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—
Chair

The Honourable Roger Gallaway

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• (1530)

[English]

The Chair (Hon. Roger Gallaway (Sarnia—Lambton, Lib.)): Order, please.

Let's start.

Colleagues, I should start by advising you that pursuant to new procedures adopted in the House in October, we have with us a camera crew from CBC, who follow filming requirements identical to those of CPAC. I thought you should know that it is indeed CBC who is here today, and they will be here throughout this meeting.

We welcome today the Minister of Transport. Minister, welcome.

Colleagues, you will know that we have one hour and that we have two topics to discuss. These are the motion that was agreed to by this committee on December 14 asking the minister to appear to discuss the arable land transfer issue at Mirabel; and secondly, following on the motion of February 18 of this year, to come before the committee to discuss the issue of air liberalization.

Minister, thank you for coming. We appreciate it. This is, I believe, the third time you've been to this committee. We will divide it into two half-hour sessions.

If you want to open with a statement with respect to Mirabel, please proceed.

[Translation]

Hon. Jean Lapierre (Minister of Transport): Thank you Mr. Chairman.

If you would like, I could cover the two topics immediately. Then I could take questions on all issues, from all sides, without any problem.

I am pleased to be appearing once again before the committee. Thank you for inviting me. I know what a heavy workload the committee has for the next few months and I would like to thank you for your dedication.

Today, at your request, I will be discussing two major topics that pertain to aviation and which, in your opinion, are of interest to this committee. First of all, I would talk about the Mirabel Airport and, secondly, I would discuss air travel liberalization.

The Canadian Air Transportation Industry continues to play a significant role in the economic growth and prosperity of Canada.

[English]

It is an essential instrument that connects Canadians to each other and to the world. It's a powerful engine for our dynamic economy. Aviation promotes tourism and economic development and supports Canada's trade, and it creates highly skilled employment across the country. Because this is such an important industry, it's important that we make sure it has the right environment to prosper and grow.

[Translation]

Mr. Chairman, I would first like to discuss the issue of the 11,000 acres in Mirabel that are currently leased to farmers. If I may, I would like to first of all clarify that this land is an integral part of the land lease signed by Transport Canada and Aéroport de Montréal in 1992 for a period of 60 years. Aéroport de Montréal, or ADM, is a not for profit airport authority with a mandate to manage the airports responsibly in the interest of the local communities.

I would like to clarify that ADM is solely responsible for managing and leasing the land that is the subject of the Union des producteurs agricoles claims. Furthermore, it is up to ADM to establish what airport lands should be reserved for future airport activities. In his presentation before this committee, the president of this ADM, Mr. James Cherry, reiterated the need to maintain the airport reserves to preserve the future of the Mirabel airport as an airport platform. This reserve will essentially be used for building new runways which may be needed if passenger flights are resumed at Mirabel.

According to the terms and conditions of the land lease, in 2008 ADM will do the studies and hold the consultations required for updating the Montréal-Trudeau and Montréal-Mirabel master plans, which must be tabled in 2013. ADM will have a better idea of its requirements and the use of lands in Mirabel.

Following the announcement that passenger flights were going to be transferred from Mirabel to the Montréal-Trudeau Airport, the UPA asked Transport Canada to set up a program to resell 11,000 acres of land currently not needed for airport operation requirements.

[English]

The UPA says this is necessary because investments are required for the new agricultural production methods and to improve drainage. These investments cannot be amortized over the remaining period of the leases, which expire in 2010. I understand these constraints, but rather than proceeding with the resale of the land, ADM, in consultation with Transport Canada, is proposing to extend the leases until November 30, 2023, and this option is still available.

Furthermore, given that passenger flights are not expected to be transferred back to Mirabel before 2030, ADM is willing to discuss extending the leases beyond 2023. Transport Canada is ready to hold discussions to this effect with ADM and UPA. An extension will certainly help improve the return on investment in the land.

Although the final decision regarding the current or future use of the land rests with ADM, we hope that an agreement can be reached to the satisfaction of the various parties involved.

[*Translation*]

The resale of land is not a solution when you consider the future of Mirabel. Giving consideration to the possibility of selling this land back in the immediate future and expropriating them once again should passenger flights resume at Mirabel would be irresponsible on the part on the government and disrespectful to the families and their descendants, who would be affected by a second expropriation. I will repeat that the Mirabel Airport is nowhere near to being closed. Currently, there are 21 all-cargo carriers. In addition, 11 big international corporations own facilities in the industrial zones, including Bombardier, which is settled up in the operational zone and has a direct access to the runways.

Transferring passenger flights to Montréal-Trudeau and concentrating cargo flights and other types of activities in Mirabel enables us to specialize our airport platforms so that they can be managed in a streamline fashion. As a result of this position, we will be able to further develop Montréal-Trudeau in the decades that lie ahead.

Moreover, ADM recently launched an international tender calling for proposals to find a new complementary location for the airport complex facilities. ADM is an expert in airport management. Its analysis and forecast for the past few years have been quite accurate. No one can tell what lies in the future, but should the Montréal-Trudeau Airport become saturated and passenger flights be transferred back to Mirabel, the land and the airport reserve would become essential. In addition, there are all kinds of unknowns, whether it will be in the aerospace sector or in aviation, or in the regulatory field. All these factors can disrupt the most cautious forecast.

It is true that ADM does not plan to use the land that has been leased until 2023. However, that does not mean that they will not be used should the need arise. The airport reserve is being safeguarded to meet future airport requirements in Quebec and Canada. It is located in the area where new runways and roads may be built, as well as other related facilities required to meet airport requirements.

Finally, I believe that a long term lease would enable us to reduce uncertainty and promote the development of this agricultural land. It would also enable the farmers to profit from the investments that they would like to make. We are talking about the year 2030. So we are talking about an amortization over 25 years. This is the explicit request made by farmers and the UPA.

Extending the leases would therefore appear to us to be the most desirable and satisfactory solution for all parties concerned.

• (1535)

[*English*]

Now I'd like to turn to air liberalization. Almost five months have passed since I came here to talk to you about my ideas on the liberalization of Canada's aviation system. I came to enlist your help in exploring a number of avenues and suggested a number of questions you could consider as you look into the issue. I talked about how, over the years, the federal government's air policies have promoted greater liberalization on a gradual basis, while balancing the interests of stakeholders; how the policies protected what we have; how they helped build the air industry we have today. But as I noted then, change is sweeping in the sector. Worldwide there's a trend toward making aviation markets more accessible. Canada has embraced this trend, but we have an opportunity and an obligation to assess whether our approach needs reinvigoration to ensure continued benefits to Canada and Canadians.

The Canadian economy is growing. Major airport authorities have invested in infrastructure and are looking for new opportunities. Air Canada, thanks in large part to the dedication of its management and its employees, 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—WestJet, Air Transat, CanJet, Jetsgo, Skyservice, 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 and the time is ripe 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.

[*Translation*]

Air services between Canada and the United States are governed by an air liberalization agreement signed by our two countries in 1995. This agreement is already 10 years old and many significant restrictions still exist.

It is important to recall that, although we did our homework well before entering into this agreement 10 years ago, we could not predict all of the advantages that would flow from this accord. We derived more benefits than we had hoped for and now, 10 years later, we find ourselves facing a similar decision.

[*English*]

However, I understand that this committee has identified different priorities, including a cross-country study of airport policy that will consume a significant amount of the committee's time for the next two months. I understand this decision, but the issue of air liberalization is a high priority for me and my department, and for the industry. So I intend to advance the issue in parallel with any work the committee may undertake in the future. As a matter of fact, I have written to your chairman about that—Mr. Chairman, I wrote to you on February 11—and I think the letter has been circulated for discussion. We have to start this process now. In fact, the industry is already doing its own thinking.

Later this week, on Thursday, the Canadian Airports Council is hosting an open skies conference here in Ottawa, and the U.S. Secretary of Transportation, Mr. Norman Mineta, will be there to give the American perspective. I will be meeting privately with Secretary Mineta at that time. The agenda proposed for this event touches on many of the issues identified in our guidance document.

I'm looking forward to hearing the views of the cargo and courier industry in particular, the views of labour, of charter air service providers, and of course representatives of our carrier and airport communities. It's hardly surprising that a forum like this is of great interest to Canadian stakeholders, but I'm very impressed by the foreign participation the event is attracting. Speakers include not only Mr. Mineta, but also the chief air negotiator for the United States and the head of air transport agreements for the European Union. There will also be representatives from several countries that are interested in expanding air services with Canada.

It is events like this, and the widespread attention they attract, that convince me the issue of air liberalization is timely and relevant, and that we are on the right track. At Transport Canada, we also need to do our homework. Initially, a key milestone for us was the April timeline I had suggested for the committee's work. But clearly, the committee will not be able to meet that milestone. Unfortunately, I cannot sit back and wait. I have decided that we need to get started as soon as possible. Transport Canada needs to start to collect data and begin consultations. We're using the guidance document I shared with the committee last fall as our point of departure. Clearly, as our thinking evolves, based on our consultation and the advice we get, we will narrow the scope down to what we can realistically expect to accomplish in the coming months.

● (1540)

[Translation]

Moving forward with greater liberalization is a big step. If we want to be successful, we need to take our time and ensure that we consult all of the stakeholders, because they are the ones who have the operational expertise. They understand the market and operational restrictions, such as access to airports and facilitation. Together, we must be sure that we understand what the various options entail. At the same time, the Canadian airport authorities have their own perspective on the way the market is evolving and on available opportunities. Carriers and airports must meet the tremendous challenge of planning and making financial decisions without always knowing what the future will bring.

We must therefore all work together. Our objectives are to encourage the creation of new markets and services, to lower costs and increase competition in the interest of Canadians, while at the same time ensuring that the air transport industry remains strong and vital. We can do this by eliminating legislative and regulatory barriers and by changing the economic policies that unduly restrict air transport services. The true measure of our success in negotiating should be the creation of markets that are accessible and beneficial to Canadians and the airport community.

Of course, security and safety will always remain as our first priorities. Over the years, Transport Canada and the Canadian air transport sector have distinguished themselves in the entire world because of their excellent safety record. We would never allow air

liberalization to compromise this reputation. The same holds true for safety, which underlies and will always underlie our priorities. Safety issues will have a direct impact on market opportunities that may be considered based on various air transport liberalization models.

Obviously, I intend to do research, compile data and consult. Naturally, at the same time, we will be keeping you abreast of our progress. Right now is not the time for negotiations. We are simply trying to establish, to assess where we have mutual interests. Of course, all this must be done in reciprocal fashion.

Transport Canada is asked to get involved in air transportation bilateral negotiations on a daily basis. Other countries are asking us to do this, not just the United States. We must take an interest in what is taking place in the European Union. We must take an interest in what is happening in India, for instance, which has just signed liberalization treaties. The Chinese market is extremely interesting although, in this case, the word "liberalization" may be a bit strong. Many carriers are interested in increasing exchanges.

Mr. Chairman, members of the committee, I am ready to answer your questions.

● (1545)

[English]

The Chair: I'm certain, Minister, there will be many questions here today.

We're going to start with Mr. Moore.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): Thank you.

[Translation]

I would like to thank the minister for appearing before us today to discuss two issues. I have two questions on the two issues you covered.

First of all, as far Mirabel is concerned, this may come as news to you that, on November 25, this committee adopted a motion supported by six committee members. Only one member opposed the motion. The motion was as follows:

The Standing Committee on Transport calls upon the Minister of Transport to take the necessary measures to return the 11,000 acres of arable land claimed by the farmers and former owners who were expropriated from Mirabel...

Five days later, on November 30, the House of Commons adopted, with a 157 votes for and 118 votes against a Conservative Party motion. I quote:

That the House call on the government to take the appropriate measures to resell the 11,000 acres of arable land back to the families and farmers whose land was expropriated to build the Mirabel Airport.

You ignored this committee. You ignored the House of Commons. You have ignored the majority of parliamentarians here, in Ottawa.

How can we believe that you are sincere when you say that you want to listen to our ideas about Mirabel or the air transport sector?

Hon. Jean Lapierre: Thank you. That is a very good question. However, I am also responsible for ensuring that signed agreements are respected. Moreover, an agreement was signed at that time by the Conservative government which, in all its wisdom, wanted to provide for future development and give authority to a company such as ADM.

The president of ADM has appeared before you, and he told you that he felt that he should keep this land in reserve. As you know, at the time, 97,000 acres were expropriated in Mirabel. Eighty thousand acres were given back to the farmers. I have, of course, noted the wishes of the committee and the House, but I think that it would be in the interest of the public to continue maintaining these lands in reserve. I believe in the future of Mirabel and I believe that you should reserve these lands if you want to be visionary managers.

Many observers are saying that Dorval will be too small one day. Clearly, we will have to go back to Mirabel once the volume of traffic dictates such a move. I trust that will happen one day. As a cautious administrator, I know that we have already returned 80,000 acres. I must point out to you that the number of acres remaining corresponds exactly to the lands in the reserve for the Pickering Airport. Many people think that one day the Toronto Airport will be too small and that we will have to go to Pickering. Visionary people have reserved exactly the same number of acres. Do you think that the future of Mirabel is less attractive than that of Pickering? I do not believe so.

[English]

Mr. James Moore: My point was that you're not the overlord of the Department of Transport; you're the Minister of Transport. In a minority government situation, you have an obligation not just to tell us what the government is going to do, but you have to listen to this committee and you have to listen to the House.

This committee and the House of Commons both told you to change the way you are addressing the Mirabel situation, and you chose to ignore us. If you want this minority government to work and if you want the bigger issues that you're now putting forward, like the liberalization of airspace, to truly work, then you have to show us a little more respect, Mr. Minister; you really do.

Hon. Jean Lapierre: I don't have any problem with showing you some respect, but at the end of the day, I'm responsible for what goes on in the Department of Transport. I don't want to be rude, but this is not a coalition government, this is a minority government, and we're ready to stand and be counted. There will be a day, maybe a couple of weeks from now, and I don't mind that. But what I'm saying is that I take full responsibility, and at the end of the day people will judge us, and I'm ready for that. That's why I came back to politics.

Mr. James Moore: That's fair, but I want to move on now to the subject of today, which is the issue of the liberalization of airspace. If you're going to go ahead with the "open skies" approach, what precisely is the process?

You've said this working paper, "Air Liberalization: a Review of Canada's Economic Regulatory Regime as it affects the Canadian Air Industry", is going to be the foundation as you go forward on consultations. This document is seven pages long, half of which constitutes questions that you asked yourself in your own document.

This is hardly a comprehensive approach in looking at the liberalization of airspace.

You said the second starting point is this conference that's coming up on Thursday at which you're going to be speaking. But you didn't organize the conference; an outside group organized that conference. So in terms of organization, going forward, we have a seven-page document, and then an outside group that has asked you to be a guest speaker. It doesn't sound like you've really thought this through at the front end.

● (1550)

Hon. Jean Lapierre: Well, I must tell you that, frankly, I was counting on the committee to start the process, but I respect the will of the committee to look at other issues. So I thought, well, I may as well do my homework. This conference has provided me with an occasion to state categorically that we're ready to look at all options and we're ready to have an open mind on open skies.

So I want to be clear at that conference. That's why I wrote the letter to the chairman, to tell you that we're going to...

That could have major consequences for the air sector. That's why I'll be very prudent, but we're going to do fact-finding; we're going to get ready to consult with all the stakeholders; and as the consultations go, I'm ready to come back to this committee to report.

In the meantime, if the committee decides to take a keen interest in this issue, you're more than welcome, because then there'll be two groups. I know a lot of witnesses who would love to be heard by this committee. We're going to do that in a private way through Transport Canada, but the public process is open to you any time, and I welcome it.

Mr. James Moore: Just so you know, I do appreciate you launching on this process of air liberalization, something that we as the official opposition have been calling for for years, the consideration of this. But as we go forward, you as the government, you as the minister and as cabinet have to have some very specific questions answered at the front end, if you're going to go forward, in terms of what you are actually committed to.

I have only about 90 seconds left here, so I'm going to ask a few questions that might help the rest of the questioning and discussion around the table as we go forward—with simple yes or no answers, hopefully.

Is the cabinet committed to air liberalization and an expanded open skies agreement? Do you have cabinet support on this venture?

Hon. Jean Lapierre: Yes.

Mr. James Moore: Do you have cabinet support to go forward not just with modified fifth freedom rights but to have full cabotage?

Hon. Jean Lapierre: We're not there yet, but I have to report back to cabinet whenever I want to have a specific mandate, as I will be reporting to this committee as well. But cabinet is open and they've asked me to do my homework. That's what I'm doing.

Mr. James Moore: Are you committing to increasing foreign share ownership from 25% to 49% for domestic carriers so they can attract more capital?

Hon. Jean Lapierre: Personally, I don't have a problem with that option, but it will be part of the bargaining chips that we're going to put into the process.

Mr. James Moore: What specific foreign air carriers do you see that would run routes east-west in Canada's major markets the day after an open skies agreement was signed? Do you have any carrier that's interested in having that capacity?

Hon. Jean Lapierre: I haven't been approached personally, no. What I have had is Canadian carriers telling me that they're very interested in the American market.

The Chair: Thank you, Minister.

Madame St-Hilaire.

[Translation]

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

Thank you, Mr. minister, for appearing before us today. You will recall why you are here; it is precisely because of a committee motion and a vote in the House of Commons with respect to Mirabel. Later on, I will go back to the matter of Open Skies, but I think that the issue of Mirabel deserves all of my time at the moment.

During your presentation, but particularly in your answers to my colleagues' questions, my blood started to boil when you said that you had confidence in Mirabel. Trudeau had confidence in Mirabel as well.

You talked about respecting signed agreements. It is curious to see how the Liberals respect agreements when it suits them. Do you remember the Sea Kings back in 1993? You overturned a decision made by the Conservatives? You also overturned a decision pertaining to the Pearson Airport, in Toronto. What makes Mirabel so different, with the farmers asking for the 11,000 acres of land to be returned? You met with the farmers. Are you aware of what they went through? Why do you refuse to return this land?

Don't talk to me about the lease that you do not want to change. You are a lawyer, an expert. You know that a lease can be changed when there is an agreement or desire to do so by the parties. We were at this committee, Minister, and the farmers told us that they were prepared to take their land back. Contrary to what you said, Mr. Cherry clearly stated, on three occasions, that if there was some political will from the minister, he would be prepared to make the necessary changes. Why is he prepared to make changes, Minister? Because he has no project. He doesn't have any. Nor does Bombardier have any interest in the land. So why, as the Minister of Transport, do you continue going down this path without rectifying the monumental mistake made by your party?

• (1555)

Hon. Jean Lapierre: I have confidence in the future of Mirabel. In a few hours, you will see that I am right to have confidence in Mirabel, as a passenger airport.

Quebec will continue to develop and so will Canada. I am convinced that one day we will need this land. At that time, we will all be older, but we will all be happy to have kept this option open, both for the good of air transportation in Canada and the good of the Mirabel region in particular. Why would I be acting as I am if I didn't

think that I would be protecting the future? What would this give me, personally? I am not obsessed with the idea of keeping these 11,000 acres at any cost, but I want to have a future with options.

Ms. St-Hilaire, if I were to tell you that we need to reserve 18,600 acres in Pickering, I would imagine that you would find that acceptable. The future of the Toronto airport may, indeed, depend on Pickering. I think that the future of the Montreal airport may be assured by Mirabel. This option is available to us right now and its value is priceless. We are prepared to listen to the farmers. There were, of course, negotiations. We are prepared to reach an agreement until 2030. That means that any investment, whether it be drainage or any other type of initiative, may be staggered over 25 years.

I believe that we are demonstrating goodwill, but I want to preserve the future. I want the investment made in Mirabel, which cost \$1 billion at the time, to one day be profitable for Quebecers and Canadians. I have confidence in the future of Mirabel. I have confidence in the industrial future of Mirabel in the short term, I have tremendous confidence. This is why we are going to such lengths to convince Bombardier and other companies. I am convinced that we need to preserve the future because we know that Dorval will not be able to be developed much more than it is right now, unless we were to expropriate all of West-Island.

Ms. Caroline St-Hilaire: Minister, with all due respect, you talk about keeping 11,000 acres, but let's be clear here, we are talking about 17,000 acres. That represents six times the surface area of Heathrow, which has 63 million passengers. We're talking about a surface area that is six times larger than that of the Tokyo airport, six times larger than that of the Los Angeles airport, five times larger than that of Frankfurt and five times larger than that of Toronto. If you were to give back 11,000 acres, you would still have twice the surface area of the London airport and twice the size of that at the Tokyo airport.

Bombardier doesn't need the land. Company representatives appeared before us and told us so. You, like your predecessors, continue dreaming, like good liberals. Nevertheless, that means, in concrete terms, that you have expropriated land from people for no good reason. You keep making this mistake. You continue dreaming like a good liberal, and I will tell you that, in all honesty, this has become liberal delusion. I do not understand such stubbornness. You talk about the public interest, but I just don't understand. What interest are you talking about?

All of the parties are prepared to negotiate. You are the only one blocking the way. There was a vote in the House of Commons and the farmers, the people from ADM and the people from Bombardier are in agreement. It is only the minister who is being obstinate.

Hon. Jean Lapierre: I would rather be alone in protecting Mirabel's future than be the one to reduce it and throw away opportunities. I didn't come back to politics to be a reducer. I prefer being a dreamer. That's the category I belong to and I invite you to dream too because one day we will be happy that we kept it. We all know that Dorval can no longer expand. At some point in time, volume... Let us hope that Quebec's economy will improve to the point that one day we will need this.

I'll give you an example. You say that Bombardier doesn't need it. If the C Series is produced in Mirabel, and I fervently hope that it will, then trials will be required 24 hours a day. This won't disturb anyone because the area is so huge. That is an advantage that Dorval does not have. This couldn't be done in smaller airports.

There are so many advantages and we've already paid once! We've already returned 80,000 acres. I think that we need to keep an area that can support a high-density international airport. We don't want a second Dorval. I don't understand you: you dream of a country and yet you're not capable of dreaming of a major airport. I don't understand.

Ms. Caroline St-Hilaire: To dream does not mean not to be realistic, Mr. Lapierre.

Even if you give back 11,000 acres you'll still have 6,000 acres. This is just demagoguery.

You added insult to injury for the people of Mirabel because you caused the devaluation of the town of Mirabel. Are you aware that you added insult to injury for the people of Mirabel? Are you that alone in your dream?

Hon. Jean Lapierre: I had nothing to do with the assessment of Mirabel airport. You can talk to the ADM people about that. They are responsible for administration and there is an appeal procedure. There has been perhaps a decrease in value, however future major investments will make that value go up. I would like to bring this about by attracting investment, employment, plants, and eventually passenger flights. There are all kinds of possibilities because we have extraordinary facilities. Let us maintain them. Why take something apart that we have already paid for? We have it, it's there, and the people of Mirabel will be the first to celebrate one day because we will have been visionaries. I'm talking about development as a whole, not just about those with specific interests.

• (1600)

[English]

The Chair: Thank you, Minister.

Thank you, Ms. St-Hilaire.

Ms. Desjarlais.

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

Mr. Minister, is it fair to say that when the land was taken from the farmers for Mirabel, there was this wonderful vision and dream that there would be all these passengers—not boxes of cargo—who would need to use Mirabel, and that's why the land was expropriated? Is that correct?

Hon. Jean Lapierre: Yes.

Mrs. Bev Desjarlais: It wasn't for a cargo spot, it was for passengers. It hasn't happened. It's definitely not going to happen until 2023. It's probably not going to happen until 2030. I'm more likely to win the lottery before it ever happens, and then I might need the land. At what point do you say, "We were wrong, so let's do the moral and right thing and give this land back"?

Hon. Jean Lapierre: There was a vision and there was a dream. I think the vision and the dream are still there. Obviously, in the short term it didn't happen the way it was supposed to. But we're not going

to destroy that infrastructure because we're afraid it may not happen two years from now. I hope that the development of Quebec is going to be so fantastic that Mirabel will be needed for passengers one day. Then we'll move the installation from Dorval to Mirabel. That's exactly how we're preparing for the future with Pickering. Why is it good to prepare for the future with Pickering and not with Mirabel?

Mrs. Bev Desjarlais: Mr. Minister, it's all well and good to dream and think that's going to happen, but it hasn't happened. In all fairness, the 11,000 acres we're talking about aren't being used. It's not a matter of destroying that infrastructure. It's to use them for farmland again. They're not the infrastructure right now. They're the possible infrastructure that you might need some day. You and a few other people have had a dream, but your dream has been a nightmare for those people who want that farmland back.

It seems rather unconscionable to continue this charade and say that we want to get Bombardier back there and we want to get all this industry. That was not the reason the land was taken. It is an extremely terrible show of bad faith and disregard for the lives of those individuals. That's my point on Mirabel. I agree with my colleagues from the Bloc that it's a great hardship for those farmers, and to have kept it in limbo all this time is not acceptable.

You mentioned Pickering. I can't help but wonder whether this new vision and this new dream by some new Liberals for Pickering had some bearing on someone else's lack of vision for Hamilton.

I would like you to comment on that.

Hon. Jean Lapierre: What I'm saying is that the people before me put that land in reserve, and one day it may be necessary. That's the only parallel I make. Studies are being carried out right now, but the government has not taken any decision on the future of Pickering. In the meantime, people have put together a reserve of land, and people have been dreaming. We should not always be cynical. I think the country 20 or 30 years from now is going to be bigger. There will be more people, and more people will be travelling. So I think we should preserve the future. That's why we've been elected. I think we have to look beyond today and the next election.

Mrs. Bev Desjarlais: It's okay to dream, but it's not okay to expropriate and then not follow through on the true intention. That's the part that's not okay. It's okay to dream when you're using your own land, but the reality is the government expropriated land from individuals and did not follow through on that purpose.

Are there other areas in Canada where people should be wondering whether somebody has an idea as to what should happen with certain tracts of land? There's no real plan. We just think something might happen. Is that what the people of Canada have to look forward to in the upcoming years?

• (1605)

Hon. Jean Lapierre: In the case of Mirabel, obviously the numbers weren't there then. But now that we have the facility—

Mrs. Bev Desjarlais: They were there for 30 years, by your own admission.

Hon. Jean Lapierre: Then those people are going to be there. They have leases for the next 25 years. Any investment is going to be....

[*Translation*]

amortized over 25 years.

[*English*]

The Chair: Is that it, Ms. Desjarlais?

Mrs. Bev Desjarlais: Yes.

The Chair: Mr. Scarpaleggia.

[*Translation*]

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chairman. Thank you Minister for coming a third time since Parliament reopened.

Mr. Moore mentioned that a motion was passed by the committee six to one. I was the only one to vote against this motion mainly because I believe I'm the only member on this committee with a direct and concrete interest in the issue of airports because my riding is adjacent to the Montreal Pierre-Elliott-Trudeau international airport. I realize that for now Dorval airport is an economic engine for the Montreal region however, as a member of Parliament, I must look out for the long-term quality of life for my constituents. I'm therefore pleased to see that you are being cautious about the issue of Mirabel land.

My question is about air transport liberalization.

This isn't the first time that a government has undertaken parallel consultations. The Minister of Finance does this on a regular basis. I also know that the Standing Committee of Canadian Heritage undertook a study when the Minister of Canadian Heritage was considering a broadcasting policy.

For the purposes of this committee organizing its future work, I would like to know if you have a timeframe for the decision that you will need to make on air transport liberalization.

Hon. Jean Lapierre: As you well know, sir, it takes two to tango. We'll have to see what kind of discussions our American, European, Indian or Chinese counterparts would like to hold. I will start the process and then we will see how interested our partners are. Going by the negotiations they have had with other countries—negotiations that have run into problems, unfortunately—, for example with the European community, the Americans are interested in negotiating. That is why I will be meeting with Mr. Mineta. We will then see what our interests are and we will also have to look at the issue of reciprocity. We will gradually move forward keeping, however, the protection of our interests in mind. That is why we need to first collect a lot of information, including information on air carriers. The whole area of air freight, for example, is a particularly sensitive one. I have requested much more information on the impact of air liberalization on freight businesses because we know that there is a duopoly in the United States. Therefore I would like to know what the impact of a greater liberalization will be. People from my department will be collecting that information and consulting various stakeholders.

I have not already decided on a particular action plan. Quite frankly, I would like to make enough progress in order to be able to come back in a few months and tell you whether or not the United States and India are interested, and tell you what is happening with Europe. I would like us to look at this together and see whether it is

worth continuing or not. As you know, negotiations involve give and take. We will have to see what the implications are for Canadians.

Furthermore, we're going to be very open with all the air industry stakeholders. Our negotiations are not going to take place behind closed doors. I would like to get started on this part. That is what I want to indicate on Thursday before proceeding with formal negotiations.

• (1610)

Mr. Francis Scarpaleggia: Fine.

It would therefore be in our committee's best interest to begin this study as soon as possible.

Hon. Jean Lapierre: Yes, I would hope so.

[*English*]

The Chair: Mr. Bonin.

[*Translation*]

Mr. Raymond Bonin (Nickel Belt, Lib.): Thank you, Mr. Chairman.

Minister, I would like to speak very briefly about Mirabel. If you're having problems maintaining an airport, we would welcome having it in Northern Ontario. I know what the benefits of having this type of site and these types of infrastructures are. I have worked in the aviation sector and I know that when Mirabel airport was built, at the time big companies wanted big planes. The market wanted 747s and bigger planes. Today, smaller planes and more frequent flights are being used. I think things will change in 25 years. There will more air cargo flights than passenger flights, as is the case for rail transportation.

That brings me to air liberalization. I would suggest that you ask your staff, if this hasn't already been done, to look at the issue of small airports in Canada. This is a big problem. If customs offices are not established in small airports, then big city growth—and this is untenable—will be promoted to the detriment of smaller regions. I'm familiar with northern Ontario. Many export products move through there. We have to bring our products to Toronto, to Michigan or to Sault-Sainte-Marie in order to deal with customs offices. If you put those infrastructures in small airports, then you will be contributing to the economic development of the smaller regions in this country. If this type of study is not included within the framework of a study on liberalization, then it will never happen. Have you ever considered that approach? If not, will you be asking your staff to look at this?

Hon. Jean Lapierre: Mr. Bonin, you are entirely right about air freight. That is why I would like to obtain more information on this sector, so that we know what its ability to compete with an American duopoly is, for example, and so that we know what the effect on airports will be.

To date, the major airports have had a lot to say about the liberalization issue but we have not heard the smaller airports to the same extent. That is why I hope that when this committee begins its study on airports, you will keep the liberalization issue in mind, in terms of what it can do for them and where the opportunities lie. I think it's important that you consider this within your study on the future of airports. For my part, I have asked my staff to begin collecting information. However, your asking the question is equivalent to giving the order right now.

Mr. Raymond Bonin: The same situation...

[English]

The Chair: I'm sorry, but your time is up. We'll come back.

Mr. Gouk.

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

Minister, with regard to Mirabel, there are two ways an airport—or any government agency, for that matter—can acquire property. One is to purchase property when it's made available and put it into a reserve for possible future use. The second one is to expropriate it when it is absolutely needed and cannot be purchased through regular negotiation.

Mirabel fits into neither of those categories. It was voted on in the House of Commons, it was voted on in this committee, and the majority clearly indicated what they want. Why don't you honour what the majority in this Parliament has dictated to you?

Hon. Jean Lapierre: Well, Mr. Gouk, as much as I have a lot of respect for what this Parliament and this committee are doing, I don't see that as a marching order. I see it as a wish of the committee. I took note of it.

Mr. Jim Gouk: Don't forget, the House did it as well.

Hon. Jean Lapierre: And the wish of the House. It was a sentiment expressed by the House and I took note of it.

If I wanted political expedience, I would say yes, and I would be welcomed by Monsieur Laframboise as a hero in Mirabel and we'd have a big barbecue. Well, that's not the way I see my responsibility as Minister of Transport. I have to take some pressure but I have to protect the future. If I didn't believe in the future of Mirabel, I would not be fighting this war alone. But I sincerely believe that the potential for Mirabel passengers will be back many years from now, and we have to protect that option. That's my sincere belief. Otherwise, I would just sell it back.

•(1615)

Mr. Jim Gouk: Well, either you can do it now or the people in Mirabel, who have waited this long, will have to wait a little bit longer, until such time as there's a Conservative government that is committed to returning that land to its rightful owners.

I'd just like to move on to your request that we entertain a study of air liberalization. If we, a minority Parliament—or otherwise, for that matter—do a study, we can make recommendations to you that are based on a majority decision of the committee that's based on evidence from hearing from both the public and industry. Either you can give due consideration to the recommendations and look at

implementing some of them in future legislation and process, or you can toss the whole thing in the garbage. It's entirely within your park.

Every indication thus far in this Parliament indicates you would do the latter rather than the former. We have the case of Mirabel, where both this committee and the House of Commons clearly indicated what they felt was the right thing to do. You chose to ignore that. We have the hopper car issue. Now, it remains to be seen what will happen, but the word is that you are going to make a recommendation that is in contradiction with the report filed by this committee, and the proof will be in the pudding; we'll see when your recommendations come out. We put in a unanimous recommendation from this committee for a moratorium on increases in airport rents. The airport increase went ahead in January. Now we're about to undertake a study on airport rents and other issues, and you're quoted in the paper as saying “The review is finished. Now it's in the hands of the Minister of Finance.” So obviously you're going to go ahead and do the same thing whatever we come up with.

The question is, why should we undertake to go out and do a study on air liberalization when your track record suggests you're going to do whatever you want to do? If the committee happens to agree with you, you'll wave that around and say “Look at this, I'm doing what they want”. If it doesn't, then you'll just ignore it, as you've done before.

The alternative in a minority government is that instead of putting in a report that recommends certain things to you that you may or may not implement, we'll wait until you come up with the legislation and then we'll actually change it.

Hon. Jean Lapierre: I know that possibility is there.

I think you're being pretty rough on me, because whether it's on the CTA... We have had consultation on every piece of legislation I'm thinking of coming here with. Your report on hopper cars was just tabled today, so I haven't had the benefit of reading it. I've asked the clerk to give me a copy and I'll be very happy to read it.

On airport rent, well, if I had my way, you would be applauding me on Wednesday. I don't know—

Mr. Jim Gouk: We could have a barbecue.

Hon. Jean Lapierre: —what's going to be in the budget on Wednesday. I don't know.

I have made representations in keeping with what some of your colleagues have come to me and asked for, but between you and me, frankly, I don't think the job is going to be finished on Wednesday. So I welcome your review. I don't think I'll have solved every problem on Wednesday. The Minister of Finance is probably not going to say yes to all my wishes.

Mr. Jim Gouk: I'll make this one quick comment, and that is, with all due respect—and I do have respect for you—perhaps in future, instead of asking you to come before this committee, we should get Ralph Goodale, because it seems he's the one who actually makes the decisions. You ignore ours, and when you do put ours in, he ignores yours. Maybe he's the guy we should have here.

Hon. Jean Lapierre: I just have to add on this that obviously, on airport rent, the final call is with the Minister of Finance, because he has fiscal—

Mr. Jim Gouk: One would think he's the Prime Minister.

Hon. Jean Lapierre: Well, I understand, but I welcome your study. I welcome your pressure too.

The Chair: Monsieur Laframboise.

[*Translation*]

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

Minister, you're aware that farmers did not opt for prolonging the leases for the very simple reason that they can't borrow. It gives them no rights and that is why the land, the drainage and the buildings have not been improved. Even if you extend the lease, they will not be improved. I find it very disappointing that you do not understand this, even more so in light of the fact that Mr. Cherry, when he appeared before this committee, told us quite frankly that there had been no in-depth analysis of the Mirabel issue—in any case you didn't ask for one—and so in the end the focus was on Dorval.

In reply to a question put by Mr. Gouk, who wanted to know whether there could be a reassignment of land with restrictive clauses involved, the ADM President, Mr. Cherry, said that he thought that was quite doable. In other words, he thinks that there could be a return of land to the farmers, with certain restrictive clauses.

In the end, you're the only one who doesn't understand that this can be done in the interest of the community. You spoke about Pickering, 17,000 acres, etc. Remember when the Liberal Party decided to build a new airport and when Montreal was supposed to be the gateway to Canada, and when Dorval's capacity was perhaps three times greater than that of the Toronto airport? Today we have the opposite. There are twice as many passengers moving through Toronto as there are in Dorval. That means that to meet the same goals, twice as much time would be required. I don't know how you calculate time, if you're leaving from Pearson to go to Pickering. However I can tell you that in our lifetime we will not see a return of passenger transportation to Mirabel.

I'm not saying that couldn't have been a solution. The mistake was keeping Dorval open. That was your government's decision. Now that Dorval is there, given its capacity and new technologies, perhaps it's time to do a real analysis and sit down with farmers and give them land back. You say that this wasn't requested but the City of Mirabel passed a resolution requesting it. Don't forget that it is responsible for development. It took a long time for them to agree on this solution but they understand that farms are now losing value. Farmers will not invest because they can't improve their farm's profitability. This is good land that's producing less than other land. This has all come about because you decided to keep this land so that the Liberal Party would not lose face. I'm somewhat in agreement with my colleague on this issue but I think it's very difficult for the population and the community.

● (1620)

Hon. Jean Lapierre: Mr. Laframboise, that has nothing to do with the Liberal Party.

The lease was not signed by the Liberal Party, but by the Conservative Party. It decided to sign a 60-year lease. Now, if Mr. Cherry is telling you that it is as easy as that, he also would have

told you that he would agree to an offer with financial compensation. However, ADM currently has complete control. Would it be as easy as that and what would his choice really be?

Mr. Mario Laframboise: Do you at least know how much money the lease means to ADM?

Hon. Jean Lapierre: It brings in next to nothing.

Mr. Mario Laframboise: Accordingly, it would cost next to nothing, Mr. Minister.

Hon. Jean Lapierre: And yet, you are a member from this region and you can see that there will be development in Mirabel. If we didn't have the Mirabel airport, we could not even dream about manufacturing the C Series. But we can dream about it, and we can dream about creating thousands of jobs because we have these facilities there. Why not also dream about passenger transportation coming back?

I believe that it is possible. A lot of people are telling me that clearly, if you want to run everything for the short term, you would downsize everything, and one day you would be kicking yourself. I understand that there is political pressure. Nevertheless, in politics, you have to transcend this pressure. You have to think about the long term public interest.

Mr. Mario Laframboise: We need a vision, but there isn't one. Mr. Cherry cannot tell us what he is going to do with Mirabel and you cannot either. That is the reality.

Mr. Gouk had suggested that there were some limiting clauses, and that the land could be given back. At any rate, it is zoned as agricultural land. That means that there can be no residential or industrial construction. There would be nothing. That is possible, Mr. Minister, were you to analyze it a bit. You have a whole array of lawyers. You could do that. As you said yourself, compensation to ADM represents just about nothing since it only receives \$12,000 per year from the leases. There is no problem as far as financial compensation is concerned.

I congratulate you on the future development of these 6,000 acres. I hope that you will be making an announcement about that. Everyone is hoping that this will be the case. However, only 2,500 acres will be used, which means that there are still 3,500 acres remaining. You still have a lot of dream potential and we would be pleased to hear from you. However, in the meantime, land is being lost. If there was a good agreement with the government, these lands could be used for agriculture. We could be working on this cooperatively with the farmers.

● (1625)

Hon. Jean Lapierre: I do not see any objection should ADM decide to act otherwise, if we can find some imaginative solutions, but this remains my responsibility. I will not unilaterally change the ADM lease and I have no intention of doing so. I respect the signature of the government and ADM keeps me informed. I do this in good faith. I have the communiqué which was released on November 25, 2004, by ADM. It reads as follows:

By maintaining our property reserve of 11,000 acres, we are safeguarding the future of the Montreal-Mirabel facility as an airport platform. To sell back the land at this time would be an error with serious consequences for both Aéroports de Montréal and the Mirabel area.

That is the gospel truth.

Mr. Mario Laframboise: Since then, the president has appeared before this committee and changed his position. However, your position has not changed.

Hon. Jean Lapierre: No, he has not changed his position. I talked to him following his appearance. He simply was not used to answering your questions.

[*English*]

The Chair: Thank you, Minister.

Mr. Karygiannis, we're almost out of time. There are a couple of minutes.

Hon. Jim Karygiannis (Scarborough—Agincourt, Lib.): Minister, you were here during 1984-93, when the Conservatives were in power. Hearing my colleague across the way—and certainly I do not want to use the words of one of my old professors, who said that BS baffles brains—could you remind us what happened back when the Conservatives were in power? Were they even thinking about it? You can grandstand here, and certainly play to the media, but I'm sure this is not the option you have in order to rule. Can you sort of tell us what had happened back in those days, versus what my colleague across the way is trying to baffle us, and try to see what's going to happen tomorrow?

Mr. Jim Gouk: Keep in mind that our party didn't exist back then.

[*Translation*]

Hon. Jean Lapierre: Thank you, Mr. Chairman.

[*English*]

Obviously the Conservatives, when they were there, decided to resell 80,000 acres. It was the old days of Roch LaSalle. That was done, but then they decided to keep those 17,000 acres. So that was done, then, and they had a pretty thorough evaluation. They had a committee that looked at every aspect of that deal, the Mirabel deal. It was under review by all kinds of people. That's the decision they made. They're also the ones who signed the lease. I know that usually Conservatives stand by their signatures—actually, most of them.

The Chair: Anything else? Thank you.

Minister, thank you very much for coming today. It's not often we have a meeting that becomes this impassioned. For that reason, we thank you. I think it also raises some fundamental questions about the role. I invite members of this committee to think about the relationship of their role, the role of the committee, the role of the executive, and the role of the House.

I would point out to members that the last speaker of the British House of Commons, Betty Boothroyd, recently gave a speech at Westminster in which she pointed out that committees are to call the executive to account. In a minority government, we have to start wrapping our minds around this concept. I think we started that process today. Thank you very much for being here a third time.

We will suspend for three minutes, because we have more witnesses coming.

Thank you.

●(1635)

The Chair: We'll resume our meeting. We will now move on to the second part of the meeting.

I'm going to welcome Mr. Randy Morriss, who's going to introduce the group from the Department of Transport who are with him today, and then we're moving on to discuss ports and port security.

I want to assure you, Mr. Morriss, and your colleagues that I expect this meeting to be a lot more subdued than the previous hour. I'll invite you to introduce your group. We've had a very brief discussion about the length of time. All colleagues should have the decks that have been provided, and you're going to try to compress that to ten minutes so that we can move on to questions.

Mr. Morriss, please proceed.

Mr. Randy Morriss (Director General, Port Programs and Divestiture, Department of Transport): Thank you, Mr. Chairman.

Ladies and gentlemen, we have two very short presentations this afternoon, one by my colleague Mr. Peter Lavallée, who is the director of port policy in the department, on the Canada Port Authority framework and governance structure, and the other, on port security, by my colleague, the associate assistant deputy minister of safety and security, John Forster, and Ms. Kinney, who works in his organization.

Together, those presentations should take no more than about 15 minutes total, and then we will be at your convenience for questions, and we'll be prepared to answer other things associated with Canada Port Authority compliance, land use, and port divestiture, as you see fit.

With that, I'll ask Peter Lavallée to kick off.

Mr. Peter Lavallée (Director, Ports Policy, Department of Transport): What I will attempt to do is to touch on the highlights of the deck that you have in front of you to give you a sense of the overall structure in the port context.

Certainly the Canadian ports, the Canada Port Authorities, are very important to Canada's trade. More than \$100 billion worth of goods are handled at Canadian ports annually. In terms of dollar value, CPAs account for about 90% of that. They're also a significant contributor to investment. As you can see, over a five-year period ending in 2007, the ports plan on spending roughly \$800 million to renew their infrastructure. They're responsible indirectly and directly for about 250,000 Canadian jobs. In 2003 they handled approximately 443 million tonnes of cargo, and over half of that is handled by CPAs—again, just to underline the importance of ports to our national infrastructure and trade.

The framework that ports or CPAs operate under is based on the Canada Marine Act, which came into force on June 11, 1998. It provided for the establishment of Canada Port Authorities. These ports—19 CPAs—are strategic to Canada's trade and economy.

The previous slide gives the locations where those CPAs are situated across Canada.

They're federally incorporated, not-for-profit corporations. The letters patent, which are essentially a tool they're incorporated under, dictate the activities they're able to engage in, among other things. They're agents of the crown with respect to core port-related activities such as shipping, navigation, and transportation of passengers and goods, for example.

Canada Port Authorities are based on commercial principles—that is, they can borrow funds from private markets. They make their own investment decisions. We only approve their corporate plans or capital budgets. Loans are secured by port revenues. CPAs have the ability to make operating bylaws and establish harbour dues and other fees. There is no access to federal appropriations except under grant programs of general application.

I'll say a few words on the governance structure. There's a board of directors, which is responsible for the overall management in terms of providing direction of CPAs. Boards are composed of seven to eleven directors—typically seven, with Vancouver being the exception, having nine on the board of directors. They include representation from the federal, provincial, and municipal governments. A majority of the directors represent user groups that are appointed in consultation with the port users.

In terms of transparency, CPAs are required to observe certain accountability measures—for example, an annual meeting open to the public; public annual and quarterly financial statements; a public annual audit as it relates to its financial statements; an annual business plan; a land use plan; and a special examination at least once every five years.

Regarding Transport Canada's role, it is more of a policy nature, as well as monitoring and compliance. We're not involved with the day-to-day decisions of Canada Port Authorities. We also assess and make recommendations regarding requests for changes to a port's letters patent, for example. It generally involves dealing with requests relating to borrowing limit increases or activity change, or may also involve issues dealing with land transactions. We monitor competitive aspects of the system, and we also deal with CPA compliance with letters patent and regulations.

The legislative and regulatory regime has a number of components that apply to Canada Port Authorities. As I mentioned earlier, CPAs are subject to its letters patent, which underline the designated activities and describe the properties and navigable waters that it administers and also the borrowing limits for each individual and the port authority.

There are also CPA management regulations, which relate to director and officer duties, insurance requirements, and a code of conduct. There are also the CPA operating regulations, which deal with authorizations or prohibition of certain activities, emergency plans, and so on.

The Canadian Environmental Assessment Act regulations, as well as various other legislation, such as the Access to Information Act and the Official Languages Act, are also applicable to the CPAs.

• (1640)

In terms of a brief comment on the Canada Marine Act review, the Canada Marine Act requires that a review be completed and reported in a report presented to Parliament during the fifth year following

royal assent. The Minister of Transport appointed a panel and then conducted a review that involved cross-country consultations. The review panel's report was tabled in 2003. It contained a number of observations and recommendations related to many aspects of the marine sector. Many of the stakeholders believe that the act is generally functioning appropriately.

Transport Canada is currently considering a combination of limited legislative amendments and policy initiatives in order to appropriately address a number of those stakeholder issues, which would continue or attempt to preserve the balance of commercial discipline and an increased financial flexibility for CPAs. It's expected that the principles of the Canada Marine Act won't change.

Perhaps I can leave it at that.

Mr. Randy Morriss: Mr. Chair, would you prefer the questions now or to wait for the others?

The Chair: No, we'll go to the next one.

Mr. Randy Morriss: Right.

Mr. John Forster (Acting Associate Assistant Deputy Minister, Safety and Security Group, Department of Transport): Laureen Kinney will give our presentation on marine security.

Ms. Laureen Kinney (Director, Marine Security, Department of Transport): Good afternoon.

If you turn to slide 2, please, there's a brief outline of the progress to date in marine security.

Transport Canada has the lead responsibility for marine security policy, coordination, and regulation, and as part of that leadership role Transport Canada continues to chair the interdepartmental marine security workinggroup. It was established in October 2001 to identify and coordinate the Government of Canada actions in support of enhancing the security of Canada's marine transportation system.

On April 27, 2004, in particular, the Government of Canada released an integrated strategy and action plan entitled "Securing an Open Society: Canada's National Security Policy". The national security policy elaborates a \$308 million, six-point plan to enhance marine security by clarifying and strengthening the accountability for marine security; establishing marine security operation centres; increasing the on-water presence of the coast guard, Royal Canadian Mounted Police, and the Canadian Forces Maritime Command; and increasing the Department of Fisheries and Oceans aerial surveillance activities; securing fleet communications; pursuing closer coordination with the United States to enhance our collective marine defence and security; and finally, strengthening security at ports and other marine facilities, such as our seaway locks.

On slide 3, I briefly mention coordination with the United States. As a result of continuing discussion between the United States Coast Guard and Transport Canada, in particular, a bilateral security arrangement in the form of an exchange of letters was established on June 25, 2004. It provides for reciprocal recognition and acceptance of each other's approved vessel security plans and recognizes contact persons within each organization to permit early and rapid resolution of any regulatory inspection issues.

Establishing marine security operations centres as well is a key priority of the national security policy. The purpose of those centres is to enhance our domain awareness and coordinate on-water activities. There is, as well, a coordination role in the Canadian marine security operations centres with the United States Coast Guard operation centres to provide enhanced North American domain awareness.

Turning to slide 4, the marine transportation security regulations, the background for the regulations is that the international ship and port facility security code, the ISPS code, which came into effect on July 1, 2004, is a comprehensive security regime that seeks to establish an international framework of cooperation between governments, government agencies, and the shipping and port industries, in order to detect and take preventative measures against security incidents affecting ships or port facilities used in international trade. Based on that international agreement and framework, and in order to put the code into effect in Canada, and to allow us to meet our international obligations, Transport Canada developed the marine transportation security regulations in consultation with the Canadian marine sector.

On slide 5 there are a few further details on the marine transportation security regulations. As far as certificates of compliance go, as of July 2005, there have been 60 international ship security certificates issued, 158 Canadian vessel security certificates issued, and 422 statements of compliance of a port facility were also issued.

On slide 6 there's a brief outline of the marine facilities restricted access clearance program. This program is anticipated to be limited to workers at cruise ship terminals and container facilities. In particular, it will require that the marine facility workers with certain designated duties, in particular in what are called designated R2 areas, will be required to have a transportation security clearance to access those areas. Security clearances will be granted based on a review of an individual's criminal record, national security indices, and a credit check. Once the transportation security clearance has been approved, a specially demarcated ID card will be issued by the port or the marine facility operator. It is the intention that MFRAACP—marine facilities restricted area access clearance program—will help to improve the overall security of the marine transportation system.

On slide 7 there's a brief outline of the marine security contribution program. As part of the spring 2004 national security policy announcement, the Government of Canada created the marine security contribution program to provide support to ports and port facilities in addressing required improvements to security.

● (1645)

This program applies to costs incurred between April 1, 2004, and November 30, 2007. Eligible projects may include surveillance equipment, perimeter security and access control measures, infrastructure security protective measures, and command, control, and communications equipment.

In conclusion, on slide 8, the vision for marine security, we'd like to close by outlining that vision. There have been significant enhancements to the security of the marine transportation system and there are further enhancements in progress. Transport Canada believes strongly in the value of working together with its stakeholders, and the success of the ISPS code implementation is proof of the effectiveness of this approach. The department will continue to strengthen our transportation system to ensure it is recognized worldwide as safe, secure, efficient, and environmentally responsible.

Thank you.

The Chair: Thank you very much.

Now we go to some questions.

I believe we're going to start with Mr. Gouk.

Mr. Jim Gouk: Thank you, Mr. Chairman.

I refer you to the first package regarding the port system. On page 9 it says one role is to monitor competitive aspects of the system. Could you maybe expand on that slightly and say what exactly you do monitor and what you are looking for that may result in action by Transport Canada?

● (1650)

Mr. Peter Lavallée: Thanks for that question; it's a good one.

Certainly we recognize that many CPAs have competitive issues, and particularly with the U.S. as well. Often we will hear about the inability of Canada Port Authorities, for example, to access or to have available to them some of the financing instruments, for example, such as taxes and bonds that some of their U.S. competitors may have. We're always trying to get a better understanding of that and how it impacts our system as well.

We have certain provisions in our letters patent in the CMA, section 25, again in terms of access to funding that CPAs may have access to, and the U.S. system again is somewhat different. It poses a challenge in that regard.

As well, we hear a lot lately about the growth in Asia—and China, in particular. We all recognize the important role that our CPAs can play in that and the opportunities that are there as well. That's certainly an issue for a number of our west coast ports. So again it's understanding the developments of that and assessing the level of infrastructure that's in place and what you're required to do to accommodate that growth as we move forward.

Mr. Jim Gouk: On that same slide, it also says your role is to develop port policy and legislative initiatives. I would assume that's with considerable input from the various port authorities. Likewise, you have recommendations regarding requests for a change to the letters patent.

Could you tell us some of the things that ports are talking about with Transport Canada now that are either problems for them or specific actions they're looking for on the part of Transport Canada?

Mr. Peter Lavallée: Typically that would involve an increase to a port's borrowing limit, for example, as a port proceeds with expansion plans. Often there's a case that the existing borrowing limits contained within the letters patent aren't adequate, so requests are therefore made that are processed. An increase in borrowing limit, for example, also involves the approval of the Department of Finance and the Treasury Board as well, so there's a process we have to go through.

If there is a port that wishes to expand its current scope of activities, and sometimes that could be even to change the term of a lease, again a number of those limits are currently spelled out in the letters patent, so often it's adjustments to those.

Mr. Randy Morriss: It would also include, if I might add, the disposition or acquisition of real property for the use of the port.

Mr. Jim Gouk: We want to be careful about talking about expropriation right today.

With regard to developing policy and legislative initiatives, on slide 11 you say that Transport Canada is considering a combination of limited legislative amendments and policy initiatives. Could you tell us what some of those are?

Mr. Peter Lavallée: It's in the context of the CMA review, which is currently a work in progress. A number of those look at the borrowing limit process, for example, whether it's the scope of the activity or whether it's a process related to streamlining. Up to this point, that's been involved, and certainly has been in some of our internal work and consultations with our central agency colleagues as well, in trying to identify ways to increase efficiencies as we proceed with the recommended changes in the CMA.

Mr. Jim Gouk: I found it interesting, in talking in terms of marine security, the anomaly of the fact that well before 9/11 we had port police. Now, post-9/11 and with heightened security, we don't have port police. Is there a gap left there because we have no on-site policing? We have security, but we don't have actual on-site policing. How much of a problem is that in the post-9/11 security regime of our major ports?

•(1655)

Ms. Laureen Kinney: In regard to the policing activities at local ports, we don't believe there is a gap. The local police who have jurisdiction are responsible for policing at the ports; they have that responsibility now, as was the case before. The national ports police were only active at a small number of ports.

Mr. Jim Gouk: It just seems odd. I remember when that was done. Yes, the local police have jurisdiction there, but they're not a presence there. They are someone who responds to a problem, whereas the on-site police are the ones who discover those problems or prevent those problems from occurring in the first place.

Mr. Randy Morriss: To be fair, Mr. Gouk, many of the port authorities have contracts in place with the police of local jurisdiction; and in cases such as Halifax, there is a main police unit from the Halifax city police on contract to the port. So there are places where the police are actually present in the port precinct.

Mr. Jim Gouk: Okay.

What types of initiatives are available for port authorities? One example that jumps to mind for a particular reason right now is Prince Rupert, with their thought of wanting to expand their container operation. What sort of help is available through Transport Canada for a port such as that in that circumstance?

Mr. Randy Morriss: Peter will speak to that in detail, but I will tell you in general that there is no money available from Transport Canada. In fact, section 25 of the act makes it express that no appropriation of Parliament will go to offset the obligations of a port authority. Having said that, there are some possibilities with respect to regional agencies, which might be able to pursue it.

Peter, do you want to touch on that?

Mr. Peter Lavallée: I'm not sure if I would add much more than that.

I think section 25 of the Canada Marine Act says that unless it's a grant or a program "of general application providing for grants" available to CPAs, should they meet the criteria that are set out, whether it's the WED, ACOA, or DEC, for example... In terms of financing for the port, if their current borrowing limit isn't adequate, certainly the option is there to make a request to increase that limit so they can pursue additional funding based on a business case being in place.

The Chair: Thank you.

Monsieur Carrier.

[Translation]

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

We know that the Canada port authorities operate on commercial principles. This is why you refer, in your document on the port system, on page 11, to the review panel that produced a report in 2003, that contained several recommendations, particularly with respect to additional funding opportunities to expand or develop the ports.

A little bit further on, you said that most stakeholders believe the act is functioning appropriately; however, you immediately added that you are considering a combination of legislative amendments and strategic initiatives. Was this document prepared to respond to recommendations made by the committee? Are you considering certain amendments?

I would like to obtain further clarification. At what point will this be applied? Will it be postponed for another two or three years? Or could this be applied more quickly in order to assist the port authorities?

[English]

Mr. Peter Lavallée: Thank you.

The panel's report is one component of the review of the Canada Marine Act, and certainly those recommendations are being taken into account. It's not the only information on which we'd base proposed changes or changes in policy. As I mentioned earlier, an example is borrowing limits. That's an avenue where we can look at doing something internally through discussions with central agencies, by examining if there are ways to increase the efficiency of that process, for example. It may be the case that it wouldn't necessarily involve legislative amendments per se. It may actually be a policy change on which we would have to work with central agencies to look at possible options.

Some legislative amendments are certainly being contemplated, again recognizing that we've heard representations from the ports over the last several months on the issues. I think they'd like to see broader access to infrastructure funding, for example.

Again, the challenge we have with section 25 is one that will be given consideration. In terms of timing, obviously it's quite important to the department. The minister has said that in the past, and we certainly want to proceed as soon as we can.

•(1700)

[Translation]

Mr. Robert Carrier: This is an important matter. Our port authorities are often in competition with American authorities, which are often supported by their government. I think that there is a pressing need to improve the access of port authorities to government funding to assure their development.

The other matter I wanted to raise with you pertains to the safety of our ports. On the second-last page of your presentation, you mentioned a \$115 million program over three years which will assist ports and port facilities to finance new equipment and new safety projects.

I would like you to confirm whether or not this refers to the project mentioned by the minister to enhance security in port facilities. Is this a procedure that is underway? Does this policy include a review of the file or background of employees? Finally, is a procedure currently being reviewed on the matter?

Moreover, you said that the program was run on a request basis and provides funding on a cost-sharing basis. Do you mean that the system will be implemented at the request of each authority?

Mr. Randy Morriss: Mr. Forster can answer you.

Mr. John Forster: The program was announced last year. It was launched in September, after a period of consultation with the port authorities. The program is already underway. There will be a few deadlines over the next three years. I have forgotten the exact number, but there will be five or six deadlines for submitting grant applications.

Certain criteria have to be met in order to be eligible. First, you need to have a safety plan approved by Transport Canada, under international regulations. The first call for bids ended last December. An evaluation of the bids is currently taking place. I hope that the first batch of projects approved under this program will be announced next month, or within the next four to six weeks. The deadline for the second batch of projects will probably be in April or May at the latest.

The Marine Security Contribution Program is a program that requires the port authorities or those responsible for marine infrastructures to fill in an application form. They can propose specific projects in the security sector. These projects must have been included in the plan. They can be reimbursed for expenses incurred since the first of April 2004.

Mr. Robert Carrier: Have any applications in this area already been submitted by some port authorities?

Mr. John Forster: Yes, I do not have the details with me. As I explained, the first deadline for the first batch of applications was December 2004. I forget exactly how many applications were received but there were several. We are currently analyzing and evaluating the bids that we have received under this program.

[English]

The Chair: Thank you, Mr. Forster.

Ms. Desjarlais.

•(1705)

Mrs. Bev Desjarlais: Thank you.

We have so much we're dealing with here, and I'm going to try to get to it all.

In regard to security at the ports, within the airports we have CATSA sort of divvying out how the security is going to work, we hope in conjunction with the police and others, but we're never quite sure. Who exactly is responsible in Transport Canada for saying that these security plans are okay?

Ms. Laureen Kinney: The security plans are submitted by the facility to the regional office of Transport Canada, and the marine security inspectors review the security assessment and the plans and approve them.

Mrs. Bev Desjarlais: Okay, and who are the marine security inspectors? What's their background?

Ms. Laureen Kinney: Maybe I can pass that to Paul.

Mr. Paul Kavanagh (Special Advisor, Marine Security Operations, Marine Security, Department of Transport): The marine security inspectors are people who were hired by Transport Canada specifically for the purpose of marine security. They have backgrounds that vary from policing, different types of enforcement, and they have had substantial training within Transport Canada to fulfill this role.

Mrs. Bev Desjarlais: Okay.

Bearing in mind that we're talking about security after 9/11, my idea of, say, policing in downtown Thompson wouldn't quite fit with what I would think would be required at reviewing a security plan for the Port of Halifax. So I'm curious to find out, are there qualifications specific to port security, container security, international security, anything along those lines?

Mr. Paul Kavanagh: Their training is specifically on the ISPS code and the marine transportation security regulations. We have trained them specifically on our requirements. They come from a variety of backgrounds, and we had a fairly extensive hiring process.

Mrs. Bev Desjarlais: Okay, so it's not necessarily security looking for, I don't know, terrorists—let's say terrorists, because that's all we think about when we're talking travel security now. So it's not necessarily that kind of security; it's other types of security enforcement, such as possibly drugs, contraband, and those kinds of things coming through.

Mr. Paul Kavanagh: That's correct. Just the same as our aviation inspectors come from various enforcement backgrounds, the marine people come from the same backgrounds. We use the same kinds of criteria.

Mrs. Bev Desjarlais: Okay.

Mr. John Forster: But their primary focus is transportation security. So what they're looking for is problems or risks that pose a threat to transportation security, as opposed to the more criminal activity.

Mrs. Bev Desjarlais: When you mentioned the ISPS code and stuff, I took it more as a commercial product type—

Mr. John Forster: No. The ISPS code is sort of under the International Maritime Organization. The world agreed on a set of standards and criteria that all countries in the world would use to improve maritime security. So we then took that international agreement and turned around and created regulations in Canada, which are the ones Lauren talked about, which came into force in July.

Mrs. Bev Desjarlais: You had mentioned about the different agreements that were signed, the international agreements. Just to make it easier for us so we don't have to find them, is it possible to have those agreements submitted to the committee? If others don't want them, that's fine, but if you have them, I'd be interested in seeing the agreements that were signed.

Mr. John Forster: Do you mean the ISPS code?

Mrs. Bev Desjarlais: I think you mentioned on two occasions agreements being signed, international agreements.

The Chair: Do you want to be more specific, Ms. Desjarlais?

Mrs. Bev Desjarlais: Well, they specifically mentioned in their presentation that international agreements were signed, so those are the ones that I specifically want.

Mr. John Forster: Do you mean, for example, the MOU with the U.S.?

Mrs. Bev Desjarlais: Yes.

The Chair: Okay.

Mrs. Bev Desjarlais: And in regard to the regulations that have been put in place—and you're mentioning now the MOU with the U.S.—are the regulations that are being put in place ones that have been agreed to in, say, an MOU with the U.S. as to what type of security you're going to have in place for workers at the ports or anything like that?

Mr. John Forster: The regulations are designed to implement the international code. It wasn't a bilateral agreement with the U.S., it was with all of the countries that are members of the IMO.

Mrs. Bev Desjarlais: You mentioned the MOU with the U.S., so that's why—

Mr. John Forster: I assumed that was one agreement that you were looking for.

Mrs. Bev Desjarlais: It is, but I specifically said that one because you just mentioned it.

Mr. John Forster: It's more of an MOU for joint collaboration, cooperation, information sharing, etc.

Paul, did you want to add anything?

Mr. Paul Kavanagh: I would just add that the International Maritime Organization set out a standard, and then we engaged in dialogue with the U.S. to go beyond that standard. Canada and the U.S. are exceeding the IMO, and our agreement is to harmonize with the U.S.

• (1710)

Mrs. Bev Desjarlais: In regard to that sharing of information, do you share the files on the workers who are in the ports?

Mr. John Forster: No.

Mrs. Bev Desjarlais: Is there anything related to any information that you would get on the workers in the ports?

Mr. John Forster: At this point in time we have no information on workers in the ports. What we're proposing is to add a program for background clearances for sensitive areas in the ports.

Mrs. Bev Desjarlais: Do I still have a couple of seconds?

Ms. Kinney, you mentioned a couple of areas—you referred to them as R2 areas—where there would be extensive background checks. Could you be more specific as to where those areas are? I don't imagine it would breach security if you just tell us roughly what the areas are. What types of additional security checks are going to be done in those areas?

Ms. Lauren Kinney: Just to clarify, the transportation security clearance program would be similar for the workers who require it. Based on the risk, threat, and vulnerability assessments, certain areas were looked at in terms of the actual areas right around the cruise ships and within container ports, but also in terms of areas like the control rooms inside a port or a facility office, the security operations where the cameras are operating.

Certain areas have been designated as requiring this security clearance. Those are the areas to which the program we outlined here would apply. Those workers who work in those areas and who require unsupervised access would require the clearance, but it would be the same clearance.

The Chair: Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: Thank you, Mr. Chair.

I have three questions. Firstly, I would like your comments on an article that appeared in the Vancouver *Province* yesterday with the headline "Port security reduced again: Inspections: Empty containers no longer looked over from inside". Are you familiar with this?

Mr. John Forster: No, I haven't seen the article.

Mr. Francis Scarpaleggia: It says “Terminal Systems Inc. abandoned its voluntary practice of inspecting the interior of shipping containers”. They did so at Vanterm in Vancouver. I'm not familiar with what Vanterm is.

Mr. Jim Gouk: Vancouver Terminal.

Mr. Francis Scarpaleggia: Vancouver Terminal? Thank you very much.

They also abandoned their voluntary inspections at Deltaport. I'd like your comments on that. That's my first question, I suppose.

Secondly, it's my understanding that there are 400 ports in Canada, or thereabouts. Is that correct?

Mr. Randy Morriss: It would actually depend. In terms of Transport Canada public ports, at one time there were 549 Transport Canada-owned public ports—that is to say, owned and operated by the Department of Transport—supplemented by a further number that included the Canada Ports Corporation ports, most of which became Canada Port Authorities at the creation of the Canada Marine Act.

Mr. Francis Scarpaleggia: Does the marine security policy apply to all ports, or does it apply to major ports?

Mr. Randy Morriss: While they're concurring on the article, I can cover that.

It covers all of the ports, but it really does depend on whether the port is handling what we call ISPS, the international ship traffic. If an ISPS-qualified vessel or -certified vessel calls at a port, then that port must also be certified under the code and under the marine transportation security regulations.

It's too broad-brushed to say it applies to everything. If it's a domestic port handling domestic traffic and there is no international traffic servicing that port, it typically tends not to come under the regulations. However, if that does happen—for example, with a cruise ship—one call at a Canadian port in the lakes creates the requirement to do the necessities associated with the regulations.

Mr. Francis Scarpaleggia: Is that a ship coming from outside Canada?

Mr. Randy Morriss: Yes, exactly.

Mr. Francis Scarpaleggia: What about the port of Bécancour? Isn't that close to the Gentilly nuclear facility? Would that be covered?

Mr. Randy Morriss: Bécancour is a private facility. Once again, it would depend on whether or not it was receiving international traffic. If it does, it must comply with the code.

• (1715)

Mr. Francis Scarpaleggia: I'm sure there's a rationale behind the policy. You know the policy and the rationale for it better than I do, but you have a port and it's close to a nuclear facility. If I'm not mistaken, it's not under the umbrella of the marine security policy. Am I correct?

Ms. Lauren Kinney: There are specific requirements for nuclear facilities. I can't speak to those, but there are specific requirements for them that are separate from ports.

Mr. Francis Scarpaleggia: On waterside security, if I'm not mistaken, that refers to security surveillance around those parts of the ship that are facing outward from the dock. Is that correct?

Ms. Lauren Kinney: Waterside security is a term that's used in a number of different ways by different people. The waterside is frequently used to refer to the side of the dock that's on the water, as opposed to the land side. As you say, you're often talking about the area between the ship and the dock itself or the area on the immediate waterside of the vessel that's tied up at the dock. However, it is used very broadly in many other ways.

Mr. Francis Scarpaleggia: I have something from the *Canada Gazette* Part II, June 2, 2004, under the heading “Waterside security”:

Many stakeholders expressed concern on this issue, as the responsibility for waterside security was considered not sufficiently clear. There was a general consensus that waterside security must be the responsibility of Government and should not be delegated to vessel and facility operators.

At the moment, is it a government responsibility, or has it been delegated?

Ms. Lauren Kinney: I think it is fair to say there are quite a few different responsibilities and it's a shared area of jurisdiction and responsibility. The question was certainly raised quite frequently during the consultations.

Mr. Francis Scarpaleggia: Thank you.

The Chair: Mr. Gouk.

Mr. Jim Gouk: I'll start off. Quickly, I have a couple of things.

When we talk in terms of an airline operation or something, we're looking at a commercial entity, and they succeed or they fail. When we talk in terms of a port, it's a necessary and integral part of the economy for the entire country. Using Vancouver as an example, it affects people right across the prairies for agricultural products, mining, minerals, any number of things, plus incoming cargo. To what extent does Transport Canada monitor the viability of the port, and the need for their ability to expand to keep up with the needs, to be an effective part of the economy of a country?

Mr. Randy Morriss: I'll ask Peter to take that question.

Mr. Peter Lavallée: Again, that's a very good question.

Transport Canada certainly pays attention to the demands on all of its CPAs and their roles. Certainly in Vancouver, you're right, it certainly benefits more than the local area.

On those requirements in terms of consultations, there are regular discussions that happen, obviously, whether it's at the deputy minister level in terms of issues related to mutual interest to Vancouver, whether it's grain, for example, an issue that goes beyond Vancouver, or whether it's coal, which is another area.

We are certainly aware of it. We understand the importance, and that's why we referred to Canada Port Authorities as part of the national port structure. It's of benefit not only to the local areas, it's Canada-wide. For example, BPA and the west coast ports are also important to Ontario. It is certainly beyond the—

Mr. Jim Gouk: How would that tie in if a port wanted to undertake a major expansion or a changeover because of new opportunities in shipping? They are restricted in terms of what they can borrow under their letters patent. They're further restricted by the fact that they have virtually no security to offer.

It puts them at a tremendous disadvantage to America. For a variety of reasons, not only for that, we're losing a lot of shipping capacity to the United States, certainly on the west coast as far down as Portland, Oregon.

What role does Transport Canada play in ensuring economic viability for port projects across the country, from a financing point of view?

Mr. Peter Lavallée: I think a good example is the announcement a week or so ago by the Vancouver Port Authority—I'm not sure if they're in the room today—about their increase in borrowing limit of up to \$510 million, for example. It was precisely for that reason—to allow expansion of its container business so that it could compete with their U.S. counterparts.

Clearly, while borrowing limits may be in place, there certainly are avenues. A number of ports have had those increased based on the business cases as well. There has to be a business case behind expansion.

• (1720)

The Chair: Mr. Batters.

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

Thank you to the officials from the department for coming to discuss ports with us today.

I have two questions. We'll see if I get to the second one. The first one will maybe take some time to answer.

What revenues does Transport Canada derive from Canada's ports? In general, what revenue comes to Transport Canada from our ports?

Mr. Randy Morriss: From Canada Port Authorities we derive a gross revenue charge that is based on a formula, a calculation of the gross revenues of the ports, something in the order of \$10 million annually. That's the gross revenue charge, I think—is it not, Janet—or pretty close. It's in that neighbourhood. It depends, obviously, on the gross revenues of the ports. Last year it was in the neighbourhood of \$10 million.

There is also, of course, on the public port side—the ports owned by Transport Canada—revenue annually of something in the order of about \$10 million, once again depending upon the years we're talking about and the number of ports that we have left in the inventory.

Mr. Dave Batters: Excellent.

In general, I have to admit I have a lot to learn on ports and port authorities in this country. Could you enlighten this committee as to what the bones of contention are at our ports? Discuss in a couple of minutes what the two or three biggest contentious issues are regarding our ports.

Mr. Gouk and I were talking earlier about the bottleneck in Vancouver, Halifax icebreaking. I wonder if you can enlighten me as

to two of the biggest issues facing our ports in terms of bones of contention.

Mr. Peter Lavallée: Certainly from the ports' perspective, they view section 25 of the Canada Marine Act as constraining, in that many CPAs, as I mentioned earlier, have to deal with the U.S. in particular. The funding available for U.S. ports is broader, whether it's in the form of grants or federal contributions or municipal injections of funding. Many of the ports in the U.S., for example, have the ability to raise taxes, as well. I would suggest that's number one on their list.

Related to that, although perhaps somewhat separate, is access to funding for infrastructure, in particular, so that they can expand accordingly.

Mr. Dave Batters: Thank you very much.

The Chair: Thank you very much.

Madam St-Hilaire.

[*Translation*]

Ms. Caroline St-Hilaire: Thank you, Mr. Chairman. Thank you very much to our witnesses for coming today.

I would like to have more information about your clearance program, the MFRAACP. I would like to know more about its status. You have undertaken consultations, as you pointed out in your presentation. You are now ready for implementation. Are all parties happy with your draft regulation, with your program? What exactly is its status?

Mr. John Forster: We're still in the process of drafting the regulation respecting the application of the program. We've made many observations over the past two years. At the end of January, there was one last meeting between the working group responsible for this file and industry, workers and the unions. We're currently considering the requests and the concerns of these stakeholders for the purposes of a first draft regulation. The draft regulation will follow the same path as the rest of the process: publication in the *Canada Gazette*, another period of consultation, and so on.

Ms. Caroline St-Hilaire: Have you wrapped up your consultations with the people in this sector?

Mr. John Forster: Consultations are never over with this type of file. We are currently crafting a proposal for the various stakeholders. That is all.

• (1725)

Ms. Caroline St-Hilaire: I have heard many reservations expressed. I was told that it was your intention to allow a certain amount of intrusion into some workers' lives, among other things. Are you continuing with this process?

Mr. John Forster: Yes, we will continue. We hope to have a draft regulation this spring, before summer, and to publish it in the *Canada Gazette*. After that there will be another consultation period. We will continue to work with all stakeholders.

Ms. Caroline St-Hilaire: So you are therefore available for further consultations with this sector.

Mr. John Forster: Yes. As I said, there are consultation mechanisms. There's a working group responsible for this. Even if we publish a regulation in the *Canada Gazette*, there will be another formal period of consultations. We have undertaken many consultations in this area and we will continue to do so.

[English]

The Chair: Ms. Desjarlais, we're almost out of time, if you want to ask one question, please.

Mrs. Bev Desjarlais: Following along the lines of Madame St-Hilaire's questioning, there have been comments that of the \$21 million of government money going through Transport Canada to the ports for security, a good portion is being used for background checks of workers, which is against the advice of the industry and the labour representatives. I'm curious as to whether this is the case. We're hearing stories that the backgrounds of employees' spouses and in-laws are going to be checked, and that there's a request as to whether they've travelled anywhere in the last five years—those kinds of things. Is that the type of approach that's being taken on the security checks?

Mr. John Forster: It will be very much the same approach for the background checks that we used for airport workers, which has been in place since 1985 under that program.

Mrs. Bev Desjarlais: You said "very much". I'm asking you, are those the types of things that are going to be done? Are you going to be getting detailed information on their spouse, their parents, their in-laws, and are you going to be asking about any foreign travel within the last five years?

Mr. John Forster: Not foreign travel. What they ask for is five years of continuous and verifiable information—in the past five years. If you've been in the country, it has nothing to do with travelling, and if you've been outside the country, then yes, they need to know where you've been.

Mrs. Bev Desjarlais: Why?

Mr. John Forster: You have to be able to verify the person's background for the past five years. That's the requirement. For a government worker it's even longer. It's the same sort of process.

Mrs. Bev Desjarlais: That's a requirement for government workers?

Mr. John Forster: If you're getting a security clearance. For myself, I go back ten years.

Mr. Randy Morriss: It's not unlike the passport application process.

Mrs. Bev Desjarlais: You don't have to provide quite that much.

Mr. John Forster: Our program is not as intense as, say, a government security clearance.

Mrs. Bev Desjarlais: So those are the details that are going to be requested for spouse, parents, and in-laws.

Mr. John Forster: I'm not sure exactly, but yes, they ask who is in your family. I'm not sure how far they go.

Mrs. Bev Desjarlais: If I can sneak one more in, just in case the clock is slow....

The Chair: You're going close to overtime.

Mrs. Bev Desjarlais: You mentioned some areas where the American ports get their funding. Do they also get funding to the ports from the Department of Defense in the U.S.?

Mr. Peter Lavallée: Are you referring to security?

Mrs. Bev Desjarlais: I'm referring to any kind of funding from the Department of Defense to ports that are used for commercial business.

Ms. Lauren Kinney: The only funding that I'm aware of is the Department of Homeland Security has made grants available to ports for marine security in the last year or two, but I'm not aware of the Department of Defense.

Mr. Randy Morriss: Under the MARAD system, the American administration system where there are vessels tied up alongside for the ready reserve fleet, and so on, there may well be some flow of DOD money, but I'm not aware of how big it is.

The Chair: Thank you very much for coming.

I have one very quick question, and that has to do with the vetting of people who are working in sensitive areas within ports. I'd like to know how your system is going to differ from what is currently in place under FAST, the cross-border program. Is it going to be any different? Are we reinventing something here in a port scenario? Is CBSA involved? Why are you doing it?

Ms. Lauren Kinney: We don't have the details of the FAST program easily available. From what I understand, it certainly is a different kind of program. And it is just about someone crossing the border, so you're looking at immigration issues, as you point out; whereas with the program we're talking about in the ports, we're talking about workers who have unsupervised access to areas of cruise ships, for example, baggage handling, container loading, that type of thing, or knowledge of those things. So you're looking at a different purpose.

● (1730)

The Chair: Ms. Kinney, though, in crossing into the U.S. or returning to Canada, trucks are big vehicles. Who knows what's on board them? So I would suggest to you it's not simply about immigration; it's also about security. Once again I would ask you: you're not aware of the details of the FAST program?

Mr. John Forster: I'm aware of the FAST program. I'm not sure exactly what they're asking the truck drivers, in terms of background information. One of the things we want to look at—particularly with the U.S., because they're going to have new requirements now for background checks for truck drivers hauling hazardous materials, for example, and they're probably going to expand that to Canadian and Mexican drivers, as well—is whether, in that instance, the FAST card that a truck driver has could serve both needs: the border need, as well as the clearance that would be needed for hazardous materials.

The Chair: Now, a final question: in the U.S. the TSA has taken a uniform approach, so that U.S.-based truck drivers crossing either into Canada or into Mexico undergo checks by TSA. The same agency imposes checks on truck drivers entering ports. Have you contemplated some sort of discussion with CBSA, that being the case, about uniformity of standards? Or, alternatively, how do the security concerns in ports differ from those of crossing borders, particularly when the Americans appear to have a uniform system?

Mr. John Forster: Well, the Americans are moving to what they want to call their TWIC program, which is a full transportation worker clearance program. One of the things we've talked to TSA about was—so that you don't have to have an American card and a Canadian card—to end up at some point where we recognize theirs and they recognize ours, so we're not duplicating.

In the national security policy, one of the commitments that was published in the policy, as well, was that we would look at expanding the worker clearance program in Canada. The issues you raised with respect to truck drivers or railway workers or whatever

are contemplated as we look at where to go with that program. At the moment, we have it for airport workers, and we're looking at the background checks for port workers. At the next stage, then, we'd look at these other modes, but we're not there yet.

The Chair: Okay, thank you.

Thank you for coming today.

Mr. Randy Morriss: Mr. Chairman, if I might, I was remiss in answering Mr. Gouk's earlier question on policing. I should have also used the example of the Port of Montreal, where there is a team in place in the port that includes the RCMP, the Quebec Provincial Police, the city police, customs and agriculture. So it is fairly robust, in terms of the policing presence at the Port of Montreal, as well. Halifax was one example, Montreal is another.

The Chair: Okay. Thank you very much for coming.

We will stand adjourned.

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