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Thursday, June 4, 2009

Chair

Mr. Merv Tweed

Standing Committee on Transport, Infrastructure and Communities

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● (1535)

[*English*]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Good afternoon, everyone. Thank you for attending the Standing Committee on Transport, Infrastructure and Communities, meeting number 23.

Before we proceed with our guests, every member of the committee has received a report of the subcommittee from the previous meeting. I'm advised that I'm going to have to read it very quickly into the record just so that anyone who's listening or following the debate of the committee will know and understand what we're talking about.

> Subcommittee on Agenda and Procedure of the Standing Committee on Transport, Infrastructure and Communities has the honour to present its Second Report.
>
> Your Subcommittee met on Tuesday, June 2, 2009, to consider the business of the Committee and agreed to make the following recommendations:
>
> 1. That the Committee undertake a study on the management and operation of Canada Post and that the President and Chief Executive Officer be invited to appear before the Committee at the earliest opportunity.
>
> 2. That the Committee continue its study on NAV CANADA's Airport Traffic Services and invite the President & Chief Executive Officer to appear at the earliest opportunity with respect to the recent changes in airspace and terminal control services at Mirabel Airport.
>
> 3. That the Committee undertake the study of Bill C-310, An Act to Provide Certain Rights to Air Passengers, once it reconvenes after the summer recess.

Ms. Chow.

Ms. Olivia Chow (Trinity—Spadina, NDP): I would like to propose an amendment. I move that the committee undertake the study of Bill C-310, an act to provide certain rights to air passengers, prior to the other two studies.

So we are moving it ahead of the Canada Post and airport traffic services studies. I don't believe you need me to go into great details as to why that is important. Usually, when there is a private member's bill in front of the committee, there should be a courtesy to allow the private member's bill to be dealt with. This bill has been in front of the committee for a month or so. We should deal with it before the summer recess.

That's my amendment to the report.

The Chair: Thank you.

For the record, it isn't before the committee yet. That's the discussion we're having.

Ms. Olivia Chow: Sorry, just for the record, I meant that it had been passed by the House of Commons on a second reading, and that it could be in front of the committee. When is what this report is all about.

The Chair: So we have the report of the subcommittee in front of us. We now have an amendment to that, which would suggest that we move beyond Canada Post and NavCanada and bring forward Bill C-310.

I'll open the floor for debate.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Do you need a seconder, Mr. Chair?

The Chair: No.

Ms. Olivia Chow: I'll call for a recorded vote.

The Chair: Are there any comments?

Mr. Jean.

Mr. Brian Jean: I'm curious. If part of her motion—and I don't have a copy, as I haven't received notice of it—is referring to interrupting the current study that we're doing.... She mentioned in her dissertation that she wanted to move it ahead of these two studies. One study is already in progress, so “interrupting the study” I think would be more appropriate.

The Chair: Ms. Chow.

Ms. Olivia Chow: No, that's not the intention.

The Chair: Are there any other comments?

Seeing none, I'll call the vote on the amendment.

Ms. Olivia Chow: Should you not read out the names?

The Chair: Madam Chow, could you please allow me to run the meeting? Thank you.

(Amendment negatived)

The Chair: It was not unanimous.

All in favour of the second report as presented?

A point of order, Ms. Chow?

Ms. Olivia Chow: How does the recorded vote register from this committee? I'm sorry, I'm a substitute for this committee. Normally a recorded vote has names attached to it.

Mr. Brian Jean: Yes. We would be happy to record the vote.

The Chair: It was actually acknowledged by the show of hands when I requested it. If it's the will of the committee, and we have unanimous consent, we can actually have a recorded vote, but the record would show that it was not unanimous.

Ms. Chow.

Ms. Olivia Chow: Mr. Chair, just a point of order. Does calling a recorded vote require unanimous consent? I didn't believe it would be the case.

The Chair: We have already acknowledged the vote on the amendment by the show of hands. If we wanted a recorded vote, we would need to have unanimous consent of the committee.

Ms. Olivia Chow: Pardon me, Mr. Chair. I asked for the recorded vote twice. Prior to the vote, I asked. During the vote, as you were about to, I said again, can we call for a recorded vote? You mentioned at that time that, yes, you would chair the meeting and I thought the recorded vote would be a calling out of names. That was what my request was. I wished to have that recorded vote, and that was done prior to that vote being taken.

● (1540)

The Chair: Mr. Jean.

Mr. Brian Jean: Mr. Chair, I can't interrupt the rules of the committee or the ruling of the chair, but from the government's perspective, we're happy to acknowledge that all the government members voted against the amendment.

The Chair: Mr. Volpe.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Likewise, we're not interested in interrupting the process or the procedures, but we'd already discussed this thoroughly. We had agreement around the table. So if it's important to show unanimity—and obviously there isn't any—the Liberal members would have voted against it.

The Chair: Monsieur Laframboise, do you have a comment?

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): The Bloc members will be voting against the amendment.

[*English*]

The Chair: Ms. Chow.

Ms. Olivia Chow: Thank you.

The Chair: Thank you.

So now I will ask the committee to actually vote on the second report as presented.

Mr. Volpe.

Hon. Joseph Volpe: I have a point of clarification. I guess this does not really make much of a difference, but item 1 says "to appear before the Committee at the earliest opportunity". During our discussions, we had actually indicated that date, so I'm wondering if the chair would give us an indication whether the date that was mentioned in our debates and our discussions is the one that has been agreed upon and that "the earliest opportunity" just reflects that this date is the actual date.

The Chair: Canada Post will be here on Thursday, June 11. We had originally discussed June 9, but they were actually unavailable, so they did agree to the eleventh for us. NavCanada made themselves available on June 16. So we would have split meetings on those days, with one hour for each committee.

Hon. Joseph Volpe: And continue with the rest after...?

The Chair: Yes, and continue the rest with the light rail study.

Hon. Joseph Volpe: That's acceptable to us.

The Chair: Is that agreed? Okay.

Then I will ask for agreement on the second report as presented.

Some hon. members: Agreed.

The Chair: The report is carried.

Now we'll move to our guests who have joined us today. On our study of high-speed rail, we have with us, from VIA Rail, Mr. Paul Côté, president and chief executive officer; Mr. Gerry Kolaitis, director, strategy and financial planning; and André Gravelle, project adviser, capital programs. Also with us, from the Van Horne Institute, is Teresa Watts, associate.

We welcome you. I understand you know the rules of the game.

Mr. Côté, I would ask you to begin.

Mr. Paul Côté (President and Chief Executive Officer, VIA Rail Canada Inc.): Thank you very much, Mr. Chairman.

Good afternoon, members of the standing committee, and thank you for this opportunity to appear before you today. I assure you my remarks are very short, so that we'll have time for dialogue.

With me are my colleagues—you have just introduced them—Gerry Kolaitis and André Gravelle, both of whom are quite familiar with the high-speed file and whom I will call on later during the question period.

The future of Canada's national passenger rail service and the role that high-speed rail might play in the future are very important issues. Public interest in these issues is high, reflected in the study now under way by the Governments of Canada, Quebec, and Ontario to update feasibility studies for high-speed rail in the Quebec City-Windsor corridor, and by the recent coverage of a possible link between Calgary and Edmonton.

[*Translation*]

VIA welcomes this interest. We have made our expertise in this area available for the study.

We also welcome the opportunity to provide any information, expertise and resources that will help this committee as it conducts hearings on high-speed rail.

I would like to use these opening remarks to provide a brief overview of the existing passenger rail network, what VIA is doing today, and how that fits in with any future developments that might include high-speed rail service.

[*English*]

As you know, VIA operates the national passenger service on behalf of the Government of Canada. We deliver an efficient, reliable, environmentally sustainable service. Our responsibility is to do so in a financially responsible manner, ensuring the best possible service to Canadians and the best management of the assets and resources invested in passenger rail.

We serve communities large and small, from the Atlantic to the Pacific and north to Hudson Bay. We operate 500 trains per week, including 429 in the Quebec City-Windsor corridor. Our transcontinental service spans the distance between Toronto and Vancouver and between Montreal and Halifax. Our remote and regional services connect many rural and northern communities. In some places, we offer the only transportation option.

Our current network of services was established in 1990. Since that time, effective management and rigorous cost controls have achieved significant growth in passenger rail while improving service quality and reducing costs to the taxpayer.

For example, we have reduced reliance on government operating funding by 48%, or approximately $200 million per year; increased revenues by 110%; increased passengers by 33%; and increased our cost recovery by 102%.

● (1545)

[*Translation*]

This is a consistent record of continuous improvement over almost 20 years. It is a record we have maintained even in recent times, which have been challenging for the entire transportation industry.

In 2008, VIA increased revenues for the fifth consecutive year, with a 5% increase over 2007. And we set a new record for ridership, carrying 4.6 million passengers. VIA's performance reflects our success in building an organization, and a growing network of services, around our core strength in passenger transportation: delivering excellent customer service. We continuously sharpen our ability to design and deliver a service that matches and responds to the needs of our customers.

[*English*]

From maintenance and train operations to marketing to developing leading-edge customer relationship tools and leading-edge technologies, all aspects of our business are integrated around our single core focus on customer service.

This expertise is recognized internationally. Studies looking at passenger rail operations around the world have ranked VIA Rail above average on key operational measures. Other countries and railroads seek our advice on all aspects of passenger rail operations. We are currently working in partnership with France's SNCF to market and deliver our expertise worldwide.

Here at home, the Government of Canada gave a major vote of confidence in the future of passenger rail in this country and in VIA's ability to deliver results. In 2007 this current government announced a five-year, $516-million capital investment to strengthen passenger rail services across the country and to ensure that service remains both cost-effective and sustainable for the future.

With the 2009 federal budget, VIA received an additional $407 million for capital projects, bringing the current investment program to a total of $923 million. The investment benefits all parts of our national network—vital infrastructure improvements in the central corridor; upgrading locomotives and passenger cars that will be used throughout the system; and improving stations across the country to meet customer expectations for safety, comfort, and convenience. This investment allows us to continue moving forward, laying the foundations for higher-speed passenger rail service, a more reliable service, and a more sustainable service across Canada.

[*Translation*]

Everything we have achieved and continue to achieve is vital to the future of conventional passenger rail in Canada. And it is equally vital to the success of any high speed rail service, should the government decide to pursue that course.

On this last point, let me make three comments.

First, if a high-speed service is developed, it can only succeed on the foundation already in place for passenger rail—the understanding of the market, and the ability to serve that market. VIA has built that foundation.

[*English*]

Second, high-speed rail is not an alternative to conventional rail. Experience with high-speed services around the world shows that it succeeds as an integrated component of a larger, coordinated, intermodal network of passenger services, which I know the committee has heard about, including efficient conventional rail services that connect the high-speed backbone to extended communities and regions.

Third, VIA's expertise in passenger transportation, built up over 30 years in the Canadian marketplace, is unique, and would be vital for any high-speed rail service. That is why the Van Horne Institute's 2004 pre-feasibility study on high-speed for Calgary-Edmonton called on VIA's expertise in areas such as ridership and revenue forecasting, operational issues, facility requirements, and projected socio-economic benefits.

Whether high-speed rail is part of Canada's future remains, of course, an open question. We all look forward to the results of the current study on high-speed rail in the Quebec City-Windsor corridor, and the findings of this committee. However the question is answered, VIA remains committed to delivering the best possible passenger rail service to Canadians. We are confident that we can deliver results that meet the expectations of our customers and the Government of Canada as transportation needs evolve in the years ahead.

As this committee looks at options for the future, I will be happy to answer questions and provide any other assistance that you may require.

Thank you very much.

● (1550)

The Chair: Thank you.

Ms. Watts.

Ms. Teresa Watts (Associate, Van Horne Institute): Thank you.

Mr. Chair, members of the committee, on behalf of the Van Horne Institute and Peter Wallis, its president and executive director—he is unable to attend today's session, and has asked me to come on his behalf—I thank you for your invitation today.

The Van Horne Institute, for those of you who may not be familiar with it, is a not-for-profit organization affiliated with the University of Calgary, University of Alberta, Southern Alberta Institute of Technology, and Athabaska University. It was established to assist industry, government, and the public in addressing transportation issues, and includes 65 public, private, and non-profit members, including our fellow presenters VIA Rail.

I am an independent consultant, and head the firm of Shirocca Consulting. I have a background in planning and economics and 34 years of professional experience primarily focused on transportation. I've worked in both the public and private sectors, on projects ranging from feasibility studies to implementation of major capital infrastructure. I've been an associate of the Van Horne Institute since 2003, and was the project manager for the 2004 Calgary-Edmonton high-speed rail study.

Like the Quebec-Windsor corridor, high-speed rail has been studied and reviewed before in Alberta, first in 1984 and again in 1995. Both of those studies concluded that the costs were high and the ridership at the time insufficient to justify proceeding, but recommended future reviews.

The 2004 study was initiated at the request of the Alberta government in response to renewed interest about high-speed rail and recognition of the technological advances that had occurred in the interim period.

I would be remiss if I did not acknowledge and thank the federal government for its financial and technical participation in that study, through Transport Canada and the Office of Western Economic Development, along with the Province of Alberta. As well, the study received both financial and in-kind technical work and expertise contributed by several members of the Van Horne, including Bombardier Transportation, CANAC, Canadian Pacific Railway, SNC-Lavalin, and VIA Rail. However, I must also emphasize that all technical work provided through these members was reviewed by independent consultants and a steering committee to ensure no bias to the study's findings and consistency with the study's overall conservative approach.

The purpose of the 2004 study was to assess the feasibility of high-speed rail within the 300-kilometre corridor between Calgary and Edmonton; to identify, for governments and others, the economic and other implications of high-speed rail implementation; and recommend next steps. The study looked at two corridors: a new, or greenfield, corridor, which had been the sole focus of the previous studies; and shared use of the existing CPR corridor. However, both options assumed access into the city centres along the CPR corridor to avoid disruption and high cost, whereas the previous studies assumed terminating outside downtown for the same reasons.

Examination of the CPR option was possible because of the recent development of a non-electric technology by Bombardier at the request of the U.S. Federal Railroad Administration. The Jet Train, as it's called, is designed to meet North American engineering standards for mixed train operations, and is capable of operating at speeds up to 240 kilometres per hour.

The study also looked at electric high-speed rail capable of speeds up to 330 kilometres per hour, similar to those trains that operate in Europe on the greenfield option, allowing an apples-to-apples comparison of the two corridor options without technology bias.

These two train technologies were chosen because they were able to offer travel time of two hours or less, which market research showed as being the threshold to shift demand from other modes, particularly the car. By comparison, travel time today is, on average, three hours by car between Calgary and Edmonton and slightly more by air and bus.

The study assumed five stations, one in each downtown, two near each city's respective airports, and one in Red Deer, located at approximately the half-way point on the line. It also included provision for a new maintenance facility.

The service plan assumed five train sets, with four in service and one in maintenance rotation or held as a spare, to provide 11 train departures per weekday and five on weekends from Calgary and Edmonton respectively, plus an additional departure, or half-trips, from Red Deer on all days.

The price was set—based on market research to optimize revenue and ridership—at $115 return for business trips and $97 for non-business trips.

The total capital cost for the project was estimated to range from $1.7 billion for the CPR option to $3.4 billion for the electric greenfield option, slightly less for the non-electric. The main difference in these costs for the two greenfield options was electrification. The higher land acquisition and more extensive infrastructure requirements accounted for the difference between the CPR option and the greenfield corridor.

● (1555)

Annual operating costs were estimated to be $71 million for the CPR to $97 million for the greenfield, depending on the option chosen in year three, the first stable year of operations, and were then inflated by 2% per annum. Ridership was estimated to range from 1.7 million passengers annually for the CPR option and approximately 2 million for the greenfield, the difference reflecting the faster travel time of the greenfield option. This would constitute a 28% market share of all trips between the cities, with 75% of those trips diverted from cars, which are, and will remain, the dominant mode of choice for travel in the corridor. Revenue was based on passenger fares only and estimated to range from $83 million to $101 million per year, depending on the service option chosen.

Two financing structures were also examined: a totally government-funded option, and a P3, or a private-public partnership, whereby the private sector funded all rolling stock and equipment, such as ticket-vending machines and communications, and government funded infrastructure costs. This analysis revealed that operating revenues could cover all operating costs for all options and pay back all capital, plus almost $700 million, for the CPR option, and 73% of the greenfield electric costs over 30 years. These numbers do not include other benefits, such as employment and income, travel time savings, safety benefits, greenhouse gas reduction, and economic development, nor, in the case of the CPR corridor option, the benefits to freight and industry that would result from rail upgrades.

The study concluded that high-speed rail could generate significant benefits to the province and that there was sufficient demand at that time, in 2004, to support high-speed rail that offered two hours or less in travel time in the corridor. It also confirmed the technical and financial feasibility of both corridor options, the greenfield and the existing CPR, and both train technology options. I noted the advantages offered by the CPR option of lower capital and operating costs, less property disruption, complexity, and time required for implementation, and benefits to the freight industry, but the need to balance this against higher ridership, benefits of an exclusive corridor, and more extensive negotiations was also noted.

The study's recommendations included out carrying out an investment grade ridership analysis to provide greater certainty to this, which is typically the area of largest risk and uncertainty on projects of this kind. I can report to you that the Alberta government accepted this recommendation and has since carried out the analysis, but the report has yet to be released, to my knowledge.

In closing, and on a personal note, while as a consultant I welcome more studies, and as a taxpayer I value and appreciate the need for due diligence, I have also observed in my 34 years of professional practice that at the end of the day, projects require a leap of faith, courage, conviction in the value they can deliver and the benefits they anticipate, and the determination to achieve this.

There is no question that high-speed rail will require government involvement if it is to proceed. There is equally no question that government must participate fully in that implementation. It has the authority and power necessary to acquire right-of-way and a vested interest in how this right-of-way and service can shape our future, but I also have no doubt that the private sector is willing and able to share risk and participate in these ventures if they are properly structured.

I'm happy to leave the deliberation on leaps of faith with the committee and wish you good luck.

[*Translation*]

I apologize for not having enough confidence to speak French just a little. In any event, I am very happy to be here.

Thank you.

[*English*]

The Chair: Thank you.

Mr. Volpe.

Hon. Joseph Volpe: Thank you very much, Mr. Chairman.

Thank you very much to the witnesses.

I'm happy that Madam Watts introduced an element of religiosity in this, because for a while I thought it was just simply a pragmatic economic decision that involved economic development and growth in the country. But I welcomed that anyway.

I don't mean to make light of this, and I thank you for your presentation, because there are some people who felt that perhaps the line between Calgary and Edmonton would not have been an appropriate example to consider, but I think you've put that one to rest. Thank you.

I'd like to ask Mr. Côté a couple of questions.

First of all, just for us, for the committee, do you report to the minister?

● (1600)

Mr. Paul Côté: Well, we are a crown corporation under the Minister of Transport, Infrastructure and Communities.

Hon. Joseph Volpe: But you don't report to the deputy minister?

Mr. Paul Côté: The company doesn't, no.

Hon. Joseph Volpe: I just want to say that. I just want to make sure that we understand our lines of communication.

Mr. Côté, VIA Rail actually did the kind of study that Madam Watts talked about for Calgary-Edmonton, but VIA did it for the Windsor-Quebec corridor quite some time ago, did it not?

Mr. Paul Côté: We participated in a study. Did we actually do a study by ourselves?

Mr. André Gravelle (Project Advisor, Capital Programs, Strategy, VIA Rail Canada Inc.): We did do a study by ourselves.

Hon. Joseph Volpe: In that study, you will already have made a determination of the location of a dedicated line. Have you?

Mr. Paul Côté: While there was some conclusion, I was not, Mr. Volpe, part of that particular study. That's why Mr. Gravelle and Gerry are here. They were involved in this directly. André certainly was. And if you want to question us on the specific findings of that study, I will have to refer those questions to André, who has been part of that more than I have, at this time.

Hon. Joseph Volpe: What we're interested in—or at least I can speak for myself—is whether VIA identified an optimum location for a dedicated line. Do you recall whether you did or not?

Mr. Paul Côté: Did we identify a corridor?

Mr. André Gravelle: We did identify a corridor for high-speed rail. At the time, we examined several options, essentially the same options that have been picked up by the studies that have followed.

Hon. Joseph Volpe: Monsieur Gravelle, if I'm not mistaken, as a result of both that study and the others in which you participated, VIA Rail began to do some land assembly, or at least began to establish some rights to lands were they to come on the market. How far did that go?

Mr. André Gravelle: Well, the Montreal and Ottawa subdivision of Canadian Pacific, which was abandoned in the early 1980s, was obtained by VIA Rail and is still the property of VIA Rail.

Hon. Joseph Volpe: Are any other large segments of the rail network that you acquired currently used for freight?

Mr. André Gravelle: Well, yes, but they are not necessarily on a high-speed rail route. Some subdivisions that were being abandoned were actually acquired by VIA Rail.

Mr. Paul Côté: For instance, Mr. Volpe, we acquired the Alexandria subdivision, a portion of the track between Montreal and Ottawa, after the ice storm. CN, who owned it at the time, were not interested in investing in and restoring it, so we actually purchased it at that time.

Hon. Joseph Volpe: But in a high-speed rather than higher-speed rail scenario, this would suggest that you already have some of the infrastructure available—infrastructure meaning land, as opposed to improvements on the land.

Mr. Paul Côté: Once again on that subject, one of their conclusions of the studies that are being looked at right now, I suppose, will be on the routing. I can't presume what routing they will pick. But if they were to use existing routing, let's say between Montreal and Ottawa, to stay on subject, and it would be over the Alexandria subdivision, clearly we own that land. However, the condition of this infrastructure compared to the requirements of high-speed—and all one needs to do is travel on this line and count the number of farm crossings and level-grade crossings to realize this—is not adequate.

Hon. Joseph Volpe: Yes, we understand that, Mr. Côté, but I think the very first thing is that we have to acquire the rights to the land in order to improve it for a dedicated line.

All of this has to do with cost. Some of it is going to be imputed on cost, and some of it is already going to be available. So it's going to be available to either an operator or a consortium of operators. There have been those who have questioned the ability of VIA Rail to both build—i.e., develop—the rail line and the stations associated with it and then operate the final product.

I imagine this is kind of a lob question to you, but people are going to question the expertise available to VIA to actually build and operate such a function. Aside from the fact that Ms. Watts' organization came to you for information and some expertise, do you really have the expertise to operate a 1,200-kilometre dedicated line that would then be connected with higher-speed and conventional-speed feeder lines?

● (1605)

Mr. Paul Côté: We've been in this business for 30 years. We now operate a certain portion of the infrastructure. We own the Alexandria subdivision and we own a portion in southwestern Ontario. We dispatch it, we maintain it, we market it, and we serve people on it. We built our stations, renovated our stations, and built technology information systems to serve customers and so on.

Everybody's entitled to his or her opinion. When and if the call ever comes from the government for us to position ourselves in that initiative called high-speed and/or any other variations, I would hope that we'd be called upon to intervene on a level playing field. We will make our skills and our expertise known, and hopefully we'll convince people that we have the ability. I'm convinced we do.

Hon. Joseph Volpe: There are some contributors behind you here who will appear before the committee a little later on, both on a systems control side and on a management side—or indeed on a partnership side from the Airports Council, or at least one of the airports. They might be really interested in hearing how we develop that particular relationship. I suspect they'll have a view on how to build that consortium.

You've talked to them, I guess, right?

Mr. Paul Côté: We haven't necessarily talked about this particular subject, but on the subject of intermodal integration, we've been champions of that. In the context of what we do, we've had many discussions with Mr. Langis from Orléans Express; I know that he was here as well. We've had discussions with Greyhound. We've had discussions with some airports—in Montreal, for instance, on the link between the airport and downtown and how we could integrate the proposed shuttle, if it ever sees the light of day, in our operations in the context of intercity mandates in the current context.

So yes, we will; we were just talking before this session. Obviously there will be a need for that.

I do believe, as I mentioned in my remarks—I also read this in the transcripts from some of the people appearing in front of your committee—that the key to all of this is not to look at it as stand-alone but in an integrated fashion, not only between high-speed rail and conventional rail but other modes as well, including air, bus, car, and highway systems. I believe that very strongly.

Hon. Joseph Volpe: Merci.

[*Translation*]

The Chair: Go ahead, Mr. Laframboise.

Mr. Mario Laframboise: Thank you, Mr. Chair.

Taking up where Mr. Volpe left off, one of the two studies you conducted on high-speed rail focused on VIA Fast. Have there been other studies?

Mr. Paul Côté: Our most recent study focused on VIA Fast, but that was not a high speed rail system project. The trains would have travelled at higher than conventional speeds, but this would not have been considered high-speed rail service.

The unique feature of that project is that trains can use existing infrastructures, unlike high-speed trains. We have always thought that new or very different infrastructure would be required for high-speed rail service.

Mr. Mario Laframboise: Let us talk about additional funding. The government has awarded VIA a little over $100 million, as you mentioned earlier. Are you in the process of developing or implementing VIA Fast service?

M. Paul Côté: Further to this injection of capital, we are adding some features to our system based on the VIA Fast concept. We have selected the project components that can be implemented today. We are gradually identifying zones in which the speed and frequency of trains can be increased and the tracks can be shared between freight and passenger trains, to facilitate traffic flow.

● (1610)

Mr. Mario Laframboise: You stated earlier that you were open to the idea of providing us with all of the information available. Could we possibly have a copy of the VIA Fast study? We requested one from Transport Canada and were told by officials that VIA Rail's authorization was needed to release the study to us.

Mr. Paul Côté: VIA Rail must authorize the study's release. I am prepared to approve the committee's request, but the study does contain some confidential data and permission to disclose that information must be obtained before I can give you a copy of the study. The report was drawn up with that understanding with our partners, who include CN and CP. Some of the data is confidential.

Mr. Mario Laframboise: I'd like you to look into that, because at the time, the Liberal government was of two minds. I'm interested in finding out the source of their discord. Today, the Liberals seem more united, but at the time, they were divided.

Mr. Paul Côté: I can answer the first part of your question.

I'm am prepared to make some inquiries to see if the study can be turned over to the committee. We will coordinate this with the committee or with Transport Canada.

Mr. Mario Laframboise: Mr. Gravelle, you have been involved in other studies on high-speed rail. Is that correct?

Mr. André Gravelle: Yes. I either participated in or collaborated on all of the studies.

Mr. Mario Laframboise: The key point for Transport Canada officials is the 1995 study, or so they told us. The study is slated to be updated and calls for tenders have gone out from the Quebec, Ontario and federal governments. It seems that the route alignments proposed at the time will be retained. Certainly you must have followed the evolution of the new call for tender process.

Are we really talking about updating the 1995 study? Do you think there is anything else involved here?

Mr. André Gravelle: The point here is to update the parameters on which previous studies were based. I also think there will be some major changes. The door is being opened to gradual improvements. This approach hadn't necessarily been considered before. Improving or enhancing the reference framework seems like a very interesting approach to me.

Mr. Mario Laframboise: You talked about a gradual approach. What exactly do you mean by that?

Mr. André Gravelle: For instance, we could consider having high-speed trains run on certain tracks and slower trains on others, as is the case in other countries. It would all depend on market requirements and the means available to us over time. A somewhat similar approach has been adopted in France, Italy, Germany and elsewhere.

Mr. Mario Laframboise: Have you travelled to other world countries to study this issue?

Mr. André Gravelle: I most certainly have. I have been interested in high-speed rail for 30 years and I've been a railway engineer for 50 years. So yes, I've had numerous opportunities.

Mr. Mario Laframboise: Ms. Watts mentioned earlier that the population living along the corridor is increasing. However, do you feel that Canada is currently in a position to take on the cost of a high-speed rail service? Do you think new studies are needed to answer that question?

Mr. André Gravelle: New studies are interesting to the extent that they can shed new light on certain project features. The fact remains, however, that the necessary funding must be secured. In the case of high-speed rail, it is the basic infrastructure, not the rolling stock, that is the most costly component of the system. It means a major undertaking over a short period of time. In my opinion, if the study now under way produces findings similar to the ones issued over the years, then maybe the time is right to go forward with this initiative.

Mr. Mario Laframboise: Ms. Watts, your last study was done in 2004. Do you agree with Mr. Gravelle's contention that the most costly aspect of the project would be investing in the corridor but that once this problem had been resolved, the rest of the project would go smoothly? Have you noted any improvements in that regard? According to your study, the financing of the Calgary-Edmonton rail corridor would be spread over 30 years, which seems reasonable to me.

● (1615)

[*English*]

Ms. Teresa Watts: Since the study was done, there really has been no investment in the corridor whatsoever. I'm speaking of Edmonton to Calgary, and that's all I can really refer to.

The only work that has been done as a result of our recommendations has been this investment-grade ridership study. The CP Rail corridor remains, obviously, in operation by CP Rail. The fortunate thing about that corridor is it's pretty much straight as a die. It's not as circuitous as the Quebec-Windsor corridor. But it was built in 1891, and basically they just created two ditches and took the material and put it on top. So it definitely is, like the corridor that was mentioned, I think, in the Alexandria subdivision, one that will require investment if it's to serve high-speed rail.

As far as a greenfield corridor is concerned, to my knowledge there has been no acquisition of a corridor. Of course there has been development since even 2004 within the corridor. It's a very fast-growing corridor. And, clearly, any time you would go forward with a high-speed rail study, if the decision were to create a new corridor for it, you would have to re-look at where that corridor could go so as not to go through subdivisions that have been built in the interim periods.

So, no, there has been no capital investment, to my knowledge, and certainly not from government, in the Calgary-Edmonton corridor.

[*Translation*]

Mr. Mario Laframboise: Do you still maintain that approximately 70% of the fit-up costs would be recovered over a period of 30 years?

[*English*]

Ms. Teresa Watts: Well, certainly our study was a pre-feasibility study. We made every effort to be very conservative, because it did not take the level of engineering or estimation—

An hon. member: Hear, hear!

Voices: Oh, oh!

Ms. Teresa Watts: Thank you. An unfortunate coincidence—

Voices: Oh, oh!

Ms. Teresa Watts: Or fortunate, in this case, very fortunate.

As a consequence, there has been an escalation of costs. On the other hand, I think we see some improvement in terms of how construction costs have increased in the interim period, but we made certain recommendations in terms of looking for areas of cost savings, with more detail to ensure those costs were robust, before anyone committed to a project and signed on the bottom line.

Given the information at the time, with the CP Rail option we saw full cost recovery plus a surplus of $700 million, with 73% of costs being recovered over 30 years, again, based on the estimate of ridership and also the cost configuration. I would say that some of those assumptions would need to be revisited, obviously, if someone decided to sign a cheque today, which I'm very happy to take back to the west with me.

The Chair: Thank you.

Ms. Chow.

Ms. Olivia Chow: Assuming that we eventually have a government that has the determination, the courage, and the political will to go ahead with high-speed rail, describe a scenario to me. Let's take the Quebec City-Windsor corridor, and just take a piece of it, let's say from Toronto to Ottawa to Montreal. How would it work in terms of the intermodal cooperation? With VIA Rail, you have 30 years of experience, 4.6 million passengers, and the expertise.

I'm trying to picture what it would be like in Union Station, if someone could park there, take a bus there, or get off the subway. Would it be on the same track as VIA Rail, or would it be two separate tracks? How would it work if VIA Rail has complete control and/or the cooperation so that it would work seamlessly?

I'm just trying to picture it, because, as you know, the City of Toronto is renovating or revitalizing Union Station. I would imagine the design, if there were high-speed rail, would connect. Are we talking about different tracks or the same track? How would it work?

Mr. Paul Côté: Ms. Chow, the first comment I need to make is that this is very important, and once again, when we talk about high-speed trains that travel in excess of 300 kilometres per hour, they do travel on dedicated and exclusive right-of-way.

Ms. Olivia Chow: That's what I thought.

Mr. Paul Côté: That's the first thing.

However, one needs to keep in mind this other notion—and you touched on it—that this is the spine, or the backbone, of a much larger network that connects to it. I'm not sure what the routing will be when the decision is made, let's say hypothetically, between Quebec City and Windsor. I'm not sure what that routing will be, but the concept.... That's the way it is. I know a bit about the French network and that's exactly what they've done. They've developed a high-speed network and now they're in the process, and well advanced in it, of modernizing the regional network. That network connects.

Let use the example of Kingston. East of Kingston, in the direction of Coteau and Cornwall, let's say, assuming the routing of the high-speed train would go Montreal-Ottawa, Ottawa-Toronto, people ask what is going to happen with Coteau, with Cornwall, and with other communities. I believe the mayor of Kingston was in front of your committee. I read his comments and his valid concerns. But until the routing is defined, I think we need not to draw quick assumptions. The network would feed off other modes or other types of rail services that are more conventional. It could be buses. It could be the highway system.

In the case of Toronto, as you say, we have ongoing discussions with the City of Toronto on the development of that station. GO Transit is involved in these discussions. The city knows that these studies are going on because the Government of Ontario is involved.

Our vision is that whatever or whoever operates it—if it ever gets decided to operate it—our vision is that we will try to make the point that these systems must connect with each other and complement each other, be they conventional rail, high-speed rail, bus, highways—

● (1620)

Ms. Olivia Chow: Subways.

Mr. Paul Côté: —and subway systems, exactly. Thank you very much. In the case of subway systems, for instance, you have GO, Agence métropolitaine de transport in Montreal, and systems like that. That is the critical success factor for this project, in our opinion.

Ms. Olivia Chow: I absolutely agree. I can't imagine getting off the subway at Union Station and not being able to connect to the high-speed—

Mr. Paul Côté: And having to go to another station.

Ms. Olivia Chow: That's right. You don't want to walk for ten minutes or take another bus to go to the high-speed rail. It does not make sense.

Having said that, because the Union Station construction and renovation and revitalization are occurring, at what point do you think that some decision has to be made if it is to connect with that hub? Because that is the transport hub in Toronto, which is the biggest city in Canada. If this high-speed rail is to move forward and is to be connected to the hub, is there in your mind a bit of a deadline for a decision, a timeline? If not, the train will have passed the station, so to speak, and we'll have missed the train, not the boat.

Mr. Paul Côté: Regarding specific allocation of space—track space and station space—for a high-speed network connecting into Union Station, obviously it would be difficult to be too precise on that at this moment. I think the direction the development project is trying to take into consideration as we develop GO—and we don't run GO, as you know—as we develop TTC, as we develop VIA Rail, and we develop stations is to do that in the context of much larger ridership than what exists now. That is not exactly the reality of today or the short term, but a vision of a much longer term where ridership will significantly increase, because as transportation experts, I would think that the added network of a high-speed connection would be accommodated, and we would have to make, I suppose, some specific arrangements, as I said, because of its design and specific and unique nature.

I'm not very worried about that, because I think the people who are doing this are visionary enough to account for that.

Ms. Olivia Chow: That's good to know. Okay.

I have just one last question. Do you have a sense of the percentage of passengers who would go from Toronto to Ottawa who are not going Toronto-Kingston, or Toronto-Cornwall, or Toronto-Port Hope, and who are going directly to Ottawa? So if there were high-speed rail, would it be a net gain or a net loss for VIA?

● (1625)

Mr. Paul Côté: I wish I could be as specific and definite in my answer as I was in the previous answer on this particular question. I think this is where we need to wait for the findings of the consortium's train study, the tripartite three-government project. I think that's what they're looking at. What are the revenue projections? What is the ridership projection in the current context, given all the changes that have happened since the last study?

I don't have this information with me, obviously. We don't run that study, but Monsieur Gravelle and Mr. Kolaitis here with me, who have contributed to previous studies, have made an offer to participate. So at the appropriate time, if we are called upon, we will make our expertise known, and then at that time this image will emerge, but right now we don't know.

Ms. Olivia Chow: Does Ms. Watts have any...?

The Chair: Ms. Brown.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Mr. Chair.

Thank you, witnesses, for being here today.

Mr. Côté, a couple of things you said today really resonated with me. First of all, your analogy of the backbone is something that I think we Canadians need to hear, because all of us can relate to the benefits of having a backbone that holds us up. I think we need to see this in the context of the bigger vision of what it means to our country in high-speed rail, not just in single access routes like Edmonton to Calgary or Toronto to Montreal. We need to envision this from the much larger perspective.

To carry on that analogy, the backbone is only beneficial, really, when the appendages are all there to work. You spoke to Ms. Chow about the integrated networks that we would need to see. What we didn't touch on was short rail and some of the light rail, such as, for instance, in Toronto, the Scarborough rail that we have there. The integration of those projects would be absolutely critical to how all of this would work. I think that analogy is something that could be fleshed out, if we want to use that term.

One of the things that you also said, though, was that public interest in these issues is high. Could you speak about that? Have you spoken to your clients? How have they reacted to this whole endeavour on high-speed rail? Many of us have had the experience of travelling in Europe; I, for one, have had the experience both in Europe and in Japan and have seen the benefits of high-speed rail in those communities. We are neither of those communities, with our population densities spread out so far, but I wonder if could you speak a little bit about that?

Perhaps, Ms. Watts, you could talk about corridors and this whole idea of the spine. Have there been corridors identified that would, across the country, make a spine that would give us a national vision?

Mr. Côté.

Mr. Paul Côté: Let me answer your question on the interest this way. There were surveys and polling done by the Railway Association in May of 2008, asking people if they were favourable, somewhat favourable, negative and so forth, and the results indicate that the positive and somewhat positive are in excess of 70%. That's a survey. These are numbers that exist and that we can share with you afterwards if you want.

But let me answer it in a different way. I get many requests to speak to different groups: universities, social clubs, business clubs, and so forth. Inevitably, at every speech and every opportunity I have, the question comes up. Do you think we will have it? Do you think it's going to happen? Do you think there's potential for it? Do you think the government will in fact do it? And every time, I have to be prudent in my answer, because once again, you know, we have to wait for the findings of the study. We're very happy, actually, that the three governments decided to undertake this review.

I sense it and I am asked constantly about it. I know that our employees are wondering about it and wondering if it's ever going to happen. They have the evident question: if high-speed happens, what happens to the company? I always answer the same way, saying that it is premature, and if that decision is made we'll see what the actual business model will be for the operation of passenger rail in the country.

There is, in fact, support for this project. That's all I can say.

● (1630)

Ms. Lois Brown: May I just ask one question, then?

Mr. Paul Côté: Of course.

Ms. Lois Brown: With all of the investment that is going into public transit, would you suggest that perhaps we're working at this backwards and that this is a decision that should be made first, because everything else will work out from it?

Mr. Paul Côté: I don't think we are doing it backwards, actually. We explained this before, but I can elaborate on it.

In terms of the investments currently being made in the company, $923 million, we are investing about $475 million in infrastructure. That money is not going to get wasted and lost. There are regional markets and local markets that will continue and that will require service. I strongly believe they deserve a great rail service, even if it's not directly served by the high-speed rail network, if that ever sees the light of day.

I talked about Cornwall and Coteau and other areas that may not eventually be on the high-speed line. They nevertheless deserve, I think, to have a quality service, and that's what we're doing. We're building up the system gradually. We're increasing speeds and we're increasing capacity to build frequencies. We are investing in our equipment that will be used for regional, local, and intermediate city markets—the LRCs, the locomotives, and so forth. The LRC is one type of equipment that we use.

So in terms of what you said, I don't think so; it's just a natural evolution, I think. As André Gravelle mentioned before, as we go along we need to invest in and build the franchise, which is what we intend to do.

Keep in mind that even if the government were to approve a system now, make a decision now, it would take ten years, let's say, to build. Ten years, I'm told, is a reasonable amount of time that it would take to build. So what do we do in the meantime? We need to continue to build the franchise, develop the markets, and solidify the foundation and the market share of that mode. I believe that.

Ms. Teresa Watts: In answer to your question, I would first of all support what Mr. Côté said about market research and public support for high-speed rail. That certainly was the case, with comparable levels of support, when we undertook a study in 2004 within the Calgary-Edmonton corridor. Market research revealed similar levels of support.

On the west coast, there is a very high degree of interest in high-speed rail between Vancouver and Seattle, particularly given President Obama's recent interest in high-speed rail. There's been a great deal of discussion, and a lot of support has been expressed around that particular service.

I also agree with the need to integrate these services with other modes, in particular other public transit modes. In both Calgary and Edmonton, the desired station locations in the downtown cores are ones that are in proximity to the light-rail systems that currently serve those communities. That was discussed in this feasibility study and indicated as something that would require more attention once it advanced into more detailed planning and design.

Equally, as far as intermodal issues are concerned, there's high support for station locations in suburban Calgary and suburban Edmonton in proximity to the two international airports. Discussion amongst the steering committee, and certainly the need, in recommendations, to look at how to integrate this high-speed rail service with those other services because of the opportunities to partner with airlines and airports, and to provide improved access generally to those airports and service to the citizens—

The Chair: I'm sorry, we do have a bit of a time squeeze here.

I know that we have guests who are prepared to come forward. I'd like to suggest that we go three minutes in one more round to give everybody one more chance to speak to these guests.

Ms. Findlay.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thanks very much, Mr. Chair. It's great to be back at the transport committee.

I remain a little bit concerned about the number of studies and the fact that we're now undertaking a multi-million dollar study of studies. In and of itself, that begs some questions. I recognize that this is primarily focused on the 1995 study, but how many studies have there been, ballpark, on a high-speed rail system in Windsor-Quebec?

Mr. Paul Côté: I would have answered five, but André says about seven, so let's settle for approximately six; it's something like that.

We can give you a more accurate number through the clerk, if you want.

● (1635)

Ms. Martha Hall Findlay: Over what length of time has this been studied?

Mr. André Gravelle: The first study started back in 1981, so it's been about 30 years.

Ms. Martha Hall Findlay: Out of those, how many recommended that the government of the day in fact invest in a high-speed rail system? Or did they get that far?

Mr. André Gravelle: There's no specific recommendation that I can remember, but the results of the study were not necessarily conclusive either. They raise many questions in regard to the quantum leaps in ridership, for example, and the cost of the installations.

Ms. Martha Hall Findlay: The 1995 study had a ballpark figure of about $18 billion. I know that this new study will come up with a new number, but do you have some sense of what we might be looking at now?

Mr. Paul Côté: I don't, but André Gravelle.... I don't know.

Mr. André Gravelle: I couldn't tell you. It all depends on what the systems actually are. I can tell you that the bulk of the money goes into the infrastructure, but it all depends on exactly the layouts and the actual level of service that is envisaged.

Mr. Paul Côté: One key criterion, obviously, as you know, is the length of the line. When we describe that, it's Quebec-Windsor. That's been traditional. It's like a brand. Quebec-Windsor has become a brand, but is it really going to be that?

Ms. Martha Hall Findlay: Exactly.

Mr. Paul Côté: We don't know that. I don't want to presume that it will be shorter or longer, not to get anybody upset or the mayors excited. We'll have to wait and see. Then there are routing and expropriation costs, if any, to go back to Mr. Volpe's earlier question.

Ms. Martha Hall Findlay: I guess we'll find out, but it would have been more apples-to-apples in comparing the study that was done in 1995, the kilometrage, etc.

Can I just clarify something? In the 1995 study and the 200-kilometre approach versus the 300-kilometre approach, not that $2 billion is different, but I think one was around $16 billion and the other was around $18 billion. Is the new study looking at both of those again as well, or is it...?

Mr. Paul Côté: I couldn't answer that specifically. I don't really know what they're looking at right now specifically.

Ms. Martha Hall Findlay: Ms. Watts, do we have some ballpark idea of the cost for Calgary-Edmonton?

Ms. Teresa Watts: Yes, but it is a 2004 figure, I will say that, and it is a pre-feasibility study. There was quite a high contingency built into those numbers, particularly for the new greenfield option. The range was $1.7 billion for the CPR option, which is the existing corridor, and I think the high was $3.4 billion for the electrified greenfield option.

Ms. Martha Hall Findlay: Right. My apologies. You actually did say that in your beginning—

The Chair: Thank you. I have to stop you there.

Ms. Martha Hall Findlay: Three minutes is not enough.

The Chair: Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise: I have a question for Mr. Côté. The Canadian Bus Association has told us that this initiative would pose something of a problem for them, unless a public-private partnership can be forged. If that were possible, they would be interested in taking part, along with their parent company that specializes among things in rail transportation in Europe, in a call for tenders for a public-private partnership to develop a high-speed rail corridor.

Are you concerned at all about this, or is VIA prepared to enter into a public-private partnership, if its charter could be amended? There were plans once to amend VIA's charter, but nothing ever came of it.

Mr. Paul Côté: I have been working in this field since 1972 and I've never been afraid to take up a challenge. I'm scheduled to retire at the end of the year. Throughout my years of working for CN and VIA Rail passenger services, I've had to face some enormous challenges. If governments give the go-ahead to high-speed rail and if it means that VIA Rail and others must demonstrate their ability to be worthwhile partners, then I can assure you that VIA Rail workers have the skills, expertise and motivation to get the job done. If it is given the opportunity to come on board, VIA Rail will be able to use its expertise, qualities and long-standing experience.

I have been the President and CEO of VIA Rail for six years. Everywhere I go, people congratulate me and VIA Rail for doing a good job with the current rail network. I can't say what the government will decide to do, but if ever it is given the opportunity, VIA Rail could certainly be a key player and would be prepared to face the competition.

● (1640)

[*English*]

The Chair: Ms. Hoeppner.

Ms. Candice Hoeppner (Portage—Lisgar, CPC): Thank you very much, Mr. Chair.

Thank you to the witnesses. I really have enjoyed the information, specifically the information, Ms. Watts, that you're bringing forward. I think it's important because it's concrete.

Can you tell me why, in your opinion, Calgary and Edmonton do not go ahead and build this?

Ms. Teresa Watts: I know for a fact that the Alberta government was very interested in the project. They have gone forward with the next step, which was our recommendation, to get more robust figures around ridership to assure them and inure themselves from the risk. I think it will obviously require a large expenditure of money, and there are many demands on the public purse. I can't speak for why they didn't go forward with it, but I know that the premier at various times has expressed his support for it.

I think the important thing and the interesting thing about the high-speed rail is that it would fundamentally change that corridor. It would change it from being a corridor with two centres, which at one time were competing, into being a complement of one million people, effectively shrinking the distance because of that link, to a unit of three million people. I think that it has to be linked to a broader vision of economic development. It's not simply a transportation solution, but a provincial shaper of that corridor, which has been such a juggernaut of growth over the last decade.

Ms. Candice Hoeppner: Did your study also take into account whether people would access this mode of travel if they were able to have access to good transportation within the city? I'm talking about making sure that within cities there's transportation. Would that affect the ridership?

Ms. Teresa Watts: It definitely does affect the ridership.

We recommended two things. First was that the stations be located in proximity to the downtown stations and the LRT, and, second, in the outer facilities, our market surveys indicated the need for parking, and we incorporated that into the study and costing.

Ms. Candice Hoeppner: Okay.

Also, did it take into account—and we've talked about this a lot over the last few weeks—our weather and the fact that the standards aren't set on what kind of rail we would need to withstand the weather in Canada? Obviously there's a lot of research and development still that perhaps has to go forward. Did your study take that into account?

Ms. Teresa Watts: In two ways—sort of a yes and a no—it did. First of all, obviously there are areas in Switzerland and so on that have snow as we do. I think the engineers felt that the design standards being applied would not be a problem. Having said that, we did not do a study of the technologies in terms of weather, etc. We did, however, acknowledge that one of the demand-side aspects of the high-speed rail is that when there's bad weather and Highway 2 closes between Edmonton and Calgary, this would offer a viable alternative to very dangerous driving conditions at those times. Those were the plus and minus sides of that question.

Ms. Candice Hoeppner: I guess the jury's still out on the standards. We have been told that we would have to set new standards. I would be very appreciative of getting that information so that we would know what's required.

The Chair: With that, I'll thank our guests for being here today. We appreciate your input.

We will take a brief one-minute recess while our new witnesses come forward, and then we'll continue.

● (1640)

(Pause)

● (1645)

The Chair: Thank you. Welcome back. We appreciate our guests' patience.

I'd like to now introduce Guy Baruchel and Kevin Fitzgerald, with Thales, and Toby Lennox, vice-president for the Greater Toronto Airports Authority.

I understand that you know the rules, so I would ask you to present, and then we'll get to questions.

[*Translation*]

Mr. Guy Baruchel (President, Thales Canada Inc.): *Merci, monsieur le président.*

As President of Thales Canada, I welcome the opportunity to appear before the committee today to speak on the issue of high-speed rail in Canada and more specifically on what we would be able to provide in the way of high-speed train control systems.

● (1650)

[*English*]

I will be sharing my time with Kevin Fitzgerald, our vice-president of business development within the rail signalling division of our company in Toronto. I will start first with a few words about our company.

Thales is a world leader for electronic systems, serving the fields of defence, aerospace, and security with world-leading and dual-use technologies. Similarly, in Canada, Thales Canada is organized into three business lines: one for defence, based in Ottawa and Montreal; one for avionics, based in Montreal; and one for rail signalling, based in Toronto. We employ 1,350 people and our sales last year were over $400 million Canadian.

As a worldwide company, Thales Group's sales last year exceeded $18 billion, and we employed 68,000 people in more than 50 countries. Out of this number, 22,000 people and 19% of the revenues were directed to R and D. This R and D capacity and focus were exactly what led our company to establish our facility in Toronto in the seventies, when the province decided to encourage the development of modern urban transit systems.

Today, I am proud to say that our Toronto operation is a world leader in rail signalling and an international centre of excellence for our group, the Thales Group. From Toronto, we are providing our customers worldwide with turnkey solutions that increase performance and capacity while reducing operating, maintenance, and infrastructure costs.

In Canada, our systems are in service in Vancouver for the SkyTrain line and the Canada line, and in Toronto for the Scarborough rapid transit line. As an exporter from Canada, we have delivered major projects in Hong Kong, Shanghai, Beijing, London, Kuala Lumpur, Seoul, and New York City, and we are now developing a system for Paris, just to mention some of them.

[*Translation*]

On the issue of high-speed rail, Thales has been a world leader through its European units and its systems are currently in use on lines in France, Spain, Greece, Germany, Finland, Turkey, Algeria and Mexico.

[*English*]

The construction of a high-speed railway system in Canada would have a very significant industrial impact for Thales Canada. The Thales Group has as a policy to ensure, when we have such a major project, the transfer of technology and knowledge from other business groups worldwide into a division—and in this case, into our division in Toronto—to provide the Canadian customer with a solution that will be not only the best solution the group can offer, but, most importantly, a Canadian solution.

I would like now to give the floor to Kevin, who will give you more technical information about our technology.

Mr. Kevin Fitzgerald (Vice-President, Business Development, Thales Rail Signalling Solutions, Thales Canada Inc.): Thank you, Mr. Chair, for the opportunity to provide further details on the technology that is behind the efficient operation of any high-speed railway.

All railways need to operate according to a set of rules that ensures the safety of the passengers, trains, and everything in the immediate vicinity of the railway in addition to the actual service provided by the railway. These operating rules are embedded in what is called the "signalling and train control" system, usually shortened to "signalling".

High-speed railways in Europe use an implementation of signalling that is known globally in the industry as the ETCS, or European train control system. ETCS has the advantage of being a universal signalling system that can be used for all modes of train service in addition to such high-speed operations as commuter and freight operation. ETCS enables the transmission of information from along the track to the train, allowing the computerized on-board equipment to calculate and monitor continuously the maximum-operation speed of the train in connection with a graphic display for the driver in the cab of the train.

ETCS brings considerable advantages to railways—for example, increased capacity on existing lines as a result of reducing headways, or the space between trains; higher speeds up to a maximum of 500 kilometres per hour; reduced maintenance costs due to less equipment; and, as well, improved safety.

There are several levels of ETCS, depending on the complexity of the requirements of the railway's operation. The fundamental building blocks of ETCS are well defined, comprising a warning indicated to the driver when approaching a signal, a train stop function at signals, or a supervised braking curve in front of signals. These are selectable by the railway, depending on the level of supervision required.

Most importantly, at all levels of ETCS, the on-board computer compares the train's speed with the maximum speed allowed on that section of the railway, and applies the brakes automatically if the speed is exceeded.

The multiple levels of ETCS allow the optimized application under different operational and technical conditions for a specific line or subnetwork. Because trainborne equipment is downwards-compatible, trains can operate seamlessly on the whole network. A high-speed train could actually transfer to commuter or freight lines in certain instances. In some systems, an increase in train services of up to 40% has been achieved.

ETCS levels one and two are now in operation on all kinds of railways, from high-speed to conventional to commuter and regional lines, covering high-density and low-density operations. By now, thousands of kilometres of ETCS track and on-board equipment are either in service or being installed. A total of 35,000 kilometres worldwide has been projected to be equipped.

It's interesting to note that 50% of this track is located outside Europe, in countries such as Mexico—and hopefully here in Canada. This demonstrates the global acceptance and performance of ETCS.

Suppliers and all global customers alike are working together to maintain a common framework to ensure stability of ETCS today and in the future. A well-defined change control management process maintains the standard, using feedback from all stakeholders. This is a continuous process to keep ETCS stable while still being able to be improved.

From the beginning, one intention was to open the market with ETCS so that interfaces were standardized, which fostered competition between several suppliers of ETCS trackside and trainborne equipment. Competition is now well established, safeguarding cost-effective and efficient solutions for the benefit of railways worldwide.

This is certainly relevant for project tendering and implementation. Additionally, it guarantees a long lifespan for the system solution, because more than one supplier is able to deliver components.

In summary, the signalling technology exists today that can safely and reliably operate high-speed rail, as demonstrated in countries such as France, Germany, Spain, and Japan. Thales looks forward to participating in the building of Canada's first high-speed railway, much like we participated in building Canada's first driverless metro system in Vancouver in the eighties.

Thank you.

● (1655)

The Chair: Thank you.

Mr. Lennox.

Mr. Toby Lennox (Vice-President, Corporate Affairs and Communications, Greater Toronto Airports Authority): Good afternoon. My name is Toby Lennox. I'm the vice-president of corporate affairs and communications for the Greater Toronto Airports Authority. Thank you for the opportunity to appear before you today to provide the GTAA's perspective regarding high-speed rail in Canada.

I should also point out that I've been asked by my colleagues at Aéroports de Montréal to indicate that they espouse the views that I'm going to be offering today.

The GTAA is the private not-for-profit corporation that operates Toronto Pearson International Airport. As Canada's busiest airport, Toronto Pearson is an essential component of the transportation infrastructure that connects our nation with the rest of the world. We handle approximately one-third of Canada's passenger traffic and 50% of all air cargo. This activity fuels Toronto Pearson's role as a critical economic engine for southern Ontario and Canada, generating thousands of jobs and billions in annual economic output, wages, and taxes.

Mr. Chairman, just as your committee is examining options for addressing the transportation needs of Canada, we too are considering the future of Canada's transportation system and our role in it. There are many uncertainties: the rising cost and scarcity of oil, the impact of environmental regulations, and other changes we have yet to anticipate. We must, however, continue to work with you and all levels of government to anticipate these changes, examine alternatives and solutions, and ultimately strengthen our transportation infrastructure.

Airports are not islands unto themselves. For Canada's transportation system to operate efficiently, effectively, and sustainably, intermodality is necessary. Just as the air mode cannot operate in isolation from other modes, the same applies for high-speed rail. This is particularly the case in the Quebec-Windsor corridor. In exploring how to best implement high-speed rail, it is in all of our interests to consider it in the context of the whole transportation system. Airports are not destinations. Rather, they are facilities that accommodate transitions for both people and goods—in other words, gateways.

Having recently completed our airport development program, Toronto Pearson is poised for growth. Growth would not be possible without reliable, innovative, and competitive aviation infrastructure. If planned properly, high-speed rail provides an opportunity to strengthen the role of major airports as regional transportation hubs. The greater Toronto area is currently experiencing a renewed investment by all levels of government in regional transportation. A regional transportation plan created by the region's transportation agency, Metrolinx, outlines a coordinated multi-modal transportation system, with focus on rapid transit expansion.

In this plan, Toronto Pearson was identified as a special mobility hub. It is considered a key connection point for several of the recommended top-priority rapid transit links, including the proposed air-rail link to downtown Toronto. Due to its relationship with urban growth centres, Pearson provides an opportunity for efficient intermodal transfers of high volumes of local, regional, and international travellers. It is our view that the integration of high-speed rail would augment the efficiencies of this planned regional transportation system. Further, the GTAA is very pleased to have been asked by Transport Canada to participate as one of the private sector members on the Ontario-Quebec continental gateway and trade corridor.

Through this forum, we hope to advance the discussion about transportation in this corridor in an integrated fashion. It would be an opportunity lost if we did not maximize easy and efficient connections between the rail, highway, and air modes. To achieve the full benefit of high-speed rail, we need to look to the experience of Europe and other parts of the world. Several countries have built or are building extensive high-speed rail networks that often link directly into major airports, such as in Frankfurt and Paris. We will need, however, to come up with a made-in-Canada solution.

High-speed rail will have an impact on air passenger service. In the Windsor-Quebec corridor, most of these impacts will be experienced on what is called the "eastern triangle", the services between Toronto, Montreal, and Ottawa. This segment for the GTAA accounts for approximately 3.5 million passengers annually, or more than 9,500 passengers per day. With competition from high-speed rail service, we would expect the demand for these short-haul domestic flights to soften. To what extent that would be would depend on a number of factors, including the cost of the new rail service, markets served, location of stops, etc.

● (1700)

At the same time, we need to look at the potential options, consequences, and possibilities. Will reduced demand for short-haul operations free up capacity for more long-haul flights to international, transborder, and long-haul domestic destinations? Will this ease future capacity pressures and thus delay the need to expand airport facilities further?

The impact of high-speed rail on air travel in this corridor is not yet entirely clear. However, to ensure that the air transportation system can withstand this transitional culture shock, it is vital that any future planning related to high-speed rail is integrated into the existing airport system.

As previous studies of high-speed rail have shown, this mode of transportation will require a significant financial commitment. That is not to say that the investment should not be made; however, the financial viability of the entire system needs to be considered so that the maximum benefits of high-speed rail can be realized. Therefore, we must keep an eye on the continued financial health of the aviation sector when decisions are being made regarding the funding of transportation infrastructure.

In conclusion, we encourage the federal government to continue to explore high-speed rail as a component of our national transportation system. The government should ensure that a big picture approach is taken. We believe that there are real opportunities to integrate high-speed rail and international, transborder, and long-haul domestic travel from airports, and in particular, Toronto's Pearson. It is imperative that these modes are integrated in order to take advantage of intermodal efficiencies that will benefit all Canadians through a strong transportation network.

Thank you.

The Chair: Thank you.

Ms. Hall Findlay.

Ms. Martha Hall Findlay: Thank you very much, Mr. Chair.

Thank you, gentlemen, for being here with us this afternoon. I apologize to you, gentlemen. My questions are all going to be for Mr. Lennox, I'm afraid, but it won't be anything personal.

I am very interested in the connection between the airport and a larger transportation infrastructure. In the city of Toronto, we don't have any connection now between Toronto's Pearson airport and the rest of the public transit system. That is in stark contrast to pretty much every other international city in the world. It really comes to me now that we're talking about this and we're having this discussion in the context of a potential high-speed rail system.

I appreciate the fact that GTAA wants to be involved in those discussions, as it should be, but we heard today again that even if a decision were made today, the likelihood is that it would take a decade for such a system to be built. So my questions for you, Mr. Lennox, have to do more with what we do in the meantime. To the extent that you're in discussions on this topic, what are you recommending that we do in the meantime? Can you speak a little bit to the challenges we're facing in that regard right now?

● (1705)

Mr. Toby Lennox: Absolutely, and I'm delighted that you brought it up. The GTAA takes a very long-range look both to the role of Pearson airport in the community and to the impact we have on that community. It's our view that the only sustainable option we have at the present time is to look for alternative means to get passengers—and workers, by the way—to the airport. Therefore, you actually have to start looking at a varied approach.

On the one hand, we are delighted by the initiatives that have been taken to actually have the link to downtown. The air-rail link has been initiated. We have an environmental assessment proceeding. I think that is a terrific initiative.

We are also working very closely right now with all of the transportation agencies in Mississauga, in Brampton, and in the city of Toronto, and with Metrolinx, to augment the mass transit systems to the airport, which, I completely concede, are woefully inadequate. We have about 42,000 people working at the airport. We are in an area, as you are very familiar with, that is economically depressed. We are a major employment centre, but one of the major gaps we have is, simply, that the access to the airport itself is inadequate. So right now we are working with the TTC and with Metrolinx on the engineering drawings to see if we can bring the Eglinton light rail transit system into the airport. We're doing the same thing along Finch.

We have been working very closely with Brampton. After all, most of our employees come from the north and the west, so we're working with Brampton to improve the transit service into the airport, keeping in mind the very odd and unusual hours that we have at the airport. Our peak time for employees is about five o'clock in the morning.

I completely agree with you: we have to take these small steps before we're going to take the larger step of high-speed rail. However, the concept remains the same. The intermodality of rail and air and the movement of people is essential to the long-term health of the system we have, so it is something we're pursuing very vigorously.

Ms. Martha Hall Findlay: It's unfortunate when we run out of time here; this format really is limited, obviously, in terms of time. But even when we had the witnesses here from VIA, in talking about the long-term prospect of high-speed rail, the concern was that while we talk about a high-speed rail system, an awful lot still needs to be done to improve that system between now and whenever a high-speed rail system might be built.

The concern already has been, I think, that investments in improving the current system are not made because of an anticipation that this is going to cost so much money, there's not much point in making the really middle-level investments that we need for the next decade.

Mr. Toby Lennox: Absolutely.

Ms. Martha Hall Findlay: Can you comment a little bit in terms of the GTAA and what we're seeing in Toronto, and your involvement with the high-speed discussions?

Mr. Toby Lennox: I know this may come as a surprise to some, but we actually have stopped building at Pearson airport.

The point is that aviation infrastructure takes a great deal of lead time to build. It's incredibly expensive to build. If we were to anticipate that a portion of traffic would go off, in an ideal world, to high-speed rail, I would have to take that into account in the planning decisions I make at my airport and for the types of developments I make. I will tell you, quite frankly, my concern: that the very imperatives that drive high-speed rail and make the policy case for high-speed rail—we are into peak oil, or we're talking about the greenhouse gas emissions we have to deal with—are the very issues that will hollow out the aviation industry. By the time you've developed high-speed rail, there will be nothing to plug it into. What you're left with is a slightly balkanized country.

We are and we are not Sir John A. Macdonald's Canada, in that it is not practical for us to get from Montreal or Toronto to Vancouver by train. Could we get there by virtue of a mix of the two? These planning decisions take a long time. In order for us to plan adequately and appropriately our aviation infrastructure, we have to be able to match it in with what else is going on.

That is really why we're here at this time. We are here to make sure, to urge, that we have that kind of dialogue and that kind of conversation; we're saying let's take that longer-term, systemic approach to it.

● (1710)

Ms. Martha Hall Findlay: Thank you.

In your presentation you mention at one point, in the financing section, that the financial viability of the entire system needs to be considered so that the maximum benefits of high-speed rail can be realized.

In a world, or at least in this country, where, although roads are regarded as the public good, rail is not, or not completely—that's a much larger philosophical and economic discussion—what, in your mind, constitutes financial viability?

Mr. Toby Lennox: To be quite honest with you, I'm not sure. Those are the discussions we're going to have to have. I'm not sure, in my own mind, at what point we're going to potentially hit, because we may or may not hit, a time at which point the aviation industry, or the air carrier industry—I don't want to be speaking about my industry—is saying, look, we're dealing with $250-a-barrel oil, which means we're going to make choices regardless of what infrastructure is available; we'll make those decisions, but it means we'll be cutting out of short haul. They will be making those decisions.

Therefore, the issue I'm talking about is that the discussion has largely been framed around rail and concrete and where the lines go. My problem is that you then have to step back and ask, if you're going to have a transportation system from a commercial perspective, if that will be able to meet the transportation needs. My concern is that it's a broader question, and those issues aren't being raised.

Quite frankly, I'm not here asking for a handout. I'm a commercial operator. I have my pressures. I know what my costs are. I will manage those and I'll be as competitive as I can. I'm just trying to step back and say that you should look at the financial system you have, look at the commercial system you have, at the same time that you're talking about the bricks and mortar, if I can put it that way.

I'm not sure I've answered your question, I'm afraid.

Ms. Martha Hall Findlay: But you were at least honest at the beginning when you said you weren't really sure.

The Chair: You're probably not going to get to ask another one, unfortunately. I have to go to Monsieur Laframboise.

Ms. Martha Hall Findlay: Thank you. I appreciate your comments.

The Chair: Monsieur Laframboise, go ahead, please.

[*Translation*]

Mr. Mario Laframboise: Thank you very much, Mr. Chair.

My first question is for Mr. Baruchel. I'm from the north shore, opposite Montreal, and Mirabel is located in my riding. I've seen first hand the quality of your work on aeronautics systems.

I'd like to talk about rail signaling. Is your work around the world advanced enough for you to tell us what percentage of the total installation cost can be attributed to signaling, or must each situation be analysed individually, because each one is different?

The Quebec-Windsor corridor is approximately 1,200 kilometres long. You have no qualms about installing signaling over 1,200 kilometres of track. Do you know in advance what signaling represents as a percentage of the overall cost of a rail line?

● (1715)

[*English*]

Mr. Kevin Fitzgerald: The signalling generally represents about 7% of the capital cost of building a rail network. Of course it depends on the complexity of the network, but it's somewhere between 5% and 7%.

[*Translation*]

Mr. Mario Laframboise: I see.

Obviously, there are many different kinds of networks. Members of the public ask us many questions about viaducts. All of this must be factored into the cost. The greater the number of viaducts, the higher the costs. Add to that the fact that signaling systems are now fairly advanced.

I'd like to know how far advanced your technology is, given all of the obstacles that will present themselves. Whether you're dealing with the safety of an overhead rail line or of a track at ground level, whether there are viaducts or not, there is really nothing that worries you here. You've already dealt with these considerations and you are capable of handling anything that comes your way.

Mr. Guy Baruchel: We have a great deal of experience. We acquired it in Europe, in Asia and in Latin America. We have encountered very different situations and we've never had a problem from a safety standpoint.

Our system relies on communication technologies, located on board and along the tracks and in central command centres. These technologies do not pose any problems, regardless of the configuration of the infrastructure itself.

Mr. Mario Laframboise: Nor is the technology affected by temperature.

Mr. Guy Baruchel: No, the temperature doesn't bother us either. All of our equipment positioned along the tracks is guaranteed and capable of withstanding temperature extremes, that is very low or very high temperatures.

Mr. Mario Laframboise: Thank you.

My next question is for Mr. Lennox. Undoubtedly you are a member of the Canadian Airports Council. Mr. Facette made a presentation to the committee this past Tuesday.

Are you a member of the CAC?

Mr. Toby Lennox: Yes.

Mr. Mario Laframboise: I find you much calmer than Mr. Facette. In his opinion, unless airport leases and AIF are abolished, and unless all fees tied to NAV CANADA are eliminated, there is no possible way to...

I think you're right to say that we need to consider transportation from a more global perspective. This is a reality, in Toronto as well as in Montreal. You told us that ADM backed the recommendation that you are making to us today. Isn't that in fact what you said earlier?

Mr. Toby Lennox: I'm sorry, but I don't speak French very well.

Mr. Mario Laframboise: We have simultaneous translation, so that isn't a problem.

[*English*]

Mr. Toby Lennox: For the GTAA, we want to try to keep the issues of the commercial pressures that we have on a day-to-day basis separate and apart from the question of the long-range viability and how we respond to those challenges. In my mind, those are two separate issues. Yes, of course I have to be a fully functioning vibrant airport authority, and I could talk to you about the challenges that I have on the commercial side, but quite frankly I'm a little more concerned in this forum about those longer-range challenges that obviously high-speed rail is being designed to address. And that is why I say that the airports, the aviation industry, and the government have to be able to take that longer-range view. Use us as a resource to say all right, all the airports in the country have been privatized. The experience within Transport Canada to actually operate an airport and plan an airport has been transferred to the private sector. To put it bluntly, we're the experts now.

So when we talk about something like high-speed rail and projections for traffic, that's why it's important that we be at the table and we discuss it. As I say, sure, I have commercial concerns, but the long-range issues affect me as an airport operator and as a participant in the transportation system.

[*Translation*]

Mr. Mario Laframboise: Earlier we heard from the representative of the consortium studying high-speed rail service from Calgary to Edmonton. Two stations are planned for each airport, which would become transportation hubs for airline and rail passengers. Basically, you're asking us to consider the same option.

● (1720)

Mr. Toby Lennox: That is precisely the point I was trying to make. Airports must become gateways or intermodal links for passengers, cargo and the like.

[*English*]

So they're already there. And regrettably, when I say a made-in-Canada solution, we did not build our airports on rail systems, so we're going to have to make some kind of accommodation.

But as I say, for the passenger in 20 years or 30 years from now who's coming from Ottawa and flying to Tokyo, it's a long, wet train ride if you don't have an airport that you're going to be connecting in. So let's start planning and let's start seeing what we can do now.

You're absolutely right: we look to be intermodal centres for light rail, transit, vehicular traffic, and air.

[*Translation*]

Mr. Mario Laframboise: Thank you.

[*English*]

The Chair: That's perfect timing.

Ms. Chow.

Ms. Olivia Chow: A while ago, the GTAA launched a campaign on their rent.

Mr. Toby Lennox: Yes.

Ms. Olivia Chow: Where is that at now? I haven't caught up with the latest.... I'm familiar with the issue. Are you still in the middle of it?

Mr. Toby Lennox: No. Quite frankly, we had a campaign on rent, and rent remains a very large portion of our fixed costs, at $150 million a year. However, we're known as being a very expensive airport.

Ms. Olivia Chow: It is expensive.

Mr. Toby Lennox: We are expensive. We don't shy away from that. We provide excellent service to our air carriers, and our air carriers are very profitable.

Since the rent break was not forthcoming, as an airport operator I have to do everything I can to make it the most competitive airport I can. I do have competition from other airports, such as Buffalo, to which I'm losing 1.5 million passengers a year, but I have to do everything within my power to make sure I'm as competitive and as commercial as possible.

Therefore, what the GTAA has been spending its time doing is becoming as efficient and effective as we can. We've raked our cost structures. In fact in the past two years we've been passing on savings to air carriers each and every year, and we will continue to do so, because that, to us, is in the long-term interests of the aviation business.

Ms. Olivia Chow: With the study on the high-speed rail, is there a bit of concern that one of your big customers, Air Canada, perhaps because of fuel costs and perhaps because of the economic downturn, could be facing financial difficulties? Is that an area you're specifically concerned about?

Mr. Toby Lennox: Clearly, Air Canada is a very good customer of ours, and we have very strong connections with Air Canada. We think they do a very good job. But I'm looking at this.... I want to step back for a second. Air Canada is merely serving a transportation market, a demand, inasmuch as WestJet is doing the same thing, and inasmuch as Porter Airlines can. I don't know right now who is going to be serving that triangle at the time that this high-speed rail comes in, so I'm looking at that portion of my operation that may be diverted to high-speed rail. I'd rather not look at it purely on that question and try to anticipate who the commercial operators are going to be in 20 years—hell, I may not even be here.

The question, therefore, from a systemic point of view, is who is going to serve that traffic. Are you able to move those people to the destinations you have? I'll be getting on a flight, hopefully, in an hour and a half, and actually almost two-thirds of the people on that flight will be connecting in Toronto, so those are the people who are on your train. I'd rather not get into the question of the commercial question; I'd rather get into the transportation question. Are we making sure that people can still move around the way we would expect them to for the benefit of the country?

Ms. Olivia Chow: Do you think it would be beneficial for the federal government to establish a policy that would say this is a corridor—the triangle, as you've said—that moves a phenomenal number of people, whether it's by highway, by air with WestJet, Porter, Air Canada, the Island Airport or Pearson, plus VIA Rail and, now, with the possibility of high-speed rail? Should there really be an overarching strategy to say that here is what we ultimately want the modal split to be and also what percentage it is, 80%, 20% or 5%, whatever percentage it is? Then we would look at the amount of federal money that is allocated accordingly and say that this, ideally, is how we should go about doing it.

Instead, what I'm seeing now is that there seems to be a policy vacuum and that whatever comes along happens, whether it's the Island Airport, Pearson, rail, or high-speed. I do not see an overarching strategy. Correct me if I'm wrong. If there is an overarching strategy, I wouldn't mind seeing it and having a good discussion about it, because how we move people here....

These are very lucrative flights for Air Canada. It makes a lot of money. If that actually declines significantly because of various factors, whether it's competition from the Island Airport, plus high-speed rail or whatever, then what it means is that smaller communities could lose their flights. Air Canada would be saying that it no longer has enough funds to subsidize the much longer, smaller, money-losing flights to these small communities. You cut off the flights to these communities and they have no access; it's a real problem for Canada, as vast a country as ours is.

● (1725)

Mr. Toby Lennox: I can answer that very quickly. We're not quite in a policy vacuum. I think the transportation planning to suggest that you would allocate modes would probably defeat the best transportation planners. There is the Ontario-Quebec continental gateway and trade corridor that is being developed, which is recognizing that this corridor is a funnel for passengers, for trade, and for cargo. That's why we see this as a tremendously valuable initiative.

I think you're absolutely right, though, on your later point about aviation access to small communities. You're right. You have to wonder what the country is going to look like if a transportation system is not there to in fact buttress access to these smaller places. That's why I say that we are and we aren't still the country of John A. Macdonald. Yes, that's exactly what I'm saying: we have to be able and be mindful.

The Chair: Mr. Mayes.

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Thank you, Mr. Chair.

I'll be brief, because I know that a number of people have to catch a flight.

Mr. Toby Lennox: They're on my plane.

Voices: Oh, oh!

Mr. Toby Lennox: I have no control over that.

Mr. Colin Mayes: I want to direct my question to Mr. Lennox.

First of all, I want to make it clear here that our government has proven by some of the investments we've made in Toronto and in Vancouver—I'm a British Columbian—that we want to see modern transit. The Canada line that is going in from Vancouver airport to downtown Vancouver is a huge project that we've invested in. Also, with the money that we've announced recently with the premier, we're looking at, with the investment of the City of Toronto, about $3 billion.

Mr. Toby Lennox: Yes.

Mr. Colin Mayes: Here's one of the questions I have. When you build an airport, you would think you'd be a little visionary and say okay, we have the airport out here, and here's how we're going to get the people to downtown Toronto or whatever city. Was that not...?

Mr. Toby Lennox: Absolutely. In fact, when we built the airport, we did three things. One, there are portions of the airport—and I would be delighted to have any members of the transportation committee come down and have a look—where we actually built an entire service level that you never see and that is dedicated to mass transit. For the average individual, it's rather boring, because it's rows and rows and rows of roads and curbs, but what it represents is the potential. Therefore, now that we've finished building, we are reaching out to the transit system to fill up those curbs.

The other thing we did was actually build the station already for the downtown train. It's already there, as are the caissons that will accept the train when it comes. I am afraid I can't do much about moving the airport closer to downtown, but by virtue of these efforts, we are trying to bring the two together. So absolutely, it was something we did consider.

Mr. Colin Mayes: One of the things with our government is that we look to the provinces to give us the priorities that they set. And I think it's important that you communicate those types of things with your provincial leaders that you want to see that line put in place. So I think that's the important message here.

What are the passenger levels at the Toronto airport?

● (1730)

Mr. Toby Lennox: We handle about 32 million passengers a year, 85,000 a day.

The traffic has dropped off, as is to be anticipated at this time. Our domestic traffic is down fairly considerably, about 6% to 7%. Transborder traffic is way down.

What is most interesting for me is that international traffic, especially to Asia, remains very robust. It's dropping off, but it's an indication of the changing society we have. Toronto is so multicultural now, as is Canada, that demand for travel to the East is considerable.

Mr. Colin Mayes: It's interesting. I've spent some time in Japan, and of course the Tokyo station handles 850,000 people a day, and yet Narita, which is their international airport, is actually a ways away. So it isn't necessary that the hub has to be where the airport is, as long as that feeder line is there. I think it's important that is planned.

I'd like to direct a question to Mr. Fitzgerald before we finish up here. I live on the west side of the Rockies, and we don't get winter on that side and you do on the east side of the Rockies. I've found that out since I've been an MP here. The controls that you install for the ETCS systems, have you put those in place in Russia, for instance, or places where there are colder climates? And does that affect the reliability of those systems?

Mr. Kevin Fitzgerald: Yes, we have. We've installed systems in Finland in the Finnish National Railway, and it's fairly cold in the interior of Finland. So yes, we have.

Mr. Colin Mayes: Is it any more challenging as far as—

Mr. Kevin Fitzgerald: No. The equipment is designed from the start to live and endure in inhospitable climates.

Mr. Colin Mayes: Okay. I'll let everybody get away to go home.

The Chair: I was going to open the floor up for one more round of two minutes if anybody wants it, so please be brief.

Hon. Maria Minna (Beaches—East York, Lib.): I'll be very brief.

Mr. Lennox, as I was listening to you earlier, I understood your argument that in the interim, while we're planning potentially fast trains, of course the airline and other transit industries would have to be looking to see what that looked like down the road. What sort of timeframe would you be looking at? I'm thinking probably one of the busiest corridors would be Windsor-Toronto-Ottawa-Montreal-Quebec City. That's a fairly heavily travelled route. And I presume that at the completion of the high-speed rail, if someone could travel to Ottawa from Toronto by rail in two hours—me included, for that matter—they would come by rail. I would not use an airplane, which means that could potentially cut down a huge amount of travel. It's great for the environment and all that, but I understand what that would do to aviation in that area.

What would that do, obviously not just to the airlines in that area, but to the airport itself in terms of declining numbers? And how do we synch those two to make sure that somehow the airlines and the airport are planning and reach that situation around the same time? It's not an easy balance to maintain.

Mr. Toby Lennox: No, it isn't. We would be misguided if we were to think we'd all arrive at that happy place at the same time.

The growth projections we are looking at for Pearson airport would take us to 50 million passengers some time in 2030. Now, at 50 million passengers that is really our airfields at capacity and our terminals at capacity. I think some of you would recall what Terminal 1 used to be like. It's a *Gong Show*, approaching 60 million passengers, but we could do that.

We have the planning tools in place that allow us to calibrate as we go forward when our next stages of development have to happen. So in fact if we were talking about 3.5 million passengers and assume half of that has dropped off, and we're assuming a growth rate of 3% per year, we can actually factor that in to the planning that we would do for building the facilities.

The question is how much lead time are we actually going to be giving to a project like this, and what is the underpinning policy rationale for doing it? If we're going to try to cobble it together very late in the day and thereby sacrifice the intermodality from both a financial perspective and from a systems perspective, we're going to fail.

My point is, start doing that now. Start looking at what those projections are saying and say we're going to make a commitment to it. I can factor that into my planning, as can Air Canada.

● (1735)

The Chair: Ms. Chow, have you any comment?

Mr. Jean, for one minute.

Mr. Brian Jean: Thank you for your attendance today, Mr. Lennox.

I was impressed to hear all of your testimony, gentlemen, and I was especially pleased to hear Ms. Chow talk about her concern and worries about air transportation to smaller communities in Canada. Especially with regard to C-310, a private member's bill, I've heard from 20 to 30 airlines that fly in and out of Canada, especially our national carriers, that in essence they simply won't book flights in the wintertime into smaller communities such as Gander, Newfoundland, for instance, and other places, like the Northwest Territories, Yukon, Nunavut, Fort Chipewyan, and my constituency, Smithers, B.C., and North Bay, Ontario. Places like that just won't get flights any more because they can't deal with the large cost that Bill C-310 is going to impose upon them.

Is that what you're hearing from your members as well?

Mr. Toby Lennox: Let me say first that we are spending a great deal and an increasing period of time being concerned about the type of service we deliver to our passengers, but we do operate in a highly complex and, quite frankly, operationally difficult world, especially at times in the winter.

I have grave concerns that Bill C-310 is talking about adding additional burdens where the impact of it is probably uncertain, unknown, and possibly negative. I think you're right, but that doesn't take away from the concerns you have about access to the smaller centres. Canada's north is founded on aviation, so we have to be quite concerned about the continued viability of that.

Mr. Brian Jean: I've heard specifically from our large airlines that they're not going to fly into Newfoundland any more. I have a huge number of constituents from Newfoundland, and that greatly concerns me. Is that what your members are saying as well? Are those kinds of concerns—

Mr. Toby Lennox: The airlines are looking at increased costs across the board. I wouldn't want to speak for them as to what they may cut out or not. Economic impacts tend to result in a decrease or a degradation of service, so I'm afraid that I'd be concerned that Bill C-310 would go in that direction.

The Chair: Thank you. I have to end it there.

I appreciate your time and your spending the extra time with us today, and we appreciate your presentations.

Thank you to the committee.

Just for information, on Tuesday we have three potential guests. We are just confirming, but we will commence at the regular time.

Thank you, everyone. Have a great weekend.

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