



House of Commons
CANADA

Standing Committee on Transport

TRAN • NUMBER 038 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Thursday, October 27, 2005

—
Chair

The Honourable Roger Gallaway

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•(0905)

[English]

The Chair (Hon. Roger Gallaway (Sarnia—Lambton, Lib.)): Good morning, colleagues.

As requested by the committee, we have Minister of Transport Lapierre with his entourage of staff with us this morning.

As I explained to you before the meeting started, regrettably the minister has an emergency this morning. He will be here only for one hour. There will be no opening statement. We're going to proceed directly to questions, and this is all done on the understanding that he will return for the second hour as soon as we can possibly arrange it. It won't be today.

Having said that, we will proceed to questions, and we'll start with Mr. Moore.

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

Thank you, Minister, for coming here today.

Obviously we have a number of bills before the House right now. There are a number of stakeholders with regard to Bill C-44. Let's talk about that, because it's an omnibus bill. A number of stakeholders have contacted my office with differing concerns on Bill C-44.

Our party is fully in favour of the commuter rail section and the section dealing with international bridges and tunnels, and so on, because we think those things are crucial for the future of our network—going in and out of cities and across borders.

I have two questions. Given that it's a minority Parliament and given that brokerage and compromise are possible, why would you put forward an omnibus bill? Omnibus bills are usually reserved for majority Parliaments, where the governing party can actually get things done. Having omnibus bills is actually a pretty irresponsible step. Don't answer that part because we don't have unlimited time.

I'm trying to be constructive here. My question is, are you prepared to segment Bill C-44 and get things passed individually, as David Collenette did in legislation in a previous Parliament, which was a majority Parliament, when he recognized that important things needed to happen?

Hon. Jean Lapierre (Minister of Transport): Certainly, Mr. Moore, when we introduced the bill, I said in this situation we need a consensus—and I'm still looking for the consensus. If there are parts that are not part of a consensus, obviously I'm ready to consider that,

because I know all parts of this bill are important. But we are here in the art of the possible.

Obviously there are certain parts that are problematic, which may not pass today. Perhaps we could re-introduce them in some other form. I'm ready to consider that positively.

Mr. James Moore: To be very clear, as the official opposition, we are prepared to sit down with you and do whatever is necessary to make sure that Bill C-44 works—and take out the provisions and have some kind of meetings to that effect...

My second question deals with the airport rent. According to what you announced earlier this year, the rent at Pearson International Airport is going to be reduced by about 6% following the current formula. That still leaves them in the position where they handle roughly one-third of Canada's air traffic, but they're paying 66% of the amount of airport rents Ottawa collects.

Air Canada uses this as their hub internationally. You don't see the United States government taxing O'Hare airport or Atlanta airport or the major hubs of other carriers the way your government and your policies are taxing Pearson Airport.

The city council is angry, the mayor is angry, and the region is angry. Why haven't you done anything for the GTAA?

Hon. Jean Lapierre: Well, I'm sorry. If there is one airport that is enjoying the benefit of the new deal, it's Toronto. Over the term of the leases, the Government of Canada would have collected something like \$13 billion. We had discussions with the Minister of Finance—and one later today—and we now offer all airports across the country an \$8 billion break. Out of that \$8 billion, \$5 billion is for the Toronto airport. So they're the big winner in what happened with the revision of the leases.

It's unfair for Toronto to say they're being penalized more than others. As a matter of fact, all other airports in the country would love to have their business. If Toronto has too much business and if their rent is too high, Montreal would welcome their business.

They're getting a \$5 billion rebate out of the \$8 billion we got from the Minister of Finance. They should be thankful, nothing else.

Mr. James Moore: Well, they're not; they're furious. This includes Liberal members of Parliament from that region, the city council, the mayor, the MLAs, and the premier. Nobody is happy with what you've done there. It isn't working, and frankly, I don't think it's a particularly helpful comment for you to come here today and say if it's not working, fly to Montreal. I don't think Liberal MPs from Toronto are going to be very pleased with that.

Hon. Jean Lapierre: Or Vancouver maybe.

Mr. James Moore: Well, then that's okay.

Mr. Jim Gouk (British Columbia Southern Interior, CPC): We'll get back to that.

Mr. James Moore: In any event, I just want to take this opportunity to urge you that the GTAA needs reform. The rent formula isn't working. I appreciate you saying that it is, but it is not. There's not a single stakeholder in the region who thinks it is.

Hon. Jean Lapierre: Talk to me about all the other airports across the country. Do you want the congratulation letters I got?

Mr. James Moore: Not from Toronto—Canada's national hub for our largest national carrier.

With regard to Bill C-68, there are already two provincial departments in British Columbia that have co-authored British Columbia's port strategy, the B.C. Progress Board.... There are a lot of blue ribbon commissions dealing with the Pacific gateway in British Columbia, which have gone on for years.

You've tabled Bill C-68. One of the concerns we have is that this panel will just be more bureaucracy and will not in fact offer solutions. Rather than tabling legislation to deal with concrete objectives such as eliminating the borrowing cap and allowing ports to issue bonds, there are a number of policy changes the government could have made. Instead you've set up another layer of bureaucracy to deal with issues rather than actually coming forward with concrete legislation to actually tackle the issues themselves.

I want to know why that was your approach and why you aren't tabling actual concrete legislation to make the Pacific gateway more than a catch phrase?

• (0910)

Hon. Jean Lapierre: Well, to start with, I must say that the idea of the Pacific gateway was not invented by us. Frankly, the Vancouver Gateway Council has been in existence for almost 10 years. B.C. has been leading the way in the gateway concept, and I think you should recognize that. The fact that this Pacific gateway has been inspired by the B.C. experience—if you look at the reaction we had in B.C.—I think is nothing but very positive.

This is not going to be a new bureaucratic level. This is going to be people getting involved from the region and helping us to sort out the priorities. We know that the infrastructure demands are going to be high, and there are all kinds of other problems that this council, which is going to be grounded in western Canada.... Maybe you'd rather have people in Ottawa making those decisions. I prefer to have people from the area and from the transportation sector helping us prioritize what should be done to make this Pacific gateway the most effective gateway.

This concept has taken on a life of its own. We're building on the B.C. experience, and we hope to be able to develop a policy of gateways and corridors. This one is B.C.-inspired and custom designed in western Canada, and we think it responds to the desire of the region and also to the national interest.

So that's the spirit of Bill C-68.

Mr. James Moore: The problems of the Port of Vancouver are well known, they're well documented and very well studied, and I

want to register my disappointment. I would have hoped that you would actually table legislation to deal with some of the concerns.

If you're saying you want to listen to some of the stakeholders, that's fine, frankly, they have been listened to. But your own party listened to the stakeholders. I was at the Liberal convention here in Ottawa in March—

Hon. Jean Lapierre: Are you announcing something today?

Mr. James Moore: No. I was very much incognito—very much incognito.

The convention itself passed resolution 76, which called on the Liberal Party to eliminate the borrowing cap on the Port of Vancouver so it could borrow money and grow as it sees—

Hon. Jean Lapierre: We lifted that cap already.

Mr. James Moore: But you didn't eliminate it, and you didn't allow the Port of Vancouver to merge with adjacent ports to increase its competitive advantage.

Hon. Jean Lapierre: But I know how responsible you are, Mr. Moore. It's an agent of the Crown, and the Crown would eventually be responsible for their borrowing. Do you think they should have carte blanche?

Mr. James Moore: No, you remove the agent of the Crown, you lift the cap, and you allow them to operate and grow themselves. That's what you do.

The Chair: Sorry, time is up.

Madame St-Hilaire.

[*Translation*]

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

Good morning, Mr. Lapierre. You were invited to appear before this committee to talk, among other things, about the Pont de Québec. Can you give us a quick overview of the situation and tell us what the status of the work on the Pont de Québec is, without playing on any words?

Hon. Jean Lapierre: Yes. As I already told you, we have requested a legal opinion on the Pont de Québec, because there is a major disagreement between CN and us. According to the legal opinion, CN is responsible for maintaining the Pont de Québec. We have informed CN of that. My deputy minister met with the people from CN. Following that, I met with the president of CN. We told them in clear and certain terms that it was their responsibility and that if they did not fulfil their obligations, we would take legal action.

Of course, there is no better victory than a good settlement. A few weeks ago, when I met with the president of CN, he told me that CN would consult its lawyers again, as the company wanted to review its position. I hope that CN will recognize its responsibility and act accordingly. We should have CN's final response within a few days. I know that discussions were recently held on the validity of the contract, among other things. However, to our minds, CN is clearly responsible and must do the work. Otherwise, the court will decide.

•(0915)

Ms. Caroline St-Hilaire: Have the amounts already been determined, or are they subject to negotiation?

Hon. Jean Lapierre: No, we are not negotiating amounts. The work must be done at their expense, period.

Ms. Caroline St-Hilaire: All of the work will be done at their expense?

Hon. Jean Lapierre: Yes.

Ms. Caroline St-Hilaire: And you are prepared to go to court?

Hon. Jean Lapierre: We would obviously prefer a good settlement, because the bridge will have time to rust even more if we take the matter to court. That is the problem. I know that there will be a lot of billable hours, but I would prefer a settlement to a favourable decision.

Ms. Caroline St-Hilaire: I would like to raise the issue of Mirabel, and we can come back to the substance later. We also talked about this issue during our last meeting. As you know, the committee and the House of Commons adopted a motion stating that there should be a settlement in order to return the land to the farmers. Since then, we have not heard from you, and you have closed the door. No one, not even you, sought out any kind of meeting to show a little bit of good faith and to negotiate. The people of Mirabel would like to discuss the matter with you and with the people from ADM. I do not understand why you are being so stubborn about slamming the door shut and not even wanting to open it to some negotiation, when the people at ADM wanted to open it, when the people of Mirabel are showing goodwill and when a motion was adopted in committee and in the House. I think that your predecessors left you with a big millstone around your neck, but it looks like you are getting over that. I do not understand why you have refused to even sit down at the table. That would show your good faith.

Hon. Jean Lapierre: Ms. St-Hilaire, I do not think that we will be able to agree on this subject, for one very simple reason. Asking me to open the door to negotiations is a little bit like asking someone to be half pregnant. Negotiations are negotiations. ADM's position is clear, and ADM has repeated it. As federal minister, I cannot order ADM to resume negotiations. To my mind, the matter is closed. ADM's development plan is done. Talk to the general community in Mirabel, you will see that people are very happy with this development and they hold out considerable hope for it, especially with the C Series.

As for the industrial orientation of the Mirabel Airport, in my opinion, more people are working in Mirabel today than if there were an international airport. Better yet, ADM is currently studying proposals for using the terminal. There again, that represents lots of jobs for the region. When I look at all of the activities around the airport, I am very pleased. I do not want to open up old wounds or create false hopes. That would be irresponsible on my part. For me, the issue has been settled.

Ms. Caroline St-Hilaire: We agree with the development of Mirabel, there is no problem there. That needs to be clear in your mind as well as in the minds of your colleagues. The problem is that several acres of land will never be used. The ADM people, Bombardier, and the aviation industry have said that they would

never need it. Although there has still not been a report, ADM is currently conducting studies to determine what part it could return, because it will probably never need the land. I am all for developing Mirabel; you have our support on that, but can we not chew gum and walk at the time?

Could we not develop Mirabel and return what we can to the farmers, out of respect for them? It seems to me that both can be done at the same time, without exaggerating and without taking a step backwards.

Hon. Jean Lapierre: Ms. St-Hilaire, ADM would have to tell me that it's ready to return the land. That is ADM's responsibility, and ADM could make those recommendations. At this point in time, I have yet to receive any recommendations of that nature in my office. ADM is responsible for its lease. You are telling me that ADM is conducting studies for that purpose. I will be pleased to examine those recommendations. A decision was made to give a corporation like ADM responsibility for Montreal airports. We must also respect that independence. If you are right and if ADM is prepared to make some changes to its development plan, we will consider it in a different light. I would not want to be presumptuous and try to do the work for ADM. ADM is responsible, but if you can convince them and if farmers can do the same, I will look at it in a positive light.

•(0920)

Ms. Caroline St-Hilaire: ADM is waiting for your signal, and you are waiting for theirs.

Hon. Jean Lapierre: It is ADM's responsibility.

Ms. Caroline St-Hilaire: No one wants to deal with it. No one will get blamed, but above all, no one will show the leadership required to resolve the problem. Okay, we will try to do it some other way.

Hon. Jean Lapierre: Okay.

Ms. Caroline St-Hilaire: I have one other question on the...

The Chair: This will be your last question, Ms. St-Hilaire.

Ms. Caroline St-Hilaire: My last question deals with Highway 175. I maybe giving you a good opportunity to announce some good news.

Hon. Jean Lapierre: Certainly. We are already set to receive bids, and the work will get underway. We have an envelope of \$525 million earmarked for Highway 175. I would like it to be four lanes all the way for \$525 million. They are talking about doing it in a series of stages. I am eager to see...

There is some debate about this. Will the \$525 million be spent entirely on the first phase? If not, will we have a debate on the additional costs to complete the work on Highway 175? For the moment, the official agreement signed by the two first ministers is for \$525 million.

We know that the Minister of Finance has made a commitment to renew the Infrastructure Canada program, that is, Infrastructure Canada-Quebec or Strategic Infrastructure, if the Government of Quebec wants to make it a priority on the next list. After spending the first \$525 million, we will probably have time to renew the strategic infrastructure program at least two or three times.

So there is \$525 million on the table from the two governments. The rest will be negotiated in the next strategic infrastructure programs. The negotiations that we had with Mr. Audet sometime back involved approximately \$1.3 billion. We emptied all the envelopes under the Canada-Quebec agreements; everything was allocated.

But the Minister of Finance has committed to refilling those envelopes in the next budget. At that point, we will be able to set priorities with the Quebec government. I cannot do that today, since there is no longer any money in the envelope. I would have to pay for it out of my own pocket, but the price is a bit high.

[*English*]

The Chair: Thank you, Minister.

Mr. Julian.

[*Translation*]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Lapierre, for being here today. My first question deals with the Air France Airbus crash that happened this summer. We know that the 10 flight attendants on board did a remarkable job in saving the lives of everyone.

Your department is planning to reduce the number of flight attendants on board Canadian airplanes. My question is very simple. Would you agree to put a stop to that regulatory process aimed at reducing the number of flight attendants on Canadian airplanes, at least until the investigation into the causes of the Air France Flight 358 crash is completed, so that the resulting recommendations can be looked at?

Hon. Jean Lapierre: You may not have chosen a very good example. If I am not wrong, the ratio used by Air France is 1:50. So we cannot make a comparison with the 1:40 ratio. However, I do not intend to do anything to bring in changes to the ratio more quickly. I can assure you that we are looking at all these considerations right now.

If the investigation report raises the issue, it will obviously become a major focus for us. I have no preconceived ideas on the subject. However, I am told that the ratio was 1:50 in that Air France case, where the crew did an absolutely extraordinary job.

Mr. Peter Julian: There were 10 flight attendants on board. Under the new regulations, there will be eight in a Canadian airplane. The example is very relevant. That is why I am raising the issue. With the new regulations, there will be fewer flight attendants than there were on that Air France flight.

Hon. Jean Lapierre: I understand that the ratio was higher than usual that day. The normal ratio for Air Canada is 1:50. However, like you, I am eager to see the investigation report. If there is a reference to this issue, we will certainly take it into account.

Mr. Peter Julian: So you will not be implementing any other regulations before receiving the Air France investigation report?

Hon. Jean Lapierre: Right now, I do not intend to do that unless there is a consensus. I am not going to be bound by the conclusions of the Air France investigation.

We are getting information on that investigation as it goes along. But if there are findings relating to that aspect, we would certainly be

influenced by them. As far as the ratio is concerned, I do not intend to take any action right away. We have no obligation to make a decision on ratios right away. I do not have any intention at this time of speeding things up.

● (0925)

Mr. Peter Julian: Before you have the results...

Hon. Jean Lapierre: I do not want to lock myself into anything now or for the future, because I do not know when the report on the Air France accident will be made public. It may take a year or two. Is that central to the investigation into the accident? I doubt it. However, I do not intend to move ahead with changing the ratio in the short term.

Mr. Peter Julian: Very well.

My second question deals with the Toronto Port Authority. Two years ago, the cost of building a bridge was estimated at \$22 million. The bridge has not yet been built and no work has been done. Last spring, taxpayers paid \$35 million to resolve the bridge issue.

What supporting documentation has the department received for this spending that totaled \$35 million? Who was that money paid to and why?

Hon. Jean Lapierre: In this case, I imagine that you, your leader and others must be overjoyed that the bridge was not built. Contracts were awarded and formal commitments were entered into by the Toronto Port Authority, but the government ordered the port authority not to build the bridge. There was machinery in place, formal legal commitments had been made and suddenly, at the request of the Toronto mayor, the Prime Minister made a commitment and said:

[*English*]

I'll take my cue from City Hall.

[*Translation*]

He changed his mind because there was a change of government at the municipal level. So the Toronto Port Authority was ordered to stop the project and regulations were passed to prevent a bridge from being built. There were damages arising from that. As you know, all kinds of court cases could have come out of it. Some people took the City of Toronto to court.

[*English*]

Mr. Peter Julian: The city has paid absolutely nothing.

[*Translation*]

Hon. Jean Lapierre: Of course not, we took responsibility.

[*English*]

Mr. Peter Julian: The city has not paid a cent on this—

Hon. Jean Lapierre: They only made speeches.

Mr. Peter Julian:—so the question is, why did the Minister of Transport pay \$35 million for a bridge that would have cost \$22 million to build?

Hon. Jean Lapierre: For one simple reason: the Government of Canada acted responsibly. At the request of the mayor, at the request of the city—the city that had given permission to build a bridge, that had given permission to the port to go ahead, which had signed a contract and everything—

Mr. Peter Julian: The environmental assessment was not complete.

Hon. Jean Lapierre: The thing was going ahead. There were commitments made.

Mr. Peter Julian: But the approval process wasn't complete. The approval process was not complete. If contracts were signed, with no cancellation clause, when the approval process had not been completed, that would be irresponsible, would you not agree?

Hon. Jean Lapierre: Well, City Hall had changed its mind. The approval was given, even by City Hall, and then the new mayor said no more bridge. The Government of Canada, the Prime Minister, said that we were going to take our cue from City Hall.

The port had a signed contract. There was a responsibility. Legal proceedings were flowing like crazy. We said, well, this is our responsibility, and we took full responsibility and we cleaned up the mess. The port was legally bound by that. Frankly, if we had just left the port alone, acting irresponsibly on our part...

We cleaned up the mess for the city as well, even if they had changed their mind. We covered their ass.

Mr. Peter Julian: You haven't answered my question—

The Chair: Thank you, Minister.

Thanks, Mr. Julian. I'm sorry, your time's up.

Mr. Scarpaleggia.

[*Translation*]

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

Good morning, Minister. To begin with, as a federal member of Parliament from the West Island of Montreal, I would like to thank you for the attention that you have given to the Dorval traffic circle project. We have heard that, thanks to your involvement, this project has become more of a priority for the City of Montreal and the province. Right now, the Dorval traffic circle is practically a training ground for Grand Prix drivers. Once the new construction is done, things will be better.

That initiative is closely linked to the project of creating a train shuttle between the airport and downtown Montreal. That project is creating frustration among federal MPs. It seems that neither we nor the government has any leverage to influence the design or development of this project, except perhaps the participation of VIA Rail. The original idea was to build a link for passengers travelling between the airport and downtown. To my knowledge, all major North American cities with a rail network have integrated it into the municipal transit system. I am working to convince those involved, including ADM, that it is important to develop the project along those lines.

Would you be prepared to commit to doing what you can, calling somehow again on VIA Rail, which is not a crown corporation as such but does have a status that is a bit different from other organizations, to bring this project in line with the vision that I have just described?

●(0930)

Hon. Jean Lapierre: Thank you. One of the reasons that we have put so much emphasis on improving the Dorval traffic circle is that ADM has just invested over \$700 million in an airport that leaves people very impressed every day. We know that Dorval had a bad reputation for a while, but the work that has been done there is magnificent. However, it is unthinkable that six or \$700 million should be invested in a facility that people cannot get to.

So I consider the traffic circle to be essential to the success of the Pierre Elliott Trudeau International Airport in Montreal. That is why ADM, the Government of Quebec, the Government of Canada and the City of Montreal have combined their efforts to come up with the \$150 million that the improvements should cost.

The design for the new traffic circle includes a rail line that will go directly to the airport. The whole design takes that into account, so that if there ever is a shuttle, it could go through the centre of the traffic circle directly to Dorval Airport. That possibility is already planned for in the design.

Studies are currently underway. We are already getting the preliminary results from some of these studies on the feasibility of a shuttle between downtown and the airport. There are a number of possibilities. VIA Rail can play a role. For example, some people say that the track could be moved; VIA Rail trains would then go right by the airport on their way to and from Ottawa. That is all very well, but would the frequency of trains meet people's needs? Will people take their suitcases to VIA Rail and wait for the next train? I think that the very principle behind a shuttle is that it runs frequently enough that people do not have to wait too long.

I do not believe that using VIA Rail from time to time is the solution. That is not a true shuttle. For example, why would Ms. St-Hilaire go downtown to wait for the train when she can go directly by car or taxi after crossing the bridge? Unless there is a shuttle that runs every 15 minutes...

That is the fundamental question: if there is a shuttle every 15 minutes, will there be enough people to fill it and make it viable? Working with other partners like AMT, for example, would be an avenue worth exploring. We will get the results of the studies and we will see. Perhaps someone would be interested in operating just the shuttle, as is the case with the RAV line in Vancouver, and the Blue 22 in Toronto. Maybe we could find a similar type of operator. All the different possibilities can be looked at. However, I feel certain that a shuttle that will appeal to people will have to run frequently, so that when they arrive with their suitcases downtown, they know that they will be able to get on within 15 minutes at the maximum.

That is why I do not yet know what VIA Rail's role will be in this project. VIA Rail and AMT are taking part in the studies, but when we have the conclusions, we will have to look at the various models. Perhaps the one involving AMT will turn out to be the most realistic in the circumstances. That is an excellent suggestion, and the results of the studies will be communicated as soon as we have them.

The involvement of VIA Rail got people in Ottawa worried because they thought that they would have to go to Dorval to take the plane instead of being able to do so from Ottawa. People who travel by train regularly know that in order to use it to get to the airport, it has to run frequently. People have to wait so long sometimes.

Your suggestion seems like a good one to me, and we will make sure that it is followed up on. However, the traffic circle infrastructure will provide for all that. For once, the possibilities have been provided for ahead of time!

• (0935)

[English]

The Chair: Okay. Thank you.

Mr. Gouk.

Mr. Jim Gouk: Thank you.

Mr. Minister, I have so many questions and so little time, so I'd appreciate if you could answer as concisely as possible. Most of what I'm going to say is something for you to bring back at a future time. I don't think it'll come as a surprise to you, but I'd like to put you on notice, as it were, to the things I'd like to deal with the next time.

The first and most important thing right now, and we talked briefly of this, is the ICEC proposal for a new sulphur facility at Prince Rupert. Last night, along with a number of MPs, including ministers from your side, I attended a celebration, as it were, for the Port of Prince Rupert, for their new facilities that are going in, thanks in part to a significant contribution from the federal government, which we acknowledge and appreciate.

Now, ICEC, in partnership with CN, is looking to sign a contract at Ridley Terminals for sulphur facilities. The economy can't sit and wait while other people.... I know there are considerations for you. It is my understanding that you told me this can proceed, that the only thing is you have to have some oversight on it. Could you tell me concisely what the process would be so that we could speedily complete this? These facilities need to be under way or we're going to lose them, not to another Canadian port but to an American port?

Hon. Jean Lapierre: The notice I sent to the board of Ridley is very simple. If they are going to engage in any contract that will last more than 18 months, then they need permission from me, because we want to preserve the integrity of the facility and we want to preserve it for the next owner.

ICEC is not only talking with my officials, but they're also talking about the potential buyer. They're all discussing that right now. If there is a business case and the parties agree, I'll be looking at that very favourably. I don't want to strangle Ridley. I want it to work well. But I don't think it's our core business. I know that, philosophically, you wouldn't want us to continue administrating terminals. The private sector, I'm sure, will do a better job than we can.

I understand the economic importance of that, so the rule I have set out is very simple. For any contract over 18 months, we have to agree. But if a business case is there and they agree among

themselves it is a good business deal, I'm not going to strangle Ridley at all.

Mr. Jim Gouk: If either your staff or the department could send me a short, concise outline of the process that would have to be followed and, to the extent that you can, what timelines could be involved so we can ensure we get this thing moving speedily, that would be very helpful.

• (0940)

Hon. Jean Lapierre: That will be done.

Mr. Jim Gouk: Okay.

The second thing I want to deal with is your response to the interim report of this committee regarding the air liberalization study we're doing—at your request, I might add. To be polite, I will say your response is very disappointing.

One thing that wasn't touched in there...it springs out of my colleague, Mr. Moore, who raised the Toronto rent. I raised it more globally, but Toronto is one of the places talking about this. The asinine solution that your predecessor came up with during a crisis in the air industry was rent deferment. I would liken that to a swimmer who is drowning and someone pushes them up from underneath so they can get a gulp of air. As soon as they get it, they pull them back under the surface again. That's what this is.

On top of all the problems that Toronto and all the other airports have right now, they have to now start paying back this deferment, which gave them nothing at all. It did nothing for the industry. It was one of the dumber ideas that I've ever heard government come up with.

Is there any chance you could look at waiving collection of that deferment? This is old money from the past. They have all the problems of the present and the future, and now they have to pay for problems from the past too, which weren't solved by government but were simply deferred.

Hon. Jean Lapierre: We came up with a package that I would say 99% of the airports applauded. As much as I would like to go further than that, I don't think I can. I think I have more blood on the floor on this one, and it's certainly not politically motivated. I don't know when you meet electorates if they talk to you about airport rent, but I have never met a normal person who's talked to me about airport rent, unless they have a vested interest. In shopping centres in Granby or in Montreal, they don't talk about airport rents. But we knew it was important.

Frankly, the beginning of those rents and leases was a Tory invention, and those people who signed the leases should be grateful. You know, those business persons who signed those leases, which were worth \$13 billion over the course of the next 50 years—

Mr. Jim Gouk: No—

Hon. Jean Lapierre: We listened to you, we listened to all the stakeholders—

Mr. Jim Gouk: I was talking specifically to the permit.

Hon. Jean Lapierre: But the overall deal is now giving them an \$8 billion rebate, even if they had signed for \$8 billion more. I think it's a pretty good bonus.

The Chair: Sorry, Mr. Gouk, but five minutes is very quick.

Mr. Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): I'll defer to Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): I just want to thank you, Mr. Minister. First of all, as someone from British Columbia's Lower Mainland, I just want to say the gateway council announcement was very important. It's a great step forward.

I noticed that you commented that the \$590 million was in effect a down payment rather than the final amount. I have a question that is related to that, on the proposal for your council itself, the structure of the council, and the gateway strategy.

I'm also very pleased with the response to Mr. Moore's question, which related to the imposition of another level of organization. It's critically important that this council be comprised, as is proposed, of people who are directly involved in the council activities and the various modes that are there, because one of the things is that each of the gateways—if you want to call them that or if I can use that term—the ports and the airports, has unique aspects relative to markets, relative to geographic location. The problems in the Lower Mainland of British Columbia are unique, as are those of each area, and they need to have that local knowledge. So I applaud you on that.

Just to follow up on the issue of Ridley Terminals, I, too, support ICEC and their sulphur question. You may recall that I introduced you to the gentlemen when they were here with respect to that. I just want you to know that I believe that facilitating that sulphur facility—which is not in competition with coal but complements the coal proposals for Ridley—is very important, as quickly as it can be facilitated. As my friend across the table has indicated, it is important to the economy of British Columbia, and not only to British Columbia but to access for western Canada.

The concern I have deals with the Ridley coal terminal itself and with the recent decisions with respect to Fortune or the direction you're going in there. As opposed to the consortium, I understand there was a request for proposals and some timing, and I'm particularly interested in the benefit that would have come, I believe, from a consortium approach. I'm interested in ensuring that the rates are not used because they are profit-based, are not going to in fact inhibit the competition of our coal shipments and the coal market, which is very cyclical. Right now it is very positive, but it has been in the doldrums for some time. I would appreciate your comments just on that.

What are you going to do to ensure that there isn't competitive gouging or unfairness? Secondly, what is the involvement of first nations? The first nations are a very important part in that corner of the province, for the economic health of that area.

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

On the Pacific gateway, you're right, it's going to be a model for the rest of the country, and we intend to have it looking out for more than just B.C., because the whole of western Canada has come on board. As you know, we're going to have representatives from the four western provinces, and we're very happy about that.

On the Ridley Terminals one, this file would have been solved a while ago, but a few months ago the Province of British Columbia told me they might have an interest. I thought if there was a public interest and the province was ready to look at that, we should give

them eight or nine months. They went through due diligence and everything to look at that, and they finally came back to us a few weeks ago to say finally they were not interested. They met with Fortune and thought it was a responsible company, and as long as we protect equitable access and everything...

This is part and parcel of the negotiation we're having now. Obviously, we want to respect the RFP process. It wasn't started by me; it was started in 2003. Back then, the consultants approached something like 65 companies to see if they were interested. The difference is that as much as nobody wanted it when I started the process—and this thing is losing more than \$500,000 a month coming from Transport Canada's budget, so there are things we don't do because we have to give out that money—suddenly it's as if I were trying to sell the Royal Canadian Mint. Everybody wants it. The problem is that there's a legal process in place, and I intend to follow it.

Obviously the concern of the public interest is front and centre in that negotiation, and hopefully we'll get a deal that will be win-win.

You talked about the aboriginals. Yesterday I met with some of their reps, and they're pretty happy. They say they have had successful negotiations with Fortune, and they're on board. I was impressed by that and thought it was a motivation for me to continue.

But we're going to protect equitable access. If there's no equitable access, there will be no deal.

• (0945)

The Chair: Thank you, Mr. Bell. Thank you, Minister.

Mr. Batters.

Mr. Dave Batters (Palliser, CPC): Thank you very much, Mr. Chair. Thank you, Mr. Minister and officials, for appearing.

I want to turn the attention of the committee to the hopper car issue, and I state from the outset again that my colleagues in the Conservative Party and I have been looking out for farmers from the outset. That is our goal in continuing to look at this issue. I'm specifically very interested in protecting the maintenance jobs of the hopper car fleet, much of which are done in the CPR yards in Moose Jaw, in my riding.

Was the decision on the hopper car file made based on best policy considerations for western grain producers and Canadian taxpayers, or political considerations?

Hon. Jean Lapierre: I had no political considerations whatsoever. I don't even know the politics of this. Frankly, this file had been sitting on the Minister of Transport's desk for nine years and I thought it was a disgrace. So I thought, let's move on this thing. The farmers' coalition showed an interest. I have a soft heart for farmers, as I'm sure you do—we all do. Let's give them a chance to have a kick at it. So that's what is happening now. If they can make the business case...and we're helping them along the way. But no final decision has been made. We are giving them the first chance.

Mr. Dave Batters: I'm wondering why you chose to ignore the recommendations of this committee that were put forward before your decision to enter into exclusive negotiations with the Farmer Rail Car Coalition. Those recommendations were supported by Liberal members of this committee and were completely ignored by you. This only contributes to the democratic deficit we were told was going to be slain. The chair of this committee is quoted as saying you would ignore this committee's report at your political peril—I guess more accurately, your party's political peril.

I'm just going to go on because five minutes is awfully short.

When you became the Minister of Finance, I'm guessing your first thought was not how you could get the western hopper car fleet into the hands of the Farmer Rail Car Coalition. Maybe you can enlighten us a bit on the politics of this file, or maybe we'll enlighten you. Who has been driving this file? Has Minister Goodale been behind this file driving it?

Hon. Jean Lapierre: Not at all. Minister Goodale obviously made the announcement with me, or on my behalf, a few months ago. During the whole process I've been consulting all my colleagues on this. When I got to that department 16 months ago, we went through the files with the officials, and that was one of them. I said, "My gosh, let's move this thing". For nine years we've had people coming down to Ottawa and begging us. I thought it was pretty unfair. My motivation was just for action.

My reasoning is simple. That group has been working at it and trying to make a business case. They represent farmers, so I thought they should have the first crack at it, because the first decision of the government to provide the hopper cars was for the farmers. I thought this was just a normal decision. That's why they're having the first crack at it. Hopefully they can make a business case for that.

• (0950)

Mr. Dave Batters: We were at a meeting in November in Winnipeg—Mr. Anderson, you and I—and we both know there was far from a ringing endorsement of the FRCC. There was far from unanimity in that room that the FRCC should get those cars. The nine-year argument doesn't wash. This committee heard extensively on this subject. We made concrete recommendations.

I'd like to know what federal dollars have gone into the FRCC, and specifically how much money. This maybe gets into the political aspect. How much money has been spent on legal services, or the lobbying efforts of Doug Richardson? He also happens to have been appointed by Paul Martin in March of this year as the Liberal Party of Canada's co-election chair in Saskatchewan for the next federal election. Ralph Goodale, being Saskatchewan's lone Liberal MP, would undoubtedly have had considerable influence in that decision. Sinclair Harrison, the president of the FRCC, has a long history with the Liberal Party, I believe.

Do you think it's appropriate that Mr. Richardson, who's a co-chair of the Liberal Party of Canada's election effort for the next federal election, has received funds? I'm interested in hearing how much money has been given to the FRCC, and specifically to Mr. Richardson. He's one of the principal lobbyists for the FRCC. He has a long history with the Liberal Party.

Once again we have a process that has not been transparent, with money going to friends of the Liberal Party. This has not been a transparent process, as was recommended by this committee. We said to put out a formal request for proposals. Why are you sole-source contracting a \$200 million asset? This has not been transparent, and Liberal friends are being rewarded here, sir. Maybe you can comment on that.

Hon. Jean Lapierre: I think you're trying to make this political now. I don't know of any funds. My officials tell me that Transport Canada has never funded the FRCC. So I don't know what you're talking about. I have never heard anything about that.

Mr. Dave Batters: There have been three \$250,000 grants.

Hon. Jean Lapierre: They weren't from Transport Canada. I don't know anything.

Mr. Dave Batters: They were from the western diversification fund.

The Chair: Mr. Batters, we can't hear the minister.

Hon. Jean Lapierre: I've had nothing to do with western diversification, and frankly, I'm—

Mr. Dave Batters: This has to do with the decision on who got those cars, sir.

Hon. Jean Lapierre: Nobody has those cars as of now. Frankly, I don't know the politics of anybody around the FRCC. I've met those guys as professionals. I've met all of them before, and I don't know their politics.

The Chair: I'm sorry, you're finished, Mr. Batters.

Monsieur Carrier.

[*Translation*]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good morning, Mr. Lapierre. I am pleased to meet you. There are a lot of issues dealing with transportation, depending on whether we are looking at the federal level, a crown corporation, a provincial government or a municipality. I want to raise the issue of Canada's official languages with you.

I recently went across the country with the committee. It is obvious, to begin with, that French is not a priority or a concern for those involved. We are supposed to go to Washington soon to complete our study on open skies. You have announced that bilingual service would not be part of your negotiations with the United States. I am very disappointed by that position. Moreover, you did not deny it afterwards.

That kind of statement makes one wonder whether French will now be completely forgotten in Canada and whether there is any point in continuing to speak it. The negotiations are also aimed at providing services to French-speaking Canadians in general and Quebecers in particular.

Hon. Jean Lapierre: Mr. Carrier, thank you for asking that question. I am pleased to have an opportunity to clarify our position on it.

There are over 100 foreign carriers recognized by the Canadian Transportation Agency. Is it your view that every foreign carrier landing in Canada should offer bilingual service? Air Canada is currently the only airline that has to meet that obligation under the act. All the others go by what the market dictates. I do not think it is realistic to tell American Airlines or any other airline that they have to have a bilingual crew if they want to land at Dorval. That kind of obligation would be detrimental to Quebecers. All flights would be transferred to Toronto. American carriers are considered to be foreign carriers. If you want them to fly over Montreal without stopping or if you want Pierre Elliott Trudeau Airport to disappear, applying that kind of rule would be a great way to go.

Unfortunately, we cannot impose our Official Languages Act outside our borders, on foreign corporations, in this case. We are bound by ICAO rules, and that is why pictographs are used in planes, on the security features card, for example. It is a universal language recognized by ICAO for security purposes. I would like to be able to say otherwise. I would really be very happy if all the companies in the world were bilingual. In most cases however, if they chose to have two languages, they might not necessarily be French and English, it might be Cantonese and some other language. It is market realities that impose that kind of obligation.

If a company like WestJet wants to fly into and out of Quebec City, it may want to have a group of bilingual employees, but it would be totally unrealistic to think that we can impose bilingualism on the 100 foreign carriers that are recognized by the Canada Transportation Agency and that land at Montreal and elsewhere in Canada. Canadian consumers would be penalized if we did that. There would be less competition because those carriers would fly right over without stopping. I personally would not like to see that happen in the Canadian market.

● (0955)

Mr. Robert Carrier: When I listen to your answer, I wonder if there is any point in offering more service to foreign airlines who pick up passengers here, if we are going to have a situation where French is totally left out of the picture. Even Air Canada, which has official languages obligations under the legislation creating it, offers barely satisfactory service in French. In that context, it is not in our interest to increase service in languages other than French.

Hon. Jean Lapierre: Don't tell me that Quebecers do not want competition. Those who fly with JetBlue in Plattsburgh in order to get to Florida are only interested in prices, not language. We cannot force airlines to do that. We don't even force Canadian companies to do that unless they were previously crown corporations. It wouldn't, therefore, be realistic.

What company is going to put up with that? You say that US companies may only fly in Canada if they are bilingual. That is not realistic! If so, we would be depriving ourselves of competition.

Currently, the consumer has choices. Air Canada provides services all over the world. I tell consumers who want services in French to fly Air Canada and they will receive the services they want. However, if it is not possible, they must abide by the law. If we force all foreign airlines that service Canadian destinations to provide

bilingual services, they simply won't bother. I don't think that is what we want. Yet, I would like it to be the case; my dream is to have everyone speak French. But one must be realistic.

[English]

The Chair: Merci, Monsieur Carrier.

We're now at one minute off the one-hour mark of the minister being here. The minister's going to return and we're going to resume this. I'll equalize—I missed a questioner on this side.

Minister, just before you leave, I have a quick question. You talked about vested interests and comments on the airport rents. You also said that 99% of the airports applauded your decision. Toronto has one-third of the traffic and two-thirds of your rent. Either way, 33% or 66% of the airports disagree with you, that being Toronto.

In southern Ontario, and indeed in all of Ontario, the regional airports are dying because small planes like Dash 8s and Beechcrafts can't afford to fly into Toronto any more. People are driving. The new problem in Toronto is traffic congestion on the 401 because people can't afford to fly. People are avoiding the airlines because of the cost. At the Toronto airport, 34% of the landing fee is rent. I don't think your department is being realistic about the traffic. It can't be argued away. The \$5 billion cut you talk about is in 25 to 30 years. The help is needed now.

As an Ontario member, I think Ontario is shouldering an inordinate amount of the cost. Along with many people in Ontario, but particularly those of us representing communities with regional airports, I would welcome your department looking on this more favourably. Yes, we have a vested interest because we represent communities with regional airports, but the service is getting worse. It would be easier for me if I were allowed to fly from Detroit than from Sarnia, which is an hour and a half from the Detroit airport.

I have to say just as an observation—I'm not looking for a response—the idea that 99% of the airports applaud that just doesn't fly, no pun intended.

Thank you.

● (1000)

Hon. Jean Lapierre: Thank you.

Since it's coming from you, I'll make sure my officials are in a position to brief members on the formula and everything, if they like, to see how fair it is. I think everybody should really get a briefing on the formula.

On the rest of the decisions, I rest my case with the Minister of Finance. I've left a lot of blood on the floor. It's really a Finance decision at the end of the day. We had a major victory—some people will say it's not enough, but anyway I'll oblige.

The Chair: We appreciate your presence here today. We understand that you have to leave. We're going to adjourn now, but we look forward to rescheduling the second hour as soon as possible.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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