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

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**EVIDENCE**

**Tuesday, November 7, 2006**

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**Chair**

**Mr. Merv Tweed**

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## Standing Committee on Transport, Infrastructure and Communities

Tuesday, November 7, 2006

•(1530)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** Good afternoon.

This is meeting number 24 of the Standing Committee on Transport, Infrastructure and Communities, considering today, pursuant to Standing Order 81(4), main estimates, 2006-07.

For the advice of members, if everyone is satisfied at the end of today's meeting, we will be voting on certain parts of the estimates under the Department of Transport referred to the committee on Tuesday, April 25.

We're pleased to have the minister with us today, and I know he's done a lot of shuffling of his schedule and time, so I think we'll start as quickly as we possibly can. I'm told he has approximately an hour here. As a heads-up to the committee, I will try to stay as tight as I can to the seven-minute rule to allow everyone to put as many questions as possible.

Mr. Minister, welcome, and please proceed.

**Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities):** Mr. Chairman, members of the committee, it's a pleasure to appear before you once again. Today, my officials and I are pleased to be here to discuss the 2006-07 main estimates for the new Transport, Infrastructure and Communities portfolio. During my first appearance before this committee in June, I described the responsibilities of this new portfolio that brings together Transport Canada and Infrastructure Canada, along with sixteen crown corporations.

As I said then, the portfolio is a point of convergence for some of the most important issues facing Canada today, including the productivity of our economy, transportation safety and security, environmental sustainability, and the quality of life in our cities and communities, as supported by public infrastructure.

[Translation]

This government continues to work in that direction, in consultation with Canadians across the country, with industry and other stakeholders, the provinces and territories, and, of course, with all of you here today.

We have accomplished a great deal together. We have responded to pressure on our highways, borders and communities across Canada by making unprecedented investments in this country's transportation infrastructure.

Likewise, we have made serious investments to ensure that our transportation system — the backbone of the Canadian economy — remains among the safest and most secure in the world.

[English]

We have also worked toward a more sustainable transportation system and to help ensure that the air we breathe and the water we drink are healthy for generations to come. We continue to do this through direct program investment and through initiatives such as the Clean Air Act. Together, we are helping to improve the quality of life for all Canadians, but there is much more work to be done. Improving the spending in these main estimates will help us move in that direction.

As you know, the 2006-07 main estimates were tabled by the President of the Treasury Board on April 25 of this year, over six months ago, and reflect decisions taken by the previous government. The main estimates were tabled at that time to secure interim supply.

The estimates process is different this year. This government operated on Governor General warrants for the first 45 days of the 2006-07 fiscal year, and interim supply authority was provided to cover the next seven and a half months.

I'm here today to urge the committee to recommend that Parliament approve spending for the remaining three months of the fiscal year. Although the 2006-07 main estimates are essential for the delivery of key programs, they do not take into consideration this government's priorities that were announced in the last Speech from the Throne, Budget 2006, and reflected in the recently tabled supplementary estimates for 2006-07.

Therefore, the 2006-07 main estimates for the portfolio, which total \$3.5 billion, are as follows: \$1.4 billion for Transport Canada, \$1.8 billion for the Office of Infrastructure Canada, \$147.2 million for Canada Post Corporation, \$26.8 million for the Canadian Transportation Agency, \$91.4 million for the National Capital Commission, and \$1.3 million for the Transportation Appeal Tribunal of Canada.

Because we don't have time to go into all the numbers, I would instead like to briefly discuss the two major components of the portfolio, Transport Canada and of course Infrastructure Canada.

[Translation]

For Transport Canada, the 2006-2007 Main Estimates — \$1.4 billion — are showing a net decrease of \$75.4 million from the 2005-2006 Main Estimates.

They are two primary reasons for this decrease. First, there has been a decrease in contribution payments reflecting the end of the Port Divestiture Program. Second we have reached the final stages of the Strategic Highway Infrastructure program.

The reduction of \$57 million for the Canadian Air Transport Security Authority reflects the near completion of the original capital program for pre-board screening equipment and explosive detection systems. It also reflects an increase for expansion projects at the Vancouver and Toronto international airports.

In terms of increases, you will see an increase in operating expenditures of \$37.3 million. This increase is the result of salary contracts settlements.

There is also an increase of \$56.4 million for payment to Marine Atlantic Inc. — this funding is required to offset an operating shortfall.

Finally, of the \$368 million in revenues, \$300 million of that relates to airport lease and chattel revenues. This is based on the amended ground lease formula and the forgiveness of remaining chattel payments, according to the new National Airports Policy. It also includes repayment of deferred rent from 2005-2006.

● (1535)

[English]

Turning now to infrastructure, the renewal of our public infrastructure is one of those issues facing Canadian communities where the portfolio approach makes sense, especially with the act of collaboration and partnership with provincial-territorial-municipal governments and various stakeholders.

With 80% of Canadians living in an urban setting, global and domestic trade and past investments in infrastructure are exerting pressure on existing public infrastructure. Some of this pressure can be dealt with through improving current infrastructure, while in other cases we must begin anew. It means significant investment.

This government has taken the steps through commitments in the throne speech and Budget 2006 numbers, which I relayed to this committee during my last appearance.

In terms of today's main estimates, total funding being sought for infrastructure is \$1.8 billion, up from \$794 million in 2006-07, an increase of \$1.1 billion. Colleagues, this increase is due to the inclusion of the second year of the gas tax fund, for a total of \$593 million, and increased spending for existing and new projects approved up to these main estimates—\$422 million—under existing infrastructure programs.

These include the Canadian strategic infrastructure fund, the border infrastructure fund, and the municipal rural infrastructure fund.

These main estimates also include a provision for \$37 million in funding for the operations of Infrastructure Canada, which will cover

salary for approximately 250 employees and related operating costs to ensure oversight and management of transfer payment programs.

[Translation]

The Minister has a number of other portfolio responsibilities that do not require any appropriations from Parliament and are therefore not displayed in the estimates. They include the Ship Source Oil Pollution Fund, the Great Lakes Pilotage Authority, the Pacific Pilotage Authority, the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Blue Water Bridge Authority, Ridley Terminals Inc., the Federal Bridge Corporation, the Royal Canadian Mint and Subsidiary, and Canada Lands Company Limited.

Honourable colleagues and members, my limited time today does not allow me to go into detail regarding all the items on the list.

However, I believe the numbers I have been able to present today demonstrate the importance this government places on the priorities we have identified under this new portfolio.

Mr. Chairman, I would welcome the committee's questions on our overall approach, or on any of the specific measures contained in these estimates.

Thank you.

● (1540)

[English]

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

Mr. McGuinty, for seven minutes.

**Mr. David McGuinty (Ottawa South, Lib.):** Thanks, Mr. Chairman.

Mr. Minister, thank you very much for attending this afternoon.

It's good to see you, gentlemen.

Mr. Minister, just before going ahead on a couple of fronts, I would like to put it to you now that it was wonderful of you to make it here this afternoon for an hour. I'm just wondering, though, if it's possible for you now to commit to come back to talk about the supplementary estimates before December 15, so that we can have a more fulsome discussion with respect to some of the changes I've just heard you speak about. Can you commit to come back to this committee for a full two-hour session on the supplementaries before December 15?

**Hon. Lawrence Cannon:** Likewise, I'm very happy to see you, Mr. McGuinty, and I'd be more than pleased to come back to listen to my colleagues and respond as best I can to the questions they will pose to me. So, yes, I'll do that before December 15, and I'm sure the chair will make the arrangements necessary.

**Mr. David McGuinty:** Thank you very much, Mr. Minister. Wonderful. That saves us a lot of time.

Can we dive right in on a few fronts, Mr. Minister? I want to talk to you first about safety and security.

I think most Canadians believe Transport Canada is responsible for the safety and security of air, marine, rail, and road modes of transportation. You've just spoken to that yourself in your preliminary remarks. In your RPP, your report on plans and priorities, which you released four weeks ago, you stated that the number one indicator of progress in this is a "High level of public confidence in transportation safety and security". That's the number one indicator of progress.

Over the past nine months we've heard report after report undermine that confidence. We've had rail accidents, breaches of security at Trudeau Airport, and consequent threats of criminal attribution to the journalists who undertook those breaches. We've seen changes in regulations that have gone unexplained, to alleged irregular operation of organized crime in our airports.

From our perspective, and with all due respect, I think it's your job to assure the public that in fact safety is increasing, given your own view that it's the number one indicator. My estimation now is that the public confidence in security and safety in transport is low and decreasing.

You've also said you are "developing a comprehensive program for enhancing air cargo and airmail security" under your national security policy.

I have a couple of questions on this front, if I might, Mr. Chairman.

First of all, can you tell us how far along this comprehensive plan is? Will it be made public? When will it be made public? Are there any new major capital expenditures planned to improve aviation security?

My own research, for example, indicates that cargo scanners that are used now to scan everything crossing the Canada-U.S. border by rail could be deployed at our airports at a cost of about \$2 million a piece. In the case of a large airport like YVR in Vancouver, they need maybe three or four, according to the president and CEO there, to get 100% screening of cargo that right now goes unchecked.

You've known about this since Senator Kenny's report. You've had almost ten months at the helm as the Minister of Transport, and you are "exploring the expansion of requirements for background checks to a broader range of transportation workers", according to your RPP, on page 38. Let's be honest here, Mr. Minister. Is this actually a priority of the government? Is security and safety in rail and air and other modes a priority? If it is, can you reconcile what's been happening for the past ten months with your plans to do something in the future?

**Hon. Lawrence Cannon:** I welcome your question, colleague. As a matter of fact, I'm very happy and very proud to say that we are doing something about it.

I don't want to berate the colleagues here around the table by saying that for a certain number of years Senator Kenny has indeed been indicating that nothing was done in terms of air cargo security, and we are doing something about it. My predecessor, of course, was well aware of this issue and was unable to secure any funds to do it.

On your fundamental question asking whether we as a government are spending money to be able to shore up safety and security, the answer is yes. We have committed—and I need not go back to the numbers—close to \$300 million this year in that sector. We are going to do it not only at our airports to make sure we screen and scan cargo that goes on board the aircraft, but we're also doing it in areas that deal with public transportation.

You are aware, as I am, that the incidents in Madrid and London were extremely worrisome for a lot of people who use urban transit in this country, so we have put together and funded a program—which we'll be announcing quite shortly, incidentally—whereby a large number of our major Canadian transit authorities will be able to access funds that will enable them to better provide safety and security to their passengers or to their ridership; that should be done incessantly. I'm quite proud, as a matter of fact, Mr. McGuinty, to be able to say that we've done something.

I think you also indicated, if I use your quote, that things had been done by the previous government. What we have to be able to do, if we use that as a baseline or benchmark, is say we've done more. I think we're awfully proud of what we're doing. I am still committed to using public safety as the necessary benchmark, because at the end of the day, it's the public that uses the air, it's the public that uses the transit authority, it's the public that uses the marine systems in this country. As parliamentarians, our responsibility is to make sure those people use these services in the proper way, yes, but in a safe manner too.

• (1545)

**Mr. David McGuinty:** I think I have ten seconds for a question.

Mr. Minister, is CATSA's budget going up or down?

**Hon. Lawrence Cannon:** If you were listening to my speech, you would understand that the CATSA budget is going down. It's going down from what your previous government had indicated. We are now at the end of the funding projects that enabled CATSA to be set up.

When we talk about that, we're talking about the assets that were there. CATSA now has purchased all those assets. We, incidentally, have given CATSA more money this year, to be able to go and purchase new equipment to accompany airport expansion. Globally speaking, the money is going down from what was there before, because they have attained those objectives.

Incidentally, I should point out, Mr. Chair, that we are in the process of completing a review of CATSA. I will be more than happy to share that information when it is made public so that we can all get onside together and use CATSA for basically what it should be doing—that is to say, the screening agency that has a mandate to make sure Canadians are safe when they get on board aircraft.

**The Chair:** Monsieur Laframboise is next.

[*Translation*]

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

I have four questions. I will try to condense them so that I can get them answered.

I understand that it was the previous government that came out with these estimates and not you. That is why I have been unable to find any mention of compensation for the land expropriated at Mirabel, even though I have looked carefully through the document.

Minister, you promised that this issue will be resolved by the end of the summer, that is, by September 23rd. The liberal budget may not have included money for that settlement. In any case, when will the land be given back to the farmers?

**Hon. Lawrence Cannon:** Mr. Laframboise, I made a commitment to come back before the committee before December 15th to defend the supplementary estimates that will obviously accompany that document.

The government has a lot on its plate, but rest assured that we are making progress on that issue. I intend to be able to introduce it before the beginning of winter.

**Mr. Mario Laframboise:** Very well. We will be keeping an eye on that, Minister.

Page 39 of the estimates indicates that \$930 million has been invested toward marine security, including \$115 million that was included in the 2004-05 fiscal year. You make that lofty statement that “Transport Canada will enhance transportation security through background checks and improve container security.”

You saw what happened. A Montreal port employee had the bright idea of inviting journalists so that they could see that containers were no longer being inspected and that there was no policy for that. The poor man lost his job.

Minister, this makes no sense, especially since Transport Canada has decided, among other things, to improve container security. Containers are no longer being inspected as they used to be.

Why? Is it because budgets have been cut? Are you going to ask the Port of Montreal to change its decision and to reinstate the employee so as to reassure the public that security at the Port of Montreal is being taken seriously, and especially container security?

• (1550)

**Hon. Lawrence Cannon:** I will answer your question in two parts, Mr. Laframboise.

To begin with, the Port of Montreal is responsible for managing its own activities. It therefore has full authority for handling human resources and problems that arise. The Minister of Transport, Infrastructure and Communities cannot tell the management at port authorities what they should do when it comes to hiring or anything else.

Second, the investments that we have announced are aimed at enabling us to work with both the port authorities and the unions involved, so that port areas are accessible only to authorized personnel. The excellent cooperation that we are getting strengthens our security measures.

Regarding container inspection, I will ask the deputy minister or one of our experts here to speak further to that.

Mr. Grégoire will answer your question.

**Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security Group, Department of Transport):** Good afternoon, Mr. Laframboise and Minister.

Each port must have a safety plan approved by Transport Canada, but there are no standards or regulations requiring the inspection of empty containers.

A number of ports do not inspect those containers, including the Port of Montreal, which has stopped doing it. They are not required to do so under the current regulations.

**Mr. Mario Laframboise:** Despite the fact that all sorts of things have been found in empty containers over the years, you feel that it is reasonable not to inspect empty containers.

**Mr. Marc Grégoire:** We are always looking to improve our practices with respect to containers and port safety. However, for the country as a whole, empty containers are not currently considered to be a security problem.

**Mr. Mario Laframboise:** Minister, employees are using the press to solve problems that you and I cannot solve. We cannot go to the Port of Montreal anonymously to check whether things are working the way they should. If people are doing this, it is because it is in the public interest.

You said that it is a question of labour relations, but you should at least congratulate the employee who had the good idea of inviting journalists to highlight the situation. That is what the employees are doing right now. You and I, as politicians, have to be pleased by this initiative that keeps us better informed.

Do you agree with me?

**Hon. Lawrence Cannon:** I agree with you, because this is a matter of individual responsibility, in this area or in any other.

I would expect no less of you if you were to see that an offence had occurred when you got home tonight. I trust you would report it. The employee would be free to do the same. I assume he decided that it was important to report the situation. We would all do the same if we found out that something irregular, immoral or illegal had occurred.

• (1555)

**Mr. Mario Laframboise:** That leads me to talk about air transportation safety.

You conduct inspections under the CATSA system, the Canadian Air Transport Safety Authority. I know that this system does not always work well, because employees call me to say that although Mr. Duchesneau thinks he has got the best system in the world, that is not always the case in practice.

What percentage of your budget goes to these famous inspections? I know that the reports on these inspections go directly to the Minister, that they are not made public and cannot be obtained under the Access to Information Act. Nevertheless, do you have a budget, and how many employees...

**Hon. Lawrence Cannon:** I must say at the outset, Mr. Laframboise, that we look at transportation safety generally by means of risk management. In other words, we ask questions about the likelihood of one event happening rather than another.

I will illustrate what I mean by giving you an example from public transit. If, as a terrorist, you are thinking of a particular target, it is very likely that your intention is to produce the maximum effect. The event will happen in a major centre rather than in a smaller one, where fewer people live. You would probably want to advertise what you are doing by making some grandiose gestures. The same reasoning applies to risk management. We invest in those sectors that are the most likely to be the target of an attack.

Inspections are carried out at irregular intervals to avoid having them become routine for the organizations in question. We proceed by sampling, but it does produce results and allows us to make corrections if necessary.

I will ask Mr. Grégoire to give you some more information about the inspections.

**Mr. Marc Grégoire:** There are 140 safety inspectors throughout the country who look at all aspects of the system. Some of them are assigned to marine transportation.

In the area of air transportation, for example, inspectors do infiltration tests. That means they try to get through search points with prohibited objects, and carry around passes to check how the airports intercept people with false passes or they check on the security aspects of the various tenants in airports and the access points to airports.

I should mention that since the fall of 2001, the number of people working in the area of safety at Transport Canada has gone from 165 employees to 400, 140 of whom are field inspectors.

[English]

**The Chair:** Thank you.

Ms. Chow.

**Ms. Olivia Chow (Trinity—Spadina, NDP):** Mr. Minister, *The Globe and Mail* today said that your government is going to roll out a major plan to fund key public projects across the country that will hand a very central role to the private sector. You're going to place private partnerships at the centre of funding arrangements. Are future infrastructure funds that are to be transferred to municipalities and communities to be tied to partnerships that have often proven more expensive and not always successful? Would you confirm here today that future funding programs will not be conditional on such an unproven mechanism?

**Hon. Lawrence Cannon:** Good afternoon.

**Ms. Olivia Chow:** Good afternoon, Mr. Minister.

**Hon. Lawrence Cannon:** On that specific question, we haven't yet determined the architecture and the design of all the programs, but certainly what Minister Flaherty was referring to yesterday in his speech in front of the Canadian Urban Transit Association echoes, I think, a strong commitment on our behalf to work with the private sector to be able to develop P-3s as a means to accelerate investment in private-public partnership.

There are, I believe, three partnerships that are well under way: the ring road in Edmonton, the Kicking Horse Pass project that I had the pleasure of announcing very early in my mandate, and the Canada RAV line project, which is a major line that is going to be in utilization in the greater Vancouver area and that will link, of course, Richmond and the airport and downtown Vancouver, which is also a P3. More recently, on Sunday, when Premier Charest and Prime Minister Harper were together, they announced a request for a proposal for the completion of Highway 30, to see whether or not there is interest from the public and from the private sector to be able to go forward.

Down the road, yes, there is an intention for our government to be able to use private funds to accelerate infrastructure in Canada.

• (1600)

**Ms. Olivia Chow:** I know that. That wasn't my question.

My specific question is would you tie your infrastructure funding, which is in front of us, to the condition that the project has to be three-P?

**Hon. Lawrence Cannon:** I responded, I believe, by telling you in my preamble that we haven't yet made a determination on all of the design of the program, how we are going to go about it or the architecture. But certainly there will be a component in there that will take care of public-private partnerships.

**Ms. Olivia Chow:** Let me switch to the topic of safety. What part of the money that's earmarked for the transport ministry is going to be fixing the problems that Canadian airplanes are having?

Recently a series of articles in the *Toronto Star* and *Hamilton Spectator* uncovered the fact that approximately 80,000 passengers have been put at risk over the last five years when planes came dangerously close to one another. There haven't been thorough inspections by the ministry to ensure the safety and working order of the planes in Canadian skies.

Judge Moshansky, who led the public inquiry into the 1989 Air Ontario crash in Dryden, has stated that he has serious doubts that Transport Canada can properly fulfill its function of providing a safe aviation environment for the travelling public with fewer aviation inspectors.

What part of your funding would go into making sure that Canadians on planes are going to be safe?

**Hon. Lawrence Cannon:** Let me say at the outset that I completely reject all of the allegations made in that article. They're unfounded and they're not true.

Before passing it over to Mr. Grégoire, who will go into the specifics, let me make one point perfectly clear to all of the members here: no plane, not one aircraft, will leave the tarmac if—if—it is deemed unworthy to fly safely. That's put as simply as I can. If there is an indication—a slight indication—that an aircraft is not in any way, shape, or form suitable to fly, it will be grounded until such time as that aircraft is fixed.

Marc.

**Mr. Marc Grégoire:** It's difficult to add anything, because that's exactly the line.

**Voices:** Oh, oh!

**Mr. Marc Grégoire:** I should tell you that we cannot count specifically in these instances how many people are affected, but civil aviation in Transport Canada has the largest chunk of the budget. Close to one-third of all resources of the department are in support of civil aviation—the safety programs, not the security but just the safety programs. We have over 1,400 people devoted to safety. This is where we have the largest group of inspectors spread out around the country.

We have one of the best records worldwide in aviation safety, and we're quite proud of it, but we're not sitting on our laurels. We're trying to improve it further. That's why we have introduced the concept of safety management systems. We want to go further. We want to have yet a better safety record in this country.

So airplanes are safe, and passengers are flying safely in this country. We never hesitate to ground an airline or to ground an aircraft.

These numbers that you have reported prove that the system works. These numbers, these deficiencies, are reported to us and to the system in order for us to be able to improve safety and to fix the problems.

• (1605)

**Ms. Olivia Chow:** There are actually seven articles, Mr. Minister, not just one. Some pilots said that Transport Canada inspectors were overburdened and underfunded, that the government regulatory body was inefficient, etc.

**The Chair:** Ms. Chow, in the interest of time, could you put your question, please?

**Ms. Olivia Chow:** Sure.

It wasn't clear precisely how much money in the budget is to deal with the effectiveness of making sure.... Are you saying it's one-third of the budget?

**Hon. Lawrence Cannon:** I was just going to say that we've read all seven of the articles. Mr. Grégoire made a very extensive read of all this. He looked at every allegation that was put forward. I asked him to comment on them. He came back to me and said these allegations are not founded. He's just indicated that a third of the budget in aid to civil aviation from our department goes to that.

**Mr. Marc Grégoire:** It's a third of the number of people. For the budget, I would have to calculate. I don't have in front of me the exact budget of civil aviation, but as part of the safety and security budget, it's the biggest chunk. It's about—

**Ms. Olivia Chow:** It's the \$381 million line?

**The Chair:** Thank you.

Mr. Fast.

**Mr. Marc Grégoire:** It's about one-third of the people.

**Hon. Lawrence Cannon:** In terms of personnel.

**The Chair:** Mr. Fast.

**Mr. Ed Fast (Abbotsford, CPC):** Thank you, Mr. Chair, and thank you, Mr. Minister and your staff for appearing before us today.

As you know, public safety, especially in the areas of rail and marine, is a matter of great concern to those of us on the west coast. We've seen some significant derailments. We've seen one significant marine tragedy.

I want to commend you for some of the steps you've already taken to address corrective measures for those who are not complying with our safety requirements, specifically with respect to CN and a number of the derailments that have involved that company. I'm confident in the future going out that the public's perception of rail safety, marine safety, and air safety is going to improve under your leadership.

I'd like to turn the whole discussion back to infrastructure, which is actually part of the main estimates we're discussing. Of course, the main estimates we have before us are actually the ones that are derived from the previous government's decisions and actions, but I'm also curious to discover from you what your future direction is going to be.

In Budget 2006 our government announced a number of significant increases in infrastructure spending. So my first question would simply be, could you highlight a number of those increases in spending in the area of infrastructure? Secondly, what direction do you see infrastructure taking in the next few years? Where do you see us having a requirement to build infrastructure in Canada?

**Hon. Lawrence Cannon:** Thank you, colleague, for your question.

I think I'd respond with two answers to this. First, Budget 2006 developed a \$16.5 billion component for infrastructure of all sorts. As we speak now, and as I mentioned to Ms. Chow before, we are in the midst of gathering our thoughts following, of course, the consultations that we led last summer with the provinces and territories, that we led with the Federation of Canadian Municipalities and with different stakeholders from across the country to be able to give us advice and guidance in terms of where we should be going and how we should be doing it. That is an ongoing process.

There was, of course, another element to that. Coming from the municipal sector, I was extremely preoccupied by long-term funding from the gas tax. You'll recall that during Minister Flaherty's speech on the budget he indicated that he wanted to look at that issue. He wanted to look at that issue very closely. That is another objective we're pursuing. We want to be able to make sure that municipalities that are in need for either retrofitting some of their infrastructure or making sure they go forward with infrastructure projects will have a sufficient amount of money to be able to complete the project, one, but also be able to fund it.

So those are two general directions that we are taking in terms of where we want to go with infrastructure funding and with infrastructure projects in the country.

• (1610)

**Mr. Ed Fast:** Can you give us an idea of where, within municipal infrastructure, we see deficiencies? Is it in the area of sewers, roads? Is it in the area of water supply? And can we expect that there will be a long-term plan put in place to address those deficiencies within Canada?

**Hon. Lawrence Cannon:** I think some municipalities have to be cited as great examples. I think provinces have done a lot of the same thing.

The gas tax money is essentially a green project amount of money that covers transit, that covers clean water, that covers waste management projects, and also water waste management projects. I'd say, essentially, that is the general direction that municipalities want to take with that amount of money, with that funding.

We strongly support that. We strongly support, of course, funding to transit authorities because it involves, in many circumstances, taking a lot of the cars off the roads and substituting a good transit system. We strongly believe that congestion is not only harmful because of the air we breathe, but also is economically unsustainable for our large communities. So we do have to find alternatives. We can't always be building roads; we have to be able to maximize and utilize our road infrastructure as it stands now.

We're very supportive of that, and I do want to commend the City of Toronto for their clairvoyance in saying that every dollar it gets from the gas tax is to be invested in public transit. I've seen it in Toronto. I've seen it out west. I've seen it throughout the country. There is a strong commitment to be able to do that. I think a lot of our municipalities are very much on side and very positive about that message.

**Mr. Ed Fast:** Thank you, Mr. Chair.

**The Chair:** Mr. Scott.

**Hon. Andy Scott (Fredericton, Lib.):** Thank you very much, Mr. Chair.

Welcome, Mr. Minister. I know it was short notice, and it's appreciated that you could be here so that we wouldn't have to deem to pass the estimates.

I'd like to ask a couple of specific questions. On March 24, this spring, the Prime Minister and the Premier of New Brunswick announced the \$400 million highway infrastructure project. What's the funding source? Which of the programs is that money linked to or involved with?

**Hon. Lawrence Cannon:** Basically, Mr. Scott, it comes from future programs over the next ten years.

**Hon. Andy Scott:** Is it earmarked for SIF or HBIF?

**Hon. Lawrence Cannon:** It's not specific. It's a commitment by the Government of Canada to be able to fund these projects over the next ten years, and we haven't yet identified the specific sources of the funding.

**Hon. Andy Scott:** I have to sort of rethink this, because there's much fanfare around this announcement. They've even listed the roads it was going to do. If the department is rethinking what the architecture would look like, and the government is already committed to doing these very specific roads that were named in that press release, how does that square with the fact that you haven't decided who's going to be eligible?

**Hon. Lawrence Cannon:** Not really, no. The question you asked me was in terms of funding: what is the specific program? I'm saying to you that we haven't identified that specific program. Whether or not we will honour and respect that commitment, the answer is yes, we will fulfill that commitment.

**Hon. Andy Scott:** To some extent, the decision you have to make about the architecture is predetermined by virtue of the fact—

**Hon. Lawrence Cannon:** I could tell you it could come from CSIF, it could come from HBIF, it could come from MRIF, or it could come from an infrastructure program. But as I talk to you today, I can't specifically tell you it's going to come from this, that, or the other program. The money is there; it's going to be there for that project.

• (1615)

**Hon. Andy Scott:** We just don't know where it is yet.

The Canadian Strategic Infrastructure Fund, historically, has been used broadly—transportation, connectedness, harbour clean-ups in Halifax and Saint John. Reading the references here, it sounds like it's going to be generally transportation. To read this, it does have that—

**Hon. Lawrence Cannon:** Mr. Scott, that's not a fair assessment. I wouldn't commit to that; I wouldn't want you to believe that.

**Hon. Andy Scott:** Then probably the HBIF program would be more inclined to go toward highways and so on. The reason I ask the question is that there's a lot of interest in the Canadian Strategic Infrastructure Fund, as you can well imagine. So where the funding source of the \$200 million would land will send the people in different directions.

**Hon. Lawrence Cannon:** I understand your question. You're trying to get me to say something that I'm not committing to immediately. What I'm saying to you is that the money is going to be there. The money is there to be able to launch this, and we will respect that commitment. I can't tell you specifically whether it's going to be coming from this pot of money or that pot of money, or what the design is.

You know as well as I do, having seen how CSIF 2001 and CSIF 2003 evolved, they are partnership programs. We work in cooperation with the provinces and the territories to identify projects and priorities. There are thresholds, of course, as you know, in Quebec and in Ontario and other provinces. It is extremely important that these projects be identified in that manner.

What I'm saying is there has been a commitment, for the Province of New Brunswick, of \$400 million over the next ten years to be able to support and fund these projects. The architecture of the project or the specific program hasn't yet been settled, but it will be there.

**Hon. Andy Scott:** Your reference to CSIF, though, doesn't cause me to believe.... That decision hasn't been taken. It could be HBIF as a funding source.

**Hon. Lawrence Cannon:** That's what I've been trying to say since the beginning. Maybe I wasn't clear on that, but that's the—

**Hon. Andy Scott:** The decision taken by the ministers of transportation in September 2005 expanded what highways would be included. In fact, those are the highways that are included in this particular announcement the Prime Minister made. As I understand the reference to core highways, it's the old national highway system. That is very clear. It's repeated consistently through the documents that it's core highways. That seems a little inconsistent with this list of highways that was identified. They are feeder highways rather than core highways, according to your definition. So how does that square?

**Hon. Lawrence Cannon:** I indicated to the ministers of transport and the territories, when I met with them in Charlottetown, that we do prioritize the core network. You're absolutely right in your definition. But we do not exclude feeder highways. That's the difference.

**Hon. Andy Scott:** Have you made the decision—

**The Chair:** Mr. Carrier

**Hon. Lawrence Cannon:** We're going to get there.

[Translation]

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

Good afternoon, Minister. Good afternoon, gentlemen.

Your document on transfer payments shows that the figures are relatively stable for urban transportation demonstration programs. The year before, the budget was \$19 million, and this has been

increased to \$21 million. At the moment, we know that all the major studies are reviewing various urban transportation options. They are looking at LRTs, trams and commuter trains. It is apparent that all the major cities in Canada feel a need to improve their transportation systems. The problem cannot be dealt with just by building highways and bridges. The program described in this budget item must support various urban transportation options.

Why is the government not taking more advantage of this initiative and investing more in similar programs, which would showcase the urban transportation options available to municipalities?

**Hon. Lawrence Cannon:** In a previous life I was involved with the UTSP, the Urban Transportation Showcase Program, along with the Société de transport de Montréal. The Société de transport de l'Outaouais also participated in an effort to, on the one hand, develop hybrid buses and, on the other hand, a dedicated bus lane in Montreal for the Société de transport de Montréal's buses. Other projects in Quebec are also on the drawing table. If I remember correctly, there was another project in Quebec City that involved using vehicles that did not run on fuel.

The Urban Transportation Showcase Program was established by the previous government. That program was of great benefit to public transportation boards in Canada and Quebec. I think that it was, to use your expression, a showcase for technology, for new approaches and new ways of doing things in the urban transportation sector. The program exists. It is a program that, in my opinion, has earned its stripes and that, I hope, will continue.

• (1620)

**Mr. Robert Carrier:** Do you intend to expand or improve the program to make it more effective?

**Hon. Lawrence Cannon:** I would say that the amount of money that we have allocated to urban transit, whether that be through fuel taxes... If I recall correctly, the fuel tax transfer was not in effect when this program was launched. A change may be required, or a different way of doing things. That is what I would ask you to consider. Perhaps the program will have to be modified, perhaps its shape and architecture will change, but what is important to realize ultimately is that there is definitely interest in urban transit and in funding these projects through, for example, programs such as the infrastructure programs I described earlier.

**Mr. Robert Carrier:** Would it be possible to obtain further information on the breakdown of that budget?

**Hon. Lawrence Cannon:** My colleagues here, the deputy minister..

**Mr. Robert Carrier:** That could be sent to us later. It is a technical detail.

**Hon. Lawrence Cannon:** Yes. That is not a problem, Mr. Carrier.

**Mr. Robert Carrier:** I have another brief question to ask you. You stated earlier that the estimates were decided on by the previous government. I would like to talk about the year 2008, an important year in Quebec, for Quebec City especially, because it will be 400th anniversary of its foundation. The previous government decided to repaint the famous pont de Québec, which is currently in a state of deterioration and is completely rusted. I believe there was a shortfall of approximately \$30 million. During the election campaign, your own party promised to deal with that issue, which is a problem for the city because there will be visitors coming from all over the world.

Do these estimates which, as you said, were decided on by the previous government, provide for that funding?

**Hon. Lawrence Cannon:** As far as I am concerned this is a priority. I spent a good part of my life in Quebec City. I am very familiar with this bridge because I have taken it many times. People were saying a while ago that the bridge was dangerous because the paint was flaking off. That is not the case. My colleague, the member for Lévis, Mr. Blaney, has been working very hard on that specific file. He has been very involved in his other files, but he has focused particularly on this one. As you know, the bridge belongs to Canadian National. It took over the bridge when it was privatized. The company therefore also bears responsibility for it. I have had the opportunity during a few meetings to discuss this issue personally with the president of Canadian National. I informed my colleague, Michel Després, about this. Moving forward on this issue is a priority for us.

•(1625)

[English]

**The Chair:** Mr. Blaney.

[Translation]

**Mr. Steven Blaney (Lévis—Bellechasse, CPC):** Thank you, Mr. Chairman.

Minister, I am pleased to see that you take to heart issues that affect the Quebec City region because the pont de Québec leads to the beautiful riding of Lévis—Bellechasse. I would also like to tell you that your bill, bill C-11 — we're wrapping up our hearings — also affects many communities throughout the country. I think that many of these communities look forward to seeing it passed. We will soon be moving on to clause-by-clause study of the bill, and we truly realize that this bill has been a long time coming and that it meets the need.

That said, I would like to come back to some questions that were asked about infrastructures. This committee has discussed safety to a great extent, to date. Admittedly, the committee's mandate is rather broad. In the last budget you also significantly increased subsidies for infrastructures and you had indicated your intentions in that respect. For example, the Municipal Rural Infrastructure Fund is of particular interest to me. This fund involves \$200 million for 2006-2007 and \$332 million for 2007-2008. That is a much appreciated increase, given the needs of Canadian municipalities and communities.

I have an administrative question. I think this funding is much appreciated. In terms of its management, as you know this is a federal-provincial fund. Currently, the provinces are responsible for

managing the fund and they decide on the provincial and federal allocation of funds.

Could you tell us how the federal government's investments are prioritized, and describe the decision-making process for the municipal-rural infrastructure fund? What do you think? Is the current situation satisfactory? Do you have any ideas or suggestions for managing these funds?

**Hon. Lawrence Cannon:** First, allow me to thank you for your comments on bill C-11, which, obviously, deals with noise levels. I know that Mr. Laframboise spoke about it recently and I'm pleased to hear that he will be supporting this bill, which is extremely important for our communities, especially in urban areas where noise is a source of problems for our taxpayers. We were the ones who brought this legislative measure in.

With respect to the MRIF, the Municipal Rural Infrastructure Fund, the title implies that this is a partnership with municipalities and small communities throughout the country.

It is my opinion that people living in these municipalities and small communities know what their priorities are. As partners, we work with them, we follow them. We are very happy to work in that manner and, obviously, according to conditions that set out terms of good management and healthy administration. I have always believed that municipalities are capable of making their own decisions. The elected members of city councils are capable of making their own decisions. They are accountable before the same taxpayers you and I are accountable before. As far as I'm concerned, in those circumstances municipalities are on the same footing as the provinces.

Obviously, decisions have to be made in terms of amounts and allocation of funding, however I feel that the municipalities are full-fledged partners in terms of the choices of projects that will be funded.

[English]

**The Chair:** Thank you.

I will intervene right there. We're on the hour, and I know you have another appointment. The officials are staying with us.

We thank you, Mr. Minister, for your time and wish you a good day.

**Hon. Lawrence Cannon:** Thank you, Chair, and I'll see you soon.

**The Chair:** Once the minister has left, our plan is to continue with a round of questioning with the officials from Transport Canada, if that's suitable.

We'll suspend for two minutes.

•(1630)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1633)

**The Chair:** I didn't officially welcome our other guests before. We have Mr. Ranger, Mr. Morency, Mr. Cluff, and Mr. Grégoire. Welcome.

You see how the process is going.

We'll continue, and I'll ask Mr. Bell if he'd like to resume questions.

**Mr. Don Bell (North Vancouver, Lib.):** Thank you, Mr. Chair. I'd like to share my time with Mr. McGuinty.

Basically I wanted to follow through perhaps with Mr. Ranger on the question I wanted to ask the minister.

Perhaps you can tell me—regarding rail safety, which we're talking about, and the inspections, which are going to be undertaken—whether the ministry is now in a position to release the audit that Minister Lapierre under the previous government said would be released.

The original order came in August 2005, the targeted inspections, followed by that November-December four-week audit of the safety management system, which I gather was received by the government but not made public.

Then after the minister met with the CEO of CN, Mr. Hunter Harrison, for the first time in May, the section 32 order was made. We know there was a section 32 order from the Railway Safety Act, which was unusual, and that it was a ministerial order as opposed to a departmental order under section 31.

Are you in a position to tell us more of the details of what that is?

**Mr. Louis Ranger (Deputy Minister, Transport Canada):** I'd like to clarify that on an ongoing basis we do audits of all railways. We were discussing this as late as yesterday. We do audits of CP, of VIA Rail, and of course we did special audits of CN because of the trends that were obviously going in the wrong direction.

As a policy, we do not disclose the results of those audits because they consist of third-party information. What we do, however, is act on those results. I guess it's quite clear that if we had to invoke a section 32 provision, it's because there were difficulties in acquiring the necessary information. But we've made very significant progress since then, to a point where we will not have to invoke such measures, because all the information has been coming in. We're in the middle of analysing that information now.

•(1635)

**Mr. Don Bell:** Ultimately, this committee, based on the history of derailments, and particularly the increase in 2005.... Although it's reduced in 2006, I'm led to believe it's still at substantial levels. We've seen loss of life of rail workers. We've seen environmental disasters. Certainly both the rail workers and the environmental community are very concerned. That's why this committee is taking the interest it is taking in it. I would hope we'll be able to get more information in the near future.

I'll share time with Mr. McGuinty.

**Mr. David McGuinty:** Thank you.

Mr. Ranger, thank you for joining us again.

I have a very specific question about light rail funding across the country. Is it your department that's funding Vancouver for \$450 million, Toronto's TTC for \$350 million, Edmonton's light rail for \$108 million, and Ottawa for \$200 million? Do I have that right?

**Mr. Louis Ranger:** That's correct.

**Mr. David McGuinty:** Okay.

Your department signed off on a \$200 million contribution for the O-Train project in this city. Is that correct?

**Mr. Louis Ranger:** That is correct. We signed off on a submission to Treasury Board, yes.

**Mr. David McGuinty:** Your minister had a meeting with the mayor of Ottawa and promised him that the money was forthcoming. Are you aware of that?

**Mr. Louis Ranger:** I'm not aware that he would have said it was forthcoming. I understand that he confirmed that he had signed off on a submission to Treasury Board.

**Mr. David McGuinty:** Okay.

Months later, after the \$200 million sign-off was approved, the President of the Treasury Board stepped in and said that your department had not done its homework with respect to value for money. Since that time, has the President of the Treasury Board told you what you have failed to do in terms of meeting apparently new criteria for value for money?

**Mr. Louis Ranger:** Can you remind me when he actually said that? If it was earlier this summer, perhaps, but we have in our—

**Mr. David McGuinty:** It was two and a half weeks ago.

**Mr. Louis Ranger:** To the best of our capacity, we did a due diligence exercise on all the material we had and advised the minister accordingly. On the basis of that advice, he signed the submission to Treasury Board.

**Mr. David McGuinty:** Has the Treasury Board president told your department or your minister, or have officials at Treasury Board told you, what you have not done in your department to warrant the release of the \$200 million pending the outcome of the municipal election campaign?

**Mr. Louis Ranger:** What Mr. Cannon confirmed—I know he said it publicly—is that we have our process to follow, and we do follow that process, but Treasury Board also has its own process and requirements to follow. They carry out their own due diligence, and it's—

**Mr. David McGuinty:** So are there new criteria or new standards that you're going to be asked to approve now for the release of the funding for Vancouver, Toronto, and Edmonton that heretofore your department has not included?

**Mr. Louis Ranger:** As I said, we have our own due process, and we'll carry on with that process.

**Mr. David McGuinty:** So you've received—

**The Chair:** Mr. Storseth.

**Mr. David McGuinty:** —nothing from the Treasury Board since this decision?

**Mr. Louis Ranger:** The answer is no.

**Mr. David McGuinty:** Okay.

**The Chair:** Mr. Storseth.

Mr. Jean, I'm sorry.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** We have no questions.

**The Chair:** Okay.

Then we'll go back to Mr. Scott. We're still finishing out the round.

**Hon. Andy Scott:** Thank you very much.

Can the gas tax money that goes to the municipalities be used as the municipality's contribution under MRIF? In other words—

**Mr. Louis Ranger:** No, there's no—

• (1640)

**Hon. Andy Scott:** There are no limits on those?

**Mr. Louis Ranger:** You cannot compound the... I don't know whether that's your question. Is it whether you can combine that money with other programs?

**Hon. Andy Scott:** At the end of the day, the reality is the gas tax money is coming to the municipality. I think it is encumbered. There are selected uses. It's a green fund, right?

**Mr. Louis Ranger:** Yes.

**Hon. Andy Scott:** So if the municipality wanted to, they could use that money to do something that would free up other money that they could then use to do another project under MRIF. There's nothing to preclude that.

**Mr. Louis Ranger:** Well, strictly speaking, there is a requirement that it be incremental money. Once a year we obtain a report from the provinces on how the money was used, and it's audited. The audit is conducted partly to verify that the money has actually been incremental. We all appreciate that it can be difficult to actually measure that, but that's one of the criteria, that it be incremental.

**Hon. Andy Scott:** I ask because there is a large number of small municipalities in the country that have never accessed the Infrastructure Canada program or the MRIF program, because of the lack of capacity themselves to come up with the third. It occurs to me—and I can tell you it occurs to many of these municipalities—that this becomes an innovative way for them to actually be able to participate in the programs that up until now they've not been able to participate in.

Then there was some problem with the fact that they may not be able to use...or if it looked like that's what was happening, there might be some problem with their applications. I would hope that wouldn't be the case. Otherwise they don't have access to a very worthwhile program that they've just not been able to participate in. That would be one.

Are all of the programs under the Municipal Rural Infrastructure Fund now being reviewed in terms of the criteria?

**Mr. Louis Ranger:** They've all been signed now. You're talking about the gas tax now?

**Hon. Andy Scott:** Sorry, I'm now talking about the Municipal Rural Infrastructure Fund.

**Mr. Louis Ranger:** Both the gas tax agreement and MRIF agreements have been signed now, so the programs are in place. The only exception is that there is a small portion, which is for first nations, that still needs to be resolved.

**Hon. Andy Scott:** What I'm trying to get at is that the reference was made by the minister earlier that these programs were being reviewed. Are all of the programs now subject to that review? Is MRIF, because there was an announcement that it was going to be extended? Is it extended as basically the same program, or is it being reviewed?

**Mr. Louis Ranger:** No, I think that's what the minister alluded to. As you know, the budget in 2006 did provide money for each of those programs. As we reflected on architecture, if you wish, we assumed there could be some flexibility in how the money is administered. The eligibility criteria also, we believe, could be revisited.

**Hon. Andy Scott:** Is there any idea of the timing of this so that the municipalities that are waiting, where the MRIF is already gone in some places...?

**Mr. Louis Ranger:** As you know, we were asked to consult throughout the summer. We visited all ten provinces and three territories. We're right in the middle of it now. We have several options under consideration.

**Hon. Andy Scott:** Does the same apply to HBIF as a new program?

**Mr. Louis Ranger:** That's correct.

**Hon. Andy Scott:** To some extent, is it a combination of the old strategic highway program and the Border Infrastructure Fund?

**Mr. Louis Ranger:** Well, yes, actually. It's the old BIF, the Border Infrastructure Fund, and the SHIP, the Strategic Highway Infrastructure Program. You could see it that way.

**Hon. Andy Scott:** Okay.

Then, finally, for the Canadian Strategic Infrastructure Fund, I think the money was to flow in 2007. I don't think there was any for 2006. Am I correct in terms of its extension?

**Mr. Louis Ranger:** Yes, in terms of its extension, you are correct.

**Hon. Andy Scott:** If it was announced that the money was to be available in 2007, are we talking about the same timelines? Therefore, provinces and municipalities are looking eagerly at that now and are waiting for the criteria, but that's still not resolved.

**Mr. Louis Ranger:** What's extremely helpful in those programs is that the money can be carried forward. In other words, in the budget there actually was money for HBIF, and here we are in November, so that money will be pushed back for future years. Not a penny is lost if we get to the end of the year.

**Hon. Andy Scott:** It isn't so much that the money would be lost, but if the money isn't spent in, let's say, the next three years, then it makes it hard to make a case for new money in three years. I know that's been a problem in the past. So the government, in taking its time in figuring out how to give it out, buys time in the back end.

**Mr. Louis Ranger:** One thing that is interesting is that when you look at past commitments, in infrastructure you are easily working in cycles of four years or five years, by the time you get the engineering design and so on. In fact, from past programs there's still a lot of money. It's all committed, but it's not necessarily spent. So it's not as if there's no money available for next year's construction season. There's quite a bit of money in the pipeline.

•(1645)

**Hon. Andy Scott:** It's more about when the amount is available notionally, for instance, to New Brunswick, but to all the provinces. Once the money is all committed, the municipalities line up for the next program.

I appreciate that much of the last round hasn't been spent, but as long as it's all committed you can begin the process of allowing people access to the program. They're impatient waiting to get a sense of when that might be, because the money has been made available for MRIF since the budget. It was announced for 2006-07, but they can't get at it because they haven't decided what the criteria are.

**Mr. Louis Ranger:** They will very often be impatient, not so much because they have projects in the pipeline for the next construction season, but because a detailed engineering design can easily take a year and they're planning for summer 2008 already.

**The Chair:** Thank you.

Mr. Laframboise.

[*Translation*]

**Mr. Mario Laframboise:** Thank you, Mr. Chairman.

I'd like to come back to Mr. Grégoire. Earlier you told me that you have 140 inspectors who can undertake unannounced safety inspections. This involves places like airports, ports, bridges, tunnels, anything that falls within your mandate, am I correct?

**Mr. Marc Grégoire:** The 140 inspectors are working in airports and ports.

**Mr. Mario Laframboise:** What about bridges and tunnels?

**Mr. Marc Grégoire:** In the case of bridges or tunnels, not yet. We are waiting for the bill to be adopted. We do not yet have regulations on bridge and tunnel security. We will be in a position to put in place a regulatory program once the bill on bridges has been enacted.

**Mr. Mario Laframboise:** Perfect. How many ports and airports are they in? Do you know the specifics, or are they all...

**Mr. Marc Grégoire:** They go to all airports and ports. Obviously, there are different categories of ports and airports. As for airports, we frequently verify the 89 airports where CATSA, the Canadian Air Transport Security Authority, does the screening, but even among those, resources are clearly allocated, as the minister explained earlier, according to risk assessments.

So in the large airports, that we call class 1 airports in our jargon, in other words in eight Canadian airports, inspectors are always on

site, like for example at Pierre-Elliott-Trudeau, in Toronto, Vancouver, and Ottawa. There are always inspectors at these airports. As for small airports, our inspectors conduct occasional visits based on traffic, but mainly based on potential risks.

**Mr. Mario Laframboise:** Despite all of these inspectors who are always on site, you do get caught by journalists, because there are complaints about unsecured zones on the tarmac, etc. That is what you are telling me.

**Mr. Marc Grégoire:** If you wish, yes.

**Mr. Mario Laframboise:** You must not have enough inspectors.

**Mr. Marc Grégoire:** No, I do not think that we are short of inspectors. In fact, it is an issue of awareness by the parties involved. Be they tenants in airports or port authorities, a lot of vigilance is required. It is impossible to have enough inspectors to cover all facilities. The awareness of all parties must be raised. Everyone is responsible for security.

**Mr. Mario Laframboise:** Except that if they are private companies... As you know, tenants are not the ones who will be spending the most on security. That will always be the last of their concerns if they are facing financial difficulties. So that is why we want to ensure that security is complete. I think that we still need journalists to verify that. You probably agree with me. Your entire system must be monitored.

**Mr. Marc Grégoire:** Journalists can monitor the system, provided that they comply with the regulations that are in force. A journalist cannot break the law just because he is a journalist. I am making a general statement.

**Mr. Mario Laframboise:** For example, if a journalist obtains a CATSA uniform because management or administration at CATSA lets uniforms lying around, the journalist is not committing a crime, he is taking things that are available.

**Mr. Marc Grégoire:** A few years ago, there was a problem with uniforms. The CEO of CATSA — who you will meet later this week — put measures in place following the incidents. CATSA exercises very tight control over its uniforms. The uniforms were modified a few years ago, and the uniform that the journalist found recently was from the old series, the first series.

Moreover, it is not a uniform that gives someone access to a restricted zone. You cannot access a restricted zone, even if you are wearing a uniform.

**Mr. Mario Laframboise:** Except if flaws are discovered, openings in the fences, and other things like that. That is why I am saying that your monitoring is OK, but... I understand, but what I want to say is that perhaps you do not have enough staff to assess the state of the security system at all times. That is essentially what I want to get you to say.

You are telling me that you have enough staff, but the more you say it, you are digging yourself deeper. I am sorry—

•(1650)

**Mr. Marc Grégoire:** No, I do not want to dig myself deeper, nor do I want to tell you that we have enough staff. Look at our record over the past five years. Since the budget of December 2001, budgets for aviation security, like maritime and rail, have increased substantially. No other group at Transport Canada is benefited from such substantial budget increases.

Is that enough? I do not think so. Will there be other requests, other programs announced in the future regarding security? I think so.

**Mr. Mario Laframboise:** At the Port in Montreal, employees are asking themselves how the money was spent, because for them, on the ground, nothing has changed. Indeed, until recently, they inspected empty containers, and today, the directive is to no longer do so since the carriers will do it themselves. So for them, more money has not been invested in security, except for the equipment that has been purchased and that they have seen. But for the rest, there has not been more money invested to enforce security, because fewer people are assigned to site inspection.

So I am going to ask you the same question; and you are probably provide me with the same details. Where did the \$930 million go that was designed to enhance port security?

**Mr. Marc Grégoire:** First of all, that amount is the total amount invested by the government since December 2001. It was at that time that an initial amount of \$60 million was announced, followed by another amount of \$172.5 million in January 2003. Those sums were invested in maritime security throughout Canada, not just for Transport Canada, but for the entire government of Canada.

So part of that money went to the coast guard to buy new ships for the Great Lakes...

**Mr. Mario Laframboise:** Could you send us the details?

[English]

**The Chair:** Sorry, Mr. Laframboise.

[Translation]

**Mr. Mario Laframboise:** We are asking you to provide the committee with the details as regards the \$930 million.

[English]

**The Chair:** I'm going to gladly give you another opportunity.

Mr. McGuinty, for five minutes.

**Mr. David McGuinty:** Thank you, Mr. Chairman.

You'll forgive me, Monsieur Ranger and colleagues, but Monsieur Ranger, I'd like to go back to the light rail question. This is a pretty important question on which I'd like to help you help us. Maybe you can help us understand and get to the bottom of what took place here.

The Treasury Board President convened a contractor, Siemens, an international corporation, with whom the federal government has no privity of contractual relationship. He convened that contractor to his boardroom offices and met with him personally. He then took details of the contract, a \$200 million contract that your department funded, and distributed details of that contract to the media.

I need you to help me understand. In your thirty-odd years, Monsieur Ranger, of working in the federal government, now as a deputy minister for however many years at Transport Canada funding infrastructure projects, have you ever heard of such an occurrence?

**Mr. Louis Ranger:** I honestly cannot comment on the details you mentioned, but I can tell you I've been deputy for five years and I've been in the public service for 32 years. Every day, every week, during those 32 years, I have seen the Treasury Board ask an awful lot of questions about submissions they receive, and I've seen many times the Treasury Board, after their own review, turn down proposals.

**Mr. David McGuinty:** Have you seen Treasury Board presidents or ministers in the past or your transport ministers ever meet with a third-party contractor?

**Mr. Louis Ranger:** I cannot comment on that.

**The Chair:** I would guess that, yes, Mr. Ranger, would be unable—

**Mr. Louis Ranger:** I cannot comment on that.

**The Chair:** —to make that comment.

**Mr. David McGuinty:** Okay, let me try another tack then.

In the interests of transparency, are you now expected to give new instructions to Vancouver or Toronto or Edmonton that they ought to re-examine the contribution agreements between your department, the federal government, and their light rail projects as a result of that decision taken by the Treasury Board president?

**Mr. Ed Fast:** On a point of order, Mr. Chair, these are questions that the minister should be answering, and quite frankly, Mr. McGuinty had an opportunity to ask that question if he felt it was important to know.

**Mr. David McGuinty:** I think you're wrong. I'll wait for the chairman, but I think you're wrong, Mr. Fast.

**Mr. Ed Fast:** Every one of the questions that have been asked—

**Mr. David McGuinty:** These are estimates questions.

**Mr. Ed Fast:** Mr. Ranger has been asked to answer questions that really are not appropriate for him to answer, and he's indicated himself that he's not prepared to answer them.

I trust that the line of questioning will not continue in that direction, Mr. Chair, and I would await your ruling on that.

•(1655)

**The Chair:** While I'm not prepared to rule it a point of order, I would ask Mr. McGuinty to be more specific with particularly the estimates side of it. I don't think it's fair to ask any of our guests here today to make an assumption or make a comment on something that perhaps the minister should be answering. And I'll intervene if I feel that way.

Please proceed.

**Mr. David McGuinty:** Mr. Ranger and colleagues of Mr. Ranger, let me go to part two of the question.

Last Sunday, as part, I assume, of new estimates that are forthcoming—new numbers, new commitments—the Prime Minister and the Premier of Quebec stood up and committed to a billion-dollar roadway south of Montreal. Obviously your department's been working on that; you're contemplating this as forms of either supplementary or new estimates. Is that true? Is that correct?

**Mr. Louis Ranger:** This is a project we've been involved in for several years. We already have a commitment to the first part of the project, which was to work with Quebec on the studies and take the process to the end of phase one, which is the call for proposals. Before a call for proposals, there's a call for qualifications. It's a \$21 million phase, and we're funding half of that; we've now reached the first milestone, which is a call for qualifications. There was an announcement, and we're progressing normally with that.

There will be a call for proposals, and we'll see what comes out of that. On that basis, depending on how costly it is, we will sit down with Quebec and negotiate a contribution agreement. That's when all the terms and conditions will be sorted out.

**Mr. David McGuinty:** Can I read you a quote from *Le Devoir*? Maybe you could help me understand this quote. It's in French.

[*Translation*]

[...] Highway 30 will be completed by 2011, at a cost of over one billion dollars. A 35 kilometre segment will be built and maintained by the private sector. We know nothing about the rest. How much will it cost to use the highway? How many vehicles will use it to go around Montreal? How many will use it simply to enter the city by another bridge? That doesn't matter, there are going ahead!

[*English*]

Can I then ask you, sir, is this a federal project? Is the billion dollars federal money? Is it federal-provincial money? Is it federal-provincial toll money? Is it federal-provincial toll and municipal money? Can you help us understand where this is going?

**Mr. Louis Ranger:** Sure. The number that was used is *de l'envergure de plus d'un milliard de dollars*, so it's over a billion dollars. That's the total cost of construction, of realizing the project.

There will be a call for tenders. I've been saying from the very beginning that there's going to be lots of interest, because all the conditions are met for a public-private partnership here. The volume of trucks and cars is enormous, and therefore it should be very attractive to several bidders. Actually, I think it would be quite inappropriate to disclose any details on the project, because we want this to be competitive, so let the proposals come forward.

**The Chair:** Go ahead, Ms. Chow.

**Ms. Olivia Chow:** On the actual spending in 2005-06 on infrastructure, the budget amount is \$769 million. How much was actually spent on that one?

**Mr. Louis Ranger:** That's the number on infrastructure?

**Ms. Olivia Chow:** Yes, it's infrastructure in communities. It includes the Canada Strategic Infrastructure Fund, the Border Infrastructure Fund, MRIF, and the gas tax; they come to \$769 million. This year, in 2006, it is \$1.78 billion. How much of the \$769 million has been spent so far? How much of it is out the door?

**Mr. Louis Ranger:** I'll ask Mr. Cluff to comment.

**Mr. David Cluff (Assistant Deputy Minister and Chief Financial Officer, Corporate Services Branch, Transport Canada):** Actually, last year Infrastructure Canada spent \$1.5 billion. The main reason is that the first year of the gas tax, which was roughly around \$600 million, was not included in the main estimates because it was a statutory item.

**Ms. Olivia Chow:** Ah, supplementary; I see.

**Mr. David Cluff:** It's a statutory item, so although it showed up in our expenditure and the moneys were transferred to the provinces, it didn't go through the main estimates process. Once you take that into account, the real increase we're talking about, as the minister indicated in his opening speech, is from \$1.5 billion to \$1.8 billion, which is explained by the additional projects that have come on board since the time the main estimates were prepared, under such things as the CCIF.

• (1700)

**Ms. Olivia Chow:** So all of the \$1.5 billion—that is spent.

**Mr. David Cluff:** Right.

**Ms. Olivia Chow:** It is not budgeted, but it is actually spent, right? It's delivered. It's gone out the door.

**Mr. David Cluff:** It went out the door before March 31, 2006.

**Ms. Olivia Chow:** Perfect. And your intention is that the \$1.8 billion will also be out the door by March 31, 2007.

**Mr. David Cluff:** Correct.

**Ms. Olivia Chow:** Okay.

Is the green fund part of it, part of the FCM? Where is the green fund in all of this? I can't find it.

**Mr. David Cluff:** The green fund is not in our main estimates.

**Ms. Olivia Chow:** Oh, so it's in the supplementary, or is it in a different department?

**Mr. David Cluff:** No, it was either funded through Environment Canada or through Natural Resources Canada. I can't remember, but it went through another department.

**Ms. Olivia Chow:** It was a different route. I see.

The Toronto waterfront used to be under Citizenship—don't ask me why—but it's now back in your portfolio. Is that right?

**Mr. David Cluff:** It has been moved over to Treasury Board.

**Ms. Olivia Chow:** It's under Treasury Board.

**Mr. David Cluff:** That's why you won't find it here either.

**Ms. Olivia Chow:** Okay. Thank you.

In terms of the gas tax, I'm trying to figure this out. I'm sure there's a logic as to why it's in Citizenship, but never mind that. Are there any strings attached to the gas tax?

My understanding is that it's transferred from the feds to the provinces, and there are then agreements with the municipalities. There are really no strings attached to those dollars, or are there?

**Mr. David Cluff:** Well, there are strings in the sense that we've already talked about certain uses for the gas tax, basically in the green category.

**Ms. Olivia Chow:** For those general things, it's fine. But other than those general concepts, there are no real specifics.

For example, the Toronto Transit Commission has to use it for X, Y, and Z purposes.

**Mr. Louis Ranger:** It has to be green, it has to be within the list of eligibility, and it has to be part of a plan. They have to provide a five-year plan to show where the project fits. There's also a requirement for annual reporting to the government on audited results.

**Ms. Olivia Chow:** Of course, but does it have to be new projects, or could it be a state of good repair, if the roof of the subway tunnel is coming down and needs to be fixed before we can have a new subway tunnel?

**Mr. Louis Ranger:** I stand to be corrected, but I think it's largely new projects.

**Ms. Olivia Chow:** Is that a condition or is it preferable?

**Mr. Louis Ranger:** It's new.

**Ms. Olivia Chow:** Does it have to be new?

**Mr. Louis Ranger:** It has to be new, yes.

**Ms. Olivia Chow:** Is this for the gas tax?

**Mr. Louis Ranger:** Yes, it's the gas tax.

**Ms. Olivia Chow:** It's the gas tax.

On the gas tax, as we know, the Municipal Rural Infrastructure Fund, because you're doing a review...

**Mr. Louis Ranger:** I think it's the same.

**Ms. Olivia Chow:** Is it also the same?

**Mr. Louis Ranger:** It is the same.

But as I indicated earlier in one of my answers, when I was asked if we are exactly replicating all those programs, major rehabilitation programs are certainly something we should be looking at. It's one of the options we're definitely looking at.

**Ms. Olivia Chow:** In terms of the several options because of your review, would one of the options be that you allow municipalities to make their own decisions?

On the origin of this entire infrastructure fund back in the eighties, it was supposed to be the municipality that called the shots and made decisions on which projects would be recommended. The province and the federal government then came in.

Throughout the years, it became completely driven by the feds to the provinces and then to the municipalities. It was supposed to be from the ground up, and it's now completely reversed. Is one of the options that you can switch it back?

**Mr. Louis Ranger:** What is from the top down is the overall architecture, as we call it, or the criteria. Once the criteria are set and the eligibility lists are set, it's still application based.

In fact, one of the complaints we get is that the paperwork is quite burdensome. We've tried to deal with that, but you still have to apply for the money.

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

Mr. Scott.

**Hon. Andy Scott:** Thank you very much.

Did I hear you say that for the gas tax money, the green piece of it or the green requirements around it haven't been changed?

**Mr. Louis Ranger:** Yes.

**Hon. Andy Scott:** There's been no change in the way the gas tax money can be used. Is that correct?

**Mr. Louis Ranger:** The current program, which hasn't changed, is actually all green, as the minister said.

**Hon. Andy Scott:** Earlier this year, the Prime Minister came to Fredericton and announced the commitment to establish HBIF. He also suggested there were some municipalities that wanted to use the gas tax money that was limited to green for other purposes. At the time, he said they would change that. Is there time to do so?

● (1705)

**Mr. Louis Ranger:** Well, let me take thirty seconds.

We set up three teams this summer and spent considerable time across the country talking to all ten provinces and territories. If there was something we heard loud and clear, it was to allow more flexibility.

With respect to the overall direction and the spirit of those funds, that's what we're working on right now.

**Hon. Andy Scott:** But so far, it's still green.

**Mr. Louis Ranger:** That's correct.

**Hon. Andy Scott:** On the question of flexibility, then, I'm a little concerned that under HBIF, the core highways will be dealt with before the feeder highways. Do you envision the possibility of that kind of flexibility? The province wants to do 11, 17, and 8 in New Brunswick. There is a core highway that would be Route 1 from Saint John to St. Stephen, but I don't think that would be the province's choice. I'm fearful that the program won't allow them to do feeder highways as long as there are core highways that aren't done.

**Mr. Louis Ranger:** That was a major decision that was announced at Charlottetown in September.

Even in New Brunswick, we've argued that there is still a lot of work to be done on core. We're hoping that if we continue to inject significant funds on core, this will allow the province to reallocate some of its money to feeders. But at the end of the day, the minister did announce that we would have flexibility, that we would not be focused only on core, even though the needs are really there, because we've recognized that there are also needs for feeders.

**Hon. Andy Scott:** So you see the possibility, at least, for that kind of flexibility.

**Mr. Louis Ranger:** That's correct.

**Hon. Andy Scott:** That will be very much appreciated by the Department of Transportation in the province of New Brunswick, I can tell you that.

**Mr. Louis Ranger:** Yes, Mr. Johnstone in particular.

**Hon. Andy Scott:** Yes, he will like to hear that.

**The Chair:** Monsieur Carrier.

[Translation]

**Mr. Robert Carrier:** I will share my time with Mr. Laframboise.

**Mr. Mario Laframboise:** If I may, I just have one question to ask. Your operating budget mentioned the National Marine and Industrial Council. A detailed maritime plan was produced by the council, on which you sit with the maritime industry.

Do you have officials working on that? That is my question.

**Mr. Louis Ranger:** Yes, absolutely. The detail plan was produced by the industry, which devoted considerable resources and talent to it. It is a comprehensive document, as you saw.

**Mr. Mario Laframboise:** Who produced it, you, or the industry?

**Mr. Louis Ranger:** The industry.

**Mr. Mario Laframboise:** And the national council is—

**Mr. Louis Ranger:** The national council is something that was invented with the private sector. The industry was seeking a forum through which to connect with the government. Not only with the deputy minister for transport, but with other deputy ministers in other departments: the environment, industry, etc. We meet every three months; it includes industry representatives, senior government officials.

**Mr. Mario Laframboise:** But not labour. I think this council has come up with some odd recommendations: changing the Canadian Labour Code; creating a human resources sectoral council for marine transport, making the national council permanent but not having any labour representatives on it. The council only includes management and government. An entire group has been sidelined, in other words, the workers. It is referred to as the National Marine and Industrial Council, yet workers are nowhere to be seen.

Is not there something wrong with that?

**Mr. Louis Ranger:** At first, the industry was not only seeking a one-time opportunity, but an ongoing relationship with government, and the council was created. That does not mean that there are no other opportunities to work with labour. The proof of that has been that Mr. Grégoire has been working with longshoremen associations for years now.

**Mr. Mario Laframboise:** He is the one turning down the request we have here. He does not want them seating on this council.

**Mr. Louis Ranger:** That is something else. There are other security issues at the port. There are other fora.

• (1710)

**Mr. Robert Carrier:** I would like to quickly get back to the Urban Transportation Showcase Program, that I asked the Minister about earlier. I wanted time for another question. You mentioned a

few examples of activities under this program, can you tell us what purpose it serves and provide us with some specifics.

Could you quickly provide me with a few examples? What is the purpose of the program or of some of the activities covered under this budget?

**Mr. André Morency (Assistant Deputy Minister, Corporate Services, Transport Canada):** We will be able to provide you with those specifics. These are four programs which have been receiving funding for four or five years. Several projects were identified among those presented. We will be able to provide you with the details.

**Mr. Robert Carrier:** The minister seemed to hesitate earlier on with respect to the possible lifespan of this program, as to whether or not it will be maintained. He seemed to be saying that he has put in place a program which...

**Mr. Louis Ranger:** Allow me to explain. Before budget 2006, there was no road fund. So all of the money invested in roads was under the strategic fund. Since then a road fund was created: the *Highways and Borders Infrastructure Fund*. The government set aside \$2 billion in the strategic fund. We can assume that money for public transit will flow in large part from this fund. Roads are funded under another fund. So there will be more flexibility in terms of spending.

**Mr. Robert Carrier:** The program's name itself sounds more like a pilot project than an investment fund.

**Mr. Louis Ranger:** Yes, all right, but that does not mean that funds under the pilot project may not also be admissible in the future.

**Mr. Robert Carrier:** Under another program.

**Mr. Louis Ranger:** Why not?

**Mr. Robert Carrier:** You are still going to provide specifics for that, aren't you?

**Mr. Louis Ranger:** Yes.

[English]

**The Chair:** Mr. McGuinty.

**Mr. David McGuinty:** Mr. Chair, I'm going to go back to some terms of the budget for CATSA, to a question I put to the minister, which he didn't answer.

I'd like to get a better understanding about the state of understanding in the department and the government today, particularly in your department, with respect to Senator Kenny's report and the numerous times he has raised this with you, raised it with governments, raised it with the public. I've had four, five, six conversations with presidents and CEOs of airport authorities across the country who tell me that this is a problem waiting to happen, that we have parcels, we have shipments, deliveries, in the holds of passenger airplanes, and that there is shrink-wrapped technology right now off the shelf to purchase, \$2 million to \$3 million scanners for our top five or six airports.

Can you please give me an indication of what you're doing about this? How long have you been seized of this issue? How much money is being allocated this year and potentially next year, or perhaps in the supplementary estimates, to deal with this issue?

Most Canadians understand that this is a problem. Can someone please help me understand so I can tell my travelling constituents and the public in my riding and the airport in my riding what's going on here?

**Mr. Louis Ranger:** Okay. In the last budget the government voted \$26 million for air cargo security, and we have whole team working on that now.

Mr. John Forster, who has just joined us, could give you the details of what we're working on right now.

**Mr. David McGuinty:** Are we talking about parcels, shipments, or are you talking about passenger luggage?

**Mr. John Forster (Associate Assistant Deputy Minister, Safety and Security, Transport Canada)** No, the funding that was approved by the new government and announced by the Prime Minister in June is for air cargo. Baggage and passenger belongings that go on airplanes are screened by CATSA. As of January 1 this year, Canada achieved—in fact exceeded—the international requirement for passenger baggage, because we screen it on international and most domestic flights.

For cargo, what we've launched is a project with CBSA, the industry, the airports, and the airlines. The goal here is twofold. One will be to develop a program for registered shippers to try to separate.... It's impossible to screen every piece of cargo that goes on a plane because of the volume of it, so you want to do much like you do at the border with the FAST program—identify well-known, bona fide shippers and have them registered with a security plan and a security program.

For unknown cargo we want to develop protocols and equipment and technology to screen that, and the funding there is to develop a program to do that over the next year or two and to pilot test those in airports with CATSA, with the airlines. So there's now a program under way to do that. The funding has been approved by Treasury Board.

• (1715)

**Mr. David McGuinty:** So are you talking now—

**Mr. John Forster:** This would be all cargo.

**Mr. David McGuinty:** Including on passenger planes?

**Mr. John Forster:** Including cargo planes and passenger planes.

**Mr. David McGuinty:** Are we now screening 100% of passenger baggage?

**Mr. John Forster:** We are now screening 100% of passenger baggage.

**Mr. David McGuinty:** Why can't we screen 100%, then, of passenger plane cargo?

**Mr. John Forster:** Well, that's what the goal of this program is. It's to look at a program to screen cargo that's going onto passenger and cargo aircraft.

**Mr. David McGuinty:** But you just said that it's not possible to screen all cargo.

**Mr. John Forster:** Well, the equipment that's in place in airports is designed to screen passenger bags. That's what it's there for and it's fully utilized to do that. Part of what this program will look at is to what degree we are going to screen cargo, what technology and

equipment is needed to do that, and how fast we can put that in place.

**Mr. David McGuinty:** Have I been misinformed by presidents and CEOs of airport authorities who tell me there's technology now to be purchased at \$2 million to \$3 million a scanner, and that those scanners can scan all packages, all shipped materials, going onto passenger planes?

**Mr. John Forster:** The question is going to be what you are scanning it for and what you are trying to detect. When you look at a cargo bin that's going on an aircraft, you can have quite a mixture of material and contents in there. It's much more complicated than doing a small suitcase. If you're looking at a large bin that's going in there, it could contain anything from electronics to clothes to a wide range of things.

All countries in the world are trying to deal with the issue of how to screen cargo going on aircraft. That's what the program is allowing us to do, and the new funding is going to allow us to accelerate that.

**Mr. David McGuinty:** Comparatively, is there a jurisdiction on the face of the planet that's screening all passenger plane cargo at this stage—not baggage, but cargo?

**Mr. John Forster:** I'm not aware of one. I'd have to look and get back to you.

**Mr. David McGuinty:** Is Israel not scanning all packages, all cargo on their planes?

**Mr. John Forster:** I've been to Israel and visited their airport. Israel does a lot of things very differently because their threat environment is quite different, along with their area of operation. With Israel, you're talking about one major airport the size of Calgary. You're not talking about the volumes that North American or European airports face, so you have to look at it in that context as well.

**Mr. David McGuinty:** Then what's the drop-dead date for the completion of your program study?

**Mr. John Forster:** It will be unfolding over two years. We'll be designing things and putting in place pilot projects to do them, and then we'll be coming back to the government to say where we are and how we're going to pay for them. Measures will be starting to go into place over that period, because we'll be doing screening of cargo and starting to register shippers and freight forwarders.

**Mr. David McGuinty:** Some time ago, I wrote to the minister and suggested that he consider raising with the government new powers for the RCMP on an interim basis to, for example, start searching warehouses on an ad hoc and unpredictable basis, because the presidents and the CEOs and the directors and boards of the airport authorities tell me that not only is security in cargo passenger planes a problem, but the drug trade problem is flourishing. I have not heard back from the minister.

Is that something your department has considered?

**Mr. John Forster:** Could you repeat the question? I was being asked something else in my ear. Sorry.

**Mr. David McGuinty:** I suggested some time ago to the minister that we examine the possibility of having the RCMP or the Canada Border Services Agency, whichever is the most appropriate authority or police force, to be able to have the power to search, on an ad hoc basis, warehouses that do store shipped goods, not only to be able to deal with the potential ferreting out of problems in those packages in terms of security, but also in terms of the drug trade. Since we've heard from front-line workers at the Montreal airport that there is intimidation going on at the Montreal Trudeau Airport with respect to biker gangs and the drug trade, is that something your department has been considering?

**Mr. John Forster:** I think that's probably a better question for Minister Day and Public Safety, which is responsible for the RCMP, because there you're really into law enforcement issues around drug enforcement, smuggling, and immigration issues that aren't really within the purview of the Department of Transport.

**Mr. David McGuinty:** So it's not something the Department of Transport has considered?

**Mr. John Forster:** Yes.

**Mr. David McGuinty:** Thank you.

**Mr. Marc Grégoire:** If I may add something on this one, we work very closely with CBSA, the RCMP, and the other organizations dealing with security. For instance, for the airports, we have an MOU with the RCMP, whereby they will share with us any sensitive information that would allow us to take action against individuals, such as revoking security clearances.

On your previous question about the air cargo security thing, one thing worth mentioning here is that we don't have this money yet. This money is in supplementary estimates (A). We're really hopeful that this committee will support the supplementary estimates (A), because this is the mechanism that will allow us to get the cargo security. We have started the work on a risk basis, but we cannot start the pilot project and the demonstration project before the committee approves and the House approves the supplementary estimates (A) budget.

• (1720)

**Mr. David McGuinty:** Monsieur Ranger, can I go back to the Montreal announcement on Sunday? Just to assure my colleague Mr. Fast, from the perspective of indicators of progress inside the department, from the perspective of value for money, and from the perspective of accountable management, on the billion-dollar roadway, Highway 30, and the request for qualifications, as you mentioned, will this entire process be managed by a third-party contractor, as has been the case and as is the case in most advanced infrastructure projects?

**Mr. Louis Ranger:** The Government of Quebec is the project manager, *le maître d'oeuvre*. They have set up an office to manage such projects. Within that process there will be an independent auditor who will be watching every step of the process. So Quebec is leading in terms of managing the project.

**Mr. David McGuinty:** That's different, Monsieur Ranger, from what most advanced infrastructure projects are doing today globally. The government administrations are not managing the projects. What they're doing is holding a pre-tender to hire, for example, SNC-Lavalin or a Spanish consortium equivalent, that then comes in

as a third party and manages the entire billion-dollar process. Is this something that's been contemplated? And for value for money, is this not something the Department of Transport ought to be looking at?

**Mr. Louis Ranger:** As I said, I think the Government of Quebec has been very progressive. They have passed special legislation to facilitate public-private partnership arrangements. They have a special office managing that. There will be an independent auditor. I'm sure they have access to all the independent resources. To my knowledge, this office is largely made up of government officials. But they will have their own process in place. I know that our people have had extensive discussions with them on how they intend to manage the project, and we're quite satisfied that there will be all the checks and balances that will be sufficient to ensure value for money.

**Mr. David McGuinty:** So from the point of view, then, of these estimates and the supplementary estimates to come, which we'll get to, am I to understand that in large infrastructure projects like this it is not a condition precedent of the Government of Canada that a third-party contractor be called in to administer from a third-party perspective the entire project? It is sufficient now with Transport Canada, in terms of value for money and accountability, that a second government body can administer that billion-dollar fund. Is that right?

**Mr. Louis Ranger:** Essentially, yes. But to be clear, we're only in phase one, this \$21 million phase; we're at the call for proposals stage. When a proponent will have been retained, when we have the details that will have been negotiated between the Province of Quebec and the private partner, then we'll sit down with the Province of Quebec and sort out the details of how this project will be implemented, dealing with cost overruns and so on. But we're not there yet.

**Mr. David McGuinty:** Am I right in concluding then that what I read and what I'm hearing now is that the project is a little more tentative than where it is portrayed publicly?

**Mr. Louis Ranger:** No. What you saw is what is unfolding. There's a call for qualifications. There may be a dozen proponents for all we know. There may be several consortia. It will be brought down to probably three. Those three qualified proponents will receive a call for specific proposals. Out of that, one proponent will be selected. And as often happens, even with that selected proponent there are further negotiations that are carried out between the project leader and the selected proponent.

• (1725)

**Mr. David McGuinty:** So on the subject of the management accountability framework elements that you use as a department to identify opportunities to improve the management practices within the department, let me ask you another question. To what extent are you factoring political risk now into your costs, with respect to the funding of large infrastructure projects?

**The Chair:** I don't think that's a question the witness would have to answer. I think that's a question for the minister.

**Mr. David McGuinty:** Not at all.

**The Chair:** The political risk is not an item that's itemized anywhere within the budget, and I don't think we would ask any of our witnesses to—

**Mr. David McGuinty:** With all due respect, Mr. Chairman, as someone who has negotiated half a dozen large international infrastructure deals, political risk is part of government factoring in of its management systems globally.

**The Chair:** And if it is, I would suggest that would be answered duly by the minister, not by someone from the department.

**Mr. David McGuinty:** The question is simply, is political risk something that you look at on your checklist of elements for the management of the accountability framework on page 8 of the Transport Canada estimates?

**The Chair:** Again, if we want to send that out to him in writing, we can certainly ask the minister to respond directly to the committee.

**Mr. David McGuinty:** Mr. Chairman, could I ask you perhaps to take that on then, to contact the minister, and let's get an answer on the political risk question?

**The Chair:** I will forward your question to him.

**Mr. David McGuinty:** Thank you very much.

**The Chair:** I think with the time, I would ask the committee's indulgence. Do we want to bring the department officials back once more before the committee? I would look for direction.

Mr. Laframboise.

**Mr. Mario Laframboise:** No, thank you.

**The Chair:** Ms. Chow.

**Ms. Olivia Chow:** I understand that we will be dealing with the infrastructure study on November 22 anyway, and they will all be here. I wonder if at that meeting the department could perhaps provide us with a breakdown of the provinces from last year and what the plan is for this year. It would facilitate our discussion if, while discussing the various funds and the budget, we could have both of them with the expenditure details. I think that would be useful.

**The Chair:** I'll ask the clerk to forward that to the department.

Mr. Jean.

**Mr. Brian Jean:** I was going to suggest, Mr. Chair, that I see no purpose in it, basically, because all the questions were asked. But if there is a member who would like a specific question answered by the department, if they send it to me tomorrow I'd certainly be prepared to forward it to the department for an answer before the deadline on the estimates.

**The Chair:** Thank you.

Thank you to our guests today.

I would suggest to the committee that rather than go through the estimates by line item, effective at the end of this week they'll be noted duly reported back to the House. Is there agreement?

**Some hon. members:** Agreed.

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

The meeting is adjourned.

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