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—
Chair

The Honourable Roger Gallaway

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•(0910)

[English]

The Chair (Hon. Roger Gallaway (Sarnia—Lambton, Lib.)): Good morning. This morning we are moving to consider the supplementary estimates. I believe for the sixth time we have with us the Minister of Transport.

Mr. Lapierre, welcome, and your officials. I know you're here for one hour—at least that's my understanding—and that your officials will stay for the second hour.

If you have an opening statement, please proceed. Then we will move to questions.

[Translation]

Hon. Jean Lapierre (Minister of Transport): Thank you, Mr. Chairman. My officials and I are pleased to meet you today, you and committee members, to discuss Transport Canada's 2005-2006 Supplementary Estimates (A).

[English]

We're very proud of the role that Transport Canada has played in building a mature and robust transportation system—one that has become a competitive advantage for Canada in the global economy and has contributed to the quality of life that Canadians enjoy.

I'm here today to speak to our supplementary estimates, which are in front of you. The bottom line is that we're asking you to approve a total of \$207,848,301 over and above the main estimates. It's important to provide these numbers with some context. Therefore, what I would like to do now is briefly talk about a few of Transport Canada's specific requirements.

First you'll see that we're asking for \$45.7 million in funding for Marine Atlantic Incorporated for operating requirements. As some of you know, the terms of union between Canada and Newfoundland and Labrador guarantee that Canada provides the ferry service between North Sydney and Port aux Basques. Marine Atlantic has forecast an operating deficit of \$291.2 million over the next five years, of which \$45.7 million is required this fiscal year. The company does not have the ability to address a deficit of this size, with 85% of its costs being non-discretionary.

You will recall that I formed an advisory committee to advise me on reducing costs and improving service. My officials are reviewing the recommendations of this committee. I hope to return to cabinet in the spring of 2006 to address their long-term financial requirements. I must tell you that I have made one decision, and that is to ask Marine Atlantic to keep the drop trailer service, to maintain that

practice. We have done a socio-economic study and we think that if it's done the right way with the collaboration of the trucking industry, with the stakeholders there, making sure that the real cost is charged to these companies and that they work together, then they could reduce the delays they have incurred in the past. We intend to maintain the drop trailer service.

Second, \$35 million is included in the estimates to cover incremental funding to continue the divestiture of ports to local interests. You will recall the objective of this program is to place operational responsibility for ports in the hands of those best able to respond to local needs. Sufficient financial assistance is provided to ports at the time of transfer to facilitate their future successful operation.

[Translation]

It should be said that the two provinces where there have been the fewest port divestitures are Quebec and Newfoundland and Labrador, because they have had different positions from the other provinces in the past.

However, I have personally spoken with the Quebec government and I am pleased to say it is now sympathetic towards municipalities that are interested in taking ownership of their local ports. In total, 10 sites across Canada are currently forecast to be transferred by March 31, 2006, subject, of course, to the successful conclusion of negotiations. A number of municipalities are interested in acquiring these docks.

[English]

With respect to the \$35-million settlement with the Toronto Port Authority, the federal government made a decision to prohibit the fixed link to the Toronto City Centre Airport and pass the Toronto Port Authority regulations to effectively enshrine the decision, at the request of the City of Toronto.

In enacting this legislation, the federal government was notified that it could be added to existing and new lawsuits, and that these could potentially exceed \$600 million as a result of contractual liability to the port and to third parties. Rather than risk prolonged and potentially very expensive litigation, the federal government determined that the responsible course of action was to settle the issue out of court and obtain releases from any current or future legal actions against the City of Toronto and/or the federal government.

While the federal government has acted in the public interest and at the request of the citizens of Toronto, based on a resolution by city council, there was significant financial impact on the port flowing from the federal government's public policy decision, and it has been addressed.

Another important item is \$29 million listed for operating budget carry-forward. This carry-forward from last fiscal year is an integral part of the department's strategy for addressing program-integrity issues that are to be met this fiscal year. In accordance with the federal government's operating budget guidelines, these funds will be used to manage various funding pressures, including national air, marine, and surface safety programs, development and implementation of transportation security initiatives, various transportation policy studies and reviews, and issues related to port divestiture delays.

[*Translation*]

We're also asking for just under \$20 million in funding for several remote and regional passenger rail lines across Canada. Departmental efforts in this area are focused primarily on helping First Nations bands in Quebec and Manitoba establish new railways and take over the remote services in their regions.

[*English*]

We're also requesting approximately \$11 million for the assessment, management, and the remediation of the federal contaminated sites. This falls under the government's federal contaminated sites action plan, administered jointly by Environment Canada, which will provide necessary secretariat services, and Treasury Board Secretariat, which will administer the fund.

Funding has been approved for two new remediation projects, one at the Bushell public port facility in Saskatchewan, and one at Nitchequon, Quebec. In addition, funding has also been approved for two ongoing remediation projects, in Rock Bay, British Columbia, and Gander, Newfoundland and Labrador, and for assessment projects in six other locations.

Assessment and remediation of contaminated sites is a high priority for this government. The issue is not whether the federal government will have to take action to clean up these sites, but when.

• (0915)

[*Translation*]

Finally on this list of primary items, which represent a substantial piece of the overall Supplement Estimates picture, approximately \$9 million is being sought for incremental funding to support road infrastructure projects in the Outaouais region. As you know, we have a special agreement with the Outaouais, a contractual commitment that was signed in 1972 by the governments of Canada and Quebec. The parties are therefore obliged to meet their respective obligations to improve the highway system in the Outaouais region and on the Quebec side of the National Capital Region.

[*English*]

Some of the other items on this list include: approximately \$4.6 million for public security initiatives, such as the national security

policy; approximately \$3 million for construction at the Moncton, New Brunswick airport hangar; close to \$2 million for funding to increase federal, regional, and science capacity in order to respond to the Mackenzie gas project and related resource development; approximately \$2.4 million in funding to ensure the sustainable development and management of Canada's oceans under the oceans action plan; and \$565,000 in funding for the Canada strategic infrastructure fund. This relates to investment in public infrastructure projects designed to improve the quality of life in both urban and rural communities.

[*Translation*]

Mr. Chairman, I know the time I have today doesn't allow me to get to all the items on the list, nor a thorough explanation of all of them. However, I believe these numbers reflect the department's vision of a transportation system that is recognized worldwide as safe and secure, efficient and environmentally responsible.

I'll be very pleased to answer your questions. My officials will take it upon themselves to answer the questions I can't answer.

[*English*]

The Chair: We will have those questions.

Mr. Gouk.

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

Welcome once again, Mr. Minister.

So many questions, so little time. It would be nice if we could actually get you here for a nice long session and really get into things.

Hon. Jean Lapierre: I could be here till April if you want.

Mr. Jim Gouk: Well, Minister, in that case you'll be a very lonely man.

I would like to start with the item under vote 10, specifically dealing with the \$19 million for remote and regional passenger rail lines. Is this to create new lines where no lines exist right now? Is that the intention, or is it an existing line we're talking about?

Hon. Jean Lapierre: All existing.

Mr. Jim Gouk: Who operates those lines at this time?

Hon. Jean Lapierre: Well, you have here Ontario Northland, Toronto to North Bay, \$2.5 million; Algoma Central, Sault Ste. Marie to Hearst, \$2.1 million; and then Quebec North Shore, Tshiuetin, Sept-Îles to Schefferville.

Mr. Jim Gouk: What are you proposing exactly to do with these? Are you basically giving other people money to buy these lines off the existing people to operate them themselves?

Hon. Jean Lapierre: Maybe Helena Borges could give you all the details,

Ms. Helena Borges (Acting Director General, Surface Transportation Policy, Department of Transport): The current funding for Ontario Northland is operating funding that we've been providing them since 1996. It's the same for Algoma Central. That amount has not increased since 1996. For QNS&L Tshiuetin, what is happening is that QNS&L is getting out of the business. Tshiuetin is a first nations railway, in fact the first in Canada, and they will be taking over the service, the operations on the line, as well as making major improvements on the line to continue operating service.

Mr. Jim Gouk: In the case of Algoma Central, it's my understanding that's funded in equal parts by the federal government, the provincial government, and Algoma Central themselves. Is that correct? Is that still the formula?

Ms. Helena Borges: No. For Algoma Central, the remote service is funded only by Transport Canada, the federal government. There's no provincial involvement at all. The Algoma Central Railway, which is a part of CN, funds the tourist operation. That is separate from the regional service.

Mr. Jim Gouk: Some time ago, Mr. Minister, your predecessor, who had visions of sugar plums and model railways dancing in his head, promised \$700 million for VIA Rail, which was met with incredible shock within the industry and with the public in general. Cooler heads prevailed and that was scrapped. Now we see that you're talking to the media, the Canadian press, and saying that you have to come up with more money for VIA Rail. VIA Rail is basically asking for that \$700 million back. They want \$408 million to improve infrastructure and \$305 to repair and renovate their cars.

You've indicated that Canadians must decide if they're interested in funding an efficient and rapid train service. What are your intentions for VIA Rail in terms of funding in the foreseeable future? Do you have some specific ideas that this committee perhaps should know about?

• (0920)

Hon. Jean Lapierre: I don't have a definite idea. What I have been trying to do is.... I have met the board of VIA Rail and I've listened to them. I've also discussed with my cabinet colleagues in general terms whether we want to continue and have rail passenger service, and if we do, obviously most of the equipment is at least 25 years old and we will need to inject some capital into that company.

If we want more services, better services, faster services, there's a price to pay. You know that there's not a single passenger rail or mass transit like this that makes money around the world, except in Hong Kong, and they have a way of doing it. And because of our Kyoto obligations we need to have a discussion among Canadians on this—whether we want a national passenger rail service that has any sense—and then there's a bill coming with that.

Mr. Jim Gouk: Outside of the Quebec-Windsor corridor, could you tell me where, in your opinion, we have passenger rail service now?

Hon. Jean Lapierre: Well, there is rail passenger service, and obviously that corridor is the one that people see that has faster service and what have you, but there's always a bill attached to that. I do not have a preconceived idea, as I've always said, but I think we have to decide whether we're going to strangle this company, because that's what we're doing right now—

Mr. Jim Gouk: Sir, with respect, and there's little time here, the question was, where outside of the Quebec-Windsor corridor, in your opinion, does this country have passenger rail service now?

Hon. Jean Lapierre: For example, we just discussed some of the services in remote areas.

Mr. Jim Gouk: Is that your answer? Outside the Quebec-Windsor corridor, we have passenger rail service in remote areas.

Hon. Jean Lapierre: Well, that's the situation in the Gaspé. If you try to take their service out, you'll hear about it.

Yes, there are other places in eastern and western Canada.

Mr. Jim Gouk: Okay. Where do we have passenger rail service in western Canada?

Hon. Jean Lapierre: What game are you trying to play?

Mr. Jim Gouk: I am not playing a game, sir. I am asking you a very straight question. Where in this country, aside from a few remote areas where we may have captured people, do we have passenger rail service?

You talk in terms of Kyoto. Somehow by having people on rail, we're magically going to protect the environment. I would suggest to you, sir, that passenger rail service is the least environmentally friendly, unless you're in a high-density corridor, where you essentially have commuter rail.

The transcontinental service from Edmonton to Vancouver is the least environmentally friendly way to move people. It uses more fuel per passenger mile. It creates more pollution than buses or aircraft. It is the most expensive, even with the subsidy. It is not passenger rail; it is passenger tourism. Should this country and should the taxpayers of this country, who are grossly overtaxed in spite of this phony budget that came out, be subsidizing tourism in this country?

Hon. Jean Lapierre: That's your opinion. I know that you have your own pet peeve.

Mr. Jim Gouk: That's not my opinion; it's a question.

Hon. Jean Lapierre: No, it's your opinion. I don't have a definite opinion on VIA Rail like you do.

I know that you'd like to close the place. That is your choice. If you want to tell Canadians that's what you want to do, do it. But I'm not there.

I've asked the board to look at future projects right now. I have only started discussing it with my cabinet colleagues. Obviously, we may have to wait a few months to continue that discussion. I'm not close to any scenario. But I think we owe it to the Canadian public to have a real discussion, and it could be through this committee in your future work.

I obviously don't have a closed mind like you do.

• (0925)

The Chair: Thank you, Minister.

Thank you, Mr. Gouk.

Madam St-Hilaire.

[*Translation*]

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Ladies and gentlemen, welcome.

Let's pursue your remarks on VIA Rail Canada, since we of the Bloc québécois are also concerned about the fate of VIA Rail.

Last year, you told us there had been a cut in appropriations because it was a transition year and there had been some minor problems. This year, I believe we can consider that we're — pardon the pun — on the right track.

VIA Rail is getting another cut, this time in the order of \$75 million. You say that sustainable development and the rail system are concerns for you, but I don't know what message you're sending to the new president and CEO, Mr. Paul Côté, and to passengers.

A cut! How can you...

Hon. Jean Lapierre: That's precisely why I mentioned the need to make a decision on the investment question.

If we want to give VIA Rail its second wind, we'll clearly have to invest money in it. We said that approximately \$750 million would be needed to maintain current service. With that amount, we're not doing anything crazy and we're not creating new lines. We're merely maintaining the current service level.

The government will have to choose. It can merely invest \$750 million to maintain service or it will have to invest billions of dollars to provide faster service.

I believe we'll have to have this discussion. Your committee will probably be called upon to take part in it; it would be a good instrument for helping Canadians to take part in the discussion.

Some people, like Mr. Gouk, would like to shut down VIA Rail, while others want to maintain the company. I've surveyed my Liberal colleagues and I can tell you that there is a desire to offer high-quality service. However, I told them that, in order to offer high-quality service,

[*English*]

we will have to put our money where our mouth is.

[*Translation*]

That decision will have to be made in the coming months.

Ms. Caroline St-Hilaire: With all due respect, if there is that willingness, it doesn't appear in the Estimates, in any case not for the moment. Nor does it appear in yesterday's update — or budget — but I imagine that will follow one day.

I'd like to move on to other questions.

As regards the Quebec City bridge, Mr. Minister, you told me two weeks ago that you would be getting CN's final answer in the next few days. I imagine you have some good news to tell me this morning.

Hon. Jean Lapierre: I wish I had good news and could tell you that CN has sent its painters, but that would be a bit difficult with the snow.

We spoke with CN, which acknowledges its responsibility for certain aspects, like the structure. We're still haggling over painting, and we're convinced we're right.

At first, management absolutely did not agree, but talks have continued and CN is showing some openness, although not enough, I don't think. Our lawyers tells us that we're right to require full completion. We're on the verge of appealing to the courts.

Ms. Caroline St-Hilaire: So it really hasn't moved forward.

Hon. Jean Lapierre: It hasn't moved far enough forward in that they haven't yet offered to get their brushes out. My deputy minister, Louis Ranger, has had more direct talks with them.

Mr. Louis Ranger (Deputy Minister, Department of Transport): As you know, an agreement was reached in 1993, providing for the bridge to be transferred to CN. Another one, on painting, was reached between the Government of Quebec, CN and us in 1997. There was a discussion to determine whether the 1997 agreement cancelled that of 1993, and to determine whether CN retained its commitments in perpetuity with regard to the bridge. In our last talks, CN clearly acknowledged its long-term responsibility for maintaining the bridge's structural integrity. That's no longer a question. The question as to how the painting contract will be completed remains to be resolved. CN has clearly stated that it is responsible for maintaining the structure of the bridge in perpetuity.

Ms. Caroline St-Hilaire: That's good.

For a few weeks now, I've been interested in how Transport Canada's calls for tenders work. I'd like to hear what you have to say on the subject.

Hon. Jean Lapierre: I've never taken an interest in that.

Mr. André Morency (Assistant Deputy Minister, Corporate Services, Department of Transport): Calls for tenders are currently accessible through the MERX system. If they're worth more than \$25,000, they're always published. As you know, the departments have to sign single-source contracts exceeding \$25,000. We publish the announcements through the MERX system, as provided in our free trade agreement with the United States, and they are available to anyone interested.

Ms. Caroline St-Hilaire: Let's talk about official languages. Are these announcements in French, in English or bilingual?

• (0930)

Mr. André Morency: They should always be published in both official languages.

Ms. Caroline St-Hilaire: I received a call for tenders last week. It's a happy coincidence that we're talking about Marine Atlantic's estimates because it apparently issued a call for tender. Businesses submitted bids, and it was asked that documents be in English only.

Were you aware of that?

Mr. André Morency: Are you saying that Marine Atlantic issued the call for tenders?

Ms. Caroline St-Hilaire: No, I'm saying that Transport Canada did.

Mr. André Morency: I'm not aware of that, madam.

Ms. Caroline St-Hilaire: It was proposal T8080050356; I'll send you a copy of it.

Hon. Jean Lapierre: What exactly does Marine Atlantic want to buy?

Ms. Caroline St-Hilaire: It concerns the consulting project that Marine Atlantic wants to develop with Transport Canada. Point 8 of your call for tenders reads:

All resources must have demonstrated ability to communicate in English, both orally and in writing. All deliverables shall be delivered in English.

I wanted to know what was going on there.

Mr. André Morency: We're definitely going to look into that.

Ms. Caroline St-Hilaire: Do you think that's normal?

Mr. André Morency: I suppose that call for tenders was issued by Marine Atlantic, not by the Department of Transport.

Ms. Caroline St-Hilaire: I don't want to hurt your feelings, but it's a Transport Canada document.

Mr. André Morency: We'll look into it; we weren't aware of that call for tenders.

Ms. Caroline St-Hilaire: I'd like to ask you a final question on the first point of the Ministry Summary. It's about authorizing a transfer to National Defence of more than \$197 million.

Can you explain to me a little what that entails? Is that in order to purchase helicopters?

Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security Group, Department of Transport): You're referring to the search and rescue system. National Defence is transferring funds to us to fund search and rescue projects. That fund will subsidize four different projects this year: a canoe and small craft safety project, an alcohol and water safety project, a volunteer small craft search and rescue project and, lastly, a drowning research project for the Office of Boating Safety.

[English]

The Chair: Mr. Julian.

[Translation]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chairman.

Good morning, Mr. Minister. I'd like to go back to the Toronto Port Authority. Perhaps you remember that I asked a question two weeks ago and didn't get an answer. In consulting the estimates, I see that \$35 million was paid to the Toronto Port Authority. We know that construction of the bridge was to cost \$22 million. The construction approval process was never completed. I find it hard to see how a bridge that hasn't been built could have cost \$35 million, when we know perfectly well that it would have cost \$22 million. I ask you the question again.

What justification has your department received for this \$35 million amount? To whom was the money paid, and why?

Hon. Jean Lapierre: You're lucky. I'm here with the best lawyer in town, Mr. Pigeon, who was responsible for that file. He'll definitely be able to explain that to you in detail.

Mr. Jacques Pigeon (Departmental General Counsel, Legal Services, Department of Transport): The \$35 million was paid pursuant to a decision by the Government of Canada to settle the claims, on a contract basis, of the Toronto Port Authority against the

Government of Canada, as the minister said in his opening address. That amount was paid to the Toronto Port Authority pursuant to a structured settlement agreement. At the same time, the Toronto Port Authority reached an agreement with the people with whom it had signed contracts so that it could issue releases to us...

● (0935)

[English]

Mr. Peter Julian: That doesn't answer the question. Who was it paid to, and for what reason? That's the question I asked last time, and I'm asking it again today. I don't understand the stonewalling.

[Translation]

Mr. Jacques Pigeon: The \$35 million was negotiated between the Government of Canada and the Toronto Port Authority.

[English]

Mr. Peter Julian: Okay, I'll be more specific. Was any money paid to companies owned by Victor Pappalardo, who was charged in 1996 with 26 counts of false or deceptive claims under the Canada Customs Act? Was any money sent either to Mr. Pappalardo or any companies controlled or owned by Mr. Pappalardo?

Mr. Louis Ranger: The answer is very clear, sir. The amount of \$35 million was paid to the port, period, to settle a situation.

Mr. Peter Julian: How much of that money, then, constitutes a subsidy to the Toronto Port Authority? As you know, under the Canada Marine Act, subsidies directly to port authorities are prohibited.

Mr. Louis Ranger: I'm very much aware of that. I would ask Mr. Pigeon to answer why this is not in contravention of the Canada Marine Act.

Mr. Jacques Pigeon: The money that was paid pursuant to the settlement was to settle a liability and claims that the port authority could have against the Government of Canada. No part of that money was paid as a subsidy.

Mr. Peter Julian: No part of that money was paid as a subsidy. You can't tell us who it was paid to; you can't tell us why it was paid. We do know that the approval process wasn't fully fulfilled, so any bridge construction or any contracts would have been irresponsible.

Were there contracts signed in connection to this? Are those contracts in your possession, and did those contracts include what I would assume would be the responsible, prudent, public policy position of having cancellation clauses if the proper approval process was not undertaken?

Mr. Jacques Pigeon: The Government of Canada paid this amount of \$35 million in order to settle a contract breach that—

Mr. Peter Julian: Are those contracts in your possession?

Mr. Jacques Pigeon: Certainly. They are contracts to which the Government of Canada was a party.

Mr. Peter Julian: Did the Toronto Port Authority sign without having the approval to actually sign those contracts, given that the approval process for the bridge wasn't completed?

Mr. Jacques Pigeon: I do not agree with the premise of your question.

Mr. Peter Julian: It's public information. You know that full well.

Mr. Jacques Pigeon: Let me try to explain carefully what I'm answering.

I think your question is dealing with other aspects that should be clarified. The Government of Canada had entered into an amendment of the tripartite agreement, and there were three parties to that agreement. It was part of a settlement of a lawsuit that had occurred in the year 2003, I believe. The tripartite agreement was entered into by the Government of Canada, by the port authority, and also by the City of Toronto.

Mr. Peter Julian: Now, the City of Toronto was the only city that was—

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Point of order. Mr. Chair, I'd like to hear the answer.

Mr. Raymond Bonin (Nickel Belt, Lib.): I'd like to hear the answer too.

Mr. Peter Julian: It's my period; you can ask those questions when it's your turn, Mr. Bonin.

The reality is, the City of Toronto was sued and the City of Toronto didn't pay a cent. So why was \$35 million of taxpayers' money sent to the Toronto Port Authority without, apparently, any justification for that? We've put in access-for-information claims; we've had 100 pages of blanked-out documents. The question is, what are you trying to hide? What are you afraid of the public learning with this \$35 million amount?

Hon. Jean Lapierre: We're not trying to hide anything. I think every commitment that was made was made publicly. The mayor of Toronto made a decision and asked the federal government to stop this project, and it did, by regulation. There was a cost to stop the process. That was done at the request of the new mayor of Toronto after the election.

Mr. Peter Julian: He did not ask that \$35 million be sent out as a blank cheque without any justification.

Hon. Jean Lapierre: You should have seen the responses I received from him. He wanted us to solve this issue, and he wanted an ironclad commitment. The Prime Minister said we would take our cue from the city. We took our cue from the city, and we paid the bill. That's what happened. That's the reality.

• (0940)

Mr. Peter Julian: Are you aware that we've had within the Toronto Port Authority executive bonuses and executive salaries that have increased by a factor of five? I'm thinking of the CEO, who has raised her salary from \$35,000 to \$173,000 per year. That's when revenues were actually falling under the Toronto Port Authority.

Hon. Jean Lapierre: I'm sure you know the structure of port authorities. You know that the government is not making those decisions. Those corporations make their own decisions and they respond to their own boards. Do you know that, too?

Mr. Peter Julian: You sent \$35 million to the port authority. Obviously, it's your money, our money, the citizens' money—

The Chair: Mr. Julian—

Mr. Peter Julian: —that's been sent to the port authority while they've been raising these bonuses.

The Chair: Mr. Julian, your time's up.

Mr. Bonin.

[*Translation*]

Mr. Raymond Bonin: Thank you, Mr. Chairman. Instead of asking a question, I'd like to make a comment on passenger trains in Canada.

I hope that, in your evaluation, you'll consult the report by our committee entitled "The Renaissance of Passenger Rail in Canada". Eleven recommendations were made, and nine of them were accepted by Cabinet. In that document, room is made for the private sector, either through franchising or through partnerships. I believe the recommendations that were made at the time are even more valid today than they were then. So there's room to improve the system. I presided over that report, and I don't believe the government can do it alone. The only way to do it is with the aid of the private sector.

Hon. Jean Lapierre: Thank you for drawing my attention to the subject, Mr. Bonin. We obviously have to study all the models. There is no single model; that's why I don't want to come here with any preconceived idea. I believe we must work together and try to determine whether the best decision would be to establish passenger rail service or what would be the best model, the most effective model that would require the least financial liability for taxpayers. That's clear. I know there are new management models and so on. I told the board of directors that it had to examine all those models. I'd like us to do it together so that we can establish a service in accordance with modern rules of governance. The state obviously isn't required to do everything.

Mr. Raymond Bonin: Through that study, we discovered that Canadians like passenger trains. They want to preserve the passenger train system, but they prefer to use their cars when they travel. That explains why your decision is so difficult.

[*English*]

The Chair: Mr. Scheer.

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): Mr. Minister, I would just like to ask you a quick question.

Can you tell me which airport actually saw, in terms of real dollars, a reduction of rent after your new policy came into effect over the last year, and how much in real dollars that rent would actually be?

Hon. Jean Lapierre: I don't know if we have all the tables we published at the time of our announcement. The reduction, in many cases, was in the growth of the rent over the next fifty years. That's where we were aiming.

Mr. Andrew Scheer: Thank you. That is kind of the point. You can't talk about rent reduction when all you're talking about is a slower rent increase. If you're my landlord, and you say you're going to raise my rent by \$100 next month, and then a week later you say you're only going to raise it by \$50, you haven't saved me any money. You've just charged me less. That's the whole issue with airport rents.

Hon. Jean Lapierre: I have officials who are telling me that Calgary and Edmonton have had real reductions immediately.

Mr. Andrew Scheer: Yes, but it's a far cry from the \$8 billion you constantly talk about. All the reductions you talk about are reductions of increases. They're not actual bills.

Hon. Jean Lapierre: You have to remember one thing. Those leases were signed by those businessmen and women, and they were liable. They were responsible for the leases that were signed. The government could have said, you know, that it was going to collect from them up to the last cent. The government has now come to the realization that those rents were too high. So they're getting a real reduction compared to the leases they signed. This is real money and real reduction. There was no magic formula. They were real, signed leases.

Mr. Andrew Scheer: I want to make the point that there were no actual real rent decreases across the board like you always talk about, because in many cases those were take it or leave it—

Hon. Jean Lapierre: It's real money too.

Mr. Andrew Scheer: No. We spoke with the airport authorities. I don't think there is a single airport authority out there that has your take on that.

Hon. Jean Lapierre: I should send you copies of the thank you letters I got. You would be impressed.

• (0945)

Mr. Andrew Scheer: This committee travelled for months, meeting with them face to face.

Anyway, let's go to the next question I wanted to ask you about. The rationale behind the FRCC getting the hopper car fleet was that they could save money for farmers by avoiding costs for purchasing the cars and by savings on maintenance. Now your department is saying they're not going to get the cars for a dollar. You're going to have some kind of process, and we've seen no concrete numbers at this committee from the CTA on what the maintenance costs actually are. So where are the savings going to come from?

My focus here is to make sure that producers get the best deal—not that Liberals get the best deal. I'd like you to tell me, if you're going to get into single-source tendering, where's the benefit? Where are the concrete savings?

While you're thinking about that, I have a follow-up question: Can you guarantee that the FRCC is not going to get into car allocation?

Hon. Jean Lapierre: The thing the FRCC has been saying all along was that the maintenance costs are going to be lower than the costs that—

Mr. Andrew Scheer: Do you have those numbers?

Hon. Jean Lapierre: That's what is being negotiated right now. When you go from the speech and the actual theoretical reality, and

you now come to crunching the numbers, that's what is happening now. I can't tell you now whether this thing is going to fly or not. They're in the process of negotiating; they're talking with the rail companies. This is the real game now. This is not hypothesis; this is the real thing. That's what is happening now. So we'll see at the end of the process.

Mr. Andrew Scheer: Usually you establish those frameworks or those costs before you enter into negotiations, so that you know if their offer is good, versus another offer. But that's not a problem for you, because you dealt with only the one offer.

Last time you were in front of the committee, you said one of the reasons why you wanted to give it to the one group over any other was because it sat on your table for nine years, and you wanted to get it done. But you never had an open process. You weren't calling for tenders for nine years.

An analogy would be that there's a Liberal fundraiser out there who wants to be a senator, and he asks for nine years to be a senator. That doesn't mean the question of him becoming a senator has been on the table for nine years. It's just one person wanting something, or one group wanting something.

Hon. Jean Lapierre: You're much too young to dream of that.

Mr. Andrew Scheer: I'm below the age required in the first place.

What we're talking about is that it's not genuine to say this was on the table for nine years. There was not a nine-year tendering process. There was not a nine-year call for bids. These other groups that expressed an interest in being part of the process didn't have an opportunity for nine years. It came up, and it was single-sourced. You did that without having concrete numbers on the maintenance costs, which is kind of the crux of the matter. So how does that make sense?

Hon. Jean Lapierre: You're right. That's why it's part of the ongoing discussion with them.

Mr. Andrew Scheer: There are a lot of groups that probably would have liked to have been in—

Hon. Jean Lapierre: Well, we've decided. I'm ready to stand here and say we have decided to give a kick at the can to the FRCC. Yes. Is it because we have a bias for farmers? Yes, we do.

Mr. Andrew Scheer: For Liberals?

Hon. Jean Lapierre: I don't even know the politics of those people.

Mr. Andrew Scheer: You should start to ask.

Hon. Jean Lapierre: No.

Frankly, the negotiations that are happening will show us if it's a viable proposition, yes or no. At the end of the process, we'll see. If it's not a viable proposition, they won't get them.

The Chair: I'm sorry, you're out of time.

Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Thank you.

Minister, in your comments you made reference to the carry-forward moneys of \$29 million. You talked about security issues as one of the items. You talked about \$4.6 million for public security. I was looking at the references in the explanations, which again include two or three public security initiatives. Can you be a little more specific on that?

Mr. André Morency: Within that \$29 million, Mr. Bell.... Every fall, the department has to look at its budget situation and plan for future-year budgets. Last fall it was identified that we wouldn't be able to continue to deliver on all of our programs and that there was some money we could carry forward under the carry-forward guidelines.

As an example, some of the money being carried forward had to do with port divestiture. So we asked that \$10 million be carried forward into this fiscal year to allow us to continue with our port divestiture exercises.

Some of the other initiatives were major policy studies that were just under way, and a variety of other operational issues on which we knew we would not be able to spend the money that we had in the last fiscal year. So we made provisions for carrying the money forward to continue the work into this fiscal year. It covers a variety of programs across the department built into our program.

Mr. Marc Grégoire: Can I add a comment on the \$4.6 million? This is essentially for marine security, for our oversight program. Most of that money is being used to hire inspectors in the various regions. We will hire up to 37 people in the regions and in Ottawa to support the marine security program if these funds are approved, so these funds are very important for us for marine security.

• (0950)

Mr. Don Bell: What would these 37 new officers do? I'm interested. Are we talking port security, in terms of additional inspection officers? Are we talking...?

Mr. Marc Grégoire: It's mostly port security, indeed. We have a new regulation in place since July 1, 2004. It's the ISPS code.

We had the people needed to write this regulation and to put it in place. We had just a few people to approve the various port security plans and the facility security plans. Now we have to enforce those. We have to be out there. We have to help the port, and we have to make sure the various security plans are actually put in place—in other words, that the ports are actually doing what they said they would do.

These people are also to help us continue to improve—to close the security net in the various ports. Some of those people will also do ship inspections. Ship inspections are done by marine safety inspectors, especially the port state control inspectors, but we also will have some of those inspectors board ship. When the port state control inspectors find deficiencies, they will be helped by those additional inspectors we will have in the field.

Mr. Don Bell: Okay.

In addition, you talked about \$11 million regarding contaminated sites. I was interested.... I see here funding related to the assessment, management, and remediation. Can you give me an update? In particular, you mentioned there's one site in B.C. You talked about

two new projects—in Quebec, I think you said—and two ongoing. One of those was in B.C. Which one was that?

Also, can you give me an update on the Vancouver wharves situation, regarding the Squamish First Nation and the Vancouver wharves with that spur line? Where are we with respect to the stages of remediation, if you want to call it that, of that site?

Mr. Ronald Sully (Assistant Deputy Minister, Programs and Divestiture Group, Department of Transport): I'm sorry, sir, I don't have the information on the last project vis-à-vis the Squamish.

With regard to the request for funding in supplementary estimates, we did get approval for two new projects from the contaminated sites accelerated action plan. Those two projects are at Bushell, which is on Lake Athabasca in Saskatchewan, and at Nitchequon in northern Quebec. We also received approval to continue on with work we had started at Rock Bay, which is in Victoria Harbour, and at Gander airport.

These funds are made available from the centre. They are managed by Treasury Board and Environment Canada. They are made available to all departments to help them remediate their own properties; they are typically used for large projects for which the department does not have enough money in its own A-base to fund the projects.

Mr. Don Bell: I'd appreciate getting an answer, ultimately. I presume the money for the cleanup—the remediation of the Vancouver wharf site or the site of Vancouver and the Squamish First Nation—is within existing budgets. Is it, then?

Mr. Ronald Sully: I'd have to look into that. I think it may be an obligation of the Vancouver Port Authority, as opposed to Transport Canada, but I'll have to look into that.

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

The minister has about 15 minutes left here.

We're going to go to Mr. Gouk and Mr. Batters, who are going to share time. Then we will have Mr. Scarpaleggia, Mr. Carrier, and Mr. Julian before the minister leaves.

Mr. Jim Gouk: I just wanted to clear up one misconception you seem to be either labouring under or want to sell. At no time have I or my party ever said we want to shut down VIA Rail. We have talked about private sector options.

Now, I point out to you, sir, that the Liberal government under Doug Young managed to go from a real problem with NavCanada, or with the air traffic services.... They went to the private sector and created a model that this committee heard. In the United States, with all the world to choose from, they are now looking at being possibly the saviour of theirs. It's a private sector solution.

Airports are another area where you used to lose hundreds of millions of dollars a year. The infrastructure was crumbling. We went to the private sector and they came through in spades. It is also a model, except for the rents they're being gouged on right now. There's that one exception.

That also was done under Doug Young. I guess he still had some shards of liberalism when he did the rent part. Why he turned out to be so good was obvious; he later joined the Conservative Party.

The private sector has come across for your party so well. Why are you so afraid to let them look at VIA Rail and maybe provide the same benefits for Canadians that they did for all these other sectors?

• (0955)

Hon. Jean Lapierre: I have no problem looking at all models. I said I was for WESTAC and I said everything was on the table. I think we have to look at all models. Those are the discussions I have had with my own cabinet colleagues. Obviously we want VIA to have a good future, and we're going to take the most efficient model we are able to look at.

I don't have a philosophical problem with looking at what the private sector can do. The difference between you and me is that I'm a capitalist with a heart. This is why I'm a Liberal.

I don't have a problem with the private sector, but it has to do its mandate; the public sector has its place too.

Mr. Jim Gouk: We'll see in the future—if you have a future—if you follow up on that one.

The Chair: We'll go on to Mr. Batters.

I like the Senate talk better.

Mr. Dave Batters (Palliser, CPC): Good luck with that, Mr. Chair.

Thank you again, Mr. Minister and staff, for appearing before us.

I want to continue on with the airport rents. It's breaking over the news today that the Greater Toronto Airports Authority is looking at having to raise landing fees and terminal fees. Sources today say it's a 9% increase.

I don't imagine you receive many letters of thanks and congratulations from the GTAA. This is bad for airlines. It's bad for the Canadian airline industry. It's terrible for all Canadian citizens and air travellers who land in Toronto. As the member for Port Moody—Westwood—Port Coquitlam said many times in the House, the airport pays two-thirds of the rent, yet has only one-third of the traffic. I wonder if the minister can comment on increased landing and terminal fees today proposed by the GTAA, and what that's going to do to our air industry. How can that be good?

Hon. Jean Lapierre: I'm happy you're asking the question, because rent is not the main cost driver. You have to realize that in Toronto, for example in fiscal year 2004, debt service costs were \$350 million, or 42% of all expenses. The rent was 14% of all expenses, and I want to tell you something—debt levels are forecast to peak in 2007 at over \$7 billion, and annual debt service costs will continue to rise over the next several years to reach approximately \$600 million.

Mr. Dave Batters: Thank you, Minister—

Hon. Jean Lapierre: By the year 2009, debt service is going to be 51% of all expenses. So don't blame the rent for debt service.

Mr. Dave Batters: Connie Turner, a spokesperson for the GTAA, confirmed that these proposed increases are related to Ottawa's new

airport rent scheme. That's the GTAA. I realize you have your talking point, sir—

• (1000)

Hon. Jean Lapierre: She's totally wrong. She's totally wrong, because—

Mr. Dave Batters: She runs the airport.

Hon. Jean Lapierre: She runs the airport. She should talk to their debt service.

The Chair: Very quickly, Mr. Batters.

Mr. Dave Batters: I'll come back to the FRCC, sir. The entire rationale for the possible divestiture of the rail cars—and really, you only looked at one proposal—was to save money for farmers, but now Mr. Harrison and the FRCC are no longer promoting to producers the cost savings that would result if they were to acquire the fleet. We have seen no numbers from the CTA as to maintenance; these guys are advertising for a CEO, yet they're not talking any longer about savings for farmers, which was supposed to be the entire rationale from the beginning.

In the absence of that, how can you continue to go forward with this?

Hon. Jean Lapierre: There were two things: the savings to the farmers and money for the replacement of cars. You know those cars have a limited lifespan. Those were the two positives that were coming out from their initial proposal. Now we're crunching the hard numbers, and we'll see at the end of the process.

Those were the two objectives—to have savings, especially on maintenance, and to have the liquidity to replace cars. That's the objective, and we'll see if we can achieve it.

The Chair: Thank you.

Next is Mr. Scarpaleggia.

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

[*Translation*]

Good morning, and thank you all for being with us, Mr. Minister.

A large number of flight attendants live in my riding. In fact, no one has ever spoken to me about airport rents. However, they often talk about the flight attendant-passenger ratio. If I've understood correctly, no draft regulations have been published in the Canada Gazette for the moment. This change, which is anticipated by some, continues to be a concern for me.

Before taking any action whatever, would you be prepared to wait for the report of the Transportation Safety Board on the Air France accident in Toronto?

Hon. Jean Lapierre: That wouldn't be realistic for us since we might have to wait two, three or four years. Furthermore, I don't believe that the ratio is a central factor in that accident. It is possible that ratio may have been slightly higher than prescribed by the regulations during that flight, but Air France's ratio is nevertheless one attendant per 50 passengers. So that fact doesn't shed much light for us.

For the moment, this issue isn't on my agenda, and I don't intend to address it in the near future. Furthermore, I can't depend on a report that may not be published for a very long time. That's my problem.

[English]

The Chair: Okay.

Mr. Carrier.

[Translation]

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

Good morning, Mr. Minister. I'd like to go back to the Quebec City bridge issue. You made quite an official commitment when you said that CN was responsible for its maintenance. However, we see that the negotiations have been quite lengthy. That frequently occurs when a contract is subject to legal interpretation. The outcome is slow in coming.

The 400th anniversary of Quebec City will be celebrated in 2008, and people want the bridge to have a slightly more suitable appearance at that time. The bridge is an emblem for the city. I'd like to know whether the department is committed to opting for another plan, pending a legal decision. The issue here is whether the contract clearly states that CN must assume the responsibility in question.

Is the department committed to bearing the painting costs, pending the final settlement, or will we have to rely on the good will of the courts and wait for a decision that will be rendered we don't know when?

Hon. Jean Lapierre: I don't want to be CN's banker; that would set a dangerous precedent. However, I would prefer a good settlement to an excellent judgment. We hope that will happen before we have to go to court. As you know, the judgment might not be rendered until after 2008. I have the same concern as you. However, I feel that matters have advanced somewhat with regard to overall permanent responsibility for the infrastructure. My preferred scenario would be that, with a solid legal position, we can make them bend. The federal government and CN could then sit down at the table.

However, if we can't do that, I'll have to assume CN's responsibility and use public funds instead of that private company, which is extremely profitable. I repeat, a good settlement is preferable to a judgment. That's the option I prefer, but if there's no way to make these people see reason, we'll have to deploy our legal arsenal. That's not my first choice.

•(1005)

Mr. Robert Carrier: If I understand you, you can't promise us that the bridge will be restored for the 2008 festivities.

Hon. Jean Lapierre: In the same way I can't guarantee that you're going to repaint your house this year.

Mr. Robert Carrier: We're talking about the ultimate owner here. I believe the wording of the divestiture contract signed with CN was the government's responsibility.

Hon. Jean Lapierre: We aren't the ultimate owner; CN is. That's the problem. Would you repaint your neighbour's house?

Mr. Robert Carrier: That's currently the case under the divestiture contract.

An hon. member: That won't cost them much.

Hon. Jean Lapierre: I understand, but we can't proceed that way. Imagine if the government agreed to be reimbursed later for painting it had paid for instead of the company responsible. That wouldn't be a good use of public funds. I can't sign a contract like that.

As regards the urgent need for action, I agree with you. You can say whatever you want, but the bridge really doesn't look very good. I entirely understand why the people of Quebec City are impatient. I share their impatience and your own.

Mr. Robert Carrier: We're going to rely on your efficiency as a negotiator.

Hon. Jean Lapierre: Let's hope.

Mr. Robert Carrier: Furthermore, in the Supplementary Estimates, you request an additional amount for government advertising programs. Is that related to the sponsorships?

Some hon. members: Oh, oh!

Hon. Jean Lapierre: We'll explain to you what that's about.

Mr. André Morency: We publish announcements in the newspapers every day, for example when we issue calls for tenders. A certain amount is allocated to that. In addition, we intend to conduct a safety campaign, together with a number of other departments. It will be on television, in the newspapers and in various other media. Funds have been set aside for that purpose. These are current activities in the context of our programs.

Mr. Robert Carrier: Is this a campaign project that you have to carry out?

Mr. André Morency: Yes, and our department is going to do it together with other departments.

Mr. Robert Carrier: It concerns overall safety, or road safety, air...

Mr. Marc Grégoire: Here we're talking about safety and security. Part of the campaign will be taken over by the department responsible for public security. We'll be responsible for the surface and air transport safety component.

Hon. Jean Lapierre: In the airports, the signs telling people not to make bad jokes about carrying weapons, among other things, are an example.

Mr. Robert Carrier: We also advise that people have the right combination for access doors.

Hon. Jean Lapierre: I can tell you that there isn't the slightest bit of propaganda in these advertisements. I myself find them a little...

[English]

The Chair: Okay. Thank you.

Mr. Julian.

Mr. Peter Julian: Thank you, Mr. Chair.

I'd like to come back to the Toronto Port Authority and to a couple of answers I received earlier. The first is around the issue of Mr. Pappalardo and Stolport Corporation. If I understood your response, Mr. Minister, you said you didn't believe Mr. Pappalardo had received any moneys through the—

Hon. Jean Lapierre: I didn't say that. I don't know. I've never heard that name in my life.

Mr. Peter Julian: But I would like to quote for the record *The Globe and Mail* on May 4, where “Toronto Port Authority president Lisa Raitt revealed only that this settlement involved three corporations”, including “current airport tenant” Stolport Corporation. The owner is Mr. Pappalardo.

So would you like to revise that answer, or did I misunderstand?

Mr. Louis Ranger: I'd like to answer.

Number one, the \$35 million was paid to the port. It was paid in recognition that the port incurred considerable liability as a result of the policy decision expressed through regulation to prohibit the building of a fixed link. The minister indicated the magnitude of liability incurred. We negotiated an amount, \$35 million, that would settle the matter.

Mr. Peter Julian: The approval process hadn't been completed. How could there be a liability when the approval process for the bridge construction had not been completed? The environmental assessment was not valid. The approval process had not been completed, so I fail to understand how there could be a liability, when any prudent public contract would obviously have an escape clause if the approval process hadn't been completed.

Mr. Louis Ranger: The material, the steel, had already been ordered to build the bridge. The environmental assessments, if not completed—and I'd have to verify—were sufficiently advanced that there was a point of no return on that project, on the environmental side.

Mr. Peter Julian: I'd like to come back to the second issue, which is the subsidy to the Toronto Port Authority, which is prohibited by the Canada Marine Act. Are you aware that the Toronto Port Authority booked a \$7.8 million receivable from Transport Canada at the end of their 2004 fiscal year?

•(1010)

Mr. Louis Ranger: It's quite possible. We explained earlier why we did not.... We know that the \$35 million that was paid is not a payment to the port under the Canada Marine Act, because they—

Mr. Peter Julian: They booked a receivable. They saw money coming from Transport Canada directly to the Toronto Port Authority. Can you explain that receivable?

Mr. Louis Ranger: It would be for the port to explain it. They must have had their legal advi—

Mr. Peter Julian: No, I think the buck stops somewhere. The buck stops with you, Mr. Minister, and at some point there have to be some answers here.

Hon. Jean Lapierre: You're asking us to answer on actions of the port authority, and you know it is an independent corporation. Be fair.

Mr. Peter Julian: I am saying that the Canada Marine Act prohibits a subsidy, and very clearly the Toronto Port Authority saw

moneys coming from the Department of Transport as a subsidy. Those are moneys that they booked in the fourth quarter of 2004.

Hon. Jean Lapierre: So go to the Toronto Port Authority and ask them how they justify that. It is not for us to do it.

Mr. Peter Julian: No, I'm asking you how you justify \$35 million of taxpayers' money.

Hon. Jean Lapierre: We've already replied.

Mr. Peter Julian: No, you haven't. You haven't answered any questions. You haven't answered who it went to. You haven't answered what contracts you responded to.

Hon. Jean Lapierre: We did. It went to the Toronto Port Authority.

What are you trying to dig? I don't have a clue what you're talking about. You're talking about people I've never heard of. If you have problems with the Toronto Port Authority, go to their annual meeting, or ask any questions to them, but we have nothing to do with the daily administration of the Toronto Port Authority.

Mr. Peter Julian: When we're talking about estimates that are before this committee, it is perfectly legitimate to ask these kinds of questions. What we should be getting is answers. We're not. We're getting stonewalling.

It is very disturbing to me. This is exactly how the sponsorship scandal started out. Money went out; there was no justification; there was no legitimacy around the payment of those funds.

Now we have \$35 million. I've given you three opportunities to answer the questions, and you have refused to.

The Chair: I'll give the last word to you, because Mr. Julian's time is up.

Hon. Jean Lapierre: We've told you why and in which context, because we had made a policy decision at the request of the mayor of Toronto. We had pre-published the regulations. There was a liability incurred through that. To settle, instead of being in court for the rest of our lives—and they were talking in the magnitude of \$600 million for lawyers—we got legal advice from within the department, from outside lawyers, and everybody who knows anything about that business, saying—

Mr. Peter Julian: Will you release that legal advice?

Hon. Jean Lapierre: Everybody who knows anything about this file thinks it was a fair and equitable deal. You could contest that, but that's the opinion I got, and I still believe we had competent people doing that and not trying to play politics or trying to create false scandals.

The Chair: Okay, thank you, Minister.

Madame St-Hilaire, do you have a comment?

[Translation]

Ms. Caroline St-Hilaire: I don't want to go back over the essential aspects of my NDP colleague's question. However, I would like to go back to an answer from the minister.

You're asking committee members to go ask airport corporation directors questions. You wanted to release yourself from that responsibility, but you'll have to explain to committee members and to the public to whom questions have to be put. ACTA and the corporations don't appear to be accountable, and you're telling us these questions don't concern you.

Hon. Jean Lapierre: Some distinctions have to be made. I'm prepared to be accountable when it comes to the responsibility of Crown corporations for which I am accountable to Parliament. As for corporations to which I appoint directors, such as the Port of Montreal, the Port of Toronto or others, they themselves take on responsibility for being accountable to the public. They publish an annual report, and so on. I'm accountable for Crown corporations that are under my responsibility, but I'm not the minister responsible for the Port of Toronto, which is a separate entity. The same is true of the Port of Montreal and the Port of Vancouver.

[English]

The Chair: Thank you.

Thank you, Minister. As I understand it, you're here for an hour and—

•(1015)

Hon. Jean Lapierre: I would love to stay longer.

Mr. Jim Gouk: We'd love to have you stay.

The Chair: I may get called off to the Senate while you're gone, but—

A voice: Have you been waiting for nine years?

The Chair: Longer than that.

I should point out that if members of this committee have interest in any port authority, we have the authority and the right and the legal power to call them before us.

Thank you.

We're going to carry on, if members wish to carry on, with questioning of officials.

Mr. Gouk is going to start.

Mr. Jim Gouk: Mr. Ranger, I hope you're going to be able to deal with this one. This is something that has kind of slipped by the committee. I've raised it with the committee, and time permitting, I think we're going to talk about it further today.

You're going to the *Canada Gazette*, part II, with the new changes that would include approach bans at airports. Is there anyone there who is competent to deal with this at this time?

Mr. Louis Ranger: All the airport authorities are in town. I can see that you probably spoke to them.

Mr. Jim Gouk: Actually, I haven't talked to any airport authorities about this. I'm talking about it as someone who flies a lot, as someone who has an aviation background, as someone who is concerned about the viability of particularly the smaller airports in this country that feed the major airports, that need traffic in order to pay the rent bill.

Approach bans, in my opinion, are a knee-jerk reaction to the Fredericton accident, which really has nothing to do with approach bans. If a drunk driver goes on the highway, you don't ban all the others in case they drink. That's exactly what this is doing.

This is going to cause serious hardship on small airports, on passengers using those small airports, and on the airlines themselves. If an airport doesn't have a precision approach, which most of them don't, pilots are not even going to be able to file to go to those airports when the weather is below limits at their proposed time of departure.

One example is my airport, at Castlegar, an hour and twenty minute flight from Vancouver. If it's below limits at the time the aircraft is ready to take off, they can't even go, although I know for an absolute fact that the vast majority of times, the weather will be quite sufficiently good for them to get in once they get there, for a variety of reasons. Why is this thing going? Where is the upside on this?

I can tell you, not as somebody who's simply a member of Parliament being lobbied by the airport industry but as somebody with 23 years of background in Transport Canada, I see no upside in this whatsoever, only downside.

Mr. Louis Ranger: I will ask Mr. Grégoire to answer. He happens to be a certified pilot.

Mr. Marc Grégoire: The approach ban idea does not come from the Fredericton accident, so I don't know where this came from. Rather, it comes from a number of accidents that occurred at a number of airports in Canada—for instance, on the eastern lower north shore of Quebec, at Sept-Îles, at Saint-Augustin, at various airports in Gaspé where pilots repeatedly flew down very, very low, even when before starting the approach they knew their chances to get in there were close to zero.

We tried to enforce the regulation that we have in place now and we never succeeded. The regulation we have in place now does not give us the tool to enforce it; we are unable. Whenever we tried to enforce it, we were turned off by the Civil Aviation Tribunal, or now, the TATC.

The idea is to come up with a regulation that will prevent pilots from trying an approach when the weather is too low, really too low. I understand there have been concerns with the *Canada Gazette*, part I, publication, which was published last fall, in November 2004. CAC—the Canadian Airports Council—and ATAC have both expressed to us some concerns about the regulation. We are totally open to amending it to make it more practical, if it's not practical now as seen by some users, but we definitely think there is a need to amend the regulation we have now, and that's the proposal we came up with.

I understand, after having talked with both CAC and ATAC, they will propose to us a technical counter-proposal, and as soon as we receive it, in the next few weeks, we will analyze it. This is not going to the *Canada Gazette*, part II, this fall. We will take into consideration your concern and those of ATAC and CAC before we finalize it.

Mr. Jim Gouk: So it is not going to go to the *Canada Gazette*, part II, before you get this input, and presumably it would come back to this committee. Would that be appropriate for this committee to look at as well?

Mr. Marc Grégoire: Normally we don't bring all regulations to committee.

Mr. Jim Gouk: I'm asking you specifically, will you bring this one, at our request?

• (1020)

Mr. Marc Grégoire: When a committee asks to see the regulation, we have done this before. We have made this kind of commitment for the flight attendants ratio. We'll see who will be on the committee when we're ready to come.

The Chair: Mr. Bonin.

Mr. Raymond Bonin: Thank you, Mr. Chair.

I don't expect you to be on top of every little issue in your department, but there's a situation in Sudbury where the airport authority took over ownership of the airport, and Transport Canada committed in contract, I'm told, to bring in safe water, potable water. Now, within a couple of weeks, the authority has to go to court to force Transport Canada to honour that commitment.

You may not have the answer now, but I sure would like a report on this. There's no sense going to court if we are committed by contract to do it.

So I'll leave it with you, unless someone here is able to respond.

[Translation]

Mr. Louis Ranger: We don't have an answer to that question, but we're going to go back to it.

[English]

Mr. Raymond Bonin: Merci.

The Vice-Chair (Mr. Jim Gouk): Is there anything further, gentlemen?

In that case, actually, I have one other point that I would like to bring up. Again, I don't know how much you can tell us, but I would appreciate any enlightening you can do to this committee.

Ridley Terminals in Prince Rupert is really up in the air. We have a movement by the government to sell it off. I'm not particularly objecting to that, but it seems to have gone into who knows what.

We have a private sector group, called ICEC, that is looking to put in a lot of money, in cooperation with CN, for a new sulphur facility—to complete the sulphur facility, which was started and never finished. It's a good project, everyone agrees. Nobody disagrees. But they can't do anything because the government has it tied up with a tentative sale that seems to be now in question.

We need to know, first of all, what is the status of this sale of Ridley Terminals? What is happening? What is the plan of government on that?

Secondly, how can we streamline getting this ICEC contract signed? It must be signed, because the very conditions that have led to the request for this contract are starting to disappear because of the inaction of the people involved in this thing.

It's good for everyone. There is no downside to the ICEC contract. What can we do to get this completed quickly?

Mr. Louis Ranger: There's a long story. I'll try to be brief.

The decision was made several years ago that we would divest that facility. We started the process in 2003. It was above board; there was a call for tenders. We hired an expert, who knocked at 60 doors soliciting proposals. Out of that came 35 interested parties, with whom we shared information on a confidential basis. We established a long list that moved to a short list and finally to a preferred bidder with whom we would sit down and negotiate an agreement.

We have reached that point now. Through that process, which cost us quite a bit of money, we have now come down to one preferred bidder.

In the meantime the price of coal has gone up, and all of a sudden all those initially interested parties who didn't make it are trying to come in by the back door, trying now to say that come to think of it, they're interested.

We followed a very scrupulous process. In the meantime there's this ICEC proposal on the table that would lock capacity for the long term. Our dilemma is that we followed the process in good faith with a party that has also been acting in good faith. Now are we supposed to carve out part of the capacity and let it go, which would change the rules of the game half way?

That's where we are. It's a real dilemma, but we've followed the course we set for ourselves two years ago, and we're still on that path.

• (1025)

The Vice-Chair (Mr. Jim Gouk): Let me ask you one question, then, with regard to that.

Fortune is well aware of the ICEC proposal. What would happen if the department wrote a very simple letter to Fortune, the parent company, to say that we are proposing to enter into a long-term agreement with ICEC, which would pass with the sale of Ridley if we complete our negotiations, and asking if they have any objections to our completing this contract? It would be a plain, simple yes or no.

If they say yes or that they need more information or something, then we can deal with it at that time. If they say no, then you can sign the ICEC contract, and at least something good can be happening in the Pacific Northwest.

Mr. Louis Ranger: Sir, precisely those discussions are under way now. Those discussions are under way now.

Another development, which we think we can deal with, is that at one point the Province of British Columbia showed an interest in the facility. We logged the whole process for six months. In the end, the province decided they didn't want the facility, but they are now asking that we add conditions on the divestiture of the facility: there would be equitable access, but there would also be conditions on pricing—there should be no discrimination on pricing, and there would be an appeal mechanism if a party believed those conditions were not met, which somewhat complicates things a bit. It's a recent development that was not on the table when we launched the process. We have to accommodate that, as well.

The Vice-Chair (Mr. Jim Gouk): Perhaps we can talk about that later.

Mr. Peter Julian: I'd like to go more to a series of theoretical questions or policy questions within the ministry. I'm very interested in knowing what your contractual policy is.

When the Minister of Transport signs a contract directly for a project, do you have a legal framework that allows for that contract to take effect only if there are the appropriate environmental approvals, the appropriate approvals from the municipal authorities, and so on? Is there a template for Transport Canada contracts?

Mr. Louis Ranger: We have signed a lot of contracts in recent years. We've been divesting a lot of facilities. You could say that we have, as a starting point, templates for those kinds of contracts, which then are adjusted for the circumstances. Obviously, we always have to abide by the environmental laws and regulations, so the environmental assessments have to be completed.

Mr. Peter Julian: Even before you sign the contract?

Mr. Louis Ranger: Well, yes.

Ron, do you want to clarify?

A port divestiture, for example, would not involve an environmental assessment. I'm trying to think of the kinds of contracts the minister would sign—highways, for example.

Mr. Ronald Sully: As you know, sir, we have a whole series of contribution agreements with the provinces—in some cases with municipalities and with others—with respect to infrastructure funding. This is highway infrastructure, public transit funding, border infrastructure funding, and so on. In every case, yes, there would be templates available. They're basically in conformity with Treasury Board policy on contribution agreements.

Mr. Peter Julian: So generally those contracts would not be signed until the appropriate approvals were obtained?

Mr. Ronald Sully: Typically, the money cannot flow until we have met our obligations under the Canadian Environmental Assessment Act with respect to environmental assessment.

Mr. Peter Julian: What is the legal language you incorporate into those contracts to ensure that if those environmental assessments fail or approval from municipal authorities is not obtained, the contract is not binding?

Mr. Ronald Sully: I believe that the contributions would say simply that the money will not flow until all the environmental approvals are received pursuant to the Canadian Environmental Assessment Act—or, in the case of the provinces, pursuant to their own environmental assessment processes.

Mr. Peter Julian: So the contract would not be cancelled, but the obligations would not be met—the financial disbursements would not be made?

Mr. Jacques Pigeon: I think Ron is saying that in those cases there would be a condition precedent to trigger the obligation. That's what I understand would be the intent.

It depends on what contract we are talking about. The policies are different for procurement contracts, for contribution agreements, and for leases for airports, for instance. There is not a one-size-fits-all template that would apply in all cases, but generally speaking, we do put clauses in to protect the interests of Her Majesty and to make sure the public funds are protected.

● (1030)

Mr. Peter Julian: So if a contract did not include an escape clause, it would be illegal under the Ministry of Transport guidelines?

Mr. Louis Ranger: I think that in a previous question you suggested the environmental assessments had perhaps not been completed for the bridge. To the best of my knowledge, as I said, the processes were advanced to the point of making the project irreversible.

Mr. Peter Julian: There was no environmental assessment in this particular case? I'm talking more generally.

Mr. Louis Ranger: To my knowledge, the environmental assessments were completed.

Mr. Peter Julian: They were not valid, but I'm not talking specifically about the specific questions. I was asking the minister about general guidelines—that is, if a contract did not contain an escape clause, it would not be legal from the Ministry of Transport perspective, right?

Mr. Jacques Pigeon: We have to be careful about the context in which the question is being put to us now, which contemplates the contract to which the government is party and the contracts that other parties, like the Toronto Port Authority, may or may not have signed. I take it that your last question to Ron was directed to contracts to which Her Majesty, as represented by the Minister of Transport, is a party, which is a very different topic.

Mr. Peter Julian: We could debate that; \$35 million of Ministry of Transport funding went into this, but I appreciate the comments from the government.

Mr. Raymond Bonin: I didn't come here to listen to you talk. I came here for the estimates.

Mr. Peter Julian: It's up to the chair to keep order, Mr. Bonin.

The Chair: This is the last question.

Mr. Peter Julian: The other question I have is around subsidies. If the Ministry of Transport became aware that subsidies were being sent to a port authority in contravention of the Canada Marine Act, what would be the reaction of the ministry? How would the ministry deal with that?

Mr. Louis Ranger: It is very clear that... Several people at this table were involved in the tabling and passing of the Canada Marine Act. We were very much aware that section 25 prohibits payments by the Government of Canada to port authorities—payments as defined by the Canada Marine Act. Obviously we sought legal advice; we're satisfied with the opinion that the payment we made regarding the fixed link was not the type of payment prohibited by the Canada Marine Act. That's the legal opinion.

The Chair: Thank you, Mr. Ranger.

Mr. Carrier, you have a quick question, and then Mr. Bonin.

[*Translation*]

Mr. Robert Carrier: Good morning. A new agreement was negotiated last week with the United States on air liberalization. We know that safety standards aren't necessarily the same in the United States and in Canada. All passengers arriving in the United States undergo stricter controls. I'd like to know whether that issue was clarified during the negotiations.

Passengers from Europe may deplane only in Canada. Will those who are mixed in with passengers who board in Canada in order to travel to the United States be subject to the same security rules as the latter?

Mr. Louis Ranger: I can assure you that last Friday's agreement in no way changes current practices. Essentially, a carrier doing business with Canada will comply with Canada's acts and regulations. The same is true for us when we land in the United States. There's no change, either in theory or in practice. This is a commercial agreement that in no way changes security measures.

Mr. Robert Carrier: I think there's a change. Currently, a passenger coming from Europe who deplanes in Canada does not undergo American controls. However, if he is part of the crew of a U.S. airline who is joined by passengers travelling to the United States, it is possible that all passengers will be subject to U.S. rules. Do you understand my question?

• (1035)

Mr. Marc Grégoire: Are you talking about the no fly list?

Mr. Robert Carrier: I'm talking about aircraft access controls, which are stricter for passengers travelling to the United States.

Mr. Marc Grégoire: No, they're not stricter. Our standards and our security system are compatible with those of the Americans. The only difference is that, in the case of passengers travelling to the United States, the airlines have to check the U.S. no fly list, the list of persons who are not welcome on board. As for passenger and baggage checks, they're the same, whether it be in Europe, the United States or here. Even though there are certain differences, the systems are still compatible. In short, this agreement in no way changes current practices.

[*English*]

The Chair: Mr. Bonin.

Mr. Raymond Bonin: Mr. Chair, I move that we approve supplementary estimates 2005-06, votes 1a, 5a, 10a, 20a, 35a, and 40a under Transport Canada.

The Chair: There's the motion.

Mr. Julian.

Mr. Peter Julian: I'd like to move an amendment for vote 1a: that it be reduced by \$35 million. That's the money that's going to—

The Chair: You said vote 1a?

Mr. Peter Julian: Vote 1a I believe is vote 1. The motion is that we would, for vote 1a, reduce that amount by \$35 million. That is the money that is allocated to the Toronto Port Authority.

Mr. Raymond Bonin: Can we hold vote 1a to deal with the amendment and vote on the others?

The Chair: Okay.

So we will start with vote 1a. You want an individual vote on each one, is that correct?

Mr. Raymond Bonin: I'd like to vote on the ones we don't have amendments for.

The Chair: Okay.

So we'll vote firstly then on votes 5a, 10a, 20a, 35a, and 40a.

TRANSPORT

Department

Vote 1a—Operating expenditures—To authorize the transfer of \$451,412 from National Defence Vote 5, Appropriation Act No. 2, 2005-2006 for the purposes of this Vote and to provide a further amount of.....\$88,605,889

Vote 5a—Capital expenditures—To authorize the transfer of \$155,000 from Economic Development Agency of Canada for the Regions of Quebec Vote 5, Appropriation Act No. 2, 2005-2006 for the purposes of this Vote and to provide a further amount of.....\$3,830,000

Vote 10a—The grants listed in the Estimates and contributions.....\$63,533,000

Vote 20a—Payments to Marine Atlantic Inc.....\$45,700,000

Vote 35a—Program expenditures—To authorize the transfer of \$2,182,000 from Transport Vote 1, Appropriation Act No. 2, 2005-2006 for the purposes of this Vote and to provide a further amount of.....\$1,120,260

Vote 40a—Transportation Appeal Tribunal of Canada—Program expenditures.....\$58,650

(Votes 5a, 10a, 20a, 35a, and 40a agreed to)

The Chair: All right.

We will now vote on vote 1a, which is Mr. Julian's motion to reduce it by \$35 million.

All in favour of the reduction that is Mr. Julian's motion?

Mr. Peter Julian: Do I get a chance to speak to it?

The Chair: Sure. If you want to, go ahead.

Mr. Peter Julian: Thank you, Mr. Chair.

Very clearly we haven't had answers to the important question of where that \$35 million went, and I think it's incumbent upon this committee, in the public interest, since the \$35 million has not been justified, that we remove it from the estimates.

The Chair: Any other comment?

Mr. Bonin.

Mr. Raymond Bonin: I heard the minister twice say that the \$35 million went to the port authority.

The Chair: Seeing no other comments, all those in favour of Mr. Julian's motion, please indicate. All opposed?

(Motion negatived)

The Chair: I feel much better. I'm feeling like a senator.

Mr. Bell.

Mr. Don Bell: I'd like to move vote 1a.

The Chair: Yes, I know. I'm waiting for someone to move it.

Mr. Don Bell: Okay, I just did.

(Vote 1a agreed to)

The Chair: Mr. Gouk, did you want to raise the matter of...?

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): Actually, before we get to the next procedural thing, there is a procedural issue about vote 30. You may have skipped over one when you enumerated all the clauses.

The Chair: Did I skip one? On vote 35a, we'll just check and make certain we've covered them all. One moment, please.

Okay, it's done.

I have a final comment on the estimates. Shall the chair report the estimates to the House?

Some hon. members: Agreed.

The Chair: Thank you.

Next is Mr. Gouk, and then Mr. Julian.

•(1040)

Mr. Jim Gouk: Earlier I raised, through the clerk, something that has kind of slipped—no pun intended—under the radar of the committee. I brought it up today. It's this business of approach bans. It's something very serious that this committee should get involved in.

Approach bans essentially affect every region of this country. I look at it from British Columbia, with our mountainous terrain and our high limits and all the rest of it, but it affects everywhere. It affects northern Ontario. It probably even affects Sarnia. It certainly affects a lot of places in northern Quebec and in the Maritimes.

Essentially, this is what it is. If an airport does not have a precision approach runway, they are going to find that aircraft are not allowed to even file to come to their airport if the weather is below the IFR limits at the time they would depart, even though it may improve later.

Even the airports that have precision approaches are almost going to be forced to put in high-intensity runway lighting. That's a very expensive proposition for airports that don't have it.

Particularly in light of the answer I got today from the department, their response that it is to prevent pilots from flying an approach when it's below, breaking limits, and going under limits—in other words, breaking regulations, not following standard operating procedures—if we liken that to the highway, it would be like people who drive under the influence of alcohol. We have trouble apprehending them, so we ban drivers who could end up drinking. Unless you're an absolute teetotaler who never drinks, you won't be allowed to drive on the highway. That's almost the extent to which this thing occurs.

The committee does now have a response from the department that they are holding off waiting for the CAC and ATAC to present counter-proposals.

I think this committee should go one step further and ask the department very specifically, in accordance with what was said here today, that before anything further is done, when they have heard from the CAC and ATAC, to come before this committee or a committee of transport to advise us what their amended proposal is, if any, and what was asked for by ATAC and CAC, which they may or may not have accepted.

As a result, this committee may then, if necessary, talk to other affected people and make a recommendation to the minister with regard to the completion of this matter.

The Chair: That's future business we're discussing now.

I should have said this earlier. I should thank Mr. Ranger and his colleagues. We're finished with the consideration of the estimates, so if you wish to—

Mr. Louis Ranger: I have just a few words. We're very proud of what we do at the Department of Transport, and I want to thank you for your support.

The Chair: Thank you for being here today.

Mr. Jim Gouk: Mr. Chair, for clarification on what I just said, future business is indeed calling them before us, but I think the department should be put on notice that this committee wants to hear from them; otherwise, it may slide by. We may not even know when things take place. So they should be officially advised that when these circumstances occur, we want to be advised.

The Chair: I think the department, particularly Monsieur Grégoire, has been put on notice today.

Mr. Julian.

Mr. Peter Julian: Mr. Chair, thank you.

Given that the minister has suggested very strongly that we ask the Toronto Port Authority about the moneys that were involved in that \$35 million payout, I'd like to propose that we ask the Toronto Port Authority CEO and chair of the board to come forward next week to this committee.

The Chair: Madame St-Hilaire.

[*Translation*]

You're going to address the same subject?

Ms. Caroline St-Hilaire: I'd simply like to remind committee members that we agreed to a motion on the Quebec City bridge a few months ago. I wouldn't want us to get to the point where we're talking about this issue in terms of years.

We heard the minister. I believe he needs a helping hand. CN representatives should absolutely appear as soon as possible, preferably before the election.

[*English*]

The Chair: CN are scheduled to appear a week from Thursday. They have been scheduled.

[*Translation*]

Ms. Caroline St-Hilaire: That should take place before we discuss future committee business. We have to consider our previous motions, don't we?

[*English*]

The Chair: We have a date certain.

Mr. Julian has asked—I'm going to accept it as a motion, if everyone's in agreement—that we request, in the first place, the Toronto Port Authority to come before this committee.

Is there any comment on that? Are all in agreement? Do you want to vote? All right.

We had agreement that Mr. Julian be allowed to put the question; that is, that the Toronto Port Authority be requested to appear before this committee, I'm going to say, as soon as possible.

● (1045)

Mr. Jim Gouk: It will be fit into the schedule on a priority basis behind the things we're already committed to.

The Chair: Let me point out to you that on Thursday we have CATSA coming. On Tuesday we have Bill C-47. The following Thursday we have CN.

Mr. Jim Gouk: If Mr. Julian's leader is successful in his efforts, then there will still continue to be transport committee meetings and they should be scheduled immediately after our current commitments.

The Chair: We're talking about two weeks today.

The question is that they be requested to come. Are all in favour of summoning the Toronto Port Authority?

(Motion agreed to)

The Chair: It carries.

That being the case, we will stand adjourned.

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