



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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

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TRAN • NUMBER 047 • 2nd SESSION • 41st PARLIAMENT

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**EVIDENCE**

**Tuesday, March 10, 2015**

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**Chair**

**Mr. Larry Miller**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, March 10, 2015

• (1530)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** We'll call our meeting to order. I'd like to thank the minister for being here today with us. Also with the minister we have Ms. Kinney, Mr. Lévesque, and Mr. Lapointe. I thank all of you for being here.

Just for the committee's benefit, everyone knows that we will have Minister Lebel here for the last half of the meeting, and if I have consent, we'll just deal with the motions for the supplementary and main estimates at that point. We'll save 10 minutes at the end of the meeting.

**Some hon. members:** Agreed.

**The Chair:** With that, Minister, we'll turn it over to you.

**Hon. Lisa Raitt (Minister of Transport):** Thank you very much, Mr. Chair.

Thank you very much to the committee for the invitation to be here today. As you already said, I'm joined by the deputy minister, Louis Lévesque. Also joining me are André Lapointe, the assistant deputy minister of corporate services and the chief financial officer; and Laureen Kinney, the assistant deputy minister for safety and security.

We are very pleased to be here today to address the supplementary estimates (C) for 2014-15, and our main estimates for 2015-16. I'd also like to take the opportunity to update the committee on various matters relating to transportation and, of course, the work of Transport Canada.

Obviously, the matter I consider to be the priority of the government when it comes to transportation is transportation safety. That matter is our ongoing effort to strengthen safety across all modes of transportation. The tragic accident that happened at Lac-Mégantic demonstrated very clearly why safety in preventing accidents has to remain our government's transportation priority. On February 20 of this year, I introduced legislation that, if passed, will make the rail industry and crude oil shippers even more accountable to Canadians. Bill C-52, the new safe and accountable rail act, proposes amendments to the Canada Transportation Act and the Railway Safety Act.

One of the things to do is to develop a new liability and compensation regime for federally regulated railways. This includes minimum insurance requirements, a compensation fund financed by levies on crude oil shippers, increased information-sharing provi-

sions, and stronger oversight powers for the minister and Transport Canada.

I also announced the new railway safety management system regulations, 2015, which will require companies to develop and implement a formal framework that integrates safety into their daily operations.

In marine transportation, we continue to develop our world-class tanker safety system. Under this system we're implementing a comprehensive list of measures that will meet our ongoing commitments to responsibly transport our natural resources and to help protect our marine environment. We'll do this by enhancing our ability to prevent ship-source spills from happening in the first place, and clean them up quickly if they do occur and, of course, ensure that polluters pay.

To give you an example, last fall I announced that we'd provide up to \$20 million over three years to Ocean Networks Canada for its smart ocean initiative, which supports the world-class tanker safety system. The funding will allow ONC to transform the oceanographic data it collects into navigational safety information that will help vessel operators and others avoid navigational hazards and prevent marine accidents.

In air transportation as well, safety is our priority. That's why last year Transport Canada took part in the International Civil Aviation Organization, or ICAO, task force on the risks to civil aviation arising from conflict zones. The work that task force carried out in 2014 is truly helping us better understand and address the risks that civilian aircraft face around the world. We also recently took part in ICAO's second high-level safety conference in Montreal, where Transport Canada presented working papers on the regulation of unmanned air vehicles, UAVs or drones, as they're often called. These papers complement the new safety guidelines for UAVs that I announced last fall, as well as a safety awareness campaign to help UAV users, both recreational and commercial, to understand the rules of the sky and always consider safety.

Now, while addressing safety, I would like to provide the committee with an update on our actions relating to the recent tank car derailment in northern Ontario. Transport Canada has inspectors and resources on site. Local first responders are there and are supported by CANUTEC, our 24-hour emergency response centre, whose scientists provide real-time information concerning any dangerous goods being transported. We also put into place and into play our national aerial surveillance team. They're flying over the scene, or they have flown over the scene, to assist the response to the derailment, and we continue to assist the Transportation Safety Board, which is leading the investigation into this incident.

Stepping back from what happened this week, our government has taken a number of actions already to address rail safety in the transportation of dangerous goods. We continue to train and hire inspectors. They carry out more frequent audits. We have removed the least crash-resistant DOT-111 tank cars from service. We require that DOT-111 tank cars that don't meet the new standards that we published this year be phased out within three years.

• (1535)

Also, we require emergency response assistance plans for trains transporting crude oil, gasoline, diesel, aviation fuel, and ethanol. We have developed regulations as well to update tank cars to a new model that requires thicker steel, half head-shield protection, and top-fitting production. Finally, we're working with the United States to develop a new standard of tank car used to transport flammable liquids, and we're expediting this work to harmonize tank car standards in all of North America.

All that being said, we are concerned with the number of derailments that have taken place in this area. We don't know what caused this derailment yet, but we expect that the company will fully cooperate with the Transportation Safety Board in its investigation.

At this point in my speech, Mr. Chair, I would make a request to the committee, if I may. I would like to ask that the committee consider calling CN to appear with regard to the recent derailments in Gogama, Ontario.

Mr. Chair, we continue to work to support Canada's economy. Last March, to address a backlog of grain on the Prairies and get grain moving faster in the short term, we required CN and CP to increase their capacity and carry minimum volumes of grain. Last November our government extended this grain volume requirement for railways until March 28 of this year, so CN and CP have to move minimum volumes of grain, subject to demand and corridor capacity.

We took these measures to support grain transportation and to help maintain the confidence of international customers in Canada as a reliable source of grain. Transport Canada reviews weekly reports on grain volumes that CN and CP submit to ensure that the railways are meeting their requirement.

Our government believes that measures such as these are necessary to help grain shippers move products to market and to maintain Canada's reputation as a world-class agricultural commodity supplier. Given that we are the world's fifth-largest exporter of grain, that reputation is important.

To support the efficient and strong trade that we have with the United States, we are continuing to advance the Detroit River

international crossing. Last month I was pleased to confirm that, following significant discussions with both the United States and Michigan governments, Canada agreed to an arrangement regarding U.S. port of entry to ensure that the project proceeds without delay.

Under the terms of this deal, a public-private partnership will help design, finance, construct, operate, and maintain all components of the crossing, including the U.S. inspection plaza. The cost of the U.S. port of entry will be repaid from future toll revenues, and not by Canadian taxpayers. It's an arrangement that is good for Canada, because it allows us to move forward on the project on both sides of the U.S.-Canada border.

What we have achieved with the Detroit River international crossing is a really good example of the kinds of initiatives this government has pursued through our gateways and corridors program. That program was put in place to strengthen our transportation system and our infrastructure to make sure that we're supporting trade, not only here on our continent but with markets around the world as well. The Asia-Pacific gateway corridor initiative has seen an investment by us of about \$1.4 billion. By connecting workers with jobs and products with markets, investments like these help our economy remain strong and competitive.

I close, Mr. Chair, by reminding the committee that last June we launched a comprehensive review of the Canada Transportation Act. It's being led by the Hon. David Emerson, and it really is an opportunity to review transportation policy in Canada to see how we can best support growth and how we can increase our domestic competitiveness and our international competitiveness as well.

It has been 14 years since we reviewed transportation policy in this country, and we need to know that we have modern measures for modern times. I'm sure that this review, which is at arm's length, will produce solid recommendations to help map out transportation plans for the future, and I look forward to input the members of the committee may want to make to the review as it continues to advance. These initiatives and the others demonstrate our actions to keep transportation in Canada safe, secure, efficient, and environmentally responsible.

I would conclude on a very personal note by saying thank you so much to the committee and by expressing my gratitude to you for your hard work and your dedication to these transportation files. I look forward to continued input throughout this end of Parliament. I would say that it has been since July of 2013 that we commenced on this road to making sure that modes of transport are safer in this country. I think we have accomplished a lot together, and I know we'll accomplish more.

• (1540)

That concludes my opening remarks, Mr. Chair. I'm happy to take any questions you may have, and if I don't have the specific answer, I will be asking my officials to help out, to make sure we get the right information.

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

We'll go right to questions.

Mr. Mai.

[Translation]

**Mr. Hoang Mai (Brossard—La Prairie, NDP):** Thank you, Mr. Chair.

[English]

Thank you, Minister, for being here today. It's a great pleasure for us to have you here, and hopefully you'll be able to answer a few questions that we have. For instance, as you know and as the TSB and Auditor General have mentioned, there is a lack of oversight with respect to Transport Canada and rail safety.

Can you tell us today how many inspectors there are in Transport Canada for dangerous goods and for rail safety?

**Hon. Lisa Raitt:** Yes, I can, Mr. Mai.

Go ahead, Deputy, tell them the numbers. You have the most up-to-date information.

We are prepared for that question today.

**Mr. Louis Lévesque (Deputy Minister, Transport, Infrastructure and Communities, Infrastructure Canada):** On the transportation of dangerous goods and rail safety, we currently have, as of the end of December, 117 rail safety oversight personnel, and on the transportation of dangerous goods we have about 94 on staff as of the end of December. These are both increases from the beginning of the year.

As the committee may be aware and as highlighted in the media, the department has been going full tilt on recruitment. In fact, we increased the complement in the department overall, on a net basis, by about 240 employees. A lot of them obviously are in security oversight.

**Mr. Hoang Mai:** So there are 117 inspectors for rail safety. That's one more than there were in 2013, when there were 116. For dangerous goods you said there are 94 staff. Is that inspectors, auditors—?

**Mr. Louis Lévesque:** These are people who are working on oversight.

**Mr. Hoang Mai:** How many inspectors are there?

**Mr. Louis Lévesque:** There are 94. That is the number.

**Mr. Hoang Mai:** Well, you have inspectors; you have auditors. Are they the same?

**Mr. Louis Lévesque:** The inspectors do both functions, audits and inspections. In the case of TDG, they do inspections. Also currently, in addition to our regular inspectors we have a poster out to our specialized auditors to do our SMS audits on rail safety, as committed to under the management action plan following the Auditor General's report.

**Mr. Hoang Mai:** Can you tell what the budget is for the rail safety directorate for 2015-16?

**Mr. André Lapointe (Assistant Deputy Minister and Chief Financial Officer, Corporate Services, Department of Transport):** The estimated budget for rail safety this year is \$35,707,000.

**Mr. Hoang Mai:** So it's \$35 million. Thank you very much.

If I look at motor vehicle safety, there is a budget reduction. When we look at the 2009 numbers, there was \$34 million. Now we have \$22.7 million in the budget. Why was there a reduction of close to 35% of the motor vehicle safety program?

**Hon. Lisa Raitt:** I appreciate the analysis from so many years ago. I think a helpful comparator would be from our 2014-15 main estimates, which, of course, were much lower than this year. In 2014-15 the number was \$20,900,000, and this year it's \$22,700,000.

I'm sure that the deputy or André can give you some input as to what the increases are.

**Mr. André Lapointe:** In the past few years we have made several important capital investments in our test centre in Blainville. Those are now complete, and so the budgets associated with them are disappearing.

**Mr. Hoang Mai:** Can we also have the number of inspectors with the motor vehicle safety program?

**Mr. Louis Lévesque:** The agents that we have are not truly inspectors, in the sense that they don't do inspections; they do analyses of events. They collect information, but we don't have the same powers under the Motor Vehicle Safety Act that we have under other legislation.

The other point I would want to make, in complement to the point made about rail safety and transportation of dangerous goods inspectors, is that I have given very specific instructions in the department that in the context of any event such as, for example, the event we are facing now in Gogama, any resources that are required in addition to the budget of resources will be provided from the department and so will not impact other inspections or operations in the department.

• (1545)

**Mr. Hoang Mai:** Well, regarding motor vehicle safety, as you know, the GM recall is a big issue. There, we had the minister say that Transport Canada was not aware of the faulty ignition switch issue, and we saw in the report that Transport Canada was aware. There is an issue on that front.

We are concerned about the budget reduction from 2009. There have been two deaths in Canada related to the faulty switch problem, and we haven't had all the answers on that that we want.

I'll move on now. Can you tell us how much was paid in railway penalties and fines last year, for instance?

**Hon. Lisa Raitt:** You're talking about in terms of infringements and whether or not there were any fines—

**Mr. Hoang Mai:** Yeah, for the infringement of security and safety regulations....

**Ms. Laureen Kinney (Assistant Deputy Minister, Safety and Security, Department of Transport):** The new administrative monetary penalties regime that provides for fines for non-compliance in rail safety has just been finalized and published in the *Gazette*, part 2. It will come into force April 1, 2015, and the department is ready to take any action at that point. But that program has just come into place and will be in effect on April 1.

**Hon. Lisa Raitt:** The reason we wanted to make sure we brought that program in was that prior to that it would be a very convoluted criminal process of trying to get the Public Prosecution Service to go ahead.

**The Chair:** Thank you.

**Mr. Hoang Mai:** I'll pass the rest of my time to....

**The Chair:** Okay, you've got as of right now, 50 seconds for the question and answer.

[Translation]

**Ms. Isabelle Morin (Notre-Dame-de-Grâce—Lachine, NDP):** Thank you, Mr. Chair. My comments will be brief.

There have been cuts to the tune of \$11 million in aviation security and \$19 million in aviation safety, for a total of \$30 million. However, many inspectors are worried that these cuts will lead to fewer and fewer actual inspections. There will be what we call "inspections on paper".

Between 2012 to 2013, the number of inspectors has been reduced by 15 in Canada. Could you tell me how many inspector positions will be eliminated, what these cuts mean and, if possible, could you assure us that the number of inspectors will not be reduced?

[English]

**Hon. Lisa Raitt:** Again, we're indicating in the main estimates that there is an increase in the amount of money for aviation safety, from \$170 million to \$173 million. That is because we're actually putting more money into our operating budgets. With respect to the number of inspectors and the inspections that we currently have, at the beginning of the year, we had 656 nationally and at the end of Q3 we had 686 oversight activities. Of course, we continue to complete these planned inspections on time and on pace.

[Translation]

**Mr. Louis Lévesque:** Let me clarify some points.

The inspector positions have never been cut. However, because of the nature of the beast, we have a turnover rate of 6% to 7% per year. What happened is that certain managers did not take the appropriate measures quickly enough to replace the people who were naturally going to have to retire.

Over the past year and a half, we have implemented a very specific plan and follow-up for managers to know that they need to replace those vacant positions. As a result, we have been able to increase the number of inspectors despite the retirements. We will continue that going forward. The number of inspector positions has not been reduced.

[English]

**The Chair:** Thank you.

Mr. McGuinty, for seven minutes....

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

Good afternoon, Minister, gentlemen and ladies.

Minister, a plain reading of the estimates indicates that between 2014-15 and 2015-16, you're cutting \$202 million from Transport Canada. That's a cut of 11%. This is at a time when Ontarians this past weekend watched another train on fire for two consecutive days, which our first responders struggled with for many risky hours.

I always like to think that the federal government, in particular, has an obligation to get the big things right, Minister. One of those is rail safety. Your deputy just said that, all things being equal, there have been no cuts to the number of inspectors. The Auditor General warned you and your department in his last report that he could not find at all the rationale for why you have the number of inspectors you have. He went on to indicate that you only completed 26% of the audits that had to be completed. You almost got three-quarters left behind. VIA Rail with 4 million passengers a year, has not been audited once in a three or four year period.

Minister, with your backstop help here, perhaps they can help me understand the following, because I'm sure it is related to your estimates and the number of inspectors and qualified auditors, etc., you have. What increase has there been in the transportation of oil by rail since your government's arrival? Do you know? Does anybody know in your department?

• (1550)

**Hon. Lisa Raitt:** Let's start with some facts, Mr. McGuinty, if I may.

First of all, the year-over-year decrease in the main estimates isn't the \$202 million that you indicate. The main estimates in 2014 were at \$1.665 billion; this year they are at \$1.615 billion.

The increase in the amount of the estimates to date had to do with new projects that we brought in, statutory forecasts, etc., that we've been talking about in the supplementaries as the year has gone by. I appreciate having my officials here, but they don't need to explain things to me. I fully understand the numbers and I'm able to read them myself.

**Mr. David McGuinty:** Great, so what has the increase been in oil by rail in the last, say, eight or nine years?

**Hon. Lisa Raitt:** If I may finish, what I can tell you is that we have a very good grasp of what is happening with respect to this commodity.

**Mr. David McGuinty:** How much?

**Hon. Lisa Raitt:** In 2009 there wasn't a single barrel moving on the rails. Since then, we're at approximately 180,000 barrels that are travelling...or, tank cars that are travelling right now.

**Mr. David McGuinty:** Sorry, it was 180,000 barrels over what period of time?

**Hon. Lisa Raitt:** For the year.

**Mr. David McGuinty:** Okay, so how many inspectors did you have nine years ago when you came into government, and how much oil was being transported? How many inspectors do you have today, and how much oil's being transported?

**Hon. Lisa Raitt:** That's a false analogy, and I'll tell you why.

The rail system is set up in the following way. The regulations are in place to ensure that people follow them. We expect that companies will follow them. We have inspectors to ensure that the railways are doing what they need to do. They also are subject to the Transportation of Dangerous Goods Act, and we have inspectors in that area as well. Finally, we have a safety management system in place indicating that the companies must embed safety management in their culture. They do that as well. We audit that as well.

**Mr. David McGuinty:** You said that before. I heard that, Minister.

What you're saying is that despite the fact there's been a 1,600% increase in oil by rail in the last three years alone, the number of inspectors does not have to increase. Is that right?

**Hon. Lisa Raitt:** What I'm saying is that we have increased the number of inspectors—

**Mr. David McGuinty:** By how much? How much?

**Hon. Lisa Raitt:** —and we have increased the number of inspections, which is by far the better metric that—

**Mr. David McGuinty:** How many inspectors? Say, in the last three years, you're at one-hundred-and—

**Hon. Lisa Raitt:** Mr. Chair, either I'm going to talk or he's going to talk. You're going to have to help me here.

**Mr. David McGuinty:** I just need answers, though.

**Hon. Lisa Raitt:** Oh, I'm giving you answers. Just because you don't like the answers, Mr. McGuinty, doesn't mean they aren't the truth.

**Mr. David McGuinty:** No, you said you have 117 inspectors. That's fair game. It's an increase by one since last year. I'm anxious to see what the Auditor General says about that. You're saying there are 117 inspectors.

There have been no cuts, according to Monsieur Lévesque. There have been no changes to the numbers. He just said it twice in French.

I want to understand. As for Canadians who are watching, they want to understand. They just saw another train explode in northern Ontario, right? This could have been in Toronto. It could have been in Calgary. It could have been in the train yards in my own riding.

Here's the question: with 117 inspectors, are you telling Canadians, the Transportation Safety Board, the Auditor General, and parliamentarians that with a 1,600% increase in oil by rail, there's no more risk?

**Hon. Lisa Raitt:** I'm very confident in the numbers that Transport Canada officials put forward to make sure that they're doing the workload that we inspect and expect them to do. The increasing volume of material has been met by extra inspections, extra regulation, more orders, and more work with the industry on the matter.

**Mr. David McGuinty:** Let me ask you a specific question.

Minister, do you have a rail safety advisory group?

**Hon. Lisa Raitt:** A rail safety.... Of course we do. Yes.

**Mr. David McGuinty:** You mentioned earlier that you wanted us to convene CN. I understand that you meet regularly with CN, CP, and others.

Did you meet with them recently?

**Hon. Lisa Raitt:** As I said to the press, I did have a conversation with CN, post the derailment, to ask what they were doing, and to ensure that they're cooperating with the Transportation Safety Board and Transport Canada officials.

**Mr. David McGuinty:** That's great. I appreciate that. That's an important effort, but I want to ask you a specific question.

Presumably, your department, to backstop the work of the Advisory Council on Railway Safety, your ACRS group, must be performing detailed analyses of the transportation of oil by rail on a year-by-year basis, correct?

● (1555)

**Hon. Lisa Raitt:** They're absolutely tracking how much there is. There's a forecast as to what it's going to be, and that's why we introduced the safe and accountable rail act.

**Mr. David McGuinty:** Great.

For 2015-16 we have estimates. We have 117 inspectors and have heard nothing about increasing that number.

You have 117 inspectors. Is oil by rail going up, is it staying constant, or is it going down, projecting forward for the next five years?

**Hon. Lisa Raitt:** We are projecting that it's going to be going up, but as well, Transport Canada officials are aware of this and they have set out what they would like in terms of estimates and compensation in order to run the department, and this is what they've developed.

**Mr. David McGuinty:** How's my time, Mr. Chair?

**The Chair:** You have 30 seconds.

**Mr. David McGuinty:** Wonderful.

I have one final question for you, Minister. Can you commit to table before this committee—because the Auditor General asked for it and couldn't find it—all the analysis your officials are performing with respect to the volume of oil by rail, all of the estimates, all the analysis you have to backstop your claim that 117 inspectors are sufficient? Can you give us that rationale, the metrics, what was used to come to that trusting conclusion that you rely on your officials for? Can you table that for us?

**Hon. Lisa Raitt:** I will take that under advisement and bring it back to my officials for discussion.

**Mr. David McGuinty:** Is that a yes or a no?

**Hon. Lisa Raitt:** I said that I would take it back to my officials for discussion.

**Mr. David McGuinty:** Thanks, Minister.

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

Mr. Watson, seven minutes.

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

Thank you to the minister and officials for being here today.

According to the Canadian Association of Petroleum Producers, the number of oil carloads, tank loads of oil, was 173,000 in 2013. In 2014 it was 140,000, which is a decrease year-over-year, so Mr. McGuinty may have to rework some of his numbers.

Minister, with regard to the world-class tanker safety system, we had originally put in place an expert panel to make recommendations. How is the world-class tanker safety system reflected in the estimates for 2015-2016 now that the recommendations are becoming operational?

**Hon. Lisa Raitt:** Thank you, Mr. Chair.

Thank you, Parliamentary Secretary.

I am very pleased with respect to the work that we've been doing on the world-class tanker safety system. We had a pre-eminent panel that did some very good cross-country consultation on the issues associated with it. What they found was this: they said, first and foremost, that we do have a good system. However, they did identify areas in which we can do better. We took those recommendations, and we put them into a system to ensure that we would be able to meet the expectations with respect to the world-class tanker safety system.

One of the things they cited and indicated that was very important for us was to ensure that we worked with others across the country, with aboriginal groups and industry. Partnerships with other governments were very important as well. The key is to prevent these spills from happening in the first place. The Ocean Networks Canada's work, of course, is very important for that, and having the sensors and the ability to have the data and information. We also have to make sure that we are ready to respond very quickly in the event of a spill. One of the key aspects of that is the work that Transport Canada is currently undertaking, in taking a look at area response plans in different corners of the country to ensure that what we have in place there takes into consideration not only what we are able to do on a day-to-day basis to respond to a spill with current industry partners, but, for example in the case of British Columbia, also what we can do to make sure that we work with local aboriginal groups to understand what their information or knowledge is as well.

It's those kinds of things that matter when we are going forward to the system of world-class tanker safety that we want. Of course, it entails putting more resources in there, and we've done so. Transport Canada is seeking access to another \$5.3 million to operate the new world-class tanker safety system. We want to make sure that we are ready at Transport Canada to continue doing the work that we've been doing in the past. We have to work closely with the Coast Guard, DFO, and Natural Resources Canada to make sure that we implement these things, because we want to be able to move our goods to market as best we can, and we want to do it in a safe and reasonable manner. That's what you are seeing in terms of the changes with respect to the supplementary (C) estimates in the line analysis. That's the money that we are seeking for world-class tanker safety to go along with our other—

**Mr. Jeff Watson:** That's an increase in operating funding, and it will, I presume, be part of the consultation process that you've talked about with respect to aboriginals. Operating funding will be used in that regard.

● (1600)

**Hon. Lisa Raitt:** Yes.

**Mr. Jeff Watson:** I notice increases in the estimates related to aviation safety, marine safety, rail safety, and motor vehicle safety. Is the latter a capital investment in the motor vehicle test centre?

**Hon. Lisa Raitt:** Yes.

**Mr. Jeff Watson:** I notice there is increased expenditure for the St. Lawrence Seaway Management Corporation. I believe it's a capital investment related to the modernization project there. Can anyone explain what's being undertaken in the modernization project?

**Hon. Lisa Raitt:** One of the key aspects of the St. Lawrence seaway system is that you continuously have to make sure that you are keeping the capital asset going. It really is a jewel.

The St. Lawrence system is unique in the world. It connects our interior lakes to the Atlantic Ocean, and it's something that was built over 50 years ago that we need to look after. That is why I am happy to see that we have increased statutory authorities, proposing an increase of \$35.5 million to ensure that they have the ability to continue to do what they need to do in the St. Lawrence system to make sure that our travel and our goods are moving as best they can.

**Mr. Jeff Watson:** Very good.

I notice that, with respect to Transport Canada, there is a decrease relative to the DRIC project. As I understand it, this reflects the funds' transfer to the border authority for on-site management and the fact that Transport Canada is not doing the day-to-day oversight of that particular project. Is that a fair assessment?

**Hon. Lisa Raitt:** That is correct.

Now that we've set up the crown corporation, Transport Canada is moving out of that space, and the WDBA is moving into that space, and that's what you're reflecting there. You'll also see in the supplementary estimates a request for money for the WDBA.

**Mr. Jeff Watson:** That will be related, I presume, to a site selection for the authorities' offices, staffing up, and other related items. Is that correct?

**Hon. Lisa Raitt:** I'm very happy that they continue to staff up. I'm very happy that we have hires down there and that we've had such a great response from people who are excited about the project and want to work on the project. We had the announcement this week by the WDBA of a capital market committee of pre-eminent Canadians who want to help the government to ensure that we get best value for dollar and good value for the taxpayer with respect to the building of this bridge and a private-public partnership.

**Mr. Jeff Watson:** I'm looking at the estimates relative to CATSA. An item that has come before the House very recently relates to non-designated airports and whether or not there will be a mechanism for non-designated airports to, on a cost-recovery basis, access CATSA services. Is there an update for the committee relative to that particular item?

**Hon. Lisa Raitt:** Yes. One of the key requests we've been working on, actually since July of 2013, has been a request from some smaller airports that currently do not enjoy security services at the airports and want to be able to purchase these services from the Canadian government. There unfortunately is a lot of red tape between them having that and us being able to do that.

We're continuously working on those matters. We've sent letters to airports that have expressed interest in the past. Some have written back to express that they are still indeed interested, but we have to do what we need to do in terms of Transport Canada to ensure that we can do this with the right policy coverage.

**The Chair:** I'm sorry, but your time has expired.

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

**The Chair:** I'll now move to Mr. Komarnicki for seven minutes.

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** Thank you, Chair.

I have a couple of questions in two unrelated areas. The first is with respect to hauling grain from the prairies. You obviously had a significant crop, what may be a once in a lifetime bumper-type crop, but there are other commodities besides the grain commodity. I know that we've taken measures to ensure that minimum quantities are hauled, and you've done a good job in that area.

There's been enough finger pointing in the various aspects of the transportation system, but one of the issues the shippers raised is whether we maybe should be looking beyond just minimum quantities. You've mentioned in your main points here that we need "modern measures for modern times". When we look at the capacity issue, the question always is whether we are looking at what the demand is going to be down the road and whether there are enough dollars being spent in capital assets, the physical assets, to meet that demand, not only in the grain industry, which is of course important to the prairies, but in other industries as well.

You mentioned that Mr. Emerson was in the committee and they were looking at things. One of the other issues they talked about is having some basic levels of service that objectively can be understood by the parties, and also about how, if they weren't met, there perhaps could be consequences, in order to ensure that. When you're only dealing with not necessarily a competitive market, that makes this whole issue rather difficult.

Has the department been looking at all of those issues, and is the committee looking at those issues? Perhaps you might comment on that.

• (1605)

**Hon. Lisa Raitt:** It would be my pleasure.

Of course, the review that's being undertaken by Mr. Emerson is at arm's length from us, and that's the way it should be. He has a secretariat, and he has a panel that is receiving submissions from across the country. What I understand is that there have been numerous submissions made, which is good news. Indeed, when I speak at events, I always encourage the stakeholders in the room: if they have an opinion on something, they really should bring it forth. This is our opportunity to take a look at what we currently have and how to change it for the better for the future.

I know that the panel is seized with the issue with respect to grain delivery. I know there are concerns not only about the costs associated with transportation, but with the levels of service as well. We've been through a number of reviews of service levels in the rail system in the past number of years, and we of course passed the Fair Rail for Grain Farmers bill last year, which was very important too. It added to the tools that I would say shippers have with respect to ensuring that they get good and fair rail service to their place of work.

That said, we still do need to take a look at it in the bigger picture of what other commodities are involved. If you say that there's going to be a minimum volume of one commodity, do the other commodities worry that they're not going to have the same kind of service? We've been balancing those as best we can.

What I look forward to, coming out of the panel's review, the panel's analysis, and some recommendations for the future, is what the system will really look like in a world where we are developing and signing more free trade deals and we want to expand and open up markets. We want to increase the goods that we're shipping out of the country and the goods that we're shipping into the country as well. They're all connected by that rail line. That ribbon of steel is incredibly important, and we want to make sure that whatever we put in place is going to positively enhance our ability to move a good supply chain.

The department as well has some good round tables with respect to commodity supply chains, where we bring the parties together to talk about it. I've met with the Mining Association of Canada. My colleagues have met with the agricultural aspects of the rail shipping lines. We need to continue to come up with the bigger-picture solve on this, and not just try to think where we should be going, but really understand fully where we want to be and get there. I do believe that it's Mr. Emerson and his committee that will help us get there.

**Mr. Ed Komarnicki:** I appreciate that, Minister, and I realize that we have to go beyond just moving around assets to serve the existing needs when there are developing demands. We need to be responsive to that if we want to ensure our economy continues to prosper as it has.

The other area is the area you mentioned relating to unmanned aerial vehicles. I know that in the news lately there have been a number of concerns, because these are readily available at not very much cost at RadioShack or The Source or other places.

Of course, there are security concerns and also privacy concerns, and the public is obviously very in tune with that, but at the same time, I have constituents who have legitimate uses for those particular UAVs. I look at the farming community. Farmers could use them for crop inspection. They'd like to hire someone to do that for them. There are realtors and developers who would like to be able to take photos of areas that they wish to develop. There are things like this that are commercial in use and are advantageous for them, and of course it's a service that is legitimate.

There's a host of others. I know that on the American side they've asked for public comment. They're coming up with some regulations and so on. The areas of use are those such as research and development, power line inspection, pipeline inspections, rescue operations, bridge inspections, and aerial photography. There's a host of other niche areas that are certainly areas where these can be used very effectively. The issue of course is safety, and there's of course the issue of privacy and security, but in all of that, technology is advancing and expanding and we need to be responsive to that.

I just wondered about maybe having you reiterate what the department's views are and its position going forward and in the present.

● (1610)

**Hon. Lisa Raitt:** Thank you very much.

Coming from the position of a mother of a 13-year-old who probably wants to have a UAV for Christmas next year, I would say that the primary thrust has to be about safety and ensuring that recreational users understand that these are still pieces of machinery that fly above people's heads and houses, they need to be operated with care and out of airport space, and there are certain rules and regulations. Last year, we developed and started a public awareness campaign. You may find that on social media or on the Internet, and certainly we did a number of announcements. That's one aspect of it.

The part you were talking about, though, has to do with the commercial aspect. We did find that there was an increase in the number of people who were applying for these special purpose operator certificates. As a result, there was a complaint about how much paperwork there was and, indeed, how long it took for the certificate to be turned around. I'm happy to report that the department has worked diligently on this, and they have lowered their service standard time turnarounds.

Maybe Lauren can give us a little more colour on that.

**Ms. Lauren Kinney:** As the minister said, we went into an intensive scrutiny of our process. We brought into that discussion our regional staff. We also talked to users about what they were trying to use the equipment for, as was just outlined. We took a very hard look at what were the actual safety issues and what was different about a UAV versus an aircraft, etc. Through that process, we developed a set of exemptions that were standard exemptions that could be applied in certain cases, with standard conditions on what would create the safety regime around that.

That was put into place in November, along with additional guidelines to our staff members to provide consistency and streamlining of the paper process, and we put up some information on the web on how applications could be requested. That's turned around the response time considerably. I don't have a number, but it certainly has increased it dramatically, and that process is under way.

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

Your time has expired.

Now I'll move to Mr. Masse for five minutes. I understand you're splitting with Mr. Sullivan?

**Mr. Brian Masse (Windsor West, NDP):** Yes, thank you, Mr. Chair.

Thank you, Madam Minister, for being here.

You aptly noted that we are paying \$250 million for the U.S. Customs plaza of the Windsor-Detroit crossing. We also are paying \$550 million for land acquisition and roadway in Michigan. Is that money going to come from tolls as well?

**Hon. Lisa Raitt:** The entire operation, the planning, and the facilitation of the purchases are all coming from the appropriations from Parliament, but they're also going to be recovered through the tolling process. That's always been the intention of the government.

**Mr. Brian Masse:** Okay, but what gives me concern a little bit about that is the pricing of the crossings in terms of the tolls and what they're going to be. We're doing a P3, there will be a profit margin in there, we're up to almost a billion dollars with regard to the process right now, and the reality is that it will be Canadian companies and individuals who'll also be paying these tolls. We will have Canadians paying a disproportionate share because the tolls will come from their pockets. They'll come from people in my community. They'll come from companies that are serving in Canada. They'll be paying for that American plaza.

Has an economic analysis been done on how the extensive borrowing that we are now into, and paying for by ourselves, will impact the toll rate, or on how many years will it take us to recover them—40 or 50?

**Hon. Lisa Raitt:** In terms of the analysis, yes, fulsome analysis goes into any of the projects that are put forth through Treasury Board. There's rigorous debate with officials with respect to projects.

The decision was taken, for very good reasons, that we need to proceed with the building of this bridge. I mean, think about it; you know that the Ambassador Bridge is 84 years old. When it was built, it was built for a 50-year lifespan. We've well exceeded it. It's only four lanes. You know there are traffic jams on either side. If we didn't go ahead and continue to ensure that the project went forth in a timely manner, which is what the decision was, it wasn't going to happen.

**Mr. Brian Masse:** But the reality is that Canadians will be paying for that American side through those tolls that we have to pay. The U.S. budgeted \$3.5 trillion: we never got a single nickel out of them. How could this happen?

● (1615)

**Hon. Lisa Raitt:** The deputy here makes a good point, that currently with respect to the Ambassador Bridge you would say the same thing, that it's Canadians who are making sure that Mr. Moroun is making the profit he's making on that bridge.

That being said, you must agree with me that this is a bridge that needs to happen. You've said that yourself. We're just making sure that we're going to be getting it done. We can talk about the methodology—

**Mr. Brian Masse:** I've been working on this for 15 years. I know how important it is. It's also important how it gets done, and that's my concern, that now we're also going to add: what will the profit margin be for the P3 on this? What percentage will they get for this?

**Hon. Lisa Raitt:** When the decision was taken to include the U.S. Customs point of entry plaza into the entire WDBA portfolio, it was analyzed with respect to the tolling and how long it would take to recover. It still came out with the determination that it was a sound project and that there will be market uptake. We will see the interest in this when we get to the point of request for qualifications and RFPs.

**Mr. Brian Masse:** Thank you.

I'll give the rest of my time to Mr. Sullivan.

**Mr. Mike Sullivan (York South—Weston, NDP):** Thank you, Madam Minister and Mr. Chair.

Coming back to your initial comments, my question has to do with rail safety. You have lowered the speed of railcars through urban areas to 40 miles an hour, or 64 kilometres an hour, and yet the cars that derailed in northern Ontario and the U.S. were all the new 1232 standard, which means they've been replaced. In Gogama they broke and exploded in large numbers at 61 kilometres an hour, lower than the speed that you have suggested was the acceptable speed through urban areas. People are looking at this mess of rail, imagining it in Oakville or in Toronto, and asking what the government is going to do. These new railcars clearly aren't safe at 60 kilometres an hour if they're going to break up and explode.

What further regulations are you likely to bring forward, given that if we can't trust these railcars, let alone...? Accidents will happen, whether safety management systems actually keep the rails in good order and the trains in good order. But when those trains are going through urban areas, 40 miles an hour is too fast.

**Hon. Lisa Raitt:** Yes.

You know, I did say that you have to take a closer look at the operations of CN, and that's why I indicated at the front that I think it would be appropriate if the committee were to invite CN in to talk about its operations.

That being said, with respect to the cars, we removed from flammable service those first ones, the DOT-111s, because they didn't have the continuous protection underneath, and I'm glad we did that. So now we have the new standard of car that we expect to be retrofitted to the CPC 1232s. Those are the cars that were involved in this incident. Currently we know that nine of them were ruptured—we don't know for sure, because the Transportation Safety Board has to do its analysis—so it does give us pause. That's why we continue to work on this new standard with the United States, which is a leap forward from what the 1232s are. We're very close to having an idea of what this new standard will be, because certainly industry wants to know what it will be. The means of containment are just one aspect though. I think, as well, operations have to be looked at.

The Transportation Safety Board, in the wake of Lac-Mégantic, gave immediate updates regarding what it felt was going to be needed in terms of the incident and the investigation, and we will wait to see what it says with respect to this derailment. I can tell you that officials have already asked CN for its mitigation plan with respect to moving forward, and it is working out those details right now to ensure that it is looking at all aspects of its operations as well.

I think the best thing I can say with respect to it is that there is a role for operations that are mitigated, and there is a role for making

sure that the means of containment are as safe as possible. We are working to set a very strong timeline on the phasing out of the worst of these cars. Three years to move them out as CN retrofits is pretty fast, and, of course, it is taking a look at this new tank car standard as well.

We're going to continue to work on this. In the meantime, CN has to ensure that it's operating as safely as possible, and that it understands what happened in this particular incident, and it has to report on that to Transport Canada. From there we'll take further action if necessary.

**The Chair:** Thank you. Your time has expired.

Mr. Watson, you get the last five minutes.

**Mr. Jeff Watson:** I hope that before the minister leaves the table we'll have an opportunity to canvass committee members as to whether or not they'd be interested in inviting CN at its earliest possible opportunity to appear before the committee.

Chair, you can take a couple of minutes from the end of my time if you wish to do that.

I just want to return to a couple of items here. First of all, just to review what we've heard here today, the last time this committee asked about the number of inspectors, there were about 100. There are now 117. The TDG directorate was at 35, and we now hear it's at 94. So the amount of oversight has gone up dramatically. We also know that oil by rail went from 173,000 cars in 2013 down to 140,000 last year, so the ratio of oversight has been improving dramatically since the Auditor General last had a report on activities here.

Regarding some of the arcane stuff about the estimates, we've heard a lot about the idea of a cut. An actual cut is a dollar spent on a specific purpose that isn't being spent on that purpose any longer. That would be an operational cut. What they call a capital cut, which happens when a dollar originally invested in a capital investment is no longer being spent, is not a cut, is it?

In the case of grants and contributions, if people don't apply for a program and the money is not spent, that's not a cut, is it?

● (1620)

**Hon. Lisa Raitt:** It is not.

**Mr. Jeff Watson:** It's not a cut. So we have to be careful and much more detailed when we look at estimates and we track spending over time and the purposes to which money is allotted to be sure that we're not mis-characterizing something as a cut when it could be many other things. In fact, as I've said, we've seen increases in a number of programs.

Minister, I have one other question. I think the Canada Post five-point plan would be a matter of interest. Perhaps you can give this committee an update on the progress relative to that and the necessity of the changes therein.

**Hon. Lisa Raitt:** It would be my pleasure. Thank you very much.

Indeed, as everybody knows, the reason why Canada Post approached us with changing some aspects of their operation was that, fundamentally, they've been delivering 1.2 billion fewer letters than they did in 2006. Indeed, according to our most-up-to-date information, I've been told that we saw another 6% decline in letter mail last year.

As a result, Canada Post has had to take some decisions with respect to how they operate. One of them has to do with the provision and delivery of door-to-door mail and converting to community mailboxes the rest of the households in Canada that currently do not have to go to a community mailbox. They are consulting with communities across the country, it's my understanding, with respect to both the siting of the community mailboxes and how to undertake and ensure that communities are aware of what's going on, for the conversion to go as smoothly as possible.

Canada Post so far is on the right track. They have increased as well in terms of the number of parcels they delivered last year. That said, they still are seeing that incredible gap in revenue as a result of people simply using email as opposed to using letter mail anymore. We continue to monitor it. It is a significant plan that they've put forward. They do need to ensure that they save money, because they have an obligation to operate on a self-sustaining basis under their own legislation. This is the way they said they would get there. We support their five-point plan and we want to make sure the implementation is as easy as possible on the communities.

If I may, I could add one last thing on a topic that Mr. McGuinty had asked me earlier about regarding whether or not I'd be willing to provide information to the committee.

I have had the opportunity to confer with my officials in this last 15 minutes, and we'd be happy to provide the information to the committee, Mr. McGuinty.

**Mr. David McGuinty:** Outstanding.

**Hon. Lisa Raitt:** I just needed a moment to ask them, because I don't make promises for other people, unlike you guys.

**Voices:** Oh, oh!

**The Chair:** You have 10 seconds if you want them, Mr. Watson.

**Mr. David McGuinty:** Can I have a rebuttal, Mr. Chair?

**The Chair:** Sorry—

• (1625)

**Hon. Lisa Raitt:** I got the last word.

**The Chair:** On that, Mr. Watson alluded to this. In her opening comments, the minister suggested that the committee should invite CN. In order to do this, the normal procedure is that we need 48 hours' notice, but if there is unanimous consent from the committee to do that, you can do it here today.

Mr. Mai.

**Mr. Hoang Mai:** Can we also invite the TSB at the same time as CN? I wouldn't want to have just CN here.

**The Chair:** You would like to have them?

**Mr. Hoang Mai:** I would like to have CN but also the TSB, the Transportation Safety Board, at the same time.

**The Chair:** Mr. Watson.

**Mr. Jeff Watson:** Chair, just on a point relative to CN, I was simply issuing the invite as to whether or not there was an appetite from the committee to have them come here.

With respect to the TSB, I imagine that's in relation to Gogama, and the fact that their investigations wouldn't be complete yet.... I would suggest that we consider that at some point when the investigations are complete, but CN could certainly come and describe how they're cooperating or not cooperating with respect to investigations.

If there's no consensus from the committee, then obviously we can move this into a business meeting later this week, and we can talk about these matters in more substantive detail.

**The Chair:** Yes, and on Thursday the committee does have it scheduled to talk business.

Is there unanimous consent to have CN here or not?

Mr. McGuinty.

**Mr. David McGuinty:** Mr. Chair, I have just two quick things.

The minister meets with CN quite regularly. She has an advisory committee—CN, CP and others. I'm quite convinced that she's perfectly capable of eliciting from CN the information she wants.

I also have to say that I'm a little bit leery, because the last time the minister came and graciously conferred a project on this committee, which was back in—

**The Chair:** So are you in favour of having them or not?

**Mr. David McGuinty:** Well, just let me complete my thought. Back in 2013, even before we finished and you tabled the report, sir, the minister issued regs, rail safety regulations, before this work was even done, and to a certain extent—for Canadians watching—with hundreds of thousands of dollars of costs, prejudging the outcome of the work of this committee. It's a little hard now for the minister to come here and say that we should meet with CN. I'm all—

**The Chair:** So you're not in favour of having CN here?

**Mr. David McGuinty:** I would love to have CN here, sir—

**The Chair:** Okay—

**Mr. David McGuinty:** —but I want the regulator here too, not just the regulated. I want the regulator here. Let's get the folks—

**The Chair:** Mr. McGuinty, that part of it is for the business meeting that we're going to be having on Thursday.

**Mr. David McGuinty:** Great, then let's bring it forward.

**The Chair:** So today you're not in favour—

**Mr. David McGuinty:** No, sir.

**The Chair:** Okay, you have your answer.

Madam Minister, thank you very much for being here.

And Mr. Lapointe, Mr. Lévesque, and Ms. Kinney, thank you very much.

**Hon. Lisa Raitt:** Thank you very much everybody.

•(1630)

**The Chair:** We're going to suspend for five minutes.

•(1625)

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

•(1630)

**The Chair:** Okay, we are ready to continue our meeting.

First of all I'd like to welcome Minister Lebel. Thank you very much. And we have Ms. Boileau, Mr. Lévesque, and Ms. Laroche. Thank you to all of you for being here.

Without further ado, Mr. Lebel, we'll turn it over to you.

[*Translation*]

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

[*English*]

Thank you, committee members. It's a pleasure to see all of you again, and I am looking forward to continuing to work with you.

I welcome the opportunity to outline the 2015-16 main estimates for infrastructure, communities, the federal bridges in Montreal, and the economic development agency of Canada for the region of Quebec.

I am joined today, like you said, by senior officials from Infrastructure Canada: deputy minister Louis Lévesque; chief financial officer, Darlene Boileau; associate deputy minister, Yazmine Laroche; Monsieur Marc Lemieux, from CEDQ, I have the honour to be with a lot of people from the department I have the honour to represent.

I am accompanied by these people to show you how we are working hard for the Canadian population. We have achieved a lot since our appearance before this committee this time last year, demonstrating that our Conservative government support for infrastructure remains stronger than ever. This is evident in the efforts put toward implementing the new Building Canada plan, and in our commitment to ensure that the new bridge for the St. Lawrence, one of the leading infrastructure projects in North America, is completed by 2018.

These two initiatives account for the lion's share of our planned spending, and I am pleased that we are here to seek funding that will be applied towards projects supported by these great initiatives.

As you know, the Government of Canada has made unprecedented investments in infrastructure. Since we took office, Canada has consistently ranked at the top of the G-7 in infrastructure investment as a percentage of the GDP. It's quite a contrast from the Liberal years when Canada was sitting at the bottom of the group.

[*Translation*]

With those record investments, we have been able to reduce the average age of public infrastructure to its lowest level since the 1980s. And with \$75 billion dedicated for public infrastructure, we will continue on this momentum. We will continue to invest in key and strategic infrastructure to support Canada's growth and economic development.

Clearly, this investment includes \$53 billion over 10 years for the new building Canada plan, the largest and longest federal infrastructure plan in our nation's history.

•(1635)

[*English*]

It is through this historical plan and under the federal gas tax fund that we will make billions of dollars available to municipalities in 2015 and support thousands of new or existing projects addressing local priorities across the country.

Proponents across the country have begun submitting business cases for review and have started identifying projects for funding under the various components of the plan.

[*Translation*]

For example, earlier this year, we announced close to \$44 million in federal funding for key upgrades to the Port of Montreal under the national infrastructure component of the new building Canada fund.

We have also done a lot of work with our partners under the provincial-territorial infrastructure component.

In fact, projects worth more than \$5 billion in total have been identified.

[*English*]

You may also recall that we have dedicated \$1 billion to the provincial-territorial infrastructure component of the small communities fund for projects in communities with fewer than 100,000 residents.

I would now like to draw your attention to one of the largest public infrastructure projects under way in North America, the new bridge for the St. Lawrence corridor project, and how we plan on spending requested funds over the next fiscal year. I would like to take this opportunity to provide a status update on the project.

[*Translation*]

I am pleased to report that the project continues to progress very well and everything is on track. The year 2015 in particular will be a landmark year with construction to begin in late spring or early summer.

Let me remind you that the project is being carried out as a public-private partnership to ensure that taxpayers receive the best value for money and that the project is on time.

[*English*]

We are currently in the request for proposals stage. Three eligible consortia provided their technical submissions in mid-February. They have until April 1, 2015, to submit their financial proposals. Once we have these proposals, we will name the project's selected proponent.

[Translation]

Our Conservative government has met all of its timelines in preparation for construction. For instance, in September 2014, we completed the construction of a temporary causeway on Île des Soeurs. Not only was the work completed three months ahead of schedule, but the cost was also \$25 million less than anticipated, which once again shows the diligence and excellence of the teams working on the project.

[English]

In January 2015 we also launched major work with Hydro-Québec to move a segment of a transmission line in Brossard to enable construction of the new bridge for the St. Lawrence. We are committed to having the new bridge for the St. Lawrence in service by 2018 and to having the remainder of the corridor project completed by 2020. The project is expected to create 30,000 jobs, and will have a positive impact on the local, regional, and national economies.

Mr. Chair, we are also seeking approximately \$1.5 billion to support new or ongoing projects being funded under existing funding programs and agreements. These include projects under the Building Canada fund's major infrastructure component, and for continued work on the Inuvik to Tuktoyaktuk Highway.

[Translation]

Of course, I also have the honour of serving as Minister of the Economic Development Agency of Canada for the Regions of Quebec, so every region in Quebec is served by our department. The Economic Development Agency of Canada's mandate is to support the economic growth of every region of Quebec, and we spare no effort in doing so.

With your permission, I will give you a few examples and present a few figures which clearly illustrate the Economic Development Agency of Canada's activities since 2006. We are talking about 5,326 projects funded, nearly \$2.5 billion paid out in contributions by the federal government, and more than \$9 billion in total planned investments with partners.

[English]

The priority of our Conservative government remains job creation, economic growth, and long-term prosperity. CEDQ's action is very much aligned with it. The department encourages the start-up and growth of businesses by helping them to become more competitive, more productive and innovative, and to get access to new markets. CEDQ also assists regions of Quebec that are seeking to mobilize and attract new investments that will increase their prosperity. CEDQ is present in every region of Quebec through its 12 offices, but it also has more particular focus on regions experiencing slower economic growth.

CEDQ's advisers are in direct contact with SMEs, key economic actors, and organizations to offer them guidance and financial support. Through its main funding program, the Quebec economic development program, CEDQ also contributes to strengthening the economy of communities and regions that face specific issues through targeted and time-limited help.

CEDQ maintains its efforts to support affected communities through the Canadian initiative for the economic diversification of communities reliant on chrysotile, launched in June 2013 with \$50 million budgeted over seven years. That's over seven years; for sure we'll see this part in the budget again, because it's over seven years. It's to help out communities and businesses in

[Translation]

the Appalaches and the Sources RCM.

[English]

So far 17 projects have received funding; \$6.5 million has been spent; \$25 million more is currently projected to be spent; and \$19.5 million will be reserved for this region in future. Our team is still working on the ground day to day.

● (1640)

[Translation]

In July 2013, following the disaster in Lac-Mégantic, we launched an economic recovery initiative for the economic revitalization and reconstruction of the town.

With an envelope of \$35 million over seven years, the initiative includes the following three components: reconstruction assistance of up to \$20 million; up to \$10 million in direct assistance to businesses and NPOs; and assistance in the form of two investment funds of up to \$5 million, managed by the Mégantic region Community Futures Development Corporation (CFDC).

I repeat, we are talking about \$35 million over seven years. You will see this again next year, because not all the money will be invested this year. We are talking about next year, but we know that if the money that was supposed to be spent has not been used, there is a seven-year period. I am sure I will hear about it again, but that being said, we are talking about seven years.

To date, 16 projects have received funding. Over \$15 million has been paid out in contributions for planned investments of nearly \$35 million. Of course, the two program investments will be invested in the regions for which the money had been earmarked. A dedicated team is on site and is working closely with local partners to make sure that their needs are clearly understood, to guide them through the economic development process and to identify potential funding options.

In light of the false information circulated recently, I would like to stress once more that the funds are spent or carried over to subsequent years based on needs. The funds carried over are primarily from projects whose scope or timeline was below the forecast, projects that extend over several years.

[English]

I'm very proud of our progress in building infrastructure projects that are delivering real results for Canadians. The officials I have the honour to work with and I will be pleased to answer your questions about any aspect of our main estimates that will enable us to continue this record of achievement.

Thank you very much, Mr. Chair.

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

We'll now go to questioning with Mr. Mai for seven minutes.  
[Translation]

**Mr. Hoang Mai:** Thank you, Mr. Chair.

Thank you for joining us today, Mr. Minister.

You mentioned the Champlain Bridge issue, as we like to call it. You talked about three consortia. There were six consortia initially and now there are only three. Can you tell us what the selection criteria were for these three consortia? Why have they been chosen?

**Hon. Denis Lebel:** Mr. Chair, I will give the floor to Mr. Lévesque. You will understand that I am not familiar with all the details in the call for tenders process for the consortia.

One of the reasons why I am not familiar with them is that, from the outset, I have kept my distance from any process that involved making a selection. To go from six consortia to three, clearly, very specific criteria had to be met.

Even today, the teams that do the evaluations are hard at work. I will ask Mr. Lévesque to tell you what he has to say about the criteria.

• (1645)

**Mr. Louis Lévesque:** Basically, the criteria had to do with technical skills, financial strength, construction expertise and so on. Initially, there were six groups. The objective of this exercise was to reduce the number to three because, in the next step—the request for proposals that is being implemented right now—these groups had to invest a substantial amount of money to bring the proposals to the level of sophistication required for their submission.

**Mr. Hoang Mai:** Is your analysis public? There is nothing on the Public Works and Government Services Canada website about the criteria and evaluations. Is that normal?

**Hon. Denis Lebel:** Mr. Mai, are you saying that you think we need to post on a website the rules and criteria used to evaluate the consortia that submit a service proposal?

**Mr. Hoang Mai:** Yes.

**Hon. Denis Lebel:** A company will know exactly what another company did. There is a process. The companies that submit a proposal know the criteria, but in terms of the process and how many teams there are, I will ask Mr. Lévesque the question.

How many teams are there? How does the process work in terms of the number of teams?

**Mr. Hoang Mai:** Mr. Minister, it is called transparency. We are asking that the process be transparent. You yourself said that the call for tenders was open, public and transparent. However, when we ask you for the criteria, you don't want to make them public.

**Mr. Louis Lévesque:** We have to maintain a balance between transparency and the financial interests of taxpayers. The objective of the P3 process was to encourage those who make submissions to do as much as they can with as little as possible.

**Mr. Hoang Mai:** Absolutely, but for us—

**Mr. Louis Lévesque:** We give them technical specifications, but we don't want to give them too much information on what the others are doing because we want as little collusion as possible.

**Mr. Hoang Mai:** My question is just about the selection criteria.

Is job creation in Canada part of the selection criteria? Is the use of materials made in Canada part of the selection criteria? Yes or no?

**Mr. Louis Lévesque:** The criteria are in line with the trade agreements we have signed. These agreements do not include specific criteria or rules about the origin of materials, for instance.

**Mr. Hoang Mai:** In other words, the impact on Canada's economy does not matter in your selection criteria. That is why I am asking that the criteria be public.

You know just as well as I do that we are not breaking our free trade agreements if Transport Canada buys materials made in Canada or in Quebec for its infrastructure projects. I don't understand why this aspect is not being considered.

**Hon. Denis Lebel:** You must understand that we cannot violate those agreements.

**Mr. Hoang Mai:** We are not violating the agreements.

**Hon. Denis Lebel:** We are meeting the criteria in that sense. We said that 30,000 jobs will be created here. By 2018, we will follow a process and we will do so according to the rules.

**Mr. Hoang Mai:** You are talking about 30,000 jobs?

**Hon. Denis Lebel:** The entire project will generate 30,000 jobs.

**Mr. Hoang Mai:** Do we know how those jobs will be created? We find this very troubling.

You are asking us to pass budgets, but you are not telling us what criteria you are using for a project that, as you said, is a large-scale initiative. In fact, it is one of the largest projects in Canada and, as it turns out, it is in the riding of Brossard—La Prairie. However, the key point is—and I think we all agree—the lack of transparency. This is reminiscent of the problems identified by the Charbonneau Commission.

**Hon. Denis Lebel:** No, you want me to go down that road, but I won't allow it. We have been playing by the book from the outset. In terms of the selection, there are several stages and levels. Everything is done by the book and we are following the OECD rules in all areas. We have been doing an outstanding job since the beginning and we will continue to do so. This project will be ready three years ahead of schedule.

**Mr. Hoang Mai:** As parliamentarians, how can we know that you are doing a good job? There is no way we can know whether you are actually following the rules. You say that you are and we have to take you at your word.

**Hon. Denis Lebel:** We are not going to release information during a tendering process for a contract that is worth so much, since we don't want to risk giving an advantage to one or more companies when the well-being of Canadian taxpayers is at stake.

**Mr. Hoang Mai:** Your selection criterion is that the company will have to create jobs in Canada. It is a good thing if the consortium you have selected meets that criterion. Those are exactly the criteria that we need to understand. Unfortunately, I think there is a lack of transparency.

As you know, with the exception of the Conservative government, everyone is against the toll. We can calculate the profit that the private company will make if the toll remains an option. However, can you assure us that, if another government came to power and decided to scrap the toll, we would not have to pay a penalty to the consortium?

• (1650)

**Hon. Denis Lebel:** First, I don't agree with what you just said. We will continue to work on this matter. You are asking me to talk about the amount for the toll without knowing how much the bridge will cost.

Think about it and see whether it makes sense. We are going to wait and see what the amount in the submission is and examine the issue. Let me remind everyone that the federal government will be paying a significant portion of the cost for the bridge and will decide how much the toll will be. That happened a few months before highways 30 and 25 opened, and now we are talking about the bridge opening in 2018. People might find out well in advance what they will have to pay.

I will now give the floor to Mr. Lévesque, who had some important information for you.

**Mr. Louis Lévesque:** Here is what we are asking companies to include in their submissions.

Three qualified consortia will submit a price for the construction, maintenance and so on, as well as a price for managing a toll system. However, the government will determine how much the toll will be. The company in question will not make a profit or incur any losses related to the toll. It will receive the payments as established by the owner of the bridge, the federal government. Its financial situation will not be affected by the toll in any way.

**Mr. Hoang Mai:** I don't think a private company would be interested if it can't make a profit.

**Mr. Louis Lévesque:** The financial structure is such that toll revenue will essentially go back to the government, not the company. The company is basing its submission on the payment for the cost of the bridge and the subsequent annual payments. As the minister said, the government will consider all of that and determine what the bridge tolls will be at a later date. It will not have an impact on what the developers will be paid, except perhaps in a minor way, for maintenance.

[English]

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

Mr. McGuinty, for seven minutes.

**Mr. David McGuinty:** Thanks, Mr. Chair.

[Translation]

Welcome to the committee, Mr. Minister.

[English]

Mr. Minister, I'd like to start by recalling an exchange we had about a year ago on March 25, 2014. I asked you if there was any new money with respect to the estimates. Mr. Lévesque responded that it was not in the estimates. I replied, is there no new money on April 1? You replied, Minister, no, it is not in the estimates.

This year you brought us estimates of \$3.6 billion—down from roughly \$3.7 billion last year—when infrastructure needs in Canada are soaring, when overpasses and roads are falling on the heads of people living, for example, in

[Translation]

the beautiful city of Montreal.

[English]

The old Building Canada fund had grown to about \$1.6 billion a year for community infrastructure projects, but now the funding has dropped off a cliff. This is undeniable. It's falling by close to 90% to just \$210 million per year, starving municipalities of much-needed cash.

It won't recover for five years. You know that. We know that. It's punted into a political never-never land and we know why, Minister, because it's a political decision, and governments make political decisions. Fair enough. But your government has made a decision in an attempt to balance a budget and make reckless spending promises with respect to income splitting, for example.

You have done nothing, or little, or not as much as you could have, to generate economic growth, create jobs, and help middle-class families.

How do you explain this?

**Hon. Denis Lebel:** First of all, I totally disagree with you. I have a chart from Budget 2013 of the average age of public infrastructure in Canada. You can see the age of the infrastructure from 1973 to 1994 and 1997. The peak age of infrastructure in the country was in 2000, 2003, 2006. Since that era, it's been declining and will continue to do so because we're investing in infrastructure.

I, like 25 other of my colleagues, including the chair of this committee, am a former municipal politician. We know exactly what is on the table now. We have doubled, extended

• (1655)

[Translation]

in legislation for the

[English]

gas tax fund. But that's a 10-year program; it's not a race. They don't have to expend this money this year, but for the next 10 years. No money will be taken from this program.

For the national infrastructure component, for the provincial and territorial component, it's a 10-year program. In the budget we have the money needed for the projects, but it's not a race, and the provinces and municipalities will have all the money they want in the next 10 years.

**Mr. David McGuinty:** That's good to hear. I'm sure the Federation of Canadian Municipalities will be delighted to hear they are going to have all the money they need. We'll get that out to them.

But I have two other specific questions for you, Minister.

**Hon. Denis Lebel:** In this program for sure.

**Mr. David McGuinty:** Two questions.

The Minister of Transport was here just a minute ago. She confirmed for us that this government is spending \$35 million on rail safety, and I'm now advising you that you're spending \$42 million on economic action plan advertising.

As part of your estimates, the government has given an additional \$11 million for more obscene advertising on television and billboards. Your infrastructure department has spent \$29 million on billboards in the last five years. That's \$29 million on billboards, Minister.

Of the \$11 million that has been allocated to the government, how much is your department spending on billboards and additional advertising in these estimates?

**Hon. Denis Lebel:** The Federation of Canadian Municipalities has been involved in all the processes to build this Building Canada plan.

**Mr. David McGuinty:** Who's spending the \$29 million?

**Hon. Denis Lebel:** I have listened to you for your question. You will listen to my answer.

We have built the program with them for 10 years, but there have been around 13 round tables all across Canada. They have known since the beginning of the process what will be in the program, and the money reserved for them through the gas tax fund for 10 years will all be sent to them, and we'll continue to work with them.

I didn't hear the Minister of Transport's answer to you.

**Mr. David McGuinty:** How about the advertising, Minister? How much will be spent on advertising this year?

**Hon. Denis Lebel:** Less than the former Liberal government.

**Mr. David McGuinty:** What's the number? Your officials are here, your team is here—how much?

**Hon. Denis Lebel:** We don't have the answer for that, but—

**Mr. David McGuinty:** You don't have the numbers, okay.

**Hon. Denis Lebel:** We have seen how you were not involved in investing in the infrastructure of this country. I am aware of that era and you had no money for infrastructure.

**Mr. David McGuinty:** Let me go to my next question. Here is my next question, Minister.

On May 13, 2014, I repeatedly asked your officials if they had conducted detailed analysis with respect to the effects of a toll on a new bridge in the Montreal area. I called it the “distributive effects” and I asked for information on, for example, gridlock, *embouteillage*. How about pressures on other bridges, on public transit systems, the financial and revenue implications?

The Minister of Transport came here a moment ago and said to my colleague that extensive analysis of the financials and effects of a toll system at Windsor-Detroit was all performed and had to be tabled with the Treasury Board before a dime could be spent on that project.

When I repeatedly asked your officials, pursuant to what my colleague just asked you, they produced nothing.

Can you now please tell us where is the analysis?

**Hon. Denis Lebel:** I will use exactly the same word, “nothing”. That's exactly what you did when you were in government to replace that bridge.

**Mr. David McGuinty:** Is that an answer, Minister?

**Hon. Denis Lebel:** You did absolutely nothing for a bridge that was falling down—

**Mr. David McGuinty:** Do you have the analysis, Minister?

**Hon. Denis Lebel:** —and we are delivering a bridge from now to 2018. We will do that in respect of the schedule we have and we will for sure, all the aspects on the traffic.... We're discussing with the province and all municipalities around, but for the moment we will know all the consortium—

**Mr. David McGuinty:** Okay, fair enough.

**Hon. Denis Lebel:** —until now—

**Mr. David McGuinty:** Minister, it's fair to say that you don't know.

**Hon. Denis Lebel:** Sorry, I have to finish my answer.

**Mr. David McGuinty:** But you can't say that you're created 30,000 jobs if you have no analysis.

**Hon. Denis Lebel:** We will know how much the bridge will cost after the analysis of the three proposals we will receive from the consortium. At that moment we will see what the price of the toll will be.

**Mr. David McGuinty:** You gave a speech here a minute ago saying it was 30,000 jobs.

**The Chair:** Order.

Your time has expired.

Finish, Mr. Minister.

• (1700)

**Mr. David McGuinty:** Mr. Chair, I asked the minister where the 30,000 jobs are coming from. Where is the analysis?

How can you say to the committee that 30,000 jobs are going to be created but you have no analysis for that?

**The Chair:** Mr. McGuinty, your time has expired.

**Mr. David McGuinty:** Can you get an answer, Mr. Chair?

**The Chair:** Given the number of times you interrupted him, he probably could have, so.... Okay?

Mr. Braid, you have seven minutes.

**Mr. Peter Braid (Kitchener—Waterloo, CPC):** Thank you very much, Mr. Chair.

I'm pleased to have the opportunity to provide a number of questions to the minister.

Thank you very much, Minister, for being here and for the updates you've provided on the range of portfolios you're responsible for.

Mr. McGuinty must be new here, because he's failed to understand an important aspect of the estimates process. When we compare estimates, we compare main estimates for one year to main estimates of another year. We don't compare main estimates to supplementary estimates (C).

Minister, I have a very basic question about the main estimates. As I look at the main estimates for Infrastructure Canada, and as I compare the main estimates for Infrastructure Canada for the year 2014-15 to the year 2015-16, I see an increase in the main estimates for Infrastructure Canada. Could you please confirm that, Minister?

**Hon. Denis Lebel:** As you know, we reimburse provinces or municipalities when we receive the bill. That's the way we have always worked at Transport, at Infrastructure. That's the way it works at any department, and the numbers change depending on the projects coming forward, because we know from municipalities or provinces they will send us these projects in that year.

Now I will ask the deputy minister...

**Mr. Louis Lévesque:** That is correct. The main estimates for 2014-15 were \$3.3 billion and they are \$3.633 billion this year.

**Mr. Peter Braid:** So they're higher this year, or they will be higher this year?

**Mr. Louis Lévesque:** Yes, \$300 million higher.

**Mr. Peter Braid:** Okay, thank you very much.

If I understand the mechanics of the new Building Canada plan correctly, and I think I do, the projects that are submitted are submitted by municipalities and provinces, driven by those partner levels of government; and should we see an increase in project submissions, then we could revisit the estimates through the supplementary estimates process. Is that not correct?

**Hon. Denis Lebel:** Yes, you're right.

If we could talk about the gas tax, we have to transfer the year to the provinces. That's close to \$2 billion. This year we transferred close to \$2 billion to the provinces in July and November. For sure it will be higher in the years to come, but only for the gas tax fund. We transfer this money twice a year.

That's a 10-year plan. What we also have to remember is that it's not a race. They don't have to submit their projects this year, because provinces and territories know exactly what they are doing. They have a 10-year plan, and we will manage the money. The money will overlap for them according to the way they propose their projects. That's the way we're working with them and that's the way we want to continue.

**Mr. Peter Braid:** You know, I've been a member of Parliament for six years and I take my committee work seriously. I rarely like to get partisan or political at committee, but given the direction of Mr. McGuinty's questions, like a moth to a flame, I'm drawn to go down that road.

Minister, could you compare the record of our Conservative government on infrastructure since 2006 to the previous Liberal government?

[Translation]

**Hon. Denis Lebel:** This graph speaks for itself. It isn't a political graph. It was created by teams of officials. I have several copies here for anyone who wants to consult it. It indicates the aging of Canada's infrastructures. There is nothing to add, sir.

We are referring to an age of infrastructure in Canada in 1980 when it was aging extremely, with a peak in 1994. The infrastructure in Canada was the oldest between 2000 and 2006. That's what the graph is saying, not me. However, we can see what a \$75-billion investment will do for the situation. The curve will surely be at the bottom in 1980.

You are absolutely right. The numbers speak for themselves. This isn't partisan. That's what the teams that analyzed the infrastructure said. The teams are made up of entirely independent officials. A picture is worth a thousand words, sir.

● (1705)

[English]

**Mr. Peter Braid:** Right, and we're seeing the average age of public infrastructure reduced in Canada because our average annual investments in infrastructure as a Conservative government are three times greater than the previous Liberal government's.

I would also like to ask you about the new bridge over the St. Lawrence. Minister, could you explain why this project is so important for the people of Montreal and the people of Canada?

[Translation]

**Hon. Denis Lebel:** Of course.

[English]

It's a very, very important bridge, because it will join all of the eastern part of the country with the U.S.A. A lot of trucks and cars will cross this bridge every day.

[Translation]

It is very important to remember that it's the only place in Canada where the country has three bridges within one province. We are replacing this bridge because the Government of Canada owns it. The Jacques-Cartier Bridge and the Champlain Bridge belong 100% to the Government of Canada, while only half the Honoré-Mercier Bridge does. Our portion of the bridge is almost completely renovated, and the other part belongs to the Government of Quebec. We are doing this work because it's a duty, but also because traffic on these bridges generates economic activity.

We took this work very seriously. On October 5, 2011, we announced a project with an estimated cost of between \$3 billion and \$5 billion. The call for tenders is under way, and we received the technical part in mid-February. We will receive the financial part by April 1st.

This project includes maintenance of the bridge over 30 years. We did what hadn't been done before. We took care of this corridor, which is extremely important for the economy of all of eastern Canada, the Maritimes and Ontario, since it will provide a direct link with the United States.

[English]

**Mr. Peter Braid:** Thank you

Coming back to infrastructure for my final question, in 2007, our government established the Building Canada plan, and then in Budget 2013 we announced the new Building Canada plan.

Minister, could you briefly explain how the new Building Canada plan is different from the original Building Canada plan?

**Hon. Denis Lebel:** Thank you.

It's different because now the gas tax is permanent. That's a lot of predictability for mayors all across the country. They can plan for 10 years.

We have also added many categories to the gas tax fund

[*Translation*]

to provide more flexibility

[*English*]

to the city councils and mayors to decide what they want to do with their money from the gas tax fund.

[*Translation*]

We have added a new part to this infrastructure plan that is the longest in Canada's history. It covers 10 years. It is much larger, increasing from \$33 billion to \$53 billion. We are going to implement it while balancing the budget and not increasing taxes with a carbon tax, like the one the two parties to my right are proposing.

[*English*]

In balancing the budget and without imposing higher income taxes on the country, we have created the new national infrastructure component for the development of the economy. We didn't have that in the former plan. Now we are working with the province and the territories for the rest of the plan in a good partnership, and we will respect their jurisdictions, which is very, very important to us.

**The Chair:** Thank you.

Mr. Sullivan, you have five minutes.

**Mr. Mike Sullivan:** I'll take it.

**The Chair:** My apologies, Mr. Sullivan. I moved ahead.

Mr. Yurdiga, you have seven minutes.

I'm sorry. I wasn't looking at the list properly.

**Mr. David Yurdiga (Fort McMurray—Athabasca, CPC):** It's not a problem. Thank you, Mr. Chair.

Minister, thank you for taking the time to meet with the committee today. It's very important that we move forward and ensure that our municipalities are stronger as we move forward.

Prior to becoming a member of Parliament in July of 2014, I was the mayor—we call it “reeve”—for Athabasca County, and I saw a significant change from 2006 to 2013 in investment in infrastructure in our communities. We're very thankful and never had the opportunity to thank the government of the day for having the vision that investing money into municipalities is good for our Canadian economy and for all our taxpayers.

We keep hearing from our colleagues opposite who are claiming that they would invest a lot more in infrastructure, but in fact, since 2006 we have made record investments in infrastructure. As you have been a mayor before becoming an MP and a minister, can you share with the committee what the support of Canadian municipalities was before our government and what it is now?

• (1710)

**Hon. Denis Lebel:** Yes. What you have said is important. I did my homework and I have the list of former municipal politicians in all caucuses. More than 15% of our caucus are former municipal politicians, and we're still in touch with our former friends in municipalities and provinces. We continue to work with them, as you know.

As I have said, before we launched the new plan, we held 13 round tables all across the country. Only one organization was invited to all 13 round tables, and that was the FCM, the Federation of Canadian Municipalities. They were part of the process. They knew exactly what was coming. We continue to work for them.

If you ask a mayor if they want more money for their infrastructure, for sure they will say yes, but we have to balance the budget, as they do in their home cities. It's easy to promise something, but higher taxes on incomes...only for what you see about carbon taxes, \$20 billion will be picked from the pockets of the Canadian population. That's not what we want. We want to leave that money in the pockets of the population. They have to pay their municipal taxes too.

We continue to work in partnership with municipalities and provinces and we continue to support them. We have frequent discussions with mayors all across the country. They know it's the most important plan they ever had, and I think the most important thing is that predictability. Now that's in the bill. We have doubled it, the gas tax fund, and now we are indexing it. They know that's very good for them. They know it's there and we will not change it. We will continue to work in partnership with them.

**Mr. David Yurdiga:** Thank you for that answer.

According to my municipal colleagues, we used to refer to the previous Liberal government as the “dark ages”, because municipalities suffered immensely under Liberal leadership. If we listen to the opposition, municipalities have not received any money from the federal government for their infrastructure this year. Is this information correct?

**Hon. Denis Lebel:** No, it's absolutely wrong. As I said before, we have made two transfers, totalling close to \$1.98 billion to the provinces, who are in touch with the municipalities. This money is being transferred this year, but they have to be prepared to spend it.

As I said before, the money is available, but if a municipality wants to do one project in the next 10 years because that's their main project for water, waste water, or transit, they can do that in the sixth year of the program. It's not a race. The money's there for them for 10 years. They have to plan what they want to do. The money is available. We already have transferred this year to all provinces and territories in July and November the money available for municipal projects through the gas tax fund, and that's \$2 billion.

We have accepted other projects. I can speak about a transit project in Edmonton. We also have reserved \$666 million for an extension of the subway in Toronto. We're working with the provinces and municipalities.

That's false. The money is available, but the municipality has to prepare their projects too. Now the money is available. We'll respect their beat and we will receive their projects when they are ready.

**Mr. David Yurdiga:** Thank you.

Every city in Canada receives money from the gas tax fund every single year. What type of projects can this money be used on?

**Hon. Denis Lebel:** The money from the gas tax fund can be used for public transit.

Public transit is accepted in all components of the new Building Canada plan—all components, depending on the province and municipality.

Also accepted are wastewater infrastructure, drinking water, solid waste management, community energy systems, local roads and bridges, capacity-building, highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport, and recreation projects.

We have given them the flexibility they were asking for.

**Mr. David Yurdiga:** On another note, I've had meetings with various mayors, reeves, and councils, and they're really appreciative of the doubling of the gas tax fund. Now they're able to fund projects that they wouldn't have had the opportunity to fund under the old program. I just want to say thank you very much for that. It's much appreciated. Municipalities are stronger today as a result of these policies, so thank you very much.

That's it for my questions.

•(1715)

[*Translation*]

**Hon. Denis Lebel:** Mr. Chair, perhaps I could add a comment about the excise tax on gasoline.

We are working with the provinces. Some provinces have developed specific criteria that they apply in their municipalities. Quebec, for example, has decided to allocate a maximum of 20% of the available envelope for culture, tourism, and sports and leisure. That is the province's decision.

[*English*]

It's exactly the same in all provinces. We have, for sure, an agreement with all provinces, but after that, some provinces deal with their municipalities differently than some other provinces do.

[*Translation*]

I just wanted to give the example of Quebec, which had set a 20% maximum. The envelope is completely available, but Quebec wanted mainly to have more money for drinking water, wastewater, roads and so on. So less space was left, but that's the province's decision.

I mentioned earlier that the money was transferred to the provinces in July and in November. The way the money is disbursed by the province to the municipalities remains between the province and the municipalities.

Thank you, Mr. Chair.

[*English*]

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

We'll now move to Mr. Sullivan for five minutes.

**Mr. Mike Sullivan:** You already confirmed one of my questions, that \$666 million has been set aside for the Sheppard subway project.

Has the City of Toronto approached the federal government about the \$800 million cost overrun on the Spadina subway, or has the province approached it on the electrification of the airport rail link? Has either of those requests come to the federal government?

**Hon. Denis Lebel:** As you know, the money was available since April 1, 2014. Late in December, we received the first list of projects from the Ontario government. We're still working on that and are in discussions. But we waited eight months before we received the list of projects from the province.

The money is reserved for the extension of the subway. The municipality continues discussions with the province and with us in terms of the other projects. I don't have the list of all the other projects. None, for the moment, have been accepted. We are still in discussions with the province.

I can share with you that in the former plan, 100% of the gas tax of the City of Toronto went to transit. That was its choice. We respect the priority. And we continue discussions with the municipality and the province.

**Mr. Mike Sullivan:** So it's not a no. That's a good sign.

The other question I have concerns a 2013 budget announcement by Mr. Flaherty, rest his soul. He stated in the budget paper, itself, that as the government spends infrastructure dollars, it would find ways to attract and promote the use of apprentices on those infrastructure projects, so that we're spending federal dollars in a way that creates jobs locally and for youth.

Thus far there's been no action by this government on the initiative Mr. Flaherty announced. Can you explain when it will happen, if it will happen? Are we going to actually live up to Mr. Flaherty's promise?

**Hon. Denis Lebel:** I will ask the deputy minister for more information.

As you know, we are always in the habit of respecting jurisdictions. When we go to scholarship and education information, we go with the provinces. We have to work with them.

I will ask the deputy minister to give you more details on this part of the 2013 budget.

Madame Laroche, go ahead.

**Mrs. Yazmine Laroche (Associate Deputy Minister, Infrastructure Canada):** These are part of the discussions that are ongoing right now with the provinces and territories. This is an area of provincial jurisdiction, so we are working with our partners as we're discussing the parameters of the new programs. This forms part of our ongoing discussions with them on the new infrastructure programs.

**Mr. Mike Sullivan:** I'm sharing my time. Thank you.

[Translation]

**Ms. Isabelle Morin:** Thank you very much.

I also want to talk about a bridge, but it has to do with the Honoré-Mercier Bridge.

In my riding, funds are set aside for work and maintenance. Recently, cyclist groups came to meet with me and said that there is a cycling lane on the federal side of the bridge, but there isn't one on the provincial side.

Could you tell me how you will ensure with the province that the federal money invested in this cycling lane will not have been for nothing and how we will be connected to the other side?

**Hon. Denis Lebel:** Thank you for your question.

It is important to remember the following, without any partisanship.

Our discussions about renovating the federal side of the Honoré-Mercier Bridge were carried out properly, and we collaborated with the Mohawks in the area. You know this because it is in your riding.

We are partners for the provincial side of the bridge. Jacques Cartier and Champlain Bridges Incorporated are currently doing some of the work in collaboration with the province.

• (1720)

**Ms. Isabelle Morin:** Since I don't have a lot of time, Mr. Minister, I would like to know what will happen to the cycling lane.

**Hon. Denis Lebel:** Unfortunately, Ms. Morin, I can't answer for the province.

**Ms. Isabelle Morin:** Could you tell me what discussions are currently taking place about it?

**Hon. Denis Lebel:** In our current discussions with the province, we are mainly emphasizing that it must renovate its side of the bridge so that cars don't have to stop in the middle of their trip. We are first going to make sure that the side of the bridge belonging to Quebec is renovated. We are maintaining a good partnership. Jacques Cartier and Champlain Bridges Incorporated, our engineers and our technical teams are working to renovate that part of the bridge. I didn't discuss the cycling lane because I really want traffic to be able to continue moving.

**Ms. Isabelle Morin:** Okay.

There is going to be a lot of work on Montreal Island. I would like to know how much money is planned for the west of the island in terms of infrastructure for car traffic.

**Hon. Denis Lebel:** You would have to direct that question to the province. As you know, all provincial and municipal infrastructure in

Quebec must go through the Government of Quebec. We transfer money for programs to the province, and it—

**Ms. Isabelle Morin:** I am going to move on to another question.

**Hon. Denis Lebel:** Fine, but let me finish my answer.

I really want people to know how it works.

**Ms. Isabelle Morin:** In short, it comes from the province.

**Hon. Denis Lebel:** The province and the cities.

**Ms. Isabelle Morin:** We've already discussed the building Canada fund, but I would like to add something.

You boast about investing \$14 billion over 10 years, but only \$142.2 million have been spent, which amounts to 1% of the total amount. I find that it's very easy—

**Hon. Denis Lebel:** It's a 10-year plan, madam.

**Ms. Isabelle Morin:** It's very easy to say that you are investing this amount and that it's a 10-year plan. In reality, after two years, so at one-fifth of the way, you have spent less than 1% of the funds.

What are your plans in that regard?

**Hon. Denis Lebel:** This represents the projects that we have received from our partners.

**Ms. Isabelle Morin:** No projects have been refused?

**Hon. Denis Lebel:** We have transferred close to \$2 billion to the provinces for the excise tax on gasoline. We aren't the ones submitting the projects, our partners are. When we receive projects from cities and provinces, they are processed, and we make announcements.

It's a 10-year plan. You will see between now and its expiry date that \$75 billion will have been invested. It isn't a race. The provinces and territories know how much money is available to them. The 2007 plan ended on March 31, 2014, and we received extension requests for certain projects that hadn't been finished in seven years. It's clear that all the projects will be completed in 10 years.

[English]

**The Chair:** Thank you very much, Mr. Minister, Ms. Laroche, Mr. Lévesque, and Ms. Boileau. We are out of time, and the committee agreed at the start of the meeting to leave a couple of minutes at the end to deal with the estimates. Thanks again, and I'm sure we'll see you back before the committee at some time in the future.

With that, members, do I have the unanimous consent of the committee to call all the votes on the supplementary estimates (C) together?

**Some hon. members:** Agreed.

TRANSPORT

Vote 1c—Operating expenditures.....\$5,327,913

Vote 10c—Grants and contributions.....\$1

(Votes 1c and 10c agreed to)

WINDSOR-DETROIT BRIDGE AUTHORITY

Vote 3c—Payments to the Windsor-Detroit Bridge Authority.....\$2,403,354

(Vote 3c agreed to)

**The Chair:** Shall the chair report the votes on supplementary estimates (C) to the House?

**Some hon. members:** Agreed.

**The Chair:** Do I have the unanimous consent of the committee to call all the votes on the main estimates together?

**Some hon. members:** Agreed.

CANADA POST CORPORATION

Vote 1—Payments to the Canada Post Corporation for special purposes.....  
\$22,210,000

(Vote 1 agreed to)

CANADIAN AIR TRANSPORT SECURITY AUTHORITY

Vote 1—Payments to the Canadian Air Transport Security Authority for operating and capital expenditures.....\$678,420,347

(Vote 1 agreed to)

CANADIAN TRANSPORTATION AGENCY

Vote 1—Program expenditures.....\$24,313,366

(Vote 1 agreed to)

MARINE ATLANTIC INC.

Vote 1—Payments to Marine Atlantic Inc.....\$19,384,000

(Vote 1 agreed to)

OFFICE OF INFRASTRUCTURE OF CANADA

Vote 1—Operating expenditures.....\$59,796,691

Vote 5—Capital expenditures.....\$24,652,150

Vote 10—Contributions.....\$1,569,894,628

(Votes 1, 5, and 10 agreed to)

THE FEDERAL BRIDGE CORPORATION LIMITED

Vote 1—Payments to The Federal Bridge Corporation Limited.....\$35,281,996

(Vote 1 agreed to)

THE JACQUES-CARTIER AND CHAMPLAIN BRIDGES INC.

Vote 1—Payments to The Jacques-Cartier and Champlain Bridges Inc.....  
\$368,737,000

(Vote 1 agreed to)

TRANSPORT

Vote 1—Operating expenditures.....\$551,124,773

Vote 5—Capital expenditures.....\$106,911,344

Vote 10—Grants and contributions.....\$683,312,718

(Votes 1, 5 and 10 agreed to)

VIA RAIL CANADA INC.

Vote 1—Payments to VIA Rail Canada Inc.....\$330,077,000

(Vote 1 agreed to)

WINDSOR-DETROIT BRIDGE AUTHORITY

Vote 1—Payments to the Windsor-Detroit Bridge Authority.....\$58,469,905

(Vote 1 agreed to)

**The Chair:** I have unanimous consent. Shall the chair report the votes on the main estimates to the House?

**Some hon. members:** Agreed.

**The Chair:** Just before we break, I'll note that we will have one hour of committee business on Thursday. For the second hour, we had a request from a delegation from Ghana, as you know, to come before the committee. However, they can't do it that day, so we'll just have a one-hour meeting. I believe they cancelled just today. It's out of our control. Thursday's meeting will be a meeting of the full committee.

Thank you very much.

The meeting is adjourned.







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