mr. Chair.

• (1650)

**The Chair:** Mr. Scheer, go ahead. We have lots of time today.

**Mr. Andrew Scheer (Regina—Qu'Appelle, CPC):** I too would like to express my thanks to the minister for coming and visiting here today. I have a few brief questions I would like to address.

You mentioned some of the bottlenecks and some of the challenges that are being faced right now with grain transportation, specifically in the west. Many of the people I have spoken to in my riding from the grain industry in Saskatchewan are quite concerned specifically about the turnaround time for grain transport. In many cases it's significantly higher than it is for our western counterparts, when you measure the time it takes for similar distances in the U.S.

I know there are a number of issues there. I would certainly encourage your department and your ministry to examine it to find out where some efficiencies can be found and some changes made. As you know, because of some policies in other departments, farmers pay for transportation; they pay from the moment it leaves their farm until it finally gets into the ship. Any sort of delay is costing them directly.

With regard to the Farmer Rail Car Coalition, I think any effort to insulate farmers against excessive costs in transportation is certainly a noble idea. However, as I'm sure you found out Monday, and as my colleague Mr. Batters can attest, there are some questions I think need to be answered.

One that some producers in my area have asked me to raise specifically is the liability issue. If the FRCC were to assume ownership of these cars and then one were to break down during transit, who would be on the hook for that down time? My understanding—and correct me if I am wrong—is that right now, if it happens, the railroad that is leasing them eats the cost of it; they don't pass it along. That is something I think would have to be answered.

Also, would there be any NAFTA implications or any sort of trade implications? Would this be seen as a subsidy? Could it lead to any sort of countervailing tariffs on anything? Those two specific points I have been asked to pass on to you before any final decisions have been made.

There is another thing I would like to hear from you on. You mentioned, as part of your mandate, rethinking Canada's reliance on the automobile. I'm not sure whether this would fall directly under your mandate, but one of the roadblocks or challenges to moving away from traditional gas- and diesel-powered cars and trucks has to do with the infrastructure for refueling. It is very difficult to bring in alternative sources of fuel without a mechanism for people to travel and count on being able to refuel. Has your department had any sort of plan, in anticipation of some of the new developments coming along in that industry, to provide any sort of solutions for that problem?

Also, part of the previous Prime Minister's mandate was to twin the Trans-Canada highway. I haven't heard too much about that. I don't know where your department is with that, or whether there is any progress or not.

I heard you mention you would bring appointments to Via Rail to this committee before they were confirmed. In some of the other committees, after they have been confirmed they have been allowed to appear. I have been wanting to clarify that.

**The Chair:** I can clarify that as a procedural point. The Standing Orders actually allow a committee to examine a proposed candidate, provided the minister tables in the House notice of intention to appoint.

**Mr. Andrew Scheer:** I see. Great; I thank you for that clarification.

**The Chair:** Minister, you may want to respond to that.

We are getting shopping lists here today.

**Hon. Jean Lapierre:** On major investments required within the railway system, I have heard that, and I am anxious to see formal commitments. I have read speeches from the chairman of the CPR and others, talking about the need for major investment and the fact that they want to have an environment in which they would go ahead. I think everybody agrees that there is a need for major investments. Right now we are discussing that, and I hope to see some firm commitment in that regard.

On the liability issue, we heard it all. Frankly, we don't have all the solutions, but I know that some farmers groups, for example, have withdrawn from the coalition because of that fear. I don't have all the answers, and those are some of the questions I said we had coming out of there.

On the problems with the U.S. and what could happen if it was not seen as a commercial transaction, that has been brought up also. There were answers given, but it's all the details. I know that farmers, for example, will want us to get answers before making a final decision. I am very conscious of all those question marks. We need to have those answers before making any decision, and we will have them.

On new fuels and what have you, it is really more for Natural Resources Canada to work at that. Sources are hard to find in some instances. We recently bought a little van, and it uses 85% ethanol. I am told the only place you can find it is at Agriculture Canada, so every time you want to refuel you have to go to Agriculture Canada.

**Mr. Andrew Scheer:** On the infrastructure, when travelling from Ottawa to Windsor, say, you would have to fill up a few times. Finding the source might be the job of Natural Resources Canada, but the question of providing the infrastructure, would that be under Transport Canada's mandate?

**Hon. Jean Lapierre:** I don't really know.

**Mr. Andrew Scheer:** I am told it is Industry Canada. Fair enough. I simply wanted to raise that.

**Hon. Jean Lapierre:** With respect to the Trans-Canada Highway, we had a federal-provincial meeting of ministers of transport, and we agreed on some new miles that were added to the national highway system. I know there are many questions coming from many provinces on the tier one and tier two system, so we could have general principles. For example, we have the national highway system and then we could have other routes that need to connect to it, so we would have a second tier. The provinces and I are working on that right now to find a way of looking at criteria for tier one and tier two. We have a tier one, but this is for tier two. There is a lot of work being done between the federal and provincial ministers.

• (1655)

**Mr. Andrew Scheer:** Okay.

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

With committee members' agreement, I think we will move to Mr. Batters and then we'll start another round.

Mr. Batters, please.

**Mr. Dave Batters (Palliser, CPC):** Thank you, Mr. Chair.

I would also like to extend my thanks to the Minister of Transport for appearing here today. I did get to meet the minister on Monday in Winnipeg. He was gracious enough to attend those important meetings on the Farmer Rail Car Coalition's proposal, and I look forward to working with him and his staff.

It has been a great start for the committee. There is some good camaraderie, and consensus has already developed. Clearly, we have some important work to do.

I want to touch on two quick questions that have already been touched on, and then get to the FRCC, if I may. I have already met with representatives of the trucking industry and the air transportation industry in my committee role.

The bottleneck that is developing at the border is a huge issue for the trucking industry. I think Canada needs to do whatever possible to improve its relations with the U.S. to make it easier for our trucking companies to ship goods to the United States. I believe 70% of our exports are moving by truck across the border to the United States, and this bottleneck effect is of huge concern. We need to hear the vision of this government as to how they're going to solve that problem.

Second, in terms of air transport, the main issue raised seems to be the rent at airports. Looking at a sheet today, it showed rent in airports in 2004 was \$280 million. I'd like to know what the federal government strategy is, or whether there is a strategy aimed at somehow curbing these rents that are ultimately passed on to air travellers, somehow putting a cap on these rents, and if there have been discussions on that with your colleague, the Minister of Finance.

Third, I'll focus my question on this, Mr. Lapierre. I haven't taken a position one way or another, and I won't speak for you, Mr. Minister, but we both heard the FRCC on Monday, and I agree with you, there were more questions than answers that came out of that meeting, many of which remain unresolved. This is a critical issue, and many more answers need to be arrived at before a decision is made.

I appreciate your comments that this has dragged on for some time—it has been nine years—but I would put to you, I guess, that it's more important that we get this right, make the right decision, rather than rush into anything. I'd like your comments on that.

You said you're going to go to your colleagues in cabinet by Christmas. You also said on Monday, though, that it doesn't mean a final decision will be made by then. I appreciated those comments. I think it's crucial that we now get it right. We're talking about changing the whole system.

I'd also ask you, would you let this committee examine this issue before a decision is made? Furthermore, would you allow for debate on the floor of the House before this decision is made? It is that important a decision to our producers in western Canada.

I have a couple of other questions, a few of which were raised on Monday. We don't yet know what the annual maintenance costs are for our hopper cars, and this entire proposal really hinges on that. The FRCC says they can save a tremendous amount of money in terms of maintenance costs, yet the study really hasn't been done. Mr. Harrison's comments on Monday were, "Well, we phoned around, and this is what the average was." I believe your department needs to do a thorough study on what the actual cost is, as the entire merit depends on that.

Another question is who pays for switching cars and transporting them for maintenance? If the maintenance contracts are not awarded to the railroads, how does this work? Certainly there will be considerations there with unionized labour.

The FRCC's business plan calls for getting this asset, which has a market value of between \$150 million and \$200 million. It started out they were asking for this asset for one dollar; now they are asking for it for a nominal fee. The success of their plan, they say, depends on it being attained at a nominal fee. What are your thoughts on that? Obviously, that's a big decision that Canadian taxpayers are watching.

We have many, many unanswered questions, and I urge you, sir, not to rush into anything here.

I'm going to finish by discussing the organizations that—

• (1700)

**The Chair:** Mr. Batters, if you'd like to wrap up...

**Mr. Dave Batters:** I'll be very quick. Thank you, Mr. Chair.

We need to examine if producers are onside. I agree with Ms. Desjarlais that the main concern here is what's best for farmers, what's best for our producers. I know you share that concern, sir.

The canola growers, who were original participants, pulled out because of liability and not enough answers to questions. They were very concerned about trade ramifications, as raised by Mr. Scheer. The western Canadian grain growers also pulled out because they favour a total commercial solution.

I've given you lots to comment on, sir. What's the rush with FRCC?

**Hon. Jean Lapierre:** Thank you.

First of all, on the trucking industry, I understand the need and the frustration every time they go to the border and have to sit there for hours and wait. It's very often their money, their time, and their fuel. They have now this philosophy of "just in time." They have to make up for that lost time somewhere.

For us, it's a priority with the U.S. administration. It's all under the leadership of the Deputy Prime Minister, but Transport Canada is going to be delivering the products, the infrastructure and what have you, with the different components of this system.

We're very conscious of that, and for me it's really a priority. Not only that, but it's of national interest, and in some instances there's a security interest involved too. We cannot be dependent that much. So we're very conscious of that, and we're really putting on a lot of pressure. It has to come from both sides.

The problem we have is that if we rush it too much.... When I look at the dates—for example, 2013—I say, my gosh, I hope I won't still be there then. But it's a long time. You ask if there's any possibility of shrinking that. Well, when you go through the processes and everything like that, every time you try to go faster, you get sued. There's always somebody bringing you to court on this and that. So we're trying to make sure we follow all the due processes of both countries. But we're really conscious of that.

On airport rent, I heard it loud and clear. That's why the department has reviewed that. I have to go to my colleague, the Minister of Finance, because I'm not for auto-flagellation. But we have to find a solution to that.

When we see the curves, they're like this, and I understand the difficulty it brings. Again, if we move on this one, we'll need the transparency; we'll need the governance. I think we have to move hand in hand in this.

On FRCC, there's no rush to finish it off one way or another. I don't want to be negotiating in public, because there are three potential bidders. I want to make sure we focus on it, though. We can't just let it drag and let those farmers and those organizations

work at it and work it, and lobby and lobby, and never get a final answer. I think we owe it to them, and we owe it to the system, frankly.

So what I would like to do is put all the elements in, and when I say by Christmas, it's because it forces the system to ask the right questions, to do the due diligence, to do everything so that at least we'll come up with some package and some options for my colleague to look at. That would be the beginning of a real negotiation with one partner or another. So I don't see finishing that off that quickly, but at least we need a sense of direction on this one.

How are we going to deal with that here? I don't know, but it's obvious that I would want to hear from all members of the House who have an opinion on this. You talk about the representation of every organization. You listen to farmers more than I do, frankly. I'm trying to do my best, but in Outremont we don't have that many. So it's important to have the input from people who are in contact with individual farmers, not only organizations. That's why I'd be very sensitive to your representations.

• (1705)

**The Chair:** We're going to move on to the second round. We have about 22 minutes left. I think we'll start with Mr. Nicholson.

**Hon. Rob Nicholson:** Thank you, Mr. Chairman. I have just a quick question.

Minister, on September 30, 2004, you announced amendments to the motor vehicle safety regulations that would indicate that newly manufactured transport trailers be equipped with rear impact guards to prevent vehicles from sliding under the rear of the trailer during collisions.

The information that has been passed along to me is that on or about October 6, Transport Canada released a proposed regulation that would create a different standard for rear bumper guards on tractor trailers from those in the United States. I wonder if you would comment on that in this respect: Because there's so much integration within the North American trucking industry, wouldn't it make sense that we would try to develop regulations—and maybe you are trying to do that, I don't know, but I want to know—such that we're in concert with the United States, since so much of the trucking is between the two countries?

**Hon. Jean Lapierre:** It's very technical. I'll let Marc respond.

**Mr. Marc Grégoire:** Actually, it's so technical that I would like to come back to you with a written answer, if you would agree. Normally, we harmonize all regulations with the United States, with NHTSA, FRA.

**Hon. Rob Nicholson:** All right, that's fair enough.

Thank you, Mr. Chairman. Those are my questions.

**The Chair:** Thank you.

Madame St-Hilaire.

[*Translation*]

**Ms. Caroline St-Hilaire:** Mr. Minister, I would like us to come back to the subject of Air Canada. We spoke about official languages, but I would also like to hear your views on the situation at head office in Montreal.

However, we haven't said a lot about the Quebec road system, particularly Highway 50. I could refer to a number of highways: 50, 30, 185 and 175. I know you get a lot of requests. I've lived on Highway 30 for three elections now. However, I think Highway 50 is very important; you've even made it part of the national road system. Where does it stand now?

I apologize for being a bit scattered, but I know you're negotiating with the people from the shipping companies, the ports, concerning security legislation. Where does that stand? How are things going? Where are you, without necessarily disclosing your strategy, of course? What are your limits? What are your guideposts?

I asked you questions in the House on the economic corridors. My colleague did so and others have done so as well. I'm thinking, among other things, of the Quebec City-Windsor corridor. I've already asked you questions about the Montreal-Quebec City corridor; you simply closed the door. Lastly, we can give you all our shopping lists, but I also understand you have limited financial flexibility. What is your flexibility with the Minister of Finance? What are your priorities? Billions of dollars are in fact available.

**Hon. Jean Lapierre:** With regard to Air Canada, of course, the act will also include an obligation to keep the head office in Montreal. Normally, the other elements, including Winnipeg and the shops in a few cities across the country, were in the initial act.

As regards the road system, my priority is Highway 30. Some people have made jokes, when I appear on radio, saying that it's called Highway 30 because it's been promised for the past 30 years. So Highway 30 is a priority in the Quebec system, but a joint priority with the Government of Quebec. Currently, there is a federal committee, a provincial committee, deputy ministers and so on. Maximum pressure is being laid on because there was a time when I had the impression there was resistance. Now the government machines are on our side. I'm told the expropriations have been done. In Quebec City, we see they're making progress on the PPPs. So everything's being put in place so that we don't lose face or our credibility. The entire political class is concerned by this.

As regards the national road system, we've added Highway 50, for example. That will then be part of the negotiations with the provinces on funding, for example, strategic infrastructure or something like that.

Personally, I admit I have another priority: the roundabout for getting to Pierre-Elliott-Trudeau Airport. On November 1, we moved one million more passengers, without having a road to get there. However, the province also has priorities. It's currently working on Highway 175, spending a budget of \$525 million. For each of those roads, the Government of Quebec is the prime contractor, and cooperation is very good.

As for security, background checks for maritime security, I can tell you I have good news. The other day, I met with Mr. Bouvier,

President of the Teamsters. He told me that people may have a misperception, but they're 100 percent available and ready to cooperate on background checks. I thought that was very good news because it makes things easier when a major union such as that cooperates. So I want to pay tribute to him. There have been consultations across the country. I know that Marc attended all those consultations.

• (1710)

**Mr. Marc Grégoire:** I attended a number of them. We're analyzing the comments and we'll be making a proposal in a few weeks.

**Hon. Jean Lapierre:** We already have experience with what's been done at the airports and so on. So I get the impression that things will turn out well, that they'll turn out normally, but the cooperation of the unions, the Teamsters, among others, is definitely good news.

As regards the studies, such as the study for Quebec, we had a special studies program. There was a highly technical committee for the purpose of selecting various studies. As Minister, I had nothing to say about that for one very simple reason: it concerned an evaluation done by transportation specialists and so on. So the Quebec City study did not qualify among the top studies for the amounts we had because it was among the demonstration projects or I don't know what. By the time I was appointed Minister, it was already done. It was technical and formal. It was not a decision designed to penalize Quebec City or any other city in Canada. A judgment was reached on the basis of the technical merits of the study.

For the future, whether it be the Quebec City-Windsor corridor or something else, that will remain on the table. I'm convinced that VIA Rail will come back to you with that. I know that Mr. Gouk will be waiting for them, but I'm convinced they'll come back at the charge. So no decision has been made. I can't honestly tell you that I have money on the table to do that. I don't have a cent for that right now. That will be part of the future plan.

[*English*]

**The Chair:** Okay.

Ms. Desjarlais, followed by Mr. Scheer, followed by Mr. Scarpaleggia.

**Mrs. Bev Desjarlais:** Thanks, Mr. Chair.

I have a couple, and I really will try to be quick.

As I indicated, a major review of the airport rents was done. I'm just curious if within that major review of the airport rents a market real estate analysis was done in each area. I think it's imperative, if you're questioning whether or not the rents are too high, that you know what the market value of the property is.

That's a question.

**Ms. Kristine Burr (Assistant Deputy Minister, Policy Group, Department of Transport):** Yes, we did studies on each airport, and we've exchanged technical and financial information from each airport in order to get a good sense of the situation.

**Mrs. Bev Desjarlais:** My question was on a market analysis of the area, a real estate analysis of the area, not a comparison between what the airport rent is at Vancouver or Toronto. What's the Toronto airport real estate market value compared to Toronto? That's what I consider a market analysis of the real estate of the area. That's the question I want to ask. Otherwise, I don't think we have a valid analysis.

The other question I have, in case I've misunderstood, is when you talked about 2013 being a date, I'm wondering whether that was for starting or for completion. I'm just curious.

I also was a bit curious about the figure that no one seems to know about, the maintenance cost of the rail cars, because my understanding is that the rail lines charge the farmers that fee every year as part of their cost. They give them a figure: this is what it's costing you for maintaining those cars. I'm a little bit baffled if nobody knows the figure.

**Hon. Jean Lapierre:** On the market value.

**Ms. Kristine Burr:** We looked at varying methodologies to assess the value of the real estate. We tried to look at this in terms of the value of the airport in question and the anomalies between the way the different leases treated the different airports.

• (1715)

**Mrs. Bev Desjarlais:** So if I called RE/MAX or Century 21 or whoever, I'd get the same kind of figure?

**Ms. Kristine Burr:** It's not quite the same as looking at buildings, you know. An airport is an airport. We were looking at the value of the property and of the business, the going concern elements of the business.

**Hon. Jean Lapierre:** As for 2013, that's for completion. I'm talking about the Windsor-Detroit corridor. It's really that we'd be driving together on it.

On the cost of maintenance for the hopper cars, well, the figure is \$4,500 and something, which is included in the cap. It's coming from the transportation agency. Now, the debate is—

**Mrs. Bev Desjarlais:** May I just question this?

**Hon. Jean Lapierre:** Yes.

**Mrs. Bev Desjarlais:** I was told that once before on the transport committee, and then I was told that's not the case, that the farmers are paying that figure, and I was told that just a couple of weeks ago.

**Hon. Jean Lapierre:** What I understood when we were there is that the \$4,500 is included in the cap. What the FRCC is claiming is that the real cost is probably \$1,500. So that's where they see the differential, between that and \$4,500, and that's where they see a major saving that would make their business much more efficient. That's the differential Mr. Batters was talking about.

That is the business case, as a matter of fact. It's the basis of the business case.

**The Chair:** Thank you.

Mr. Scheer.

**Mr. Andrew Scheer:** Just very quickly—I don't want to take up much more time—I am very encouraged to hear your statements about making air travel something pleasurable again. It certainly has

gone to the point where it is much more of a hassle than anything else.

With regard to the smart pass idea, where does that fit in, especially going to an open skies policy? Are there any concerns with security issues with the U.S.? Do they have a similar sort of system?

On the flip side of that, the people with clean background checks who submit to the process and are then given a smart pass.... I know you faced some questions in the House on a no-fly list, on people with severe security concerns having the exact opposite of a smart pass.

I would like your ideas on that.

**Hon. Jean Lapierre:** Yes. It's "never pass".

First, on the smart pass or whatever we call it, like the NEXUS, we are talking right now of having a pilot project to see if it's workable and if it doesn't put security in jeopardy. It's obvious I wouldn't want to do that at the expense of security. I would like to do it for more efficiency.

We'll be very open on this one and report back to you on this.

On the no-fly list, I have said in and outside of the House that we're working on it. How do you put together a no-fly list that is consistent with the Canadian Charter of Rights and Freedoms, with *la loi sur les renseignements personnels*, all of that? We have to be conscious of that and make the fewest possible mistakes. I would not want any of you to be stopped at the airport and be on the wrong list.

Therefore, we are working on all of those to try to be sure that we have a list that is consistent not only with our obligation, but also with our Canadian values and laws.

It's not an easy thing to do.

[*Translation*]

**Mr. Francis Scarpaleggia:** Mr. Minister, earlier I referred to the complex nature of the air transport file, but I believe that few files are as complex as that of truckers' working hours. I believe that could be the subject of a question on a university mathematics exam. I'm trying to get a grasp on the file.

Where do we stand in the process of adopting new regulations? If Mr. Grégoire would like to answer, that's fine. Are the new regulations in effect? In any case, it was mentioned earlier that we want to harmonize them with the U.S. regulations, particularly the area of road transport. Will the new regulations reflect the U.S. regulations?

One lobby group often writes to us. It claims—and I have no idea whether or not this is true—that American standards are lower with regard to truck drivers. In other words, there's a slightly greater focus on safety. Some more cynical than I claim that the proposed Canadian regulations are mainly designed to enable a truck driver to make a round trip between Ottawa and Montreal. The priority would thus be more on safety.

• (1720)

**Hon. Jean Lapierre:** I'm very much interested in this issue. I'm discussing it with as many truck drivers as I can meet. What I want to ensure first of all is safety. Of course we have a responsibility in terms of safety, but we want regulations that also make things pleasant for truck drivers. We don't want to force them into such difficult situations that they would follow... No one complies with regulations that are not suited to the situation. So we don't want to have log books falsified for the fun of it.

In real life, we've talked with representatives of the unions, the Teamsters in particular. They've made very direct submissions to us. I believe we're ultimately going to come to a solution, but they won't be the same regulations as in the United States. Moreover, the U.S. regulations have been repealed. There was a court case. Marc knows the details.

**Mr. Marc Grégoire:** It has to be reviewed.

**Mr. Francis Scarpaleggia:** Okay.

[English]

**The Chair:** Colleagues, the minister is going to be leaving in a few minutes. With your indulgence, I just want to ask two very brief questions.

One question is about process, Minister. This is a persistent problem at this committee, or has been in the past. I'd like to ask you, what is a consultation?

**Hon. Jean Lapierre:** A consultation in this type of Parliament is more of a consultation than it was before.

**The Chair:** But this is a hearing. Your department engages in consultations. What I want to know is, what is a departmental consultation?

**Hon. Jean Lapierre:** It's listening to all stakeholders who have anything to say and then bringing it to an end, hopefully.

**The Chair:** Okay.

Very briefly, you have raised a most interesting point, that being a NEXUS or FAST card for air travel. Do you think CATSA is best equipped to deal with that, or would you prefer to see the Canada Border Services Agency carry that out because it already has everything in place to do it?

**Hon. Jean Lapierre:** Yes, but on the other hand, CATSA has a special mandate on security and we cannot go outside that mandate. But for fulfilling that mandate, efficiency and common sense could prevail. That's why I'm hoping they'll start with the pilot project. We'll see how it works, but I'll be watching that very closely.

**The Chair:** Colleagues, the minister has asked to leave just a couple of minutes early.

On behalf of everyone here, I sincerely want to thank you for coming today. I assume, though, that you're returning to this committee on Thursday, November 18, two weeks from today, when this committee will start its examination of something that's been called a complex and difficult question, and that is the estimates.

For our new colleagues, the estimates are the most primary obligation of the House of Commons. That obligation is found in the Constitution, and it is the right of the House of Commons to approve the grants and requests of departments and agencies of government.

We will be starting that examination with you, Minister, on the 18th, and many of the names you've mentioned today, such as CATSA, I am certain members of this committee will want to follow up on.

Once again, we sincerely thank you for coming today.

**Hon. Jean Lapierre:** Thanks for your attention. *Merci beaucoup.*

**The Chair:** We're adjourned.

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