



House of Commons
CANADA

Standing Committee on Transport, Infrastructure and Communities

TRAN • NUMBER 035 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, November 3, 2009

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Chair

Mr. Merv Tweed

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• (1805)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Thank you, and good evening to our special Standing Committee on Transport, Infrastructure and Communities. This is meeting 35 and we are doing a study on high-speed rail in Canada.

I'll introduce people, and then I'll ask Mr. Kelly to present. He has to leave at 6:30, so I'd like him to make his presentation and we'll have a quick round of questions. Then we'll move to the rest of our guests. They can make their presentations, and then we'll follow with questions and answers, if that's agreeable.

With us today from EKOS Research Associates is Mr. Frank Graves, president. From the Cascadia Institute we have Mr. Charles Kelly, chairman. And from Alberta High-Speed Rail we have William Cruickshank and John Chaput. Welcome.

Mr. Kelly, please make a brief introduction. Then we'll go to questions and try to get you out of here at 6:30.

Mr. Charles Kelly (Chairman, Cascadia Institute): Thank you, Mr. Chairman. I would like to thank the committee members for the invitation to make a presentation on high-speed rail inside the Cascadia corridor.

I am chairman of the Cascadia Institute, which is a not-for-profit policy think tank—and “do tank”. We've been engaged in passenger rail issues in the northwestern United States and in British Columbia since about 1992. We were working closely with federal and state officials to bring the first passenger train into Vancouver in 1994. We've been around these issues for a long time.

We have about ten minutes, and I really have three objectives. First, I'm going to ask you to consider, as a committee and as parliamentarians in the public debate on high-speed rail, including in the paradigm the notion of high-speed rail inside the Cascadia corridor.

Unfortunately, the national debate and discussion about high-speed rail has been mesmerized by the Windsor-Quebec City corridor for almost 40 years. The recent entrant has been the Calgary-Edmonton corridor. Our corridor is a high-speed rail corridor, and it is designated in the President Obama vision as one of the 11 priority corridors for federal stimulus funding and for the broader North American vision of high-speed rail.

From the point of view of connectedness and what it means for Canada and means from the standpoint of a North American vision, and of how we link both the high-speed rail initiatives in eastern

Canada and the nodes inside the United States, whether New York, Detroit, or Chicago, we are in fact the other major node that connects with the United States and the United States interest. I think it's terribly important in the context of the driving vision of North America that you in your public discourse put on your agenda the high-speed rail corridor in the Cascadia corridor.

Second, I'd like to give you a bit of a snapshot of what inner city high-speed passenger rail is to date inside the Cascadia corridor.

Third, I'd like to lead with a working agenda of the key initiatives that matter to bring on high-speed rail and to deal with the incremental investments necessary to improve rail service inside the west coast.

In a nutshell, Canada—British Columbia, and particularly Vancouver—has had passenger rail delivered to it as a gift of the taxpayers of Washington State. Washington State, after putting the initial train on in 1994, and through that period to 1999, made the decision to go to Talgo trains and re-brand the train service as the Amtrak Cascades.

In that period of time, the State of Washington invested about \$1 billion in buying the trains, upgrading track, subsidizing the operating, and doing the marketing for the train. We as Canadians and as British Columbians have been the net beneficiary of this generosity, this gift of passenger rail essentially paid for by the taxpayers of Washington State.

Why did they do this? There's been a very strong consensus that has gone through three governors since that time: Governors Booth, Locke, and now Gregoire. This major consensus, a bipartisan consensus, in Washington State is that the essential and necessary role of passenger rail is along the I-5 corridor and along the Burlington Northern line. In Washington State, 90% of the population live within 15 miles of the I-5 corridor. That's 3.8 million people who live along that corridor. There is no luxury of getting 12 lanes, as with the 401; they're stuck in that corridor as it drives through the centre of those cities along the coast.

The congestion in Washington State is truly awesome. The estimated congestion times or costs are about 300,000 hours a day, which runs into the many billions and billions of dollars of cost.

•(1810)

They continued with this investment and fortunately Washington State has made a decision to put a second train into Vancouver, which gives us now four departures, which means you now have same-day service to go to Seattle and return out of the Vancouver station, and they have also made a decision to move from two to four trains into Portland.

What's significant is that they were one of a handful of states that were ready when the stimulus package came along to be able to apply because they had just completed their mid-term study of an \$800 million of additional investment in higher-speed passenger rail, inter-city rail along the corridor. So they had the experience of managing \$1 billion worth of projects and now were ready with another \$800 million. So they were ready for the stimulus package when it came along.

They met all the criteria of eligibility and they put in a request for \$1.3 billion. And I would say there's an enormously high probability that in track one of those investments, the \$435 million, they have a very high likelihood of success, not only because they have done their homework and they're ready, but there's the political reality. And as politicians, I'd ask you to consider the political reality in North American politics that is the enormous, important role of Senator Patty Murray, who chairs the energy and transportation subcommittee of the U.S. Senate Committee on Appropriations. She is the fifth-ranked Democrat in the appropriations committee, so she carries a lot of weight. I think when it gets to the point of view of deciding, whatever the recommendations from the Federal Railroad Administration, the appropriations committee is really where the money gets decided on their recommendations. So I think she's going to be playing a very powerful role.

Inside of the track two application.... Let me just stand back to one other piece. When they moved to the Talgo train it was because to be eligible they had to meet the U.S. high-speed criteria, which is 110 miles per hour. That's why they chose the Talgo train, because they have that ability to reach 110 miles per hour. What's also clear—and what Washington State has been working on—is the need for a high-speed rail corridor. And similar to the situation in California, it's not possible to put in high-speed rail along the existing Burlington Northern line, as it winds its way along the coast of Washington State, but there is an opportunity to look at developing a corridor about 60 miles east of the I-5 corridor along the Cascade Mountains. Their intention is to initiate this planning process. Inside of their application in track two, they put \$10 million into that planning process.

This is a very important step, because it changes the opportunity for thinking through high-speed rail into Canada, because you would be then crossing the Canada-U.S. border in Sumas and you could then connect up to Abbotsford and then go from Abbotsford along the CP lines into the centre of Vancouver. That would be the chosen route. We haven't really done much in the way of studies on this kind of an approach. I think it's critical that Canada and British Columbia together, and other interested parties, join that table and jointly plan this high-speed rail corridor, which means we're going to have to put some resources into a binational environment to be able to do that.

So I'd ask you to consider that. When you see my presentation—it will be translated and circulated—you will see a slide that is the request for the \$10 million. We need to match this approach—not \$10 million, as our portion of it would probably be \$1 million or \$2 million, which would get us to the table to figure out the work we have to do. But I think it's critical from a Canadian interest inside of the North American side of things to move on this and to be a part of this from the very beginning. Our American friends need us at the table with respect to demonstrating that this corridor connects into Vancouver, because they're not going to get a high-speed rail in the United States unless Canada is truly a partner to the interests of Washington State and into Oregon to make this corridor work. So I'd ask you to consider that.

•(1815)

As a part of this gift process, which is really what this has been, it is time now for Canada to step up and deal with the issues associated with speeding up the trains within Canada. For an example, the \$1.3 billion makes a difference of 10 minutes, mostly getting into Seattle and Portland. The train that goes from Seattle to Vancouver, which has pre-clearance problems at the border that take a lot of uncertain time off its schedule, will need many track improvements for higher-speed rail, and both regulatory and track investments are necessary to speed up the existing train service. In addition to that, Canada owns the New Westminster swing bridge, which is 102 years old and is going to have to be replaced. That is going to be a question of significant debate and an important and necessary investment, at least over the next 10 to 15 years, to speed up the trains.

A train moves through large parts of Vancouver at about 17 miles an hour. We need to get that train going through Vancouver at a minimum of 40 miles an hour to start making a difference on the service side of things.

What is different about this particular environment of the Cascades is the investment ratio. They have spent a billion dollars and they're going to spend another billion dollars. Up to now we've spent about \$3 million. That's what the Province of British Columbia spent on a rail siding at Colebrook.

The value proposition is that we will have to pay less than 10% of the cost for this high-speed rail corridor. A better north-south rail connector is in our economic interest, both for freight and passenger traffic; our costs are going to be less than 10%, and 90% of those costs are going to be borne by the United States.

This is a unique opportunity for Canada, and particularly for British Columbia. We have a \$10 billion trade with the State of Washington, and it is the second-largest trading partner for British Columbia anywhere. This has a strong and important regional interest, and high-speed rail gives us multipliers into the vibrant business economies of Seattle and Portland. There are very many benefits.

Let me quickly go to the agenda, because I know we are running out of time.

One of the most important pieces in the agenda right now is the marketing of the second train. Unfortunately, for whatever reason, with the Government of Canada there was a problem of wanting to put a user-pay policy on customs and immigration services, which really delayed this train for a year.

The solution is that they are going to do a pilot test or a demonstration and gather data on whether it is justified for the Government of Canada to cover the cost of customs and immigration.

The difficulty is that this decision isn't expected to come until some time either just before or just after the Olympics. I would ask members to communicate to the government and among yourselves that the problem with this is that it is stopping large companies from making marketing investments into promoting passengers there, because most corporations' marketing decisions are made in November and December for the next year. The corporations aren't prepared to make the marketing investment because there isn't certainty that there is going to be a second train.

I think we all know that there's a bit of fiction here. After the State of Washington has bought the train and we've got a train service to the Olympics, there is no way the Government of Canada can step in and somehow start putting a customs and immigration tariff on the trains. There would be hell to pay for it. It is almost a political impossibility.

Somewhere we need to have some rational discussion about the political realities and the economic realities of our region. We need to push ahead and provide confidence to the private sector to make the investments now, so that we can get the economic benefits in tourism and jobs in Canada that'll be necessary this summer. I would ask you to consider that.

One of the important and interesting things is that the governor and the premier have established a memorandum of action that includes high-speed rail.

• (1820)

What we need to do is have Canada at this table with respect to planning the incremental investments and to deal with the bridge and other issues associated with encouraging high-speed rail and higher-speed rail and the investments necessary, from Canada and from British Columbia, to make this a reality.

You'll see when you get the report. I won't go through the to-do list, but there are a lot of to-dos. There's an enormous amount of support among British Columbians. The mayors and the various parties have been working together. This is not a partisan issue in any way, shape, or form. It has to do with building a better relationship in North America. In reality, I think we can do some things to help the central Canadian corridor, because we've been so effective in innovating demonstrations to deal with these pre-clearance issues at the border.

We brought the CANPASS in before NEXUS. The pre-clearance experiences at the Vancouver International Airport brought in pre-clearance and helped to bring this together. We need to do the same thing in rail.

I think the advantage here, and why we can do this effectively, is that the scale is better dealing with Seattle as opposed to New York or Chicago. The other side of it is that this is something the Americans want. The Americans want to have the pre-clearance, and the Americans want to make a success of passenger rail. That gives us an opportunity. This is not so much softening the border as it is coming up with innovative solutions—for sealing trains, for pre-clearance—to make this work so that the train goes across that border as seamlessly as possible, recognizing, at the same time, legitimate security concerns.

I'll leave it at that. I probably went over my ten minutes. I'll leave that as kind of the framework.

I'd like to conclude with how important it is, I think, that this debate is broadened from central Canada and Alberta to include British Columbia, Washington, and Oregon. Because there's a lot going on, and I think it helps your case. We can't talk about billions of dollars going into Eastern Canada without having some reference point that has some reality back on the other side of the mountains.

Thank you very much.

• (1825)

The Chair: Thank you, Mr. Kelly.

I look to the committee for direction. We have five minutes before Mr. Kelly has to leave. We'd only get one question. Do you want me to continue with the presenters, or do you want to go for five minutes on questions?

You want to go quickly and have one minute each.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Mr. Chair, if I might, I say one minute apiece.

The Chair: Sure. Go.

Hon. Joseph Volpe: As a courtesy to Mr. Kelly, I'll use my first minute and simply thank him for coming to the committee and for introducing an element into our discussion that we have not entertained until this stage of the game. It is one that says that the concept of high-speed rail goes well beyond those parameters we set for ourselves. I'm looking forward to reading the presentation he has provided to you for translation. It's an intriguing concept, because he's also talking about the ability to coordinate a North America-wide high-speed rail system, much along the lines of what the Europeans have done to coordinate the systems from one country to another.

So I want to thank him, at least on the part of these members of Parliament at this part of the table, for having come and given us his expertise and experience.

Mr. Charles Kelly: Thank you, Joe.

The Chair: We'll go to Mr. Laframboise.

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you very much for joining us, Mr. Kelly.

I just have one question for you. You mentioned that as far as customs clearance is concerned, not everything will be ready in time for the Olympic Games. Did I understand you correctly?

[English]

Mr. Charles Kelly: No. The question has to do with a second train. If we didn't have the Olympics as a pressure point, we'd still not have the second train. The second train, which is being bought and paid for by the taxpayers of Washington State, doubles Vancouver's capacity on passenger rail along the corridor.

There are two separate issues. One is the second train, marketing the second train and keeping the second train going as a way of building customers and clients and getting people off cars and on to rail. The second issue is how we speed up the train along the route. A major uncertainty on time for service is the border.

There are two big barriers. There's the lack of certainty in Canada about making the necessary infrastructure investments to be full partners with Washington State. We have not been full partners. We've been recipients of the gift of trains from the taxpayers of Washington State. We need to stand up as full partners. As a part of that, one of the big blockages on time for service is that, depending on how many people are on the train and what happens at the border that day, it can take anywhere from 15 minutes to an hour to get through the border. That's a big block on the service side.

There are many other areas. The problem with the swing bridge that goes over the Fraser River is that it is 102 years of age and there's a navigational right of way for barges. If there's a barge coming down the Fraser River, the trains have to stop. With right of way, the barge goes first and you have to wait. You can't really control when the barges come or go because they protect their right of way.

You have two options. You have to either go over at elevation or build a tunnel. To go over at elevation, the estimated cost is \$800 million. To build a tunnel is about \$1 billion. Transport Canada, in their wisdom, I think, are looking at marrying up together.... There's a new Pattullo Bridge going to cross the Fraser River. Can we match and get some economies of scale by putting the train bridge and the car bridge together?

In either case, it's a complex process from a rail point of view. It's going to take some serious study. To get elevation, you need a mile on either side of the bridge. You need a lot of land swaps and that sort of thing.

• (1830)

The Chair: Mr. Bevington, we're just going to allow one brief question. Mr. Kelly has to leave in about three minutes and then we'll go back to the other guests.

Mr. Dennis Bevington (Western Arctic, NDP): Okay.

Mr. Kelly, thanks for joining us for the brief time you have.

The sense we got when we traveled to the United States on a study tour on this subject was that the U.S. is not looking at high-speed rail but faster rail traffic in this corridor that you're talking about. Is it likely that's going to be the final solution? You're not going to see the 150-mile-an-hour trains. You're going to see the gradually increasing speed in the trains.

Mr. Charles Kelly: No, you're going to see both, and they're not mutually exclusive of each other. You're going to see a continued incremental improvement on the existing line to get up to the 110

miles per hour and increase the speeds. I think the target is to get those speeds closer to 110, which makes the trip about a three-hour trip. Yes, they want to do that.

The second issue is that the State of Washington, the political leadership and the political will in Washington State, Oregon, and among many in British Columbia, in addition to that, is to have a high-speed corridor. The planning framework is quite similar to the thinking in California, which is you can never get the high speed on the existing corridor, so you have to go east and build a high-speed corridor.

That's a long term vision to do the engineering, land acquisition, and environmental studies. While that planning is going on, we need to be working with our American colleagues to find out what that means to Canada, because they can't even think about it unless we're at the table.

It's a very important piece of Canadian-American foreign policy, regional economic development, and an opportunity to create a much better partnership with our good neighbours and our friends and look after our own economic interests.

The Chair: Mr. Mayes, you have one minute.

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Mr. Chair, I'll be very quick.

Quite often people who are traveling on high-speed rail are going from A to B to their employment. This particular service would ultimately be dealing with just tourists who are going back and forth from the United States to the mainland, I believe.

I'm from British Columbia, so I know where you are. That is quite an investment for just that tourist traffic when there is great air service from Seattle to Vancouver. Have you analyzed who the passengers are and what the volumes are going to be, first of all? Second, there's a concern about leakage. Right now we know that the cruise ships are going down to Seattle because the cost of flying into the Vancouver airport compared to Seattle is \$300 per passenger cheaper. Are we going to get that leakage where we find that people from the mainland are going to go down on that high-speed rail and jump on a plane in the United States?

Mr. Charles Kelly: There are a couple of questions there. One of the reasons it had so much of a tourist orientation was that you only had one train. You couldn't go back and forth on the same day by train. The other problem with the service is uncertainty because of their performance on time, which stands at 60%. It needs to be closer to 90%. So it's not a particularly reliable service.

Spending another \$1 billion moves the time on service up to about 90% from 60%. The difference, if you move to two trains, is that you get four departure times. The legislators—the political leaders in Washington State—are of the view that there should be three trains to Vancouver. If you have three trains to Vancouver, that's six departure times. You start to get the ability to have business travellers. It isn't just a tourist event. Right now, it is primarily tourism, but there is the option and opportunity, certainly over the next 10 to 15 years, to build up that passenger rail volume. And it gets the cars off the road. I think that works effectively in Canada. I think we have the opportunity to put a Surrey stop in and to start to build it into our intercity rail, as well.

On the larger question of the cruise ships, part of the problem has been that we've been sort of closed-minded. If you can fly into Seattle and then catch a train to make it like a two-nation vacation, you can start to market the other way. The problem with that from a marketing point of view is the uncertainty at the border. If you can deal with the border issue, we could start to get back some of that traffic and make this a more.... Many people would much sooner come out of Vancouver, but we have both the cost issue and the crossing the border issue.

The toughening of the border, I would argue, is probably the biggest determinant that keeps people in the United States and grows the cruise ship business there rather than in Canada. I think we can deal with this border issue, because we have American political leaders who want to see this passenger train work.

• (1835)

The Chair: Okay. I'll thank you, Mr. Kelly. We wish you well on the trip home.

Mr. Charles Kelly: Thank you very much.

The Chair: I'll move to Mr. Graves for ten minutes. Go ahead.

Mr. Charles Kelly: I appreciate the opportunity to talk to the committee.

Mr. Frank Graves (President, EKOS Research Associates Inc.): Thanks very much. I'm delighted to be here.

I'll try to give you a very short synopsis, and unlike the more technical and economical analyses you've heard and will be hearing, I'm going to focus more on from 60,000 feet up what the public think about this.

I wanted to take the opportunity to consolidate a public case either for or against high-speed rail in the terms that they would see it. The reasons why we want to do that are obviously because for anything to move forward on this—and maybe to make decisions on whether we should move forward on this—we have to consult the public. They're ultimately going to be the consumers who will foot a large part of the bill. It's impossible to imagine this sort of massive project moving forward without political championship and it's impossible to imagine political championship occurring without a strong public endorsement. So I wanted to see whether in fact that was the case. Very recently we talked to a random sample of some 1,650 Canadian households. The work was completed one week ago, so it's very fresh, and that's one of the advantages. It updates it from a consolidated perspective. We have lots of very detailed information about what the economics are, what the technology is, the environmental impacts, and so forth. We don't have a current consolidated picture of what the public thinks about this.

So I wanted to look at this in terms of, first of all, the basic level of awareness or knowledge. Looking at public opinion in a situation where it's rooted in very low levels of fluency or in ignorance isn't particularly helpful, because it's likely to change dramatically. So we wanted to know whether or not there was some kind of basic understanding of what we were talking about and then to test, with a couple of basic indicators, what the public fluency was.

To give you a sense of that, we were surprised to find that the issue of high-speed rail is something that the vast majority of the public claim to have a clear understanding of or to be highly aware

of. Some of that is obviously exaggerated, but when we went further and probed on some basic test questions about how we would fuel it and what speeds constitute high-speed rail and so forth, it did appear that in fact a very significant majority of the public not only claimed to have awareness but had a pretty clear understanding of what high-speed rail was.

It was interesting that the awareness and fluency in what high-speed rail was was also connected to support. In other words, the more people knew about it and thought about it, it seemed, the more likely they were to think it was a good idea, and we'll return to that theme.

There were some other familiar patterns. We found that the people who were most aware of high-speed rail tended to be people who lived in the proposed corridors. We found that people who were most aware were the current travelling public, people who were of higher socio-economic status—in other words, more income, more education, which means they'll become involved in public debate, the more influential and so forth.

Without going into that in any detail, I'd like to move on and talk about what we did in the study. First of all, we asked about the levels of support or opposition without giving people any information at all, or just very basic information. So it was based on existing imagery and knowledge. We then walked them through a series of arguments for and against high-speed rail, provided them with a little bit of information that would allow them to reflect and deliberate a little bit more, and we asked the question of support both at the beginning and at the end of the survey. So we had the opportunity to see whether there were any shifts in support and opposition as a consequence of having thought about it a little more. This would simulate to some degree what will happen if there ever is a real debate about this and what kinds of changes we might expect.

We also were able to analyze what was the anatomy of support, what types of arguments were most resonant, which ones tended to sustain support from the beginning to the end of the survey and which ones tended to be less important.

So without going into any detail, some of the things that we looked at were, first of all, in looking at a variety of positive arguments for high-speed rail, most of these were received with strong levels of enthusiasm, with very sizeable majorities of the public agreeing with them, in contrast to the criticisms or arguments against high-speed rail, which tended to receive lower marks of agreement from the public and didn't possess the same levels of resonance.

What we found in terms of assessing the positive arguments was that although people were impressed with things such as the fact that this would have an important environmental impact by reducing carbon, by getting people off roads, and so forth, we also found that the public felt that this would have positive impacts in other areas, such as public safety, and that it would help create a greater sense of national unity.

•(1840)

At the top of the list, the arguments that were by far the most resonant and the ones that tended to survive as people thought about it more and that were associated with their final levels of support or opposition were the economic arguments.

The economic arguments include the short-term economic arguments. People understood and appreciated the economic impacts of such a massive expenditure—and we did remind people that there would be billions of dollars involved in moving forward in such a venture, so they understand that both the direct and induced benefits of this would be sizeable for the country. But even more so, they were impressed with the long-term economic benefits of creating a new infrastructure that would move people faster and more cleanly through the country. In fact, although we hadn't tested it specifically on this survey—but we've tested this on related surveys recently—I believe the public would also support the idea that this would provide more seamless integration with the upper North American economy.

On the arguments against high-speed rail, it's important to note that it wasn't so much that people were opposed as they were saying that they didn't see themselves fitting in there, or they weren't sure it was going to happen, or maybe there was something else we could do that would be more important with the large amount of money. In almost all of those cases, though, more people disagreed than agreed with those propositions.

The thing that seemed to be most linked not so much to opposition but to a sort of drop in enthusiasm was the sense of the political economic fairness: will my part of the country, or I in particular, benefit from this? It is interesting, though, that we did distinguish people by coding those who would lie within the immediate corridors that would be considered at the outset of such a project if it were to occur, and even among those people who didn't live in those quarters, a clear majority supported moving forward with a project like this.

There was, however, a sense of skepticism, and this might have been the most significant exposed flank for moving forward. It's the sense of packing your bags for a trip that you're never going to take. We've heard people talking about high-speed rail for a long time and we're not sure it's going to happen. It sounds like a great idea, but call me when you get started.

There was also a real sense that we would be lagging behind our key trading partners by not having such infrastructure in Canada. There was a sense of acknowledgement that many of the other partners in the advanced western world that we're dealing with have such systems in place and that they're increasingly rooted into the fabric of their economies.

I'll just give you a couple of numbers. The report is being translated and will be available I think in five days, so I encourage you to look at it. To give you a sense of just how strong some of these things were, the initial questions of opposition to or support for high-speed rail produced fully 6% of Canadians who were opposed, with, by corollary, 90% who were in favour. By far the largest category was almost two-thirds who said they would strongly support such a venture.

As we went through and reminded them of the cost and some of the offside arguments and so forth, at the end of the survey we conducted the same question again, and interestingly enough, we found that strong support dropped from 62% to 49% and those people mostly shifted to 37%. In fact, the very scant number of people who were opposed to this didn't rise at all, it stayed the same. So the interesting feature of this is that it is a project that appears to have no real, vociferous, deeply entrenched opposition and a very large number of Canadians who feel very strongly that this would be a terrific idea.

When we went on and asked people who they thought would pay for it, the public tended to line up with the idea of a public-private partnership, which is an idea increasingly attractive to the public. They've seen this used with success in many areas of infrastructure that in the past would have been done by governments alone. It's something that enjoyed by far the highest level of support.

Instructively, when forced to pick between which level of government and whether public or private should take the lead in terms of funding responsibilities, the public leaned to the governments initially having to take the lead. I don't think that means they believe that government should run it, or that they want a state-built high-speed rail system. I think they realized that in fact it would probably be more effectively delivered in the private sector, but they want public oversight of the investment. They realize that ultimately those sorts of funds would not be forthcoming from private investors alone.

•(1845)

Maybe they should talk to Mr. Buffet today, who just ponied up \$27 billion for a rail company.

The other thing we found is that when they were asked about the viability of this in the long term, there was a sort of realistic acknowledgement that even after the system was in place there would be ongoing requirements for public funding. Almost two-thirds of the public did not believe it would be revenue-neutral, but they did believe the requirement would be more than offset by the other types of economic benefits that would be delivered by having such an infrastructure in Canada.

We found that nearly two-thirds of Canadians said they would be much more likely to shift to rail. We found that the recruitment to rail with high-speed rail would be particularly strong among current air travellers and current rail travellers and among those who tended to be a little more affluent and a little better educated. But there was certainly a lot of appeal among bus travellers and some among those on the road, though that was the least attractive area of conversion.

In conclusion, this is an idea in which we found that the positive arguments currently eclipse the negative arguments by really a decisive margin. The most powerful arguments are those associated with the immediate and longer-term economic benefits, followed by benefits to the environment. The negative arguments were rated much lower than the “pro” arguments. The most powerful arguments were questions about the intrinsic fairness and a sense of skepticism: that this was a great idea, which they had heard about before, so why haven't we done it yet? There was an understanding that this will require public intervention to make it happen, an understanding that there will be large amounts of public funds required to make it happen, and a preference for involvement by all levels of government. But if forced to choose, the public looks to the federal government for leadership in this area. That, by the way, was particularly true in Quebec.

I'm simplifying what is a pretty simple analysis to begin with. Compared with a range of things that we've looked at—and by the way, we've been doing this for 30 years and have looked at all kinds of public policy initiatives and tested them—I haven't seen anything that came through any more positively than this, and on the current horizon I don't see anything that is as positive as this. It's seen as an area of low-lying fruit by the public, something for which, if anything, the questions aren't whether this is a good idea but why we haven't done it yet.

Thank you.

The Chair: Thank you very much.

Mr. Cruickshank, please.

Mr. William Cruickshank (President, Alberta High-Speed Rail): Thank you, Mr. Chairman, for giving us this wonderful opportunity to come to talk to you.

Our company, Alberta High-Speed Rail, is a privately owned company funded by western Canadian investors. Our ultimate purpose is to be the operator of the train system. Our management group consists of me.... I was with a Canadian bank for 29 years and was in commercial banking for 17 years. I seem to know a little bit about money and adding up sums.

We have three engineers on our staff. John Chaput has had about 29 years' experience with Calgary transit, working on the LRT system. He's a mechanical engineer. Ralph Garrett is an infrastructure engineer who has worked in Australia and Labrador. He worked on the Calgary transit LRT projects and ran operations. Frank Der is an electrical engineer who has extensive experience in the LRT and electrical engineering in all types of supplies.

Our vision is to create an economic unit of about 2.6 million people today, and as we're building a project for the next 50 to 100 years, this will rise to five million to ten million people in future generations. We think the point is to build ahead of the curve not behind the curve, and we have the opportunity to build this while it is not too difficult to get through the countryside and the cities.

Our view is that we are going to build this project once and build it right. That means we will go straight to a double-track, electrified, 300-kilometre-per-hour train, on a dedicated passenger highway, fully fenced in the countryside, with all grid crossings separated in the countryside. Within the cities, where we'll be travelling at lower

speeds, we will have four gates on all crossings, and there will be fences to stop people from taking a fast trip across the tracks as a train approaches. Safety is paramount in the whole system.

We're going to start in Calgary along Ninth Avenue, where we'll have one or two station locations to pick up the downtown traffic. We will be running in the cities on CP land but not on their tracks. They are quite comfortable with this. So 19% of the route will be on that land. We will follow the CP tracks to the northern end of the city, where we will have a suburban station to pick up the traffic there. We will continue north past Airdrie, where we will climb over the CP tracks, move east, and run up the quarter section lying about one mile west of Highway 2. We will stop at Red Deer—which currently has 100,000 people and is looking to grow to 400,000—for one minute to offload and load passengers.

Continuing north we will go down the west side of Edmonton International Airport, climb over Highway 2 again, and rejoin the Canadian Pacific tracks at the south end of the city. With stations at the south end, we will then cross a high-level bridge to just beside the legislature building. That will connect to the LRT in Edmonton. At the south end we will also connect to the LRT with intermodal connections within a few hundred yards. We'd like to get through to the CN station in the centre of Edmonton so if in future years you wanted to expand it north or south you could do it. We want to build the spine, and future generations can add the legs.

We are looking at solving an Alberta challenge with an Alberta solution. The challenge is that whether you travel by air or car, it takes you three hours to get from Edmonton to Calgary. We have made a fair number of trips up the highway, and our day consists of six hours of driving and three hours of conductive time in Edmonton. If you can take a high-speed train that will get you from downtown Calgary to downtown Edmonton in 84 minutes, your day will consist of six hours of productive time and three hours of travelling. Whether you use that productive time to do more work, jog, play golf, or go home to see your family, you will improve the quality of your life and your productivity. We're looking to build a system that will serve Alberta and Canada for the next 100 years.

When you look at the two cities of Edmonton and Calgary, they're comparable; they complement each other. Edmonton is the legislative and government head of the province, the industrial heartland services the oil and gas industry and the Arctic, and all of the industrial and practical work for the tar sands is serviced from Edmonton.

● (1850)

Red Deer, in the middle, is servicing the industrial oil and gas divisions and the rural farming communities.

Calgary is the home of nearly every head office of the oil companies in Canada. All the major banks have their head offices there, and all the legal and other supports are in Calgary. It has also become a major transportation hub for the major box stores, and there is a considerable amount of IT work being done. Edmonton also has a tremendous amount of research.

By linking these two cities in 84 minutes, you are creating a virtual city. We've met, for instance, a university professor who's teaching at the U of A and who thinks he could teach there in the morning, leave the university, catch the train down to Calgary, have his lunch on the train, be at the U of C by about two o'clock, teach there in the afternoon and still be back home with his family by shortly after six o'clock. You cannot do that today.

Grandmothers I know would love to go up to their grandchildren's Christmas parties or their birthdays. They are not going to drive for six hours, however much they love them; it's just too much. But they will jump on a train and drive up for the afternoon and come back down.

If you look at the growth of the two cities, the Government of Alberta's projections indicate they are both going to grow to about 1.5-million plus people by 2050, and the metropolitan areas they're going to cover are going to get huge.

The main connection, of course, is the Queen Elizabeth II Highway, the QE2, or Highway 2, as it used to be called, a highway that was built in the 1960s. It has four lanes. It's very straight and very fast, but everybody we talk to finds that it's getting congested, just as we do.

To cope with this growth, the market assessment study put out by the Government of Alberta in July—and the press missed this particular part—looked at the growth of the alternative modes: air, bus, and highway. The highway mode was the one with the major traffic. Currently, when they surveyed the traffic on Highway 2, there were 47 million trips by automobile on that highway every year. That means people like us who drive the entire 300 kilometres, or someone who's commuting three miles to get to work and just uses Highway 2 for a short distance. They project that in 25 years, it will rise to 100 million, and by 2050 it will be close to 150 million trips on what is today a four-lane highway. Obviously, tremendous amounts of money will need to be spent to add up to four, six, or eight lanes.

When we were in Edmonton on one trip, someone suggested putting a highway down the median—that is, in the middle. Ralph Garrett and I looked at each other and smiled and we went and counted the overpasses on Highway 2. Between Edmonton and Red Deer, a 150 kilometre distance, there are 35 overpasses that cannot be expanded to six lanes, meaning they would all need to be expanded, at a going cost of \$30 million to \$35 million per interchange. At a mile per lane kilometre, to add 600 kilometres, you would be expending somewhere north of \$1.5 billion, and it would still take you three hours to go from Calgary to Edmonton. In the wintertime, it will still be a stimulating experience—if that's the way you wish to describe a snowstorm on the prairies.

How does the high-speed rail accommodate growth? If we build a double-track electrified system—and it's a one-time-only expenditure—and run eight-car trains at 300 kilometres an hour, every hour, 14 hours a day, and run them five minutes apart.... And here, you shouldn't get concerned about tailgating on a railway, because as John tells me, you're doing five kilometres a minute, so at five minutes apart, the trains are 25 kilometres apart. I'm never 25 kilometres from the car in front of me on Highway 2, for certain. It might be 25 metres, John says. You can carry 50 million passengers

on that system. The expansion and the added capacity will be paid for by the private sector that buys the trains. We can add more and longer trains and have more or less infinite capacity for growth on the railway without any more capital expenditure.

• (1855)

We are often told, Alberta doesn't have enough population. Denmark, Ireland, Finland, and Norway all have populations of less than 5.5 million people, and they're all building high-speed trains. What do they know that North America doesn't know? They know that trains are efficient people-movers, that trains are relaxing people-movers, that trains run on time, they don't get stuck in traffic, and they don't slide off the road in winter.

Norway is aiming to have high-speed trains replace internal air traffic. That is the carbon dioxide benefit they're looking for.

We, of course, have been talking to the Government of Alberta over the years. At one time, we sat down with 70 of the 83 MLAs and had a one-on-one conversation with them, telling them what I'm telling you today. At the end I asked if they were willing to support the investigation into high-speed rail with a view to having it implemented and built. One MLA, who's since retired, I believe is still thinking about it, and all the rest said yes.

Three polls in my file complement what Frank told you today. The vast majority of people think this should be done.

The question we get most often when we make presentations, and we've probably done 150 to groups, is why haven't we done it? It's not the question of why will it work, how will it do it, it's why do we not have it?

A question I often ask groups when I start is, how many people have travelled on a high-speed train? Forty-five percent put up their hands. How did you enjoy the experience? Great. Why can't we get it going in North America?

We're looking at an 84-minute travel time to create a virtual city of the three cities. I think it was you who said today that the average travel time in Toronto is 87 minutes of commute on a daily basis.

Sorry, was it seven minutes faster?

• (1900)

Mr. John Chaput (Vice-President, Operations, Alberta High-Speed Rail): It was in that range.

Mr. William Cruickshank: It was about seven minutes more than 84 minutes, the average commute in Toronto. We're saying you can commute from Edmonton to Calgary, 300 kilometres, in 84 minutes. That has to be a tremendous advantage to any economy, to any country.

I have in my files a study done by Ernest and Young, international chartered accountants. They are asked every two years by the European community to canvas some 800 corporations around the world—North America, Europe, and Asia. They asked them to rank, in order of importance, what is the first thing they look for when they relocate to a new area. Number one out of 16 options is transportation and infrastructure. We're talking about transportation and infrastructure here tonight.

The Japanese have their system. It's been running for 40 years. In that time they have carried seven billion passengers. They have had zero fatalities. The French system has carried quite a number of billions—I don't know how many. They have also had zero fatalities on their rail system. There is no highway that can give you that level of safety, and do it whether it's snowing, raining, foggy, or everybody's falling off the road because it's far too icy.

Japan also tracked how a high-speed rail corridor attracts business. The average Japanese non-high-speed-rail corridors are 20% lower than the high-speed corridors in attracting business. In Alberta, if we could attract 10% more business by having this kind of communication, whereby we are attractive to industries around the world, you'd increase the tax base, both at the provincial and the federal levels.

What are the benefits of high-speed rail? You cut the travel time in half. We can do it for an average of \$80 one way. At the present moment, Red Arrow is charging \$69 for three hours on the highway. I think if I can get there in half the time for \$11 more, I'll be paying the extra money. It increases productivity. We're going to save somewhere around two million hours in travel time a year if we carry the number of passengers we're projecting. We'd use one-third of the land of a four-lane highway. We can reduce greenhouse gases by about 200,000 tonnes. We're a safer form of travel and we're an all-weather travel mode; we've already talked about those.

We're running a service, so the trains will start at six o'clock in the morning and the last train will leave at nine, or it might be ten, depending on the traffic. We're looking to serve the public, not to run the trains when we think they might be full. We're providing a service. The customer is number one. Safety is number one, ahead of customers. We want to have a good service for the general public, for our investors, for Alberta, and for Canada. We are looking to be the travel mode of choice. Taking the car, using the airport, will be second choice and a hardship, if I say it that badly.

There are two challenges in moving high-speed rail forward. When I first joined this project 10 years ago the fellow who preceded me as president said he talked to someone and nobody understood what he was trying to get at. It occurred to me there and then that the definition of real estate decisions is location, location, location. The definition of high-speed rail is education, education, education.

I still get e-mails from people telling me it will never work, it's not good, you'll overload the electricity supply, you'll kill all the animals. I even had a phone call to say, "Well, are you going to put a fence up?" Yes, we're putting a fence up, all the way down, the same as through the Banff National Park—ten feet high, to keep all large animals and people off the track. You'll have grades separated all the way up, too.

The second one is government will. I recognized a while ago that with health, education, and infrastructure for highways, the day is never going to dawn in my lifetime when these three parts of government do not have a wish list as long as my arm or as long as any of your arms here. So to expect that to go away one day.... Even when we had all our surpluses in Alberta, you could say, "Well, we have an \$8 billion surplus, surely we can build a railway", but no, there's always precedence.

●(1905)

It gets down to what I thought when we started with this project. Governments, if I phone them and say I want to build a highway, build a school, do whatever, they can probably pull out the specs and the rules and regulations and send them to me by return e-mail. But if I phone them up and say I want to build a railway, well, they probably won't be able to answer me at all, because governments aren't very good at building railways, since they've never been asked to do so. It's foreign territory. And North America lives and dies by the automobile; that's the thinking.

We've been endeavouring to educate government. We go to them, talk to them, and we make suggestions. The suggestions, of course, got them to do the market assessment study, which is a ridership study. When it came in, it came in very much higher than our conservative view of the ridership and we were very pleased with that. It also said that over a 40-year life at a 300 kilometre an hour speed, it would give a \$19 billion boost to the Alberta economy.

They also passed Bill 19 this year, which is the Land Assembly Project Area Act. It allows them to identify a project and then go and expropriate land for it. At the moment, we would like to see the government get this process of buying the land going. They have bought land in Calgary and in Edmonton for stations and these are already in place, but we need them to move ahead, because every year that passes, somebody will build a house in the way of our railway.

We need the shortest route for the fastest time and for the most benefit to the travellers, etc., but the government will is a difficult one, because there is no custom-built high-speed rail project in North America. The Acela is a compromise. No one has done what we're proposing to do, build a Greenfield Route specifically for high-speed rail. It is going to be a big decision for a government to make, but it will be a bold decision and it will be one on which they'll get congratulated, because they will be forward thinking, they will be building for the future, and they will be making Alberta and Canada a better place.

Basically, in listening to all the people at the Railway Association conference this week trying to build one in the Ontario corridor, you would have the Ontario and Quebec governments and the federal government and countless municipalities along that corridor. In Alberta, we have a very simple, straightforward job. We have one government, three cities, and a nice, flat, rolling prairie landscape to build on. There are no huge technical obstacles of any sort in our way.

If we can move this project ahead, it could become the template for how to build a high-speed rail once, and build it right, at a reasonable cost. With all of the expertise we have in mechanical infrastructure and electrical engineering, we've spent a considerable amount of time analyzing every part of this project, how the services would run, how the two stations would run, what we'd do for food services, and what all the equipment and capital costs are. Our assumptions and our estimates say that today \$3 billion would get you this project running and going. As for the land assembly, it's difficult to say, but if we get down to the bottom line, we're talking about \$50 million.

How are we moving ahead with the Government of Alberta presently saying we're on the wrong side of the ledger with all this red ink? We're continuing to move forward. In fact, tomorrow we are to meet with people in the private sector, because we think there are great opportunities for the private sector to create a consortium of corporations in all the fields that we require, to bring them all together to put the proposal to make this thing work.

The federal government can have a role to play. If you wish to send me a cheque, I'm a good Scotsman and I'll find a way to cash it.

Thank you very much.

•(1910)

The Chair: Thank you, Mr. Cruickshank.

Mr. Volpe.

Hon. Joseph Volpe: Mr. Chairman, I must compliment you and all the rest of the committee members for having made the decision yesterday to invite the gentlemen before us today to come on such short notice. The reason I say that is not so much to applaud you and us but to thank them for having come and for having provided us with a perspective that has been so completely different from all the others that we have received. We have been missing on this committee a public polling perspective on where high-speed rail would go.

I'm tempted to ask Mr. Graves a whole series of questions, but I think I would be committing an injustice, because there are people around the table who aren't already as convinced as I am that his studies are reflective of the public mood. So I'll leave some of the more skeptical questions to members who represent that 6% that you identified in your poll.

I'm intrigued as well, Mr. Cruickshank and Mr. Chaput, by what you said, because I had this perception that the Government of Alberta, as you very politely put it, expressed a political will that was contrary to the proposal that you are advancing.

I have done a quick analysis here, and I hope my mathematics are right. I'm not an engineer, but I think your cost is about \$10 million

per kilometre for the project. It seems to be not an insignificant amount, but it's in the ballpark for highway construction in and around the Toronto area.

Mr. William Cruickshank: Does that include the cost of the trains?

Hon. Joseph Volpe: Well, in Toronto, it wouldn't include the cost of a whole pile of things, but \$10 million has been tabled.

In this committee, we were initially looking at the one corridor. We decided to take a look at a second corridor, the one in Alberta. As you heard earlier, we've now started to seize ourselves with the idea of a third potential corridor.

On the issues you've raised—and I want to thank you for being so methodical in the economic and engineering analysis and the environmental perceptions that you've laid out for this committee—you're right, although I'm tempted not to say completely so. I'm obviously talking to an expert and I'm just somebody who has read about this material, but I'm tempted to ask, have you taken a look at what would happen in the Windsor-Quebec City corridor? And if you have, from your perspective, what would the technical challenges translate into in terms of cost?

Mr. William Cruickshank: I'm not particularly familiar with this part of the countryside. In fact, this is the first time I've ever been in Ottawa, even though I've been in Canada for 46 years.

What works in Alberta is that Canadian Pacific's line to Edmonton is a secondary main line. It is not a main line. The main lines run east-west. In Ontario, you have the main lines running east-west.

I have given this some vague thought, with no basis of foundation, as to whether you can find some way to consolidate the CP and CN usage of track and find abandoned routes or abandoned rights of way that are still available to get you in and out of the cities—because that's your big challenge, getting in and out of the cities—if those options are open to you, or building alongside either the CP or the CN.

John is from Ottawa originally. He's much more familiar with the countryside. So I'll let the other expert speak.

Mr. John Chaput: Thank you, Bill.

The terrain that you're dealing with here in eastern Canada, particularly more or less from Ottawa east, is in the Canadian Shield. It is considerably more difficult to work in than the bald prairie, where for the most part we have to deal with a few creeks and a few rural roads and one or two major valleys carved out by rivers but which is really quite straightforward. It is not highly developed; and I don't mean to demean agriculture, but most of it is under agriculture at the moment. So we're not uprooting families and businesses if we proceed.

The real dilemma that faces the Windsor-Quebec corridor is finding the right of way and making sure that construction costs are not going to go crazy. At some point I believe you're going to have to cross the Ottawa River, which is not an insignificant obstacle. The terrain is pretty rough, as I'm sure you all know. The big thing, as Bill has already said, is finding the right of way to get in and out of the cities.

High-speed rail at 300 kilometres per hour and beyond, which is now quite practical, up to about 360 kilometres per hour, simply cannot run on the same tracks as freight trains. It's not safe, and technically it doesn't work.

So getting into downtown Montreal, downtown Toronto, and Ottawa for that matter, is the big challenge for the line. The other issue that always faces any railroad or any corridor of this nature going through a highly developed area is that everyone wants a station. If you get too many stations, you don't have high-speed rail any more; you have a commuter service. I don't mean that as a death knell for the corridor at all; it's just one of the other complications that surfaces on that route.

• (1915)

Hon. Joseph Volpe: I didn't read that at all, Mr. Chaput. What I read into that is that you're probably advocating complementary regional services that feed into the hub of a high-speed rail system.

Mr. John Chaput: Precisely.

Hon. Joseph Volpe: I think that's great.

We don't have a lot of time, but I have an opportunity to ask you some questions—

The Chair: You're out of time.

Hon. Joseph Volpe: We're not out of time. We have another 45 minutes.

The Chair: Your seven minutes are up.

Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise: Thank you, sirs, for sharing your time with us this evening.

Your poll focused in part on public-private partnerships. I understand that you asked a number of questions about the construction of the high-speed rail line. Are the people polled aware that in the case of public-private partnerships, a substantial portion of the investment is made by the government?

I also plan to put this question to the representative of Alberta High Speed Rail. In a public-private partnership, the government covers the cost of laying the rail line. This represents a significant investment. Are people aware of that fact?

[*English*]

Mr. Frank Graves: I think part of the appeal of the public-private partnership is that it allows the public to evade the hard choice that this might have to be funded principally by government.

If you look at the poll a little more carefully, though, those who didn't pick were given three choices initially between public-private partnerships, private sector, or public sector. When you exclude those who picked the very popular, but easy to pick, public-private partnership, the remaining portion, by a two-to-one margin, assigned governments the responsibility.

When we probe further, of those who picked either government or public-private partnership and were asked which levels of government should be most responsible, by an overwhelming majority the federal government was tagged with the ultimate responsibility. I

believe it was something like six times as large as the instances of people who assigned responsibility to the provincial government. Nobody in the poll thought the municipal governments were going to be paying the freight on this one.

I think the public actually have a reasonable understanding of this. We had other questions, for example, that asked whether people thought this would be self-sustaining eventually. By a margin of about 60-40, the public felt this would require an ongoing commitment from governments, in particular the federal government—something they said they would support.

People glaze over at the enormous sums being spent on infrastructure and deficits and so forth, but we mentioned billions of dollars explicitly in the explanation to the respondents, and although it did tend to reduce the enthusiasm somewhat, it did not increase the opposition. People answered with an understanding that this was not a trivial investment; this is not something that private sectors were going to produce and that the public would then be able to purchase. They didn't think that once it was put in place it would be profitable and wouldn't require ongoing support. The public support for this exists even with an assumption that it will require substantial ongoing support.

• (1920)

[*Translation*]

Mr. Mario Laframboise: Did you do a breakdown by province? Do Quebeckers have the same reaction as Ontarians or Albertans?

[*English*]

Mr. Frank Graves: Yes, we did, and we had enough of a sample size that we have reasonable scientific certainty about what the differences are.

People who lived in proposed corridor areas, including the Alberta corridor, were more aware of these issues. They were somewhat more supportive, but they certainly were more aware. Ontario and Quebec were the most supportive of the proposals, and they were the most supportive even after the various arguments against were presented. Quebeckers were distinct in that I think they had the highest levels of fluency. Actually, B.C. also had high fluency, which I didn't quite understand. The Quebeckers were the ones who seemed to see high speed as being associated with even higher speed. In the Atlantic, it was seen as anything better than the current system, which was kind of a pokey definition. But in Quebec it was that it has to be very fast. Quebeckers were the most likely to assign responsibility to the federal government, and to see it as an ongoing responsibility, which I thought was interesting.

[*Translation*]

Mr. Mario Laframboise: I have one final question about polls. You said that people who are more affluent tended to be more supportive of the initiative than those with lower incomes. I was under the impression that people with lower incomes might benefit more from a rail system, for travel purposes and so on. Did you probe further in an attempt to understand why people who are less affluent are less supportive of high-speed rail?

[English]

Mr. Frank Graves: Yes, we did. Not to be overly convoluted, but support was linked to awareness and understanding of the issues. Frankly, education was a more important variable than income— income was important as well—and they were the ones who seemed more informed and had thought about the issue. I think one of the reasons we found that the less affluent and less educated hadn't really thought about it was because frankly it hadn't crossed their radar screen.

By the way, the travelling public we looked at, particularly those taking rail, air, and also bus, were really interested in moving over if high-speed rail were to exist. Car travellers were as well, but the interest was less pronounced. I think you have a lot of people on the roads who would be in planes or trains if they could afford it, so this was a factor.

Interestingly, some of the questioners at the conference pointed out that the experience with high-speed rail in the United States has been that some of the most important customer base are those of less affluent means—in other words, precisely the people in Canada who are not showing much attention to the issue right now.

The Chair: Mr. Bevington.

Mr. Dennis Bevington: Thank you.

I enjoyed your presentation. I can see how your thinking goes.

About the existing rail system between the two cities, for a while you had a dayliner on—is that correct?

Mr. William Cruickshank: Yes. That stopped in 1985. There had been a number of bad accidents. VIA Rail said that the volume of passengers was not there and that the problems with level-crossing accidents were too much. They cancelled it.

• (1925)

Mr. Dennis Bevington: Your system would, in the dedicated line, have overpasses for every single one?

Mr. William Cruickshank: Overpasses, yes.

Mr. Dennis Bevington: For every single one?

Mr. William Cruickshank: No, it would be every four miles.

Mr. Dennis Bevington: The roads would be re-routed.

Mr. William Cruickshank: You would have to go only two miles north or south to find an overpass. It would depend on the locale and the needs of the farmers.

One question that comes up has to do with farmers' access. It's the same thing on the Trans-Canada Highway west of Banff, where they have these two huge culverts above the road to allow wildlife to cross the highway. You can easily do the same thing or even put a concrete one up. I saw this in a picture at the conference today.

Mr. Dennis Bevington: Would you fence the whole thing?

Mr. William Cruickshank: Absolutely.

Mr. Dennis Bevington: It would be pretty much a—

Mr. William Cruickshank: It would be a dedicated, closed strip of land.

Mr. Dennis Bevington: What is the freight movement like between Edmonton and Calgary?

Mr. William Cruickshank: It's somewhere around ten trains a day at present, but it was much higher than that when the economy was going good. With us running on our separate line and CP running on their freight line, we are not interfering with each other's train schedules.

Mr. Dennis Bevington: I see your plan, but I don't see you looking for any incremental measure. Your plan is to put in a completely dedicated line. You're not interested in ramping up the passenger service that could exist on present lines.

Mr. William Cruickshank: No.

Mr. Dennis Bevington: It's the all-or-nothing scenario.

Mr. William Cruickshank: The Alberta government commissioned a market assessment study. Transport Economics & Management Systems, together with another company, did the study, and it confirmed that the ridership will support this line. In Alberta, there is a law that prevents any private company from getting a subsidy or a guarantee from the province of Alberta. We are going to be running this project as a profit venture.

We will succeed, and we'll run it as a profit venture. Many of the high-speed lines around the world are actually producing profits, but, because they are a part of national railway system, this point gets lost in the overall picture of rail service in the country. This is operating profit.

Mr. Dennis Bevington: Mr. Graves, who commissioned your work here?

Mr. Frank Graves: The Railway Association of Canada.

Mr. Dennis Bevington: You did this in advance of this high-speed summit?

Mr. Frank Graves: It was done for this conference in an effort to summarize what the public was thinking.

Mr. Dennis Bevington: We've heard high numbers with respect to a dedicated rail line through the Quebec City-Windsor corridor. It takes your breath away, when you look at it. We talked with Amtrak, and they told us about the huge costs involved in speeding up the times between Boston and New York by half an hour. They're investing tens of billions of dollars to accomplish this. Would you think that the larger numbers would have to be presented? Would that scare away some of the support that you've seen?

Mr. Frank Graves: That's a good question, and we did try to test that crudely. We asked the question up front without providing any information. Throughout the survey we would inform the people that there would be profound costs in the billions of dollars, and that these would be shouldered by taxpayers. We found that there was only a modest decline in the most-enthusiastic-support category. People who shifted made up 15% of the sample. This is out of the 65% who at the outset said that they strongly supported it. There were only 9% opposed, and only 2% were strongly opposed. That dropped down by about 12 points. We didn't find that there was any increase in opposition. Of course, people would always prefer it to be free, definitely.

• (1930)

Mr. Dennis Bevington: I think it might be a bit of Parkinson's law—you know, the guy who did the study that showed that most people only spend time on money within their own fiscal framework, and as the sums get larger they simply can't comprehend.

If you presented it to them in a different fashion, saying, “This is what you as a taxpayer are going to have to pay each year to cover the cost of this”, do you think that would have...?

Mr. Frank Graves: In this particular study, I haven't done it that way, but I have done that in many studies. We've looked at literally hundreds of public policy initiatives, and there's no question. You're right. The bigger the ticket, the more for me, the more resistance. But you start out with such an enormous amount of headroom in terms of public support for this.

I've also looked at how support sheds as a debate ensues about a real issue. It's so strong to begin with here that even allowing for the very predictable decline in support as these kinds of issues become more real, there would be an enormously strong constituency in support of this.

It was also notable that the support for this was strongest among the most educated and sophisticated portions of the public, and those were the travelling public. I wouldn't discount it as a Pollyanna-ish, “That would be great”. It was the things that people said they thought about. They understood that it would cost lots of dollars. In fact, they weren't nearly as sanguine about the fact that this would be run on a cost-recovery basis in the future. They still said they thought it would be a good idea.

That “yes” would go in a real public debate. That would continue to decline, but I still think you would find a solid majority of Canadians. Let me put it this way. I've come across very few examples of public initiatives that we haven't tried, that we've tested through time, and some that we have tried that scored this well with the public.

The Chair: Thank you.

Ms. Brown.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Mr. Chair, and thank you, gentlemen, for being here.

First of all, I want to tell you that I do take the train. I have ridden high-speed rail both in Europe and Japan and have had very favourable experiences on both.

I want to correct the record for something that was said earlier. It was said earlier in the discussion that this was the first time that we've been introduced to the Cascadia concept. I would just like to remind the committee that for those of us who did go to Washington and were participants in those discussions, we were introduced to the Cascadia train and the concept out there.

They told us down there that although high-speed rail was the verbiage that has been used by the Obama administration, the U.S. is talking about higher-speed rail, not high-speed rail. They said the cost of high-speed rail for the United States in the seven corridors that they were looking at would be about \$50 billion. At this point in time the Obama administration is prepared to put in \$8 billion.

This means we are talking about two very different animals. We're talking about high-speed rail in Canada, dedicated corridors, all of the attributes that high-speed rail has, which is not the animal that the United States is talking about. They are talking about increasing their margins to 123 miles per hour. In that discussion they very clearly

told us that they would only be moving to six-car trains that they would then put on their track, and a shared track at that.

That's just to correct the record, first of all, because some members did not attend. I think they have some different concepts.

I have a couple of questions. First of all, this is not a new study for you, Mr. Cruickshank. You've been at this for a while, I'm sure.

Mr. William Cruickshank: Yes.

Ms. Lois Brown: Can you tell me how long you've been looking at this project between Edmonton and Calgary?

Mr. William Cruickshank: I've been working on this for ten years. Collectively, John, Ralph, and I have spent about 26 years looking at this study.

Ms. Lois Brown: So the last time high-speed rail study was done in Canada—there was a report done in 1995—did you present to the government of the day at that time?

Mr. William Cruickshank: No.

Ms. Lois Brown: Is there a reason why?

Mr. William Cruickshank: We weren't involved in Ontario. We were in—

Ms. Lois Brown: But the high-speed rail was not just going on in Ontario at the time. There was room to discuss this.

Mr. Graves, do you know of any presentation that was done then?

● (1935)

Mr. Frank Graves: No. I was briefly involved in some work that was done earlier. I think it was in the late 1980s, but I wasn't involved in the mid-nineties work.

Ms. Lois Brown: Okay.

I have a question for Mr. Cruickshank. You spoke about Norway, Denmark, Sweden, and Finland and there being five and a half million people. They each have about five and a half million people in population, do they not?

Mr. William Cruickshank: Yes.

Ms. Lois Brown: They're sharing. I mean, there's quite a different ridership in Europe from what we have in Canada. What projections do we have for ridership between Edmonton and Calgary? Is it feasible that trains are going to run all day, every day, and be profitable?

Mr. Graves, I represent a riding just north of Toronto, so my interest, obviously, would keenly be the Toronto to Montreal corridor. Have you done any polling, or are there any studies that have been done, about bringing high-speed rail or higher-speed rail into York region? I see the problems in going into the downtown area as significant in terms of land acquisition, whereas we may be able to do something north of the city.

That's a whole ball of wax. And I'm supposed to be sharing this with Mr. Del Mastro. I'm sorry.

Mr. William Cruickshank: To your question on ridership, the ridership study released by the Government of Alberta is in the public domain. It did a worst case, base case, best case study of ridership in the first years of the project. You're looking at between 2.7 million and 3.5 million passengers a year, which is well above the threshold for us to operate the trains and make money.

I should also point out, as John was saying to me, that when engineers do their engineering talks, if you take a worst-case scenario with them, they add on 50%. So when I say \$3 billion, you're still only talking about \$4.5 billion. There's a great perception in the press in Alberta that this project's going to cost between \$3 billion and \$20 billion, and this range is just far too wide. There is not the need.

We have looked at the cost of this line. We've compared it to building a brand new line in Australia. We've met with engineering companies from Finland, and they have done work on high-speed rail in Europe at the 300 kilometre per hour level. Their reports say how much they were spending per kilometre in Europe, and we're still in the ballpark. We have never seen an instance when we are not in the ballpark. These big numbers get out there, and you just can't get them back down to where they really are. All of us are comfortable with these numbers.

When I first saw Ralph Garrett's estimate—being a banker, I saw lots of estimates cross my desk—I phoned up Ralph and said, “Okay, the numbers add up. Tell me why it's right.”

To get 50% of what you have to buy to build a railway, you phone up the manufacturer today and say, “What does it cost to buy 600 kilometres of rail line and 75,000 concrete ties?” Go to the Government of Alberta's web page. You'll find what it costs per square foot to build a reinforced concrete bridge—buying the overhead cables, all the equipment that goes with the electrification, substations. Frank can phone up somebody and ask what the cost of buying the articles is.

You have 50% of your cost based on something you order from the manufacturer at a cost that's known today. The prices vary with exchange rates and the price of base metals, but that's fine. We have contingencies of about 20% in the whole of this estimate. Your basic risk costs are in how much earth you move and in any environmental problems that arise. Finding gravel in the northern half of Alberta is more challenging than it is in the southern half.

Is that basically right, John?

Mr. John Chaput: That's what I'm told. As we go farther north, the soil conditions get a little more moist, so they will likely be required to have a greater amount of excavation to get a good solid roadbed. Unfortunately, where you need the gravel most is where it gets a little bit more scarce. But again, we've priced all that based on the best information we can get.

Bill's point is that almost half the total cost is material we can go out and price tomorrow. You just multiply by the number of pieces you need. I'm not saying that it's going to be that simple. But the people we're working with know and understand what we're trying to achieve and what kind of equipment we're talking about. They are quite capable of pricing it within plus or minus 20%.

● (1940)

The Chair: I have to interrupt.

Mr. Graves, I know that you have to leave. Did you have a final comment?

Mr. Frank Graves: I'm good for another five to ten minutes.

The Chair: Be very brief.

Mr. Frank Graves: I have just a quick comment, if I could, on the question. We did isolate and look at different communities, and obviously our sample sizes get smaller and therefore so does our precision in the estimates. But looking at individuals, we had large samples in Ontario and Quebec. We had large samples that included people from Toronto and Montreal in particular. Let me put it this way. You would probably find that we might have had maybe 400 to 500—400, let's say—out of the 1,600 to 1,700 in the sample in that corridor. You would have found not more than literally 10 or 12 who were opposed to this, even when we mentioned the kinds of numbers involved.

Granted they are not aware of all the technical difficulties, rights of way, getting in and out, but I think they also have some understanding of some of the costs involved and they understand that this would be a massive undertaking.

The levels of support were extraordinarily strong, the strongest, in those parts of the country. Support in those areas was literally in the 90% range. Respondents also were not particularly interested in higher speed and didn't understand this as a higher-speed activity. They thought of this as something that only really clicked in—and this was particularly true in Quebec—when you started getting up into the 200 kilometre per hour and even 300 kilometre per hour ranges.

So definitely before things move forward you'd want to test those more definitively, but this is an overwhelming initial endorsement.

I have one final point. Overall this was representative of the Canadian public, and 60-odd percent said this would make them far more likely to take rail in the future as an alternative or an addition to the rail patterns they were taking already. Of those, half said they would be much more likely to, and this would immediately affect their travel patterns. This was particularly true of the dedicated travelling public who are currently taking air, bus, and rail, because we looked at both behaviour in the past year and intentions for the coming year. Those were the groups that were most attracted to this particular initiative, although there were also a lot of people....

By the way, we have found that the greatest fear the Canadian public has in terms of transportation safety—and this has been a rising fear through time—is of highways and highway congestion and the comingling of transportation for freight purposes on the highway with passenger traffic going for other purposes. This is why some of the benefits were not seen as being produced by just the economic advantages but also significantly the safety advantages and the environmental advantages. Those things were felt most strongly in these parts of the country.

The Chair: Mr. Volpe or Mr. Scarpaleggia.

Hon. Joseph Volpe: Mr. Scarpaleggia.

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

Mr. Graves, this is a hard puzzle to solve when it comes to Alberta. We hear it would be a profitable venture. We hear the population is in favour of this. We hear legislators are in favour of it. Is it possible, in the Alberta context, that the population is in favour of it as long as it doesn't involve public money?

One gets the sense that Albertans are not opposed to large endeavours like the oil sands, for example, but my sense is that they don't like grandiose projects that could involve a loss of public money. We have seen, for example, that whenever there has been an economic downturn, there's a reticence to running a deficit. And then the first reaction will be to cut hospital funding or cut funding for education in order to keep the budget in balance.

So I am thinking maybe people like the concept and would be for it as long as the private sector covers the cost.

Mr. Frank Graves: I could just add something, because I do have an Alberta sample as well, and Albertans are not that different on this particular question.

The public is fully aware of the fact that governments make their response. They would support it in recognition that government funding would be a precondition for any movement forward, not just in terms of the initial creation but, they believe, in terms of the perpetuation of the system once it was operational. Of the respondents—and Albertans weren't that different—80% said they would endorse this, even recognizing that there would be a need for public funds.

• (1945)

Mr. Francis Scarpaleggia: I can't figure it out, because we have the public for it and we have legislators for it. It's a perfect situation, because as you were saying, Mr. Cruickshank, Alberta has a flat terrain and it's not overbuilt yet. It's probably the most amenable situation to high-speed rail. So what is holding us back? I don't understand.

Mr. William Cruickshank: The Léger poll that came out about two years ago in Alberta specifically asked Albertans, "Would you have the government invest in this project?" More than 65% said yes, they should.

What's holding it back in Alberta is a fascinating question, but in the ten years I've been doing this, we have had three premiers and one leadership race. As you know, Mr. Stelmach is having his annual conference this weekend, and there's a vote coming up, and I would like to hope that in the interest of keeping continuity they will

support him, because we don't need to go into a leadership race again.

What's holding this up? There's an awful lot going on in Alberta all the time, but in the big booms, prices were going up all the time and everybody was getting very rich. Then all of a sudden it came to screeching halt, and being in the banking business, I was out there trying to find all this money I'd given out. We went from feast to famine. The transition in Alberta is very severe between feast and famine. We've gone from having about 3% unemployment, 18 months ago, to having 10,000 fully qualified engineers in Calgary out of work. It's a dramatic change. All this change, of course, suddenly going from a projected \$8 billion profit to a \$4 billion deficit, causes a legislator's comfort zone to change dramatically.

Mr. Francis Scarpaleggia: You're essentially proving my point, which is that when times get tough there's no appetite for public spending.

Mr. William Cruickshank: That is true, but as I said, we're looking at the private sector—

Mr. Francis Scarpaleggia: That actually brings me to another question. I don't mean to interrupt, but I don't have much time.

The Chair: You have 20 seconds.

Mr. Francis Scarpaleggia: Did you say that private sector companies are not allowed to accept subsidies from—

Mr. William Cruickshank: They're prohibiting that in Alberta.

Mr. Francis Scarpaleggia: But only from the provincial government.

Mr. William Cruickshank: Yes, the provincial government.

Mr. Francis Scarpaleggia: Interesting.

Mr. William Cruickshank: The feds are excluded from that.

[*Translation*]

Mr. Mario Laframboise: My question is for you, Mr. Cruickshank.

You are interested in pursuing a public-private partnership in Alberta. Most probably you have done a financial assessment. You mentioned that an investment of about \$3 billion would be required. What percentage of the cost would be assumed by the private sector? What is your take on the situation?

Does this mean the government builds the infrastructures and you handle operations and maintenance? Have you given some thought as to how a public-private partnership would work?

[*English*]

Mr. William Cruickshank: The private company would buy and operate the trains. The private-public partnership towards building the infrastructure can go through very many variations of how much government owns and how much the private sector is willing to finance.

You're looking at an asset that is going to be there for 100 years and is going to have a revenue stream, and if you look at pension funds, which are looking for long-term infrastructure investment, they're looking for this kind of return that is stable and moves them away from dependence on the volatile stock market.

We are just starting to talk about this and we'll be exploring many avenues to see what combination of private and public financing could be put into this. The bottom line, as the Government of Alberta, Premier Stelmach, stated in July when he released the ridership report, is that they would buy the land. That says his minimum commitment. I'm sure when he sees that this is getting more life he'll be able to put in more funds to finance it, but we're just negotiating what our options are. We have ideas on what might work. We're just going to ask people what they would do, and move from there and negotiate and explore opportunities, because there is a deal to be made in this type of project. We have to find the right mixture.

• (1950)

[Translation]

Mr. Mario Laframboise: France's Société nationale des chemins de fer, the SNCF, has expressed an interest in a public-private partnership and in participating in a tender process, should there be one in Quebec. The SNCF is responsible for the operation of all high-speed trains in France and of a number of other trains in Europe.

In your opinion, should the governments of Alberta, Quebec and Canada put out calls for tender to see if other major international firms would be interested in bidding on and on being financial partners in the construction of high-speed trains in either Alberta, Quebec or Ontario?

[English]

Mr. William Cruickshank: We have known that other companies from outside Canada have been interested in this project. From the start I had taken the view that as the taxpayers of Canada, in whatever shape, are going to put money into this and the taxpayers of Alberta in particular are going to be the main users of it, at some point we should have an initial public offering so the public can invest in this project.

As a banker, one of the reasons I don't like bringing in offshore companies is that there's always a question of an added exchange risk in whatever arrangements are made. This adds another factor of risk to the venture, as to whether the Canadian dollar vis-à-vis the French franc, or whichever country it is, is going to be stable over a very long time.

I always look at things and ask, how do I reduce the risk? And if I can reduce the risk and finance it within Canada, that would be my first preference.

The Chair: Mr. Del Mastro.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, Mr. Chair, and thank you to the witnesses for appearing today.

I've been chairing the all-party rail caucus for more than three years. I've been very proud of the investment track record of this government. I would argue that we've got the most pro-train government, pro-mass-transit government perhaps since John A. Macdonald committed to the Canadian Pacific Railway at Confederation. We've made significant contributions toward it.

Coming back to what Mr. Bevington was talking about with respect to incrementalism of plans, I think we're moving toward fast speed on the Lakeshore, trains that will operate at speeds of 160

kilometres an hour. For example, they're already hitting 160 kilometres an hour along the Lakeshore, but being able to sustain it for longer periods of time and much shorter travel times we think will increase ridership. That incrementalism will then build better business cases as we move forward.

I hear political will a lot. I've been working on this, I've worked on plans and I've worked on costing. Mr. Cruickshank, with due respect, sir, I'm certain you're substantially under on costs for a dual-line track with electrified fences and so forth. I've worked this out. You're about one-eighth less than what the Americans are finding out when they look at the Amtrak study along the west coast, for example. I'm not saying it would be as expensive as building in California, because there are geographical challenges, but you're under.

One of the big challenges in government, when you're putting together a federal budget, is choices. What are we trying to manage? You have presentations. This year, for example, there are almost 700 presentations to the federal finance committee for where they would like to see money spent. It's not about political will. It's about how much you have. There's never enough money. Governments only have a finite amount of money, so you're left to make choices.

I'm not surprised you found such great support, because I can tell you in Obama's stimulus plan people were asked what they liked the best of all the things in the stimulus plan, and everybody said they loved high-speed rail. But there's only \$8 billion, and it's a drop in the bucket when they're talking about the number of high-speed lines that are viable in the United States over time.

If you asked people if they would like to see substantially shorter health-care wait times or high-speed rail, what do you think they would say?

Mr. Frank Graves: First, I agree completely with your comments that the public has lots of wants, but when you get down to trading them off, you have to be very mindful of the fact that some of those are contradictory and we can't satisfy all of them.

By the way, I would not recommend nor would the public, because we've asked them this many times. The public has spoken on this and they'd really like to go ahead and do it. They would only like their voice to be heard as one partial input to this. They recognize there are lots of other considerations, competing interests, technical issues. They don't pretend to have that expertise. They're just saying as they understand this, they think it's a really good idea. Compared to a lot of other ideas, they think this is a particularly good one.

In terms of the question of trade-offs, we have tested trade-offs many times, explicitly saying they can pick this or that, looking at all kinds of random combinations. We haven't done that with this particular exercise. I think from past experience it would do quite well. It would certainly figure in the top half, but it would be something I would like to do.

I appreciate your sensitivity to the fact—

• (1955)

Mr. Dean Del Mastro: I would agree with you on this point. I do think that investment into rail, transit, reducing greenhouse gas emissions, and inter-city connectivity are all very high priority for Canadians, and if you can present a good incrementalized plan on moving toward that, Canadians will support it. I think that's what you're actually on to.

Mr. Cruickshank, a year and a half ago I took the Royal Canadian Pacific from downtown Calgary to Edmonton with CP Rail. It wasn't a bad ride. It was a beautiful train too, I might add.

Mr. William Cruickshank: Yes, it is.

Mr. Dean Del Mastro: I would suggest to you that given rail technology as we have it.... And I can tell you we have a lot of level crossings across Ontario with trains travelling at about 160 kilometres an hour with very few incidents. Why wouldn't you look at first promoting an incrementalized plan, perhaps even using the Bombardier JetTrain type of design that they brought in a number of years ago? Electrification is a big step, and it doubles the cost of building a train.

I'm just wondering why you aren't talking to the Alberta government about building a transit system that would connect those areas. One of the great things about a train is that it can stop in Red Deer, and a plane won't stop between those stops.

Why aren't we first trying to get an incrementalized plan, build ridership, build a business plan, and get to where we need to go? I think that's where we need to go. We need to continue looking at and investing into rail.

Mr. William Cruickshank: We looked at the concept of running trains at lower speeds. We looked at using diesels running at 200 kilometres an hour. One of the things we decided was that once you've established a traffic base and you have to do upgrades to the route for any reason, you do great havoc to your ridership. Look at the west coast line between London and Glasgow. They started about 12 years ago upgrading it to a higher speed and electrification. They started off with a £5 billion budget and a five- or six-year timeframe. It took them 12 years and £13 billion to do it. They found their biggest trouble was they could not get the crews on the line for a long enough time period to set up and do meaningful work; they'd have to shut it down because the trains were coming. They eventually resorted to taking it in 30-mile sections and shutting it down for a month or two. The ridership just said goodbye. They weren't going to get on a train and then get on a bus for 30 miles and then get back on a train.

You cannot treat your ridership like that. They are your most valuable resource.

The Chair: I have to go to Mr. Volpe for final comment, one minute.

Hon. Joseph Volpe: Thank you for sticking around, Mr. Graves and Mr. Cruickshank. I want to finish off with a reference to what you said earlier on, that you have to think in terms of projecting down the road in order to really engage in high-speed rail.

I mentioned this at this conference today, that you can either wait for all the right conditions or you can plan for the conditions under which you are going to build. The Chinese, the Hong Kongese, when they built the tunnel under the bay to connect Kowloon and Hong Kong several years ago, faced the same negativity. They had the foresight then to think in terms of extending that subway rail up into the northern part of Kowloon and into the then border town of Shenzhen, now a major city. That railway track at the time was condemned by virtually everybody as too expensive, not affordable. They said nobody was going to use it, that they should go in incremental steps.

I think you're familiar with what's happened. It's a prototype for the kind of construction and foresight in planning that's required. You can go from Shenzhen down to Hong Kong Island in less than an hour. If you try to walk three blocks in Hong Kong it will take you an hour. If you try to take a car, you'll never get out of the parking lot. So was it costly then? It would be prohibitive today.

I thank you for what you have brought to the table today. It shows that the choice is not between incrementalism and high-speed, it's between making an investment today and having a prohibitive cost tomorrow.

Thank you very much.

• (2000)

Mr. William Cruickshank: Thank you.

The Chair: Thank you to our guests today. We appreciate your time. We know that you had a busy last couple of days, so we do appreciate it.

Thank you.

Mr. William Cruickshank: Thank you very much for asking us.

Mr. Frank Graves: Thanks, Mr. Chair.

The Chair: The meeting is adjourned.

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