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

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**EVIDENCE**

**Tuesday, March 19, 2013**

—  
**Chair**

**Mr. Larry Miller**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, March 19, 2013

• (1545)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** We'll call our meeting to order.

I want to welcome Minister Fletcher, Minister Lebel, and Mr. Lévesque and Ms. Lemay from the department. Thank you very much for being here.

Mr. Fletcher or Mr. Lebel, who's going to go...?

Mr. Lebel, I'll turn it over to you.

**Hon. Denis Lebel (Minister of Transport, Infrastructure and Communities):** Thank you very much, Mr. Chair.

[Translation]

Mr. Chair, thank you for the invitation to meet with the committee today to address our main estimates, and update the committee on the transport, infrastructure and communities portfolio.

As you mentioned, I am joined by my colleague, the Honourable Steven Fletcher, Ms. Lemay from Infrastructure Canada, and Mr. Lévesque. Many members of our team are here, as well, sitting behind us. They are a skilled group that does great work at the Department of Transport.

I wish to thank the committee for its input over the past year relating to various issues, and I look forward to continuing our collaboration.

The main estimates we are addressing today will allow our portfolio to continue to address transportation- and infrastructure-related matters and services.

[English]

This work includes new regulations and legislation, projects to improve our transportation networks and our infrastructure, and programs that ensure the safety and security of transportation in Canada.

I've said it before, but it bears repeating: Canada needs safe and efficient transportation to achieve our government's goals of promoting growth, creating jobs, and supporting the long-term prosperity of Canadians. The economy is our priority, and we remain focused on it.

[Translation]

Given the important role that transportation plays in driving and attracting international trade, it is essential to ensure our economic

competitiveness in the world. The funding we seek through the main estimates will help us to achieve this goal.

[English]

Mr. Chair, I know the committee is now very familiar with Bill C-52, the fair rail freight service act, as you are currently studying this important piece of legislation. I would like to thank all members of this committee for your work on this bill over the past number of weeks. Bill C-52 is a very important bill for our government because it strongly supports our economic agenda by ensuring that Canada's rail freight transportation system is well-positioned to support future economic growth, particularly in the resource development and commodity export sectors.

As you know, Bill C-52 will amend the Canada Transportation Act to create a backstop that will support commercial negotiations between shippers and railways with respect to service. This will enhance the reliability and predictability of our entire supply chain. The bill gives shippers the right to a service-level agreement with the railways that will define the terms of service a railway will follow to move shippers' goods. If a shipper is unable to negotiate a service contract with the railway commercially, it will be able to trigger a fast and flexible arbitration process through the Canadian Transportation Agency to have a service contract imposed. The bill also provides a strong new enforcement tool, an administrative monetary penalty of up to \$100,000 to hold the railways accountable for their service obligations.

It is important to note that almost everyone agrees that since our government started looking into this issue back in 2008, the quality of rail freight service in Canada has improved. Bill C-52 is about solidifying and building upon these important gains. As a backstop, it will ensure that shippers have the leverage they need to negotiate service contracts with the railways. The goal is not to replace commercial negotiations; it is to provide the remedy for shippers in the event that commercial negotiations are not successful.

As we draft the bill, we worked very hard to listen carefully to the views of all stakeholders on what is a very complex issue. We have truthfully considered their proposals and we have tabled a bill that strikes the right balance for the entire Canadian economy. That's always been our goal, and I believe we have achieved it.

As I have heard support from all parties around this table for Bill C-52, I encourage this committee to proceed quickly with the conclusion of your study and refer it back to the House of Commons.

Moving on to another legislative initiative, this week we announced two significant measures to ensure that Canada has a world-class tanker safety regime through our safeguarding Canada's seas and skies act.

• (1550)

First, we have introduced legislation to amend the Canada Shipping Act of 2001. Some of the amendments would require certain facilities to submit plans for pollution prevention, emergencies, or any proposed major expansion or conversions to the Minister of Transport, and to empower Transport Canada inspectors to direct facility operators to demonstrate their compliance.

Second, I'm appointing an expert panel to review Canada's current tanker safety system, led by Captain Gordon Houston, former president and CEO of the Vancouver Fraser Port Authority. The panel will review Canada's oil spill preparedness, examine our capacity to respond to spills, and develop a plan for future response.

[Translation]

Finally, while the panel will develop a plan for the future, there are other steps we are taking to strengthen our tanker safety system. We are increasing the number of tanker inspections and aerial surveillance. We are investing in research on marine transportation risks of oil sands products. We are assessing our laws and regulations regarding marine spill liability. And we are engaging communities and first nations on their local emergency response plans.

The Safeguarding Canada's Seas and Skies Act is a good bill, and I am confident it will receive support from all members of Parliament.

Moving on from sea to surface, when I appeared before this committee last November, I noted that plans were proceeding to build a new bridge over the St. Lawrence, in Montreal. With some 60 million vehicles and \$20 billion worth of international trade crossing it annually, this bridge is important to both Montreal and the country.

What I can confirm at this time is that the environmental assessment will be completed by the end of 2013 or early 2014. This year, we will move ahead on property and public utilities work to begin building the Nuns' Island temporary causeway, which we will need in order to construct the new bridge.

[English]

We're also working on the Detroit River international crossing. With more than 8,000 trucks per day, the region's Ambassador Bridge is already the busiest land border crossing between Canada and the U.S. The new crossing will provide much-needed border-crossing capacity to handle the anticipated growth in commercial and traveller traffic.

To begin implementation of the project over the next year, Transport Canada will establish the Canadian crossing authority. The department will also start property acquisition in the United States and complete property transactions in Canada. We will begin to reallocate utilities and prepare the Canadian site around the crossing for construction.

[Translation]

Investing in Canada's infrastructure is also a key element of the Government of Canada's plan to create jobs, growth and long-term prosperity for Canadians.

Since 2006, we have made unprecedented investments in thousands of infrastructure projects across the country, despite the systematic objections of the opposition parties. The biggest source of support for these investments has been the Building Canada Fund, which we established in 2007. While most of this fund has been committed to projects, it is important to remember that this funding will continue to flow beyond 2014, as construction continues on major projects we are supporting across the country.

In addition, we doubled the Gas Tax Fund, at \$2 billion a year, and in 2011, we made it a permanent source of funding for municipalities. Thanks to our government, communities across Canada will be able to count on stable, predictable funding for their infrastructure needs.

In terms of other infrastructure funding, we are now looking to the future. But we are aware that any decisions must be made in the context of the Government of Canada's current fiscal situation and the capacity of Canadian taxpayers.

We have accomplished much through our investments in infrastructure projects across the country.

• (1555)

[English]

For example, residents in Nipigon, Ontario, recently celebrated the completion of upgrades to their wastewater treatment centre. In Pictou County, Nova Scotia, residents are taking opportunities to get fit and stay active thanks to the recent completion of the Pictou County Wellness Centre. And working together with the Government of Alberta, we have completed 12 important highway infrastructure initiatives that will support economic growth across the province.

[Translation]

Beyond local investments, we fund transportation infrastructure that contributes to trade and economic growth in Canada through our Asia-Pacific Gateway and Trade Corridor Initiative. By ensuring that trade supply chains can move people and goods efficiently, safely and securely between Canada and the rest of the world, we are improving incoming and outgoing North American trade, as well as our competitive advantage in global markets.

[English]

Since 2007, we have announced 39 strategic infrastructure investments in nine provinces under the \$2.1 billion gateways and border crossings fund. This includes important initiatives in Atlantic, continental, and Asia-Pacific gateways.

We will continue to advance our gateway and corridor initiatives in partnership with other governments and stakeholders to improve our transportation system's ability to support international trade.

Unlike the opposition parties, we are focused on the economy.

[Translation]

You will note that these estimates indicate that planned operating expenditures for Transport Canada have decreased from 2011-12 to 2012-13. This reduction is mostly the result of savings announced in Budget 2012 and reflects measures the department is implementing to deliver more efficiently on its mandate.

[English]

Let me make something very clear. Transport Canada will continue to regulate, inspect, and oversee Canada's world-class transportation system, and it has taken measures to ensure that its core services remain properly funded and aligned with departmental priorities. These adjustments will not compromise the safety or security of travellers using any modes of transportation in Canada.

[Translation]

Transportation safety and security will remain a core part of Transport Canada's mandate. Canada has one of the safest transportation systems in the world, and the facts demonstrate it. The number of aviation accidents has decreased by 25% since 2000, while air travel has increased significantly.

And since 2007, the number of rail accidents has decreased by 23% and derailments by 37%. Transport Canada continues to emphasize the central importance of safety and security across all modes and to clarify the need for industry to create a culture of safety across air, marine and rail modes of transportation in Canada.

[English]

With these main estimates, we are moving forward with planned reductions in spending from our 2013 expenditures. But we will continue to ensure that the Canadian transportation system remains safe and secure, efficient, and environmentally responsible.

[Translation]

Over the past year, the departments under my portfolio have changed to meet the reductions announced in Budget 2012. We are working to modernize our programs and improve the efficiency of our workforce. Our employees take this challenge seriously and will strive to build greater innovation, efficiency and accountability in the portfolio.

[English]

That concludes my remarks.

I will now invite Minister Fletcher to speak to you regarding our portfolio's crown corporations.

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

Minister Fletcher, go ahead.

[Translation]

**Hon. Steven Fletcher (Minister of State (Transport)):** Mr. Chair, I am pleased to be here today.

Mr. Lebel, thank you.

• (1600)

[English]

Thank you, Mr. Chair and members of the committee, for the opportunity to speak about the main estimates requested of the three crown corporations in our portfolio.

I will focus on VIA Rail, Marine Atlantic, and the Canadian Air Transport Security Authority, and I welcome the opportunity to explain how these organizations are evolving and how they continue to best serve the interests of all Canadians.

Let's start with VIA. Passenger rail service plays an integral part in our country's economy and transportation system, and our government remains committed to providing Canadians with safe, reliable, and sustainable passenger rail service. We have invested close to \$1 billion in VIA to renovate trains, improve accessibility, upgrade tracks, and upgrade stations. Some of those projects have ended, which is reflected in the decreased funding in the main estimates.

These estimates have addressed urgent infrastructure needs. They've helped to improve VIA stations and equipment and to provide faster, more reliable service for travellers across the country.

We have supported improvements in the Quebec-Windsor corridor, and we have contributed to projects that improve the facilities and preserve the heritage features of both Pacific Central Station in Vancouver and Union Station in Winnipeg.

Beyond upgrading the infrastructure, VIA has also introduced innovative new services. Just weeks ago they launched a project that will provide free Canadian entertainment from the CBC and the National Film Board on VIA trains.

As well, we are supporting VIA programs to renew its equipment. In December VIA announced the launch of upgrades to its fleet of F40 locomotives, which are essentially the workhorses of the service. The new engines promise to be both environmentally sustainable and cost-effective, important factors in our transportation system.

VIA is meeting customer demand in the Ottawa-Toronto-Quebec corridor by introducing four new trains per weekday and four more on weekends, for a total of 28 new departures per week. In addition to these changes, there's a direct service between Quebec City and Ottawa to encourage more travel between the two capitals. This new service, which began this past December, could possibly attract 200,000 new passengers annually.

Moving from rail to sea, let's look at Marine Atlantic, which provides the constitutionally mandated ferry service between Nova Scotia and Newfoundland. Given this company's value to Atlantic Canada and the role a strong infrastructure in transportation plays in the region, it is absolutely critical, and our government continues to invest in it. In fact, I took both routes on Marine Atlantic not this summer but the summer past, and it was a thoroughly enjoyable trip on some huge ships. I heard nothing but praise, especially when people compare the new ships with the old ships and the docking, the new infrastructure at the ports versus the old infrastructure. So that's good.

Since 2007 we have supplied funds to support its programs, renew its fleet, and improve its services and facilities. As a result, as I've already mentioned, Marine Atlantic is receiving positive feedback from customers, complimenting both its staff and improved facilities.

With continued support from the federal government, we are confident that Marine Atlantic will continue to improve its efficiency and improve the experience for its customers. This will in turn support growth, job creation, and prosperity in the region.

Just before I conclude, I will talk briefly about the Canadian Air Transport Security Authority. CATSA is responsible for screening air passengers and baggage and for controlling access to restricted areas in our airports. In doing so, it's always looking at ways to improve its service.

This past January, I travelled to Regina to announce a new initiative that is taking place there and in other airports. It will allow those who have NEXUS cards, or people who have joined the NEXUS program for trusted travellers, to pass through air security screening faster and more conveniently. This initiative demonstrates how CATSA and its partners are working to ensure that Canada maintains, as Minister Lebel has already eloquently noted, one of the safest and most secure transportation systems in the world.

Mr. Chair, the three crown corporations I've noted all provide essential services to Canadians and support our world-class transportation system. We are committed to ensuring that they continue to carry out their mandates, and we have taken measures to ensure that core services remain properly funded and aligned with departmental priorities.

We support the efforts they're making, along with the government, to support growth, create jobs, and promote prosperity for all Canadians.

I'd be happy to take any questions.

• (1605)

**The Chair:** Thanks very much, Minister Fletcher.

Ms. Lemay and Mr. Lévesque are here to answer questions.

We'll move right into that, beginning with Ms. Chow for seven minutes.

I understand you're splitting your time with Mr. Sullivan.

**Ms. Olivia Chow (Trinity—Spadina, NDP):** Yes, thank you.

Good afternoon, Minister Lebel. Welcome to the committee.

The Federation of Canadian Municipalities has proposed “cut my commute time” funding, asking for a direct transfer to municipalities and provinces for public transit. As you know, this is a top priority for the Big City Mayors' Caucus. Mayors, whether they be from Calgary, Vancouver, Quebec City, Montreal, Halifax, or Toronto, are all asking for help to cut the commute time.

Within I think two days after they made the request, you were in the media saying, no, you do not support dedicated transit funding. My question is, why?

I'll ask my second question, and then you can answer both.

The second question has to do with our competitiveness. Canada loses five million passengers—Canadians—who go to the U.S. to fly out of the U.S. because they find that the cost of flying in Canada is too expensive. One of the reasons for it, the airlines have been telling us, is the high airport fees and all the funds that are being charged to the airports and to the airlines. As a result of this, airlines in Canada are not as competitive as those in the States, which means we lose millions of dollars of tax revenue and thousands of jobs.

What is your plan for dealing with that lost revenue and Canadians having to drive south in order to fly anywhere?

**Hon. Denis Lebel:** I know transit is important for big municipalities in this country—we understand that—but our government respects jurisdictions in cities like Montreal or Toronto. I know many people are interested in these cities. We think that at the municipal level they know what the best choice is for their populations.

We have invested more than \$5 billion in support of transit projects all across the country. That's our record. That's very impressive. Some provinces decided to use mostly their gas tax fund for public transit.

We understand how important these cities are for the Canadian economy. We will continue to work with the Federation of Canadian Municipalities and municipalities in all provinces and territories to try to find solutions for that.

These are the facts: no other government has invested more than ours has in the infrastructure of this country, including transit. We will continue to work to fix that with them, but not on their behalf. We will not replace them; we will do that with them.

With regard to aviation, for sure we have a user-pay system. We're the neighbour of a country with over 300 million persons. We have close to 34 million in Canada, with a large land mass to cover. That's not easy for airlines. It's always a question of *l'offre et la demande*. That's not easy for companies. We're working with them. We're trying to find solutions with them, but now, in the U.S.A. with their economy, there are choices they have to make. We have made difficult choices in Canada, and we will continue to apply the user-pay system, because we think when you use a service, you have to pay for it too. It's the same thing in aviation.

We continue to follow the issue with them. I organized some meetings with all the stakeholders involved in aviation in Canada, and we will continue to work with them to find solutions.

•(1610)

**Ms. Olivia Chow:** I have a supplementary question, and then I'll go to Mike. Do you prefer a direct transfer like a gas tax program for transit, or do you prefer a grant program, in which you have to apply and you never know whether you're going to get it, and sometimes you get it for a few years and sometimes you don't? What do you think works better?

**Hon. Denis Lebel:** I think the tools—

**Ms. Olivia Chow:** If you want to respect municipal jurisdiction, then you do want to do a direct transfer and let them decide. Why ask them to do a grant program?

**Hon. Denis Lebel:** Because in many provinces, like Quebec, we can't intervene directly with municipalities. In Quebec we have to go through the province. That's an obligation. We signed an agreement with them, and in the future I hope we will sign another agreement with them for a new infrastructure plan.

In Quebec we will have to transfer all the money to the province. They choose their projects. When they have prioritized a list, they send it to the federal government. We have planned at the beginning, before the signature, what kinds of programs will be on the table. We have to respect the fact that we have to invest through the Province of Quebec.

As a former mayor—I know some expect to become mayor, but I'm a former one—I want to have the right tool to help mayors and provincial ministers. The tool we use depends on what is important for each person, but in the end we need a good infrastructure plan to fix things for the population.

**The Chair:** You have just over a minute and a half, Mr. Sullivan.

**Mr. Mike Sullivan (York South—Weston, NDP):** I know. I have two quick questions.

Ms. Chow and I wrote to you to ask if you'll attach conditions to infrastructure spending to include real apprenticeships in order to create employment, ease our skills shortages, and put our youth to work through such programs as the Hammer Heads training program in Toronto. Will you respond positively to that request in the upcoming budget?

The second question has to do with the air-rail link in Toronto. It's the subject of much controversy because of the province's decision to use polluting diesel trains. Canada will be the only country in the world running diesel trains to service an airport. The community wants it electrified before service starts. Has the Province of Ontario

actually asked for federal funding? If they did, would you consider this environmentally responsible help?

**Hon. Denis Lebel:** We will respect the province and their choice. We will continue to work with them, for sure. We know they have a lot of challenges. I've already had a discussion with the new premier about different subjects. We will continue to work with them, but we will not decide on behalf of them. You have to continue your job to tell them what kind of transit you want for Toronto and the greater Toronto area. We will continue to work with them with the money available. They already made a lot of choices in the past.

And the first question was...?

**Mr. Mike Sullivan:** It was whether you would...apprenticeships.

**Hon. Denis Lebel:** Yes, we work on transport issues, for sure. For the workers, I transferred the information to the minister. We'll have to decide how the skills program will be applied and what kinds we will have. We're very concerned about the fact that we need good workers, and workers all across the country.

**The Chair:** Thank you.

Mr. Coderre, seven minutes.

[*Translation*]

**Hon. Denis Coderre (Bourassa, Lib.):** Thank you, Mr. Chair.

Good afternoon, gentlemen. It's great to see you.

Funnily enough, you're both here two days before the budget comes down. I imagine there won't be any bad news in Thursday's budget. If there is, you won't come under fire today. I'll keep my fingers crossed.

[*English*]

**A voice:** There's never bad news.

**Hon. Denis Coderre:** There is never bad news. I have been there: I know that.

[*Translation*]

Mr. Lebel, we agree with the infrastructure program, given that we created it. As a minority government, we even urged the Conservative government to continuing moving it forward. I see, however, that for the program ending in 2013-14, the main estimates have gone from \$5.1 billion to \$3.9 billion. That's a decrease of nearly 23%.

Given how important the situation is—and you'll bring up the bridge, which we are very glad about, even though we'd like it to come sooner—there are still issues to keep in mind.

First, I would like you to tell me the reason for the decrease.

Second, I would like to know whether you have initiated talks with the Quebec minister regarding the renewal agreement.

• (1615)

**Hon. Denis Lebel:** I met with the president of Quebec's treasury board a few weeks after he was appointed. I told him that, as a partner, we wanted to respect the current rules for every province and territory. We have to respect how the system works. We don't have a specific system for the provinces, aside from Quebec, which we must deal with directly.

There is no doubt, when it comes to infrastructure programs—and we'll have to see what the budget brings in the days ahead—that we want to continue solving a number of problems across the country and stimulating economic development.

I will let Ms. Lemay or Mr. Lévesque answer that question. In any case, it clearly has to do with managing the budget and funds. I'll let them answer, and then I'll take over.

**Mr. Louis Lévesque (Deputy Minister, Department of Transport):** As far as the current infrastructure program goes, keep in mind that the amounts we are asking Parliament to authorize represent what we believe our partners—the provinces and municipalities—will be able to claim as their projects move forward. The differences can be significant, but we need Parliament's authorization to ensure that we are empowered to make the payment when a province files a claim, under the contribution agreements.

The fluctuations are not indicative of a desire to reduce spending or cancel projects. They strictly reflect the timetable that the provinces, territories and municipalities follow in order to access our funding. That is the reason for the decrease.

**Hon. Denis Coderre:** Might that also mean that some projects were not completed last year, leaving you with unused amounts? Is that the case?

**Mr. Louis Lévesque:** Precisely.

**Hon. Denis Coderre:** Minister, I see that there is also leftover funding for the Old Port of Montreal Corporation. To some extent, that comes under your authority. It involves payments and grants.

As far as the new body is concerned, the fact that it was placed under the umbrella of the Canada Lands Company is offensive to me.

Do you foresee, if necessary, a possible transfer of the Old Port of Montreal Corporation?

**Hon. Denis Lebel:** The public works minister is the person responsible for the file and related strategies. Clearly, we support what's happening. She is the one in charge of all that. From our standpoint, what matters is continuing to do the work that needs to be done. But I can't tell you today what the final decision will be, Mr. Coderre.

**Hon. Denis Coderre:** But you do perform audits of the funding allocated to transportation, do you not?

**Hon. Denis Lebel:** Precisely. That's how we work to maintain the whole.

What Mr. Lévesque said is important. We are often criticized for reducing budgets, but the infrastructure program is dependent on when the provinces submit their invoices. We pay them when they give us their invoices. If the province doesn't submit their invoice, even though we are expecting it, we can't release the funds. So that's really how it works.

Thank you very much for the question.

**Hon. Denis Coderre:** You met with Minister Gaudreault recently about the Champlain Bridge. You asked him what he wanted, saying you were going to do it. We've heard more about Minister Gaudreault's version of the events than yours.

If the Government of Quebec asked you for extra funding for public transit, would you be willing to make a commitment in that respect, or do you think it's entirely on Quebec?

**Hon. Denis Lebel:** As you know, on October 5, 2011, when we announced the building of the new bridge, we had already asked Quebec for their priorities in terms of types of public transit. In order to move forward with our business plan, it is important to know whether we are laying asphalt for buses to drive on or tracks for trains. Obviously, the two don't cost the same thing. Our business plan, which we will have by the end of the year, is continuing to move forward. That is why we need their answer. Clearly, public transit is in the provincial domain, and we will supply them with the infrastructure they need to implement what they choose.

That being said, we offered them the same thing we offered the rest of the country. The Quebec media is reporting a \$600-million contribution from Ottawa. Those choices fall entirely within the province's infrastructure envelope. Quebec's choices represented \$700 million for Highway 30 and another \$375 million for Highway 175.

We will wait to see what the next budget holds. But, if there is an infrastructure program with money for the provinces, and if Quebec asks us to prioritize public transit in terms of the new bridge over the St. Lawrence, that will be Quebec's choice. And we will respect it, Mr. Coderre.

• (1620)

**Hon. Denis Coderre:** So there won't be any extra money. It will come from the existing envelopes. Is that what you're saying?

**Hon. Denis Lebel:** It will come from future envelopes. We'll see where things stand in the next budget. The \$600 million for Ottawa's light rail project came from the existing envelopes. It's from the envelope for—

**Hon. Denis Coderre:** But there are structuring projects out there, minister. And it is possible to speak with the treasury board. It's been done in the past.

**Hon. Denis Lebel:** Yes.

**Hon. Denis Coderre:** If you have structuring projects, it can be done as well.

**Hon. Denis Lebel:** Yes, that's right.

Right now, we're being criticized under the pretext that we did it for other provinces. You can't ask for all the money to go to highway infrastructure projects, and then ask us to pay for another infrastructure project the following week. The envelope contained a few billion dollars.

**Hon. Denis Coderre:** But you're aware of it.

**Hon. Denis Lebel:** Yes, we're aware of it, Mr. Coderre.

**Hon. Denis Coderre:** This is my last question, as I have only 30 seconds left.

When you make funding cuts to maritime or aviation safety and security, for example, do you make sure there isn't any collateral damage on the languages front?

**Hon. Denis Lebel:** We are working on that. Quite clearly, as a francophone from Quebec, I keep a very close eye on that. The team with me today is very sensitive to the French fact, Mr. Coderre. We'll approach the issue as we always have, with great care and vigilance.

Bear in mind, however, that we haven't made any reductions to safety or security. When you mention aviation safety and security, it involves managing costs, operations and administration. No inspector positions have been cut. I want to make that clear.

**Hon. Denis Coderre:** Forgive me, but I have a point of order, Mr. Chair.

I'm being told that the government has cut up to \$15 million from the operating budget. That has to have some impact on inspectors.

**Hon. Denis Lebel:** We're talking about money to administer the airport investment program, the Airports Capital Assistance Program. It, too, involves managing funds in accordance with the claims that we receive. It involves managing and administering \$4 billion. It affects administration. Inspector positions have not been cut. On the contrary, we are working on filling available positions. We absolutely have to keep moving forward, and that is what we'll do.

Thank you.

[*English*]

**The Chair:** Thank you.

Mr. Poilievre, you have seven minutes.

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Thank you, Minister.

Twenty years ago, there was no federal funding whatsoever for municipal infrastructure. Municipalities funded their infrastructure largely by themselves, with some limited assistance from the provinces, but the federal government had no role at that time. Since 1992, there has been a windfall of money to our municipalities. In the last decade, it has been a spectacular windfall.

I have here the stats from Statistics Canada. In 2001, the municipalities had about \$87.4 billion in revenue. In 2011 they had \$149.2 billion in revenue. That's data for local governments found at Stats Canada. That is a 70% increase in 10 years. During the same time, we have had only a 30% increase of combined population growth and inflation. In other words, revenues have been growing more than twice as fast as have the costs and the population.

Do you agree that municipalities are now better funded than ever before?

**Hon. Denis Lebel:** Yes, I agree that they are better funded than ever before. I will speak on behalf of the federal government. For the provincial ones, I will let them answer.

As you know, the needs have changed and the responsibilities too. I'm not here to defend municipalities, but I know they have a lot of challenges in that.

In the end, it's always the same taxpayer. In the end, if you are at the municipal, the provincial, or the federal level, it's always the same taxpayer. That's why we have to be very careful about the way we manage this money.

**Mr. Pierre Poilievre:** I note also, according to Stats Canada, that employee compensation for local governments has grown from \$46.4 billion to \$74.9 billion during the 2001-2011 period. In other words, employee compensation grew by 63% at municipalities in one decade.

That is, again, more than twice as fast as inflation and population growth. Do you agree that the focus should be not necessarily on spending more money but on getting more results for the money we now spend?

• (1625)

**Hon. Denis Lebel:** I'm here as the Minister of Transport...and the rest of the title. I note that we have our challenges at the federal level, but municipal politicians have a lot of challenges too. On the pension plan, they have to fix it, like we have to in many organizations. This is a very, very important issue. We want to have a better environment for the country. We want to treat our wastewater to have good water, to have good drinking water. We will continue to work with them, but for sure they have challenges.

We will not manage municipalities on behalf of them, but they have their choices to make. For sure, for them, now they know how the salaries are important in their municipal expenses. I will let them manage that, but I understand now that it's quite a challenge for them, and also to have good workers. We spoke about workers in the past, at the same...at the municipal level. That's difficult. They will give you the answer for why it's like that, the fact that it grew by 63%. In my small municipality, it's not like that.

**Mr. Pierre Poilievre:** Right—

**Hon. Denis Lebel:** It depends on the size of the city, I think.

**Mr. Pierre Poilievre:** Since you've been minister, you've delivered legislation on rail freight service. You have put forward plans to construct a bridge from Detroit to Windsor. You have done likewise for a new bridge to replace the Champlain in Quebec. What would you say is the achievement of which you're most proud since taking this position?

**Hon. Denis Lebel:** I think it's staying focused on the main concerns of the Canadian population and having tools to help the economy of this country. We've refocused the department, and I thank everybody we work with—Steven and I. We focus on results for the population. All the projects you have spoken about are there to support the economy of this country and to create jobs across the country, in all provinces and territories. That's what I'm very proud of. Project by project, that's one thing, but to see them all together... In Canada, 915,000 new jobs have been created in this last year. That proves that when we make good choices for infrastructure it has an impact on the economy of our country.

**Mr. Pierre Poilievre:** All ministries work to find savings in the administration of government. Your ministry was one of the most successful at reducing the cost burden it imposed on taxpayers. You're probably first or second among ministers in your ability to deliver these cost savings to taxpayers, and the statistics on safety have actually improved.

Do you believe that your ministry could be a model across the government and for other governments on how to deliver improved services at a lower cost to taxpayers?

**Hon. Denis Lebel:** I'm just one of the guys on this great team at Transport. We have done a good job because we work like a team. Mr. Lévesque has been there for some months, but before my arrival people worked together to find solutions. I really have to thank all the team. We have done it like a team. That's not easy when we have to identify savings in departments. That's not easy for crown corporations. I can't say we're an example. We only have done what was supposed to be done in our department. We have looked at administration savings, and we have done that together.

**A voice:** We have a great parliamentary secretary.

**Hon. Denis Lebel:** Yes, we have a great parliamentary secretary. That's the answer.

**Mr. Pierre Poilievre:** Oh, stop.

**The Chair:** And your time is up, Mr. Poilievre.

It's getting a little mushy here, so we're going to move to Mr. Watson for seven minutes.

• (1630)

**Mr. Jeff Watson (Essex, CPC):** Thank you, Mr. Chair.

I'm not sure what to make of that last round of questioning.

We have plenty of love for you, Mr. Coderre, as I look across the way.

Minister, Minister of State, thank you for appearing here before our committee on the main estimates. You may want to talk a little bit about the Detroit River international crossing. You brought it up in your comments. Looking back at the timetable on this issue—I've been tracking it for quite a while—it's an issue of great importance

locally. As the Prime Minister said in Windsor a number of years ago, it's the number one infrastructure priority of the government.

In 2006, we established the gateways and border crossings fund. In 2007, there was a line item in the budget for \$400 million as a down payment toward the eligible capital costs for the Windsor-Essex Parkway, now called the Rt. Honourable Herb Gray Parkway. It was in 2009 that we acquired some land in the Brighton Beach area for the Canadian inspection plaza. That was an expenditure of about \$34.1 million. In 2011, the parkway construction began. The year 2012 was a real turning point. There was the interlocal agreement between our government and the State of Michigan in June of that year. There was the defeat of Proposal 6 on the U.S. side, which was important. And there was the bridge to strengthen trade act in Bill C-45 last year. So a lot has been happening.

I notice in the estimates there is an increase with respect to land acquisition and the Detroit River international crossing. Do you care to comment on that? I'll have more detailed questions for your officials later on some of the specific numbers—about how many acres and things like that—but in a general sense, can you indicate whether this is for expected purchases on the Canadian side, the U.S. side, or both?

**Hon. Denis Lebel:** Monsieur Lévesque.

**Mr. Louis Lévesque:** This is for purchases on both sides of the border in order to move ahead in the projects.

**Mr. Jeff Watson:** Okay, and then....

**Hon. Denis Lebel:** I want to make sure that we have it on the record today that this is still a very important project for us. We're still in touch with our American partners. I spoke with Secretary LaHood. We will see what happens in the future, but I spoke with him two weeks ago to be sure that we are fixing everything, step by step; the team is working every day. We have already fixed the waiver, and the presidential permits are on their way. For the moment we are keeping the pace.

**Mr. Jeff Watson:** Are there any approvals left on the U.S. side?

**Hon. Denis Lebel:** For sure, we have our challenges and they have theirs. The plaza will be a challenge. We've known that since the beginning. Last week discussions were held with Secretary Napolitano about that. She's in touch with our government through different ministers, and we continue to work with her. We expect to have answers soon about many issues on this big project.

**Mr. Jeff Watson:** In looking at the main estimates, there is a change in the gateways and border crossings fund relative to the prior year. It's a pretty significant one. Some would say that's a cut. I'm not sure that's an accurate portrayal of it. I believe it's in the neighbourhood of about net \$524 million. There's a notation in the estimates that explains that there are some changes in cashflow. You can tell me whether you think my characterization of this is right. There was a notation about waiting for reprofiling authority last year. I think a lot of funds were stacked into the planning window.

Is this a decrease, or can we expect that this will largely be, if not entirely, a reallocation to current and future years that would more appropriately reflect cashflows or expenditures from that particular fund? In other words, is there an absolute reduction here of any number up to the total amount, or are we talking about the fact that we had to make sure it was accounted for last year but now we are going to account better in subsequent years for that same number?

• (1635)

**Mr. Louis Lévesque:** I want to repeat the same comment I made previously, which is exactly the latter option you mentioned: it is simply moving money around to meet the cashflow requirements of the partners—

**Mr. Jeff Watson:** So the government hasn't gutted the borders and gateways fund by \$500 million.

**Mr. Louis Lévesque:** No.

**Mr. Jeff Watson:** To anybody who may not be familiar with the estimates—the public back home—obviously this is an important fund relative to the continental gateway corridor. Anybody who doesn't understand what the estimates process would look like, and given that specific transaction last year, might be wondering if this is a cut or not.

**Hon. Denis Lebel:** Jeff, for the cash management, the difference is \$669 million.

**Mr. Jeff Watson:** Yes, I was talking about a net number.

**Hon. Denis Lebel:** That's for the cash management. That's only for that.

**Mr. Jeff Watson:** All right. Under “Transportation Analysis and Innovation”, a budgetary line, I notice there's an increase of a little over 10%. This committee was very involved with this issue, and I think we had a very productive study on innovative technologies relative to transportation. We did a report recently with a number of important recommendations. Can you give us a sense of what the increase is geared toward around innovative technologies?

Secondly, maybe just as an interest to the committee, are they looking at the report we finished? Will some of those recommendations find their way into actual policy for the department?

I'll leave both of those questions with you.

**Hon. Denis Lebel:** We all know that we have to be smarter in transport. We have to use the new tools we have and we have to compare the knowledge worldwide. That's what we are doing.

Do you have something to add, Mr. Lévesque?

**Mr. Louis Lévesque:** There's always the tendency, when you look at specific elements, to ask whether there are fundamental funding changes or whether it's activities being moved under different

headings. In this case, it's more of the latter; it's not a net increase in funding.

**Mr. Jeff Watson:** So what was anticipated to have been spent at one point wasn't, and now that reflects the increase in the current window; something has been....

**Mr. Louis Lévesque:** It's been rearranged, what we call our program activity architecture in that area—

**Mr. Jeff Watson:** What is the department currently funding with respect to transportation innovation?

**Mr. Louis Lévesque:** There are a number of initiatives—for example, on motor vehicle efficiency, fuel efficiency—and there's also funding for departmental operations in terms of analysis and research.

**The Chair:** Thank you, Mr. Watson. Your time has expired.

**Mr. Jeff Watson:** Thank you, Mr. Chair.

**The Chair:** Mr. Aubin, five minutes.

[*Translation*]

**Mr. Robert Aubin (Trois-Rivières, NDP):** Thank you, Mr. Chair. I am going to split my time with Ms. Morin.

Minister, welcome to the committee and thank you for joining us. Since we don't have a lot of time and because I'd like to leave some time for Ms. Morin, I must challenge you to answer both of my questions in three minutes.

My first question has to do with the funding of infrastructure programs. Clearly, some wonderful projects were not funded because the money had run out, because it had either been spent or been committed elsewhere, as you explained numerous times.

Are you at all able to take money that has been committed but not spent—say because a project was not completed—and reinvest that amount in infrastructure, rather than handing it over to the Treasury? That is my first question.

Now for my second question. I repeatedly heard you mention your concern as far as respecting taxpayers' capacity to pay. The question I have with respect to the Champlain Bridge, but other projects as well, is this. To my mind, the Government of Canada probably has the best borrowing leverage out there. So how do you explain that a PPP will do a better job of serving taxpayers or respecting their capacity to pay than a publicly funded scheme?

**Hon. Denis Lebel:** Like you, I am currently watching a lot of television in Quebec. Some topics of interest make us think about how projects should be managed.

That being said, we think that the capacity of taxpayers should always be respected. That will also apply to our business plan for the new bridge that will cross the St. Lawrence. We will see what the outcome will be. It is clear that we have to provide taxpayers with the highest possible value in return for the invested amounts. We announced the construction of the bridge with that in mind. We are talking about an investment of almost \$5 billion. A toll is collected on the Detroit bridge, and the same will be the case in Montreal. As for traffic management in the greater Montreal area, the people who manage the Montreal region will eventually present us with some solutions, along with Quebec.

Regarding the infrastructure program, I call tell you that the provinces make sure that the envelopes allocated to them are fully invested. You can rest assured that, if a project does not proceed, the province will submit another project to ensure that their envelope is fully spent.

In Quebec—which I am using as an example because you and I both live there—some money remained in two envelopes out of the seven components of the Building Canada Fund. We are talking about major projects—over \$15 million—and big cities of over 100,000 people. Projects submitted by municipalities that were not accepted and prioritized by Quebec—before we can have a say, Quebec must prioritize them—were resubmitted in other areas. Cost overruns are not covered. I am sure that, by the end of the fiscal year—March 31, 2014—all the money allocated to Quebec and other provinces will have been fully invested. The money stays in infrastructure programs.

• (1640)

**Ms. Isabelle Morin (Notre-Dame-de-Grâce—Lachine, NDP):** I want to come back to the Champlain Bridge, since it's a big issue in Montreal.

You are saying that the money allocated to Ottawa and Vancouver was part of provincial envelopes. However, since 2011, you have been passing various pieces of legislation in order to impose crippling costs on the provinces.

Quebec asked for your help with public transit on the Champlain Bridge because the province is currently unable to meet those costs. You began your presentation by saying that the economy was a priority for you. However, we know how much vehicular traffic costs daily in Montreal. I don't understand how intelligent people can tell us that their priority is the economy, but that they will not invest to resolve an issue that is costing us dearly. I think that is a lack of vision that affects the city of Montreal and Canada as a whole. How can you not consider this to be an investment?

As for my second question, I have not seen anything in the budget that will remedy the issue of vehicular traffic while the construction is ongoing. The traffic problem affects not only the section between Longueuil and Montreal, but also the west and the east. I receive calls from my constituents about this every day. Some of them tell me that it can take them two hours to reach downtown, which is only 12 kilometres away. Walking there would be faster. That makes no sense.

Could you tell me what you plan to do about the vehicular traffic issue as a whole? Currently, the budget does not address that concern.

**Hon. Denis Lebel:** I want to begin by reminding you that the provinces have exclusive jurisdiction over the whole network. The federal government owns only two and a half bridges in Montreal. We own the Jacques-Cartier Bridge, the Champlain Bridge and 50% of the Mercier Bridge. That's the extent of our responsibility. The Champlain Bridge will continue to be used during the construction of the new bridge that will span the St. Lawrence River. We have invested \$380 million in its maintenance, and we will continue to ensure that it is safe and that it will remain open whenever needed. However, I am not the engineer in charge of managing the project. We have done everything that was required and we will keep that up.

That being said, I joined the department in May 2011, and a \$3-million to \$5-million project was announced 140 days later. I think that confirms our ability to have a vision and establish priorities. Some people talked for years and complained. I am referring to a party that complained but did nothing to change the situation. We have moved things forward and taken action. One of the accomplishments in my time with the Department of Transport I am proud of is the fact that it took us 140 days to develop this project.

Obviously, the bridge has not yet been built. That will take 10 years. Nevertheless, it's important to remember what our jurisdiction is in this matter and to respect the taxpayers' capacity to pay. For instance, the Confederation Bridge was paid through a public-private partnership, and a toll system was installed. The same goes for the bridge between Detroit and Windsor. That's pretty special because those are the only two bridges in one province. This should always be kept in mind when the overall balance across Canada is being considered.

As for public transit, when we announced the construction of the new bridge, we asked what kind of public transit would be prioritized. That's how things are done. Envelopes are allocated to each province. In Quebec, the previous government decided to invest that money in highways. The amount of about \$700 million that was put into Highway 30 could have been used for public transit, but the province made its decision. The Highway 85 project—and I would like to take this opportunity to say hello to Minister Claude Béchard, who made the announcement with me, but is no longer with us—was another very important part of my political life. About \$280 million was spent on the highway that connects the Lower St. Lawrence region to New Brunswick.

You can't choose twice. You can't have your cake and eat it too. When a program is on the table, the province must choose. You can't tell us that the situation is different because Quebec is involved and that we should pay for public transit, while other provinces make that decision based on the funding we allocate to them. If Quebec decides to prioritize public transit—be it on the new bridge that will span the St. Lawrence or elsewhere in the province—to remedy the traffic issue you talked about, we will be there to listen. Our decision will be based on the quality of the request. However, for the time being, we are still waiting for Quebec's answer regarding the type of public transit they are prioritizing. We have been waiting for that answer for 530 days. They are saying that we cannot tell them exactly how much money we will invest in the bridge, but before we can set the amounts, we have to know how much it will cost. We are analyzing toll systems, and we are serious about our work. We want to build a bridge and not use the bridge to do politics.

•(1645)

[English]

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

Mr. Minister, I understand you have to leave. We're at that time.

I had Mr. Adler, Mr. Holder, and Mr. Toet on the list, but I know you have an engagement you have to get to.

**Hon. Denis Lebel:** Yes. I can tell you what it is.

[Translation]

I can talk about it. I am expected at the residence of the Governor General of Canada. I apologize for that. It's the swearing-in ceremony for the new department I have been put in charge of, and it's starting soon.

[English]

**The Chair:** Congratulations on your new role.

**Mr. Ed Holder (London West, CPC):** Mr. Chair, while we have the minister here, both ministers, can I offer congratulations to him on behalf of all of us on his new, additional role as Minister of Intergovernmental Affairs?

We wish you every success in that role. Thank you for taking on that opportunity, sir.

**The Chair:** Well said, Mr. Holder.

With that, Mr. Minister, thank you very much for being here.

We'll suspend for one minute.

•(1645)

(Pause)

•(1650)

**The Chair:** We will resume.

We have a little business I would like to deal with.

One is a budget—witnesses on the committee. Does everyone have a copy of this? It's for a total of \$8,900. Unless there are questions, I would entertain a motion to approve it.

Go ahead, Mr. Watson.

**Mr. Jeff Watson:** I move that the chair pays for it out of pocket—no, no, I'm kidding.

**The Chair:** All in favour?

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** Thank you.

My apologies. We have a number of new witnesses. Welcome, and thank you for being here.

Can we go right to questioning? Is that fair?

With that, I really have nobody to start here, but I'm going to turn it over to Ms. Chow.

**Ms. Olivia Chow:** I can start.

I noticed in the main estimates the pipeline investigation budget has been cut by 14%, \$81.6 million, and marine safety has been cut by 7%.

The minister just said that protecting the coastlines is very important, and that tanker traffic and the pipeline going to the tankers was also a high priority. If that's a high priority, how can the department and the minister cut the pipeline investigation and marine safety so dramatically, and what impact would it have?

**Mr. Gerard McDonald (Assistant Deputy Minister, Safety and Security, Department of Transport):** First of all, Mr. Chair, I'm not sure what's meant by "pipeline investigation". We don't—

**Ms. Olivia Chow:** It's in your main budget.

The dollar amount was dropped by \$81.6 million. It was originally over \$500 million plus. It was then decreased substantially. Then the marine safety was cut by \$4 million, by 7%.

**Mr. Gerard McDonald:** I can certainly speak to marine safety. I'm still perplexed by "pipeline investigation" because we don't do any pipeline investigation at Transport that I'm aware of.

**Ms. Olivia Chow:** I saw it in your estimates.

**Mr. André Morency (Assistant Deputy Minister, Corporate Management and Crown Corporation Governance, Department of Transport):** No.

**Ms. Olivia Chow:** Okay. I'll get you the pages.

**Mr. Gerard McDonald:** Certainly, with respect to marine safety, yes, there was a \$4.1 million reduction in the main estimates for this coming year. That is largely due to the deficit reduction action plan, and that's carried out in a number of areas.

When we did deficit reduction, we had a principle that we adopted in the department. First of all, we wanted to reduce in those areas where it wouldn't affect our front-line services, one of those front-line services obviously being our inspections.

In the areas that we have reduced, there are a couple of general areas that will apply to all of the business lines we have. We did a general reduction in travel, so in marine safety that accounted for some \$400,000 of their contribution to travel reduction. We cut out things like business travel in the organization and we also did a general reduction in travel.

We cut professional and special services. That's essentially consulting contracts, people we hire to do studies, and things like that. That was about a \$2 million cost.

Most of the other reductions that we had in marine safety related to the reorganization of the marine safety operation. Before last year, we had a marine security organization and a marine safety organization. We merged those two organizations, so that got rid of a number of layers of senior management and management levels, both at headquarters and within the regions. That accounts for the \$4.2 million you quote.

• (1655)

**Ms. Olivia Chow:** On the infrastructure one, I notice that \$2.27 billion was announced in 2007 for provincial-territorial base funding. Some has been allocated and \$1.35 billion has been spent. It seems to me there is about \$310 million that has not been accounted for.

Can one of you tell me that all the funds that had been announced in all the various infrastructure programs will be allocated and spent at the end of the day? Would any of it have been clawed back? Putting aside all the transfers to Beaufort and all of that stuff, would every dollar be spent, or would some be reprofiled, i.e. eliminated?

**Ms. Marie Lemay (Associate Deputy Minister, Infrastructure Canada):** The caveat that you have put forward gives any of the transfers that were mentioned—

**Ms. Olivia Chow:** I'm not talking about transfers.

**Ms. Marie Lemay:** As was mentioned earlier, the idea with the programs is that when a project doesn't happen, normally the province will come back with another project. We'll have discussions to make sure the money is spent. The intention is to spend every dollar that is left.

**Ms. Olivia Chow:** I found the page, Mr. McDonald. It's page 101. The dollar amount was \$525.1 million cut to \$443.5 million. It's in the Transportation Safety Board's detail.

**Mr. André Morency:** That's not our portfolio.

**Mr. Gerard McDonald:** That's the Transportation Safety Board. That reports to the President of the Queen's Privy Council. It's not part of the Department of Transport.

**Ms. Olivia Chow:** Right, but the budget is still from—

**Mr. Gerard McDonald:** No.

**Mr. André Morency:** No.

**Ms. Olivia Chow:** But ultimately they're still being cut.

**Mr. Gerard McDonald:** I don't know the details of their reduction. They have less money, obviously.

**Ms. Olivia Chow:** I have another question on VIA Rail. Putting aside the capital, how much has been cut from VIA Rail year to year, from 2012 to 2013?

**Mr. André Morency:** I'll have that for you in a second.

**Ms. Olivia Chow:** Page 359 shows the expenditure went from \$475 million to \$187.7 million. That's a substantial decrease. Of the dramatic decrease, what percentage of it is operating?

**Mr. André Morency:** Two cuts were felt by VIA Rail. One is in their capital program, which is coming to term, so they've finished

their capital programs. Although there are substantial cuts in their capital program as a result of Budget 2012, they also had reductions to achieve with respect to the debt reduction action plan. Their commitment to achieve results this year, 2013-14, will be in the order of \$15 million to operating costs.

**Ms. Olivia Chow:** You're saying fifteen, meaning one five?

**Mr. André Morency:** Yes, \$15.1 million.

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

**The Chair:** Mr. Coderre.

[*Translation*]

**Hon. Denis Coderre:** Thank you, Mr. Chair.

I would like to come back to the future infrastructure agreement between Quebec and the federal government.

Could you quickly tell me how the negotiations between the governments are going? Projects are often announced, but it takes a long time for them to be carried out.

What is the actual status of the negotiations between the Government of Canada and the provinces, especially Quebec?

**Ms. Marie Lemay:** As you know, Mr. Coderre, there are a number of programs, the most concrete of which is the gas tax program. An announcement was made that this program will be permanent. We will slowly begin the discussions with the provinces. I say "slowly", but we will actually have to move very quickly, as the agreements have to be in effect by March 2014.

As for any potential new programs, we have to wait for the program to be announced to discuss it.

**Hon. Denis Coderre:** So before negotiations can be held, the renewal must first be announced. Is that correct?

**Ms. Marie Lemay:** Yes.

**Hon. Denis Coderre:** Those things happen, especially two days before the budget is announced.

Regarding the VIA Rail situation, you can say that there is no problem, but when a 60% cut is made, something is obviously going on. You can't convince me that certain services will not be affected. Rail traffic between Windsor and Quebec City is increasing, but is there a way to ensure that people from the regions don't feel like second-class citizens? We are talking about 60% after all. Reports have been produced and programs have been reviewed, but we are under the impression that the government is increasingly neglecting VIA Rail.

What would you like to say to the regions to reassure thousands of television viewers watching our meeting?

• (1700)

**Mr. André Morency:** As you pointed out, it looks like VIA Rail's budget has been cut significantly this year. However, as I mentioned earlier, that's because its capital program is coming to a term. Based on past experience, we can probably expect VIA Rail to always want to continue investing in certain projects. We are in ongoing discussions with them regarding those projects. It's highly likely that we will discuss—under supplementary estimates—the possibility of them having access to additional government funding to carry out other projects.

[*English*]

**Hon. Denis Coderre:** Merci.

Mr. McDonald, I'd like to talk about security. I know the department makes the evaluation of a security link, for example, if you have some airline companies that want to come.

[*Translation*]

If you want an airline to set up in a specific location.

[*English*]

In a practical way, with the fact that we're cutting some of the budget, of course we need to evaluate some of the future links we would like to have, and it's an important economic venue if we have more airplanes coming from direct lines.

What is the situation right now overall? What's the status in the way the department is working right now in the evaluation of those

[*Translation*]

future air routes.

Will budget cuts have a direct impact on the quality of assessments? Does that further delay things and could it have an economic impact because some communities are calling for certain routes?

[*English*]

**Mr. Gerard McDonald:** There are two aspects to it. If you're looking for increased air services to Canada, there's the aspect of the types of bilateral relations you have with other countries and whether or not those affect what services are offered. I'll let my colleague Mr. Streiner get into more detail on that.

The other aspect is whether or not the companies that are coming here are operating a safe operation, and that's where my part of the organization gets involved. We assess whether or not a company should be awarded a foreign air operator certificate. That largely is done within our organization, but we also assess the country they're coming from, whether or not we have faith in their system and accept their rules, whether they live by the International Civil Aviation Organization rules, and that gives us a degree of confidence in the operations they will undertake in Canada.

For the most part, any of the reductions we've taken in the civil aviation organization...and this was one organization, given all the focus on it, that we tried to have very minimal impacts on in the budget reductions. The ability to assess foreign air operators has not been affected by any of the cuts we've undertaken through the deficit reduction action plan.

**Hon. Denis Coderre:** Mr. Streiner.

**Mr. Scott Streiner (Assistant Deputy Minister, Policy Group, Department of Transport):** With respect to international air agreements and service to various centres, as I think most members of the committee know, Mr. Chair, we have been operating for the last six or seven years under the blue sky policy, which promotes liberalization of air services internationally and promotes the establishment of air agreements with other countries where there's clear demand, but always with the caveat that we want Canadian carriers to face a level playing field globally and to compete, but to compete under conditions that are fair.

**Hon. Denis Coderre:** Let me give you some examples.

[*Translation*]

The Maghreb issue is still relevant. Does that have a direct impact? For instance, I am talking about having a direct link to Montreal. We could be talking about Algiers or another location. The Lebanese reality should also be considered. What should we tell people? I understand the situation, and I have always protected our country by bringing up security issues. We shouldn't play with security, but some realities are akin to protectionism. In the United States—where the situation is sometimes even worse—they have direct links to those countries. So do changes need to be made? Does this have to do with a lack of resources? Is it due to political actions or position defended by the Department of Foreign Affairs? Why does this process sometimes take too long?

• (1705)

**Mr. Scott Streiner:** Thank you for the question.

Security issues come under Mr. McDonald's area of expertise.

[*English*]

When it comes to the question of the Maghreb or of international air agreements with other areas, really what it comes down to is a couple of issues.

One is whether or not there is actually a demonstrated need. Are there Canadians and passengers or potential travellers in the other country who are demonstrating a desire and an interest in the service? We will consider that in establishing our negotiation priorities.

There's also the question of existing unused capacity. In some instances we actually have air agreements and they aren't being fully utilized by carriers in either country. The fact that we have an air agreement with another country that provides for a certain number of flights every week doesn't mean that carriers have necessarily chosen to take advantage of it.

Each year we look at setting priorities, and we do it on the basis of a number of objective criteria. But reaching those agreements is ultimately dependent on both parties being interested in advancing. These are international agreements, and we have to be sure that in making progress with our counterparts abroad, we're not only protecting Canadian interests but also considering the competitive position of the Canadian industry.

**Hon. Denis Coderre:** Thank you.

**The Chair:** Mr. Holder and Mr. Adler are splitting the next 14 minutes.

Mr. Toet, you have the first five.

**Mr. Lawrence Toet (Elmwood—Transcona, CPC):** Thank you, Mr. Chair, and thank you to our witnesses.

I want to get down to the crux of the whole process we're working through here. I've heard the estimates being referred to by some of my colleagues as a budget. I'm also seeing a lot of comparisons that are being directly drawn between estimates from 2012 to the estimates we're looking at today. We really run into a problem when we do that. As I understand it, and maybe one of the department officials could correct me if I have this wrong, at a provincial level you have a budget that comes out at the same time as the main estimates of the expenditures and the main estimates in revenues. Those three elements definitely closely correlate to each other, and they have a great correlation for the next year, when you can look at main estimates of revenue, compare it to main estimates of revenue again, and expenditures, in the same fashion.

But federally, by law, we do have some unique situations. We have main estimates that have to be tabled before March 1—by law. What we end up having is main estimates of expenditures that are actually brought forward before the new budget comes out, and these expenditures can only reflect ongoing statutory expenditures or those done through a vote at appropriations. They cannot reflect any spending that's coming in a new budget. Not only may they not, but they cannot, by law, reflect anything that may be anticipated in an upcoming budget—if I have that correct.

They also reflect sunseting programs that will have run their course and run their term. Any savings identified in Budget 2012 will not have been reflected in the estimates that were tabled last year, on March 1, so any of those savings are also again correlated back into the estimates that we have going forward. We cannot look at what was in estimates for 2012 compared to estimates 2013 because there's a differentiation there, because the budget came out in between, which made changes to that, especially through the draft program.

I guess what I'm getting at is this. I feel any attempt to use these estimates to say that this will be the government's spending over the course of the next year really is fundamentally flawed. We don't know what's going to happen as of Thursday. A lot of what we're looking at today may change in a fairly drastic fashion. It's not like anybody's playing games, or being underhanded, or trying to change things. Simply, by law, these estimates cannot reflect anything that may be in Budget 2013, which will be tabled on Thursday in the House.

I feel it's like trying to compare an apple and an orange, even almost to go from estimates to estimates, never mind trying to compare the estimates that we're looking at today and saying, well, this is what's going to be in the budget for the upcoming year.

Would any of you like to comment on that or say that I'm wrong, or is that correct?

**Mr. André Morency:** I would say, Mr. Chair, that the honourable member certainly has it correct in the context of how these main estimates are being presented. They're certainly being presented before the budget, which will be coming out on Thursday. They represent planned spending for the organization. Yes, the budget that

comes out on Thursday may have an impact on this, but generally, the main estimates also reflect all decisions that were taken during the course of last year. They would have received Treasury Board approval, would have received approval to proceed, including the 2012 budget announcements for savings. They're reflected in these main estimates, and last year, again, because of timing, the Budget 2012 savings were not reflected at the beginning of the main estimates, that's correct. So I think your characterization of where we are today in the context of the budgeting process is actually correct.

• (1710)

**Mr. Lawrence Toet:** That's essentially where our supplementary estimates come in during the course of the year, why these things occur, because we have to make adjustments. There's a recognition that there are definitely adjustments.

**Mr. André Morency:** That's correct.

**Mr. Lawrence Toet:** I'm sure this year we'll also have supplementary estimates as we go forward, because there will be adjustments and changes after the budget comes out and the budget implementations occur.

**Mr. André Morency:** That's correct.

**Mr. Lawrence Toet:** In light of that, that's the danger we get into, and you're right, I guess, in trying to come up with exact dollar values: here's an exact dollar value that changed between last year and this year. Even percentages are a dangerous thing for us to get into because we may note there seems to be a decrease. One of the things that I've noted is that there seems to be a decrease in internal services, if I look year to year, based on the documentation I have in front of me. I'm not going to give you a number or a percentage because of the preamble I gave you, but could you explain to me whether internal services include any front-line services or front-line personnel?

**Mr. André Morency:** No. Generally, internal services are those services that support the department in the context of its proper functioning. Generally, they represent functions like human resource management, finance administration, our investments in IM and IT, communications, legal services. So no, the reductions do not have an impact on internal services with respect to front-line services. I think the minister and the deputy had previously mentioned that. All of the resource savings you're seeing as part of these changes in the main estimates have no impact on front-line inspection services for the department.

**The Chair:** Mr. Holder, you have five minutes, please.

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

I'd like to thank our guests for being here today. I don't think I've ever seen so many assistant deputy ministers in one collection at the same time.

**Voices:** Oh, oh!

**A voice:** Nobody is running the department.

**Mr. Ed Holder:** It's rather interesting. As I heard testimony from both ministers with respect to what obviously was a very busy agenda, and then the question about how you help support infrastructure requirements in municipalities, I thought about that at length. You may not know, but I come from London, Ontario, the 10th largest city in the country. I share that with you because when the government made the decision to implement the gas tax, and then doubled it and made it permanent, my city was the beneficiary of some \$21 million—modest compared to some of those great cities such as Toronto and Montreal, but very significant to us.

One of the things I do is a weekly survey of my constituents and others. It goes out to about 25,000 people, and it's a rather interesting thing. One of the questions I asked about the gas tax was on the priorities of the municipalities, because they have a fair amount of flexibility to do things with the gas tax. I asked whether the dollars should be spent on major projects or on small sewer/gutter kinds of things, and overwhelmingly they came back with the strong belief that it should be major projects.

I look at the \$21 million my municipality receives. If they had a \$100 million project, which is not insignificant...I would think that if you've got five years of permanent funding, that gives you the avenue or the opportunity to be able to take care of what you need for a project, if you focused on large projects.

Is there any intention to be more restrictive with municipalities about the gas tax? Is that pretty much set, would you imagine, or will they have the flexibility that they seem to have shown in the past? Can anyone here enlighten me? I'm not sure who to ask in this august group.

**Ms. Marie Lemay:** We should have actually introduced ourselves. I'm surprised at how many people it takes to replace the two ministers and the deputy. They'll be very happy to know that.

**Mr. Ed Holder:** Well, we certainly have the class of the league here.

**Ms. Marie Lemay:** We are really representing two separate departments, Infrastructure Canada and the Department of Transport, so it does make sense. But we're very happy to be here.

To answer your question, right now, as you probably know, the flexibility is there to bank and borrow. The next step with the gas tax is actually for the government to decide what the criteria and the terms and conditions are going to be. There's been a lot of consultation over the last year, as you may know, but specifically, over the summer, the two ministers were really out consulting with stakeholders, municipalities, and provinces. So all these things that we've heard are taken into account. Whether there will be adjustments or not is something the government will decide.

• (1715)

**Mr. Ed Holder:** Here's another question, if I may. Mr. Fletcher went on at some length about the issues with respect to VIA Rail. Canadians are interesting people; we love our railroads. We don't ride them, but we love them—at least we love the spirit of them. Yet when he spoke, he made the comment that based on certain commitments the government has made and on what VIA is doing with regard to some of the investments we've made, he could imagine possibly 200,000 new passengers taking the train. Where are those people coming from?

Go ahead, anyone who feels qualified to answer.

**Ms. Marie Lemay:** We go back to the Transport side.

**Mr. Scott Streiner:** I wouldn't wish to speculate where 200,000 new passengers might come from. But with respect to the minister's observations and hopes around increased ridership, significant investment has been made by VIA in its rolling stock and in other capital areas over the last couple of years, and part of the objective of those investments is indeed to increase ridership. We know that the most intensive ridership is in the corridor between Quebec City and Windsor, particularly Montreal and Toronto, and the ridership numbers there have been looking good. There are also some improvements in ridership along certain other sections of VIA's network.

I think there is a hope, but it's more than a hope. There are some clear business plans on VIA's part to try to increase ridership through improvements in service, with frequencies matching service to customer expectations and also the quality of service on the trains. It's hard to quantify precisely what the results of that might be, but there's certainly a general business strategy to increase ridership over time.

**Mr. Ed Holder:** Perhaps to you then, just a brief one, if I might, sir.

**The Chair:** Well, very brief. You're eating into Mr. Adler's time.

**Mr. Ed Holder:** Then I apologize. I'll defer to Mr. Adler.

Thank you.

**The Chair:** Mr. Adler, you have four minutes.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Mr. Holder.

Thank you, Chair.

I do have a couple of quick questions. The Infrastructure people, the ADMs—you're all interspersed?

**Ms. Marie Lemay:** We're all in this.

**Mr. Mark Adler:** You're all there. Okay.

The infrastructure program that came out of the economic action plan has been looked at as the epitome of how the three levels of government can work together. Can you take us through it? Take out the political will and just walk us through the execution, through how that was all laid out, so we can learn from the example of how well that was executed. Those were all shovel-ready projects, all projects that led to employment, but more important was the level of cooperation among the three levels of government. Can you just walk me through that process and what we learned from that?

**Ms. Marie Lemay:** How long do I have to do that?

I'll start by telling you that the good thing about the number of infrastructure programs that we now have is that you learn from every one of them.

The economic action plan was very specific. I would say the big difference was the very precise timeline that really did force some action. We were able to build on everything that was already in place. We were able to streamline a lot of the processes and get to the finish line, and we'll be able to report very soon on the success of the program, actually, because it is a very successful program. We're in the process of doing some lessons learned, because we want to be able to apply some of the things we've learned to a next generation of programs if we have them. It would be kind of a waste not to. We have learned so much, and there are so many different things that to run through them all.... In general, it was mostly the streamlining and the focus, I would say, as well as many details.

We're going to try to replicate as much as we can the good that came out of it. There were some things that maybe we would do differently, but the good we'll try to replicate as much as possible.

**Mr. Mark Adler:** How much time do I have?

**The Chair:** You have just a little over a minute.

**Mr. Mark Adler:** Okay.

In terms of making the gas tax permanent, was there any discussion at the time of attaching any specific criteria to the money?

**Ms. Marie Lemay:** I was going to say there were a couple of statements, and I don't want to mislead you, so maybe I could send them back to you. A couple of things were said. If I'm not wrong, it was Minister Flaherty who talked about the banking and the borrowing as something that should be continued, but there wasn't anything about the criteria as such. That's where we're going to be in the next little bit. We're going to look at the terms and conditions specific to the gas tax, but some of the signals have been there in terms of continuity. We've heard from municipalities right across the country that they like the programs.

You try to stay as close as you can, I think, to what works, but this is something the government will have to decide in the very near future.

• (1720)

**Mr. Mark Adler:** There's nothing codified right now that defines it?

**Ms. Marie Lemay:** Do you mean in the present plan?

**Mr. Mark Adler:** I mean in the current plan.

**Ms. Marie Lemay:** Oh, yes, in the current plan we do have categories. Actually the gas tax one is focused on environmental objectives right now, so you're talking about cleaner air, cleaner water, reduced GHG. There are actually six or seven categories, I believe. Those are focused categories.

**Mr. Mark Adler:** And are they open to negotiation in terms of any changes that could be made?

**Ms. Marie Lemay:** Do you mean for the next generation?

**Mr. Mark Adler:** I mean for the next generation.

**Ms. Marie Lemay:** Again, this is something government will have to decide in the near future.

**Mr. Mark Adler:** Okay.

Thanks.

**The Chair:** Thank you.

With that, we do have to pass a few motions in order to deal with the estimates, and I suggest that we go right to that.

But before the committee does its business, thank you to all of you for coming here today. It's much appreciated.

**Mr. Mike Sullivan:** Is there no time for any more questions?

**The Chair:** No, there isn't if we want to get this done, Mr. Sullivan.

**Mr. Mike Sullivan:** Are we not going till 5:45?

**The Chair:** No. Committees run from 3:30 to 5:30 normally, and in the discussion at an earlier meeting it was decided because of travelling.... Now today we probably could have started at 3:30, but most days it's 3:45 or very close to it. That wasn't my suggestion. That was brought to me by a number of members. The meeting still ends at 5:30. I know I have to go at 5:30, Mr. Sullivan.

Ms. Chow.

**Ms. Olivia Chow:** I'm wondering, if there are folks who want more time, can we start at 3:35 rather than 3:45?

**The Chair:** I would suggest you discuss that with the other members. I'm at your service.

Ms. Morin.

[*Translation*]

**Ms. Isabelle Morin:** Unfortunately, I was absent when this was discussed, but you said that,

[*English*]

if we have enough people in the room to start before that, we will.

[*Translation*]

If I have understood correctly, this means that the meeting should begin at 3:30 p.m. and that, if enough members of the committee are present, we will begin at 3:30 p.m. That doesn't mean that the meeting is scheduled for 3:45 p.m. I am relying on the record of the last committee meeting. You said that you would like the meeting to begin at 3:45 p.m. because we had started a few minutes late. So, if there were enough people in the room, we could begin at 3:30 p.m.

[*English*]

**The Chair:** Ms. Morin, I know what is in there and I know what I said, and you are right, except for one part. The meeting agenda goes out to start at 3:45. I did say if everyone is here and we're ready to go, I'll start the meeting earlier. It's not a problem. But in my experience so far, that hasn't been the case.

If all the members want to get here in time, I'll gladly start, but the official time to start is 3:45. We have to—

[*Translation*]

**Ms. Isabelle Morin:** I would like us to vote on that, as I don't think it's up to the chair—

[*English*]

**The Chair:** Ms. Chow, Mr. Coderre, Ms. Morin, and everybody who was there agreed to the change.

**Hon. Denis Coderre:** Of course.

**The Chair:** I would agree that you sort it out among yourselves. We have some business to do.

I'm going to be asking you for a number of different motions here, and just because I know it's going to come up, the first two questions—votes 55 and 60—are under Foreign Affairs and International Trade. It's partly because former Minister Baird was in here, the Ottawa capital commission, and what have you. If you want more details, I can get the clerk to explain, but I knew somebody would ask about it.

So with that—

**Ms. Olivia Chow:** Sorry, I didn't realize, because the NCC—

**The Chair:** The National Capital Commission.

**Ms. Olivia Chow:** Yes, but the NCC is Mr. Baird, so we need to approve it here and not in Foreign Affairs?

• (1725)

**The Chair:** It came to us like this. The clerk and I discussed it. It is very odd, but we have it in front of us. Basically if our committee doesn't deal with it as presented, I guess it won't get dealt with. I don't believe it's a big issue, but if you'd like more from the clerk—

**Ms. Olivia Chow:** Yes, because there was this huge kerfuffle about the Rideau Canal being closed early and all of that stuff. I got a huge number of petitions, etc. It was the NCC and I just sent it over there. I didn't realize it was landing over here. Is it this committee or is it...?

**The Chair:** It's the first two motions to deal with, votes 55 and 60.

FOREIGN AFFAIRS AND INTERNATIONAL TRADE  
National Capital Commission  
Vote 55—Operating expenditures.....\$78,510,834  
Vote 60—Capital expenditures.....\$37,947,000

(Votes 55 and 60 agreed to)

TRANSPORT  
Department  
Vote 1—Operating expenditures.....\$514,256,466

Vote 5—Capital expenditures.....\$222,077,647  
Vote 10—Grants and contributions.....\$543,950,649  
Canada Post Corporation  
Vote 15—Special Purposes.....\$22,210,000  
Canadian Air Transport Security Authority  
Vote 20—Operating and capital expenditures.....\$598,286,200  
Canadian Transportation Agency  
Vote 25—Program expenditures.....\$24,153,322  
Marine Atlantic Inc.  
Vote 30—Payments to Marine Atlantic Inc.....\$154,430,000  
Office of Infrastructure of Canada  
Vote 35—Operating expenditures.....\$42,160,434  
Vote 40—Contributions.....\$3,877,559,295  
The Federal Bridge Corporation Limited  
Vote 45—Payments to the Federal Bridge Corporation Limited.....\$13,000,000  
The Jacques-Cartier and Champlain Bridges Inc.  
Vote 50—Payments to the Jacques-Cartier and Champlain Bridges Inc.....  
\$203,590,000  
Transportation Appeal Tribunal of Canada  
Vote 55—Program expenditures.....\$1,293,021  
VIA Rail Canada Inc.  
Vote 60—Payments to VIA Rail Canada Inc.....\$187,783,000

(Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, and 60 agreed to)

**The Chair:** Shall the chair report the estimates for 2013-14 to the House?

**Hon. Denis Coderre:** No, on division.

**Some hon. members:** Oh, oh!

**Some hon. members:** Agreed.

**The Chair:** It is carried.

Thank you very much. The meeting is adjourned.





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