



House of Commons
CANADA

Standing Committee on Transport, Infrastructure and Communities

TRAN • NUMBER 026 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, May 8, 2008

—
Chair

Mr. Mervin Tweed

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Transport, Infrastructure and Communities

Thursday, May 8, 2008

•(1100)

[*English*]

The Chair (Mr. Mervin Tweed (Brandon—Souris, CPC)): Good morning, everyone. Welcome to meeting 26 of the Standing Committee on Transport, Infrastructure and Communities.

The orders of the day, pursuant to Standing Order 81(4), are the main estimates for 2008-09. Today we'll be looking at votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, and 75 under Transport, referred to the committee on Thursday, February 28, 2008.

Joining us today is the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities. Joining him from the Department of Transport are Mr. Louis Ranger, deputy minister, and Mr. André Morency, assistant deputy minister, corporate management and crown corporation governance. From Infrastructure Canada we have David Cluff, assistant deputy minister, corporate services branch, and chief financial officer. Thank you.

I will advise members that we are being televised today. I know there are going to be lots of questions of the minister and the department, so I'll try to keep the timelines as tight as possible. You might want to watch for me to give you the one-minute warning so everyone can have a chance to address the minister.

Mr. Minister, welcome. We look forward to your comments and answers throughout the morning's meeting.

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities): Thank you very much, Mr. Chairman and members of the committee.

My officials and I are here today to discuss the 2008-09 main estimates for the transport, infrastructure, and communities portfolio. This is my third opportunity to appear before this committee and to deliver the main estimates. Since my first appearance, significant progress has been made within the portfolio. As you know, it is a wide-ranging portfolio that brings together Transport Canada, Infrastructure Canada, and 16 crown corporations.

In this portfolio we continue to tackle some of the most important issues facing Canada today, including the productivity of our economy, transportation safety and security, environmental sustainability, and the quality of life in our cities and communities, as supported by public infrastructure.

Members of the Standing Committee on Transport, Infrastructure and Communities have made important contributions in each of these areas, and I'd like to take this opportunity at the outset to thank you for your active involvement in the legislative agenda and the

number of important policy decisions and questions that have an impact on the portfolio.

Specifically, I'd like to thank the members of the committee for its study of Bill C-23, which modifies the Canada Marine Act. The proposed amendments will strengthen the operating framework of Canada port authorities, helping to build a stronger and more competitive marine sector. Also key was the committee's participation in the study of rail safety and the subsequent amendments to the Railway Safety Act.

I also thank the committee for its consideration of the future role of the Navigable Waters Protection Act, the NWPA. We believe that the NWPA, one of the oldest pieces of legislation in Canada, needs to reflect current economic needs and respond to the increased volume and variety of uses of Canada's waterways. I look forward to working with you as we move forward on this and other issues central to transportation and infrastructure in Canada.

[*Translation*]

Over the past year, this government has made serious investments in transportation and infrastructure throughout Canada. In doing so, we are improving the quality of life of Canadians, and making Canada more competitive on the world stage.

As you know, we are moving forward on Canada's biggest infrastructure program ever. The Building Canada Infrastructure Plan is \$33 billion worth of investments in matters that are important to Canadians, such as the environment, the economy and stronger and better communities.

Our plan provides an unprecedented, long-term, predictable investment that will allow provinces, territories and communities to plan for the future. In fact, more than half of the funding—\$17.6 billion, to be exact—is going to municipalities through the 100 per cent GST rebate and the Gas Tax Fund, to modernize Canada's infrastructure.

It is expected that Building Canada, with other levels of government and funding partners, will generate at least \$50 billion in new investments. Since the Prime Minister launched the Building Canada Plan last November, we have made significant progress in implementing this plan. We have signed framework agreements with eight provinces and territories, and we are well advanced and close to concluding agreements with the remaining provinces.

And, we are investing the gas tax in over 2,000 community projects.

Under Building Canada, we are making early progress through priority investments across Canada. These investments support a more productive economy, such as our \$100 million commitment to improve highways in New Brunswick, and a cleaner environment. As you know, we have announced \$1 billion in funding for public transit across the Greater Toronto area to reduce gridlock.

We are also making key investments to support the delivery of clean drinking water, such as the \$50 million investment in the Huron Elgin London Clean Water Project in Southern Ontario.

We are supporting more liveable communities—such as the \$40-million investment in the Centre of Sport Excellence in Calgary, and the \$8-million contribution for the cultural precinct, Quartier des Spectacles, in Montreal.

In addition to the Building Canada plan, we continue to take action in each transportation mode. With respect to public transit, we brought investments to \$1 billion per year, and in budget 2008 we've set aside \$500 million to support capital investments, through the public transit capital trust.

In the rail sector, we passed Bill C-8, protecting rail shippers from potential abuse of market power by railways. We also began a review of rail freight service and signed two memorandums of understanding with the Railway Association of Canada. The first enhances the security of rail transportation in Canada, and the second addresses the issue of railway emissions. Both underscore the central role of railways to trade in Canada.

We are also making significant gains in the air sector. We are very encouraged by the progress that has been made in the year since we launched “Blue Sky”, and the momentum for more liberalized air travel continues to build.

Last June, when Prime Minister Harper met his European colleagues at the Canada-European Summit, the leaders agreed to launch negotiations for a comprehensive air services agreement between Canada and the European Union.

• (1105)

I am very happy to report to this committee that one year after the launch of “Blue Sky”, the third round of negotiations has begun in Brussels. This is good news for travellers and for the travel industry.

In the marine sector, as I mentioned previously, with your assistance we have moved ahead with amendments to the Canada Marine Act. I was also happy last month to announce that the Government of Canada is providing \$101 million over five years to help Marine Atlantic Inc. acquire a charter vessel that will address increasing traffic to and from Newfoundland and Labrador.

We've made progress in building a more sustainable transportation system as well, and we must. Transportation accounts for about 25% of all Canada's greenhouse gas emissions. That's why we're moving forward with national fuel consumption regulations for new cars and light trucks. It's also why we're moving ahead in key areas of our ecoTransport strategy, which covers all modes of transportation.

We are also working with our provincial and territorial colleagues to improve our environment and reduce greenhouse gas emissions by

delivering clean water, green energy, and cleaning up contaminated sites.

Honourable Members, this is the work we are currently doing and, as you can see, we have accomplished much together. But much more work yet remains. That is why I am asking you today to recommend that Parliament approve the spending in the Main Estimates that were tabled by the President of the Treasury Board on February 28.

The 2008-2009 Main Estimates for the portfolio, which total \$4.544 billion, include \$1.032 billion for Transport Canada and \$2.456 billion for the Office of Infrastructure Canada. The remainder of the funding is allocated to the various Crown corporations.

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

For Transport Canada, the 2008-2009 Main Estimates—\$1.032 billion—show a net increase of \$173.3 million from the \$859 million level in the 2007-2008 Main Estimates. The \$173.3 million net increase is due to increases of \$293.5 million for new initiatives, and changes to ongoing programs that are offset by \$120.2 million in decreases in funding for the winding down of programs and government-wide reductions.

Of the \$1.032 billion, 9.7 per cent—or \$100.1 million—is for flow-through payments, including: \$54.9 million for the Confederation Bridge; \$41.9 million for the St. Lawrence Seaway; and, \$3.3 million for the Victoria Bridge.

The remaining resources of \$932.2 million, combined with spendable revenue of \$345.6 million, represent a \$1.28-billion budget that is available to the department to cover the following expenses: \$471.7 million for grants and contributions programs; \$382.5 million for personnel costs; \$278.3 million for other operating costs; \$78.2 million for capital; and, \$67 million for employee benefit plans.

Let me now turn to the Infrastructure portion of this portfolio.

[English]

The total funding being sought is \$2.456 billion, a net increase of \$437.8 million from the \$2.018 billion in the 2007-2008 main estimates. The \$437.8 million net increase is due to the greater spending on infrastructure programs, and in particular I would like to mention \$327.8 million for the provincial-territorial infrastructure base funding program, for the second year of this program, and a \$197.5 million increase for the gas tax fund, which steps up in total from \$800 million to close to \$1 billion this year.

These increases were offset to some degree by decreases in funding for programs where most of the commitments were made in previous years.

Of course the estimates also provide for funding needed for the operations of the department and for the delivery of its programs in the amount of \$37.5 million.

● (1115)

[Translation]

As Minister, I have a number of other portfolio responsibilities that do not require any appropriations from Parliament and are therefore not displayed in the Estimates. They include: the Ship Source Oil Pollution Fund; the Great Lakes Pilotage Authority; the Pacific Pilotage Authority; the Atlantic Pilotage Authority; the Laurentian Pilotage Authority; the Blue Water Bridge Authority; Ridley Terminals Inc.; the Royal Canadian Mint and Subsidiaries; and, Canada Lands Company Ltd.

Honourable Members, my limited time today does not allow me to go into detail regarding all the items on this list. However, I believe the numbers I have presented today demonstrate the importance this government places on the priorities we have identified under this portfolio.

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

Thank you.

[English]

The Chair: Thank you, Mr. Minister.

Mr. Volpe.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Thank you, Mr. Chairman.

Thank you, Mr. Minister, and your colleagues in the department.

[Translation]

I would like to begin by thanking the Minister for acknowledging the work done by members of this Committee. It is not out of the ordinary for a minister to acknowledge the work of committees in resolving government issues, and we are pleased to receive that acknowledgment.

[English]

Even though it gives us pleasure that you would recognize our work, I'd like to ask a few questions.

Realizing that we don't have a lot of time, Minister, I can't let go of the opportunity to ask you about the Auditor General's report on your department, and in particular about the SMS system as it relates to aviation. I do that because members around this table worked diligently and in a most non-partisan fashion to ensure that we would have an appropriate system in place. However, it would appear that the Auditor General confirmed some of the findings of the Canadian Business Aviation Association. Specifically, just to name a few, the system is not delivering in a fashion consistent with the expectations of this committee, at least.

I'd like you to address some of these, Minister, because we still haven't passed that piece of legislation in the House, and some of the support that members around the table have been giving might be conditional upon your answers.

First of all, it would appear that there is insufficient training of your officials in the department for the oversight capacity they were charged with: 15% of the officials haven't completed their training, and another 15% are insufficiently trained or qualified to do their work. And the number of inspectors, which we had been led to believe would remain constant, if not increase, has actually been dropping at a rate of about 8% per annum. So the combination of departmental oversight, plus direct inspection and regulation, plus the auditing of systems that first had to be approved appears to have fallen by the wayside.

I'm sure you have some answers for that, but from our perspective, the effort and energy we have put into trying to fashion a system that would receive public support does not appear to be reflected in the performance or ability of your department to deliver on the expectations of this committee and of the public.

● (1120)

Hon. Lawrence Cannon: Thank you very much, Mr. Volpe, for those comments, and also for the opportunity to set the record straight on what has occurred.

I just want to reiterate that air transportation in Canada is the safest in the world. The Auditor General, along with the International Civil Aviation Organization, ICAO, has recognized Transport Canada as a world leader in implementing safety management systems in aviation organizations.

Colleagues, the Auditor General does not question the safety of the travelling public. Rather, her report indicates and evaluates some administrative and planning aspects of how Transport Canada is managing the transition to safety management systems.

I'll let my deputy minister go into the details as to what has occurred since the report has been tabled, if you wish. It will take a couple of minutes.

Hon. Joseph Volpe: I don't mind him, Mr. Minister, because this is an opportunity for us to hold the political branch accountable. I know that you speak for them, and I'm not trying to be antagonistic, but I do want to ask a couple of other questions. So if the deputy wants to answer, I'm hoping that he'll be brief, so the chairman will allow me to carry on.

Hon. Lawrence Cannon: Mr. Volpe, in terms of the number of inspectors, I think he can reassure you that, no, there isn't a decrease of 8% per year, and he can answer the other questions that you asked more specifically.

Mr. Louis Ranger (Deputy Minister, Department of Transport): Allow me two quick points, and if there are more specific questions, Mr. Merlin Preuss can address them.

First, when you talk about business aircraft, this is the safest area within a very safe sector. Why? Because if you're a businessman and can afford to own an aircraft, you make sure you have the best pilot in the country, the best mechanic. All the statistics show that this is the safest area within a very safe sector. That's point number one.

Second, the gaps, the deficiencies that you've identified, are based on an audit that we initiated ourselves. We didn't need the AG. We initiated that audit and are taking specific actions on training and whatever gaps were identified by that self-imposed audit. It's a new model, and we want to make sure the public is assured that this is preserving and improving our safety record.

Hon. Joseph Volpe: Thank you, Mr. Ranger.

I think it's important to put on the record that some of the biggest critics have not accepted that argument. Judge Moshansky, who appeared before this committee, appears not to have been convinced. The pilots association is also not convinced so far.

The experiences you've had with the business community... And you're quite right, they ought to have a personal interest, as opposed to merely a business interest, in the safety of their equipment. I'm looking forward to an answer on that. But I want to shift gears for a moment, if I might.

Minister, one of your colleagues in cabinet has pointed to one of the issues that you've raised here, and that is the efficiency of our transportation system as it relates to bridges, especially the ones in the Detroit-Windsor corridor. Security was pointed out as being the biggest problem to free-flowing trade between us.

I know that you made an announcement just a couple of weeks ago regarding building additional capacity. That bridge that crosses the river right now is operating at only 50% capacity. Are you working with your colleague in cabinet, particularly the CBSA minister, to ensure that there is actual free flow of commerce between Windsor and Detroit? If so, what is it that you're doing that they're not catching at the border?

It's nice to hear the words, but we want to know specifically what it is that's happening to make this happen. That bridge is not going to be built next week.

• (1125)

The Chair: Mr. Cannon.

Hon. Lawrence Cannon: I just want to reassure you, Mr. Volpe. You know full well that there is the DRIC process, the Detroit River

international crossing process, that's in place. This government, as well as the previous government, looked at it.

In terms of the conclusion as to the capacity of the bridge, yes, today there might be an instant photo of the situation, but the underlying fact remains that as we move forward, to 2012 for instance, that is when that capacity is going to be at its fullest. Therefore there is an important issue around being able to construct a new bridge by 2013 to handle the new capacity that's going to be coming forward.

I would say, colleague, that the whole idea of being able to—yes—accommodate the Americans in terms of their preoccupations with security challenges is one of the challenges we face, but at the same time we need to find ways and develop processes that will enable our country to continue to benefit from the relationship with that trading partner.

I believe the first time I came to this committee, colleague, that was one of the major things we addressed in terms of, yes, we're accommodating the Americans' concerns with protection and making sure that we can indeed meet some of the challenges they put forward, but at the same time we're making sure our borders are open for business and that Canada can remain extremely competitive in a world market that is becoming more and more tough.

The Chair: Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you, Mr. Chairman. First of all, I have a comment to make with respect to what Mr. Volpe was saying about the civil aviation inspection service.

Minister, we have had lengthy discussions in this Committee with respect to the number of inspections. We even received a letter signed by Mr. Grégoire, of your Department, on March 14, 2007, stating that the number had increased. And yet, the Auditor General tells us, on page 16 of her report, that the inspection and safety service has declined by 8 per cent.

The problem is, who are we to believe? Minister, it is your responsibility to ensure that your officials, when they appear before a committee, provide us with accurate information. That's the comment I wanted to make; it isn't a question, Minister.

Hon. Lawrence Cannon: Perhaps, but I would like to respond.

Mr. Mario Laframboise: As you wish.

In your opening statement, you vaunted Marine Atlantic and the monies that have been invested in the Newfoundland and Labrador Ferry. On page 24-2 of the Ministry summary, it says that you have indeed paid out an extra \$25 million to Marine Atlantic.

However, I saw nothing in there about the problems experienced by people in the Magdalen Islands or the permanent ferry they have been requesting. Once again, there is no money. You said this would be a pilot project. Winter is now over and you haven't invested a penny—but winter will come again next year. I can tell you for certain that there will be a winter next year.

So, what is going to be done? Will there be money to pay for ferry service year round in the Magdalen Islands?

Hon. Lawrence Cannon: Thank you, colleague. If time permits, I will ask the Deputy Minister to answer with respect to Mr. Grégoire's note regarding comments made by the Auditor General.

Having said that, I want to reassure you and the people of the Magdalen Islands. I have had discussions and meetings with the Mayor of Cap-aux-Meules. There has been correspondence between us on this very topic. You know as well as I do that the snow melt will make it possible to reorganize ferry services.

The commitment I made to the Mayor and the people of the Magdalen Islands is for a pilot project to begin in the coming year, in order to acquire some concrete experience with this. I hope to table a business plan with the government, so that we can eventually consider providing service 12 months of the year to the people of the Magdalen Islands. This is a formal commitment that I have made; I addressed it in writing to the Mayor of the Magdalen Islands and reiterated it in public. As a general rule, Mr. Laframboise, when a Conservative makes a commitment, in Quebec and in Canada, promises are kept. That is what Quebecers remember about our administration.

• (1130)

Mr. Mario Laframboise: Except that in your budget, no money is set aside between now and the end of fiscal year 2007-08, Minister. Will you dip into your own pockets for this? Will you pay for it with your own money?

Hon. Lawrence Cannon: Mr. Laframboise, you know full well that when the Deputy Minister tells me there is enough money to proceed with pilot projects, he is generally in a position to support his assertions.

Mr. Mario Laframboise: My second question deals with Canada Post. On page 24-2, I note that transfer payments to the Canada Post Corporation declined by \$25 million. You paid out \$25 million for the ferry and reduced support for Canada Post Corporation by \$25 million. That's probably where you got the money back.

What will not be paid for at the Canada Post Corporation because of the fact that you are giving it \$25 million less?

Hon. Lawrence Cannon: I would like to ask Mr. Morency to answer that question.

Mr. André Morency (Assistant Deputy Minister, Corporate Management and Crown Corporation Governance, Department of Transport): Mr. Laframboise, the government undertook to help Canada Post set up its pension fund, and we decided that we were going to reduce our contribution by \$25 million per year. As a result,

the Corporation will receive \$75 million this year, and \$50 million next year. The idea was to provide the Corporation with support for the purposes of setting up its pension fund. It was always planned that by the year 2010-11, Canada Post would be in a position to maintain its own pension fund for its employees.

Mr. Mario Laframboise: However, you know that more and more rural postal services are being eliminated these days. This is part of a wide-scale operation. So, you are saying there is no connection between service cuts currently occurring at Canada Post and the cuts you are making in this budget.

Hon. Lawrence Cannon: There is no causal link there. First of all, the House of Commons supported a motion that we brought forward with a view to maintaining and, in some cases, restoring rural postal service. Officials at Canada Post are currently reviewing all places of posting. They are proceeding with the verifications demanded by the House of Commons. That process is working very well. Thus far, I am told that they have assessed almost 100,000 sites or mailboxes and that the necessary corrections have been made, in some cases because of urban spread. Corrective measures have also been taken with respect to community mailboxes. In other cases, we suggested to the owners that they ensure there is safe access for the people delivering the mail and, in some circumstances, that mailboxes be moved.

So, that whole operation is proceeding smoothly. There are some problems. Of course, people are used to their way of doing things but, on the other hand, there is a need to be cognizant of the safety requirements of the people delivering the mail. There is also the whole question of the health of these individuals. So, I believe we are taking appropriate, enlightened action in this regard.

Mr. Mario Laframboise: The fact remains, however, that you have announced a large-scale operation aimed at reviewing the future of the Canada Post Corporation, even though you say it will be a Crown corporation. When you say you are reviewing its operations, that may mean that a lot of services will no longer be offered. You know that. In any case, that is not the subject of my next question.

You have announced funding for the Windsor-Detroit Bridge. I noted that you have increased by \$21 million transfers for the Champlain Bridge, and for the Jacques Cartier and Champlain Bridges Incorporated.

Given the current state of the Champlain Bridge, which is quite old now, is this part of an operation aimed at determining whether it needs to be rebuilt? Is that what we're talking about? If not, are you simply waiting for there to be accidents?

Hon. Lawrence Cannon: If you don't mind, I would like to come back to your assertion that Canada Post is being cut left and right. Mr. Morency answered you with respect to the monies allocated this year to Canada Post. We have in fact struck a committee with the aim of reviewing certain fundamental aspects of Canada Post's operations. There has been a revolution in the communications industry. If you are not aware of it, your children or grandchildren certainly are. That revolution is called the Internet. New means of communications are now available.

As part of that process, it is important to review a number of issues of interest to Canadians, as well as to parliamentarians and directors. At the present time, a committee has been struck with the mandate of making recommendations. You will be made aware of those recommendations.

Mr. Chairman, my colleague is assuming that we are going to be making cuts, but I think it would be outrageous to do that at this stage. We will have to look at the recommendations together before taking any action whatsoever. Personally, as both a parliamentarian and the Minister responsible, I believe it is important to make decisions on the basis of existing information, rather than seeking out information from a variety of sources that have not yet been validated or are unclear.

• (1135)

[English]

The Chair: Mr. Masse is next.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Mr. Minister, for being here.

I have a question on the Auditor General's report to start; then I'm going to move to my favourite topic, the Windsor-Detroit corridor, as usual.

With regard to the Auditor General's report, I find Mr. Ranger's comments really naive. To expect business people basically to have the best mechanics and pilots and leave it at that is not acceptable. There are other employees who use those planes as well. Unfortunately, there is a record in Canada; that's why we have a national day of mourning, and there's an international one. It's because workers are sometimes put at risk because people cut corners. Tragically, we've had some business aircraft crashes that have actually lost the lives of employees. I'm not suggesting that corners were cut there, but it's a significant problem.

You're right—the Auditor General did not look at safety management systems. I've never been naive enough to believe that alone is what's needed to be the best system. There has to be oversight. That's what the Auditor General identified. What I'd like to know from your department is why the national audit program was cancelled as we move into transition to a new program of safety management systems. Why was the old traditional model broken and discarded before we knew what the real risks were?

Hon. Lawrence Cannon: Thank you.

At the outset I'll offer a comment. I don't think the deputy minister was suggesting that other people who are involved in safety management systems within the industry are not implicated in sustaining and supporting that. I think it's unfair to say that the deputy minister was only looking at one class of people in the business community as the only ones who should be looking at it and that it excludes other individuals within that industry. That's not the purpose of the safety management system.

As you know, Mr. Masse, the safety management system that we're pushing and that we want to be able to put in place is one whereby we add an additional layer of protection and security. We are not taking anything away from the existing rules and regulations.

We are not downsizing and we are not deregulating; we are indeed maintaining one mission.

What is that mission? That mission is that Canada and Transport Canada and aviation still maintain their number one spot in the world as the safest organization and operation. That's the challenge we're facing.

Mr. Brian Masse: But why was the national audit program cancelled?

Hon. Lawrence Cannon: Merlin Preuss is here, and he'll pick up that question gladly.

Mr. Brian Masse: Thank you.

The Chair: Go ahead, Mr. Preuss.

Mr. Merlin Preuss (Director General, Civil Aviation, Department of Transport): Thank you, Mr. Chairman.

The national audit program was an administrative construct to create teams across the nation to deal with the major organizations, whether large airports or large carriers. That centralized administration of the major audits was what was cancelled, not the audits themselves. On a required basis, the same audits that were done while that national audit program existed will continue today.

For example, there's a—

Mr. Brian Masse: I have documentation saying that it's been cancelled.

I want to move on—

Mr. Merlin Preuss: The national audit program as an administrative construct has been cancelled, absolutely.

Mr. Brian Masse: Yes, thank you.

I'd like to move on to the Windsor-Detroit corridor, please, Mr. Minister. There are news media reports today that the location of the next border crossing in the plaza has been sited on the Canadian side; the decision is made. Do you wish to confirm that situation? News media reports out of CBC, and now actually other news wires, are saying that the decision has been made on the Canadian side. Is that correct?

Hon. Lawrence Cannon: That is not correct. No decision has been made. That's of course a rumour, with unfounded sources. What I can say is that basically our intention....

You know, the environmental assessment taking place is somewhat different in the United States than in Canada. In the United States, the completion of that environmental assessment will be within the next couple of weeks, I'd say. Hopefully by the end of June, or maybe by the beginning of July, we'll be in a position to announce the location for the crossing.

•(1140)

Mr. Brian Masse: For the record, Mr. Minister, I recently held a meeting in Sandwich Towne on the border site crossing location. Consistent with what I've been saying for a number of years, nearly 200 people showed up and not a single person supported the plaza location and the actual bridge location that's in Sandwich Towne, by Sterling Fuels.

For those not aware of it, one of the locations has been narrowed down to a spot next to a fuelling depot for the Great Lakes, which is actually going to be potentially expanded. It also crosses over to another fuelling depot in the United States. I think that's a significant security risk. Second to that, it's in Sandwich Towne, so it would cost more, and it would actually disrupt the community. There is a consensus to support a crossing downstream, toward Brighton Beach. We're hopeful that this will be taken into consideration. It's important for the history of the fabric of that community and also national security.

I'd like to move toward a question. We do know that you have ministers out there right now; Minister Prentice is actually in the United States drumming up...or he's over there talking about the border. But the Auditor General's report yesterday actually brought up the concern over immigration and refugee safety issues. That story made the *Washington Post* and a number of Associated Press news wires in the United States. It raised the issue of security of Canada.

Now, Bill C-43 has been tabled by the Minister of Public Safety right now. That's also going to affect the customs process. How much money or how much consultation is involved with your department to ensure the free flow of traffic, goods, and services if we're going to be changing our inspection process as well?

Hon. Lawrence Cannon: What I can say is that clearly the officials in our department work with the officials in Minister Day's department. He, of course, as you know, has the lead on this specific issue. I can address questions that deal with transport, but on the very specific....

Deputy Minister, do you have any comments to formulate on Mr. Masse's question? Or does anybody...?

Mr. Louis Ranger: I certainly can say that we have an ongoing relationship. We consult each other on our mutual legislative proposals with CBSA regularly, weekly.

Our ADM of policy is Mrs. Burr, whose responsibility it is to maintain that relationship.

Ms. Kristine Burr (Assistant Deputy Minister, Policy Group, Department of Transport): Mr. Chair, the department is working closely with CBSA on a whole host of issues involved with the border. We are in regular communication. That doesn't mean we're always party to every element of what the agency is doing, but we're working closely on the DRIC process and on issues around border facilitation.

Mr. Brian Masse: What I would suggest is that, apart from this, you actually engage on Bill C-43. We know very well it doesn't matter how many booths you open; if you can't process, it actually costs jobs. So this is important, not only in terms of trucks that are entering Canada from the United States but also our own vehicles,

and just-in-time. I would suggest that the department has to be very active on this. It doesn't matter how many bridges we build; if we don't actually have the processing down right, nothing will get through.

Minister, with regard to the office of P3, the last time you were here you said that this office would be developed and set in the first quarter. I'm concerned about that. It could delay the process more. In your speech here you actually note the Blue Water Bridge, where they actually didn't require any funds. That is a system right there where they do public bonding, where we own and operate the bridge in a public entity.

Why not drop the P3 concept for this border crossing and go with a successful model like Sarnia and Blue Water?

Hon. Lawrence Cannon: Let me come back to a couple of comments you made previously, Mr. Masse. Because you alluded to this project, I just want to reassure you about this project in particular in terms of job creation.

In the phases of construction, particularly the link between the 401 and the new crossing, this project will engage between 10,000 and 15,000 jobs in that area. As well, with the construction of the bridge we're talking about another 10,000 jobs that are going to be involved. So in that area of southern Ontario we're looking at 25,000 jobs over the next several years to be able to construct and to develop this new border crossing between Canada and the United States.

The question you're raising is a question we did discuss the other day. It's our opinion that when we seek to build this project, for instance, we are seeking public funds, of course, but we're also seeking a mechanism through which we can leverage private funds to be able to complete it.

We have examples. I've noted in my comments the Confederation Bridge, for instance, 30% of which is owned by a pension fund in this country. It is a private initiative whereby there is a leveraging of funds to be able to help and support and sustain new infrastructure in the country. Philosophically speaking, that is the direction and the intent that this government wants to take. We believe that's the right course of action.

•(1145)

The Chair: Go ahead, Mr. Fast.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair, and thank you, Mr. Minister and staff, for appearing.

I'd like to follow up on the questions that Mr. Volpe and Mr. Masse asked about the Auditor General's report. The Auditor General made a number of observations and recommendations regarding the implementation of safety management systems in the aviation sector.

First of all, what has been your response to those observations and recommendations? Have you accepted the recommendations? Have you responded to the observations?

Hon. Lawrence Cannon: Thank you, Mr. Fast.

I'll ask Merlin Preuss, as they change his name tag from Kris Burr to Merlin Preuss, to respond to that question.

Mr. Merlin Preuss: Thanks very much for the question.

The Auditor General's report and the recommendations that came from it have been accepted totally by the government. In many cases they were reinforcing things that we were already aware of in terms of weaknesses in our approach to putting the system in place.

I should note also this time that the Auditor General also took note of the fact that there's time to make the changes that she recommended. I can reinforce that because the SMS implementation is in its early stages, except for the airline sector and the large AMO sector, in relation to which we've now been at implementation for three years. We've learned a lot through that process, and we're applying those lessons learned as we go along.

Yes, the audit report is very helpful to us, and yes, we're going to do everything we can to put those recommendations in place—but no, we're not in a situation in which we've allowed anything to get away from us at this point.

Mr. Ed Fast: In her report, does the Auditor General ever challenge the underlying usefulness of SMS in improving aviation safety in Canada?

Hon. Lawrence Cannon: Absolutely not. There's no challenge on that. Indeed, she's saying that we're going in the right direction.

Mr. Merlin Preuss: Absolutely, Minister.

Mr. Ed Fast: Thank you. I just wanted to clarify that, because some out there are still suggesting that SMS is not a good system and is not going to enhance aviation safety in Canada, and that is simply not true.

Mr. Minister, I'd like to ask you a question about Bill C-7, which is essentially the bill presently before the House that would actually implement and regulate the implementation of SMS in Canada.

We had consultations from the aviation sector. They came from across Canada. They represented different stakeholders within the aviation industry. I believe we had some 19 committee meetings; we had.... How many days of debate did we have? We had nine days of debate in the House of Commons. Yet the NDP, for some reason I just don't understand, delayed the legislation. In fact, they hoisted the legislation—delayed it for an additional six months. Who knows what they're going to do right now?

Mr. Minister, has the delay in implementing this bill, in getting it passed in the House, hindered your efforts to actually improve the implementation of SMS in our aviation industry?

Hon. Lawrence Cannon: Thank you for the question, colleague.

I'm going to ask Mr. Preuss to go directly to the question that unfortunately I didn't have time to answer before, from Mr. Laframboise and from Mr. Masse, about the Auditor General saying minus 8% vis-à-vis what we're stating and the numbers we have as the number of inspectors out there. So maybe we can set that issue aside and then address the other issue as to why there are delay tactics here, or stalling.

• (1150)

Mr. Brian Masse: I can answer that.

Hon. Lawrence Cannon: I know you will.

Mr. Ed Fast: I'm asking the questions, Mr. Chair.

Mr. Merlin Preuss: With respect to inspector numbers, Mr. Grégoire stated and we've stated several times that the staffing levels we're dealing with have not changed. In fact, since 2001 we've gone from 866 authorized staff to somewhere around 871 or 873, if my memory serves me correctly. So it's not a question of changing the authorized staffing levels. What the Auditor General has picked out is the normal fluctuations that happen based on how the staffing process has worked and the availability of employees to fill the vacancies that are showing up.

So there's nothing in the report that would indicate we've changed our staffing levels, to my knowledge. It has indicated that, like a lot of the industry and not just the aviation industry, there are problems with staffing, which we are well on our way to handling with both departmental and aviation-industry-related recruitment and retention initiatives through our human resource planning.

Mr. Ed Fast: All right, I will get back to the original question. Are the delays in getting Bill C-7 passed in the House hampering your efforts to do a better job of implementing SMS?

Hon. Lawrence Cannon: You know, Mr. Fast, the bill basically is one that would create a legislative basis for the establishment of SMS.

Mr. Brian Masse: Point of order, Mr. Chair.

The Chair: Mr. Masse, on a point of order.

Mr. Brian Masse: Thank you.

We're all aware that the government has pulled Bill C-7 from the order paper. That is its decision to do so. It has not been the decision of the New Democratic Party. The government has put Bill C-7 on the order paper and taken it off. That has been the reality.

The Chair: It's more a point of debate, I think.

I will ask the minister or his.... Or are we back to your question, Mr. Fast?

Mr. Ed Fast: Well, since Mr. Masse raised a point of order, which wasn't a point of order, I will just respond. In fact, it's very clear—

The Chair: No, no, Mr. Fast. I would ask you, Mr. Fast, please—

Mr. Ed Fast: —that the hoist motion that the NDP imposed delayed it by six months.

The Chair: Mr. Fast, continue with your questioning.

Mr. Ed Fast: Go ahead, please, Mr. Minister.

Hon. Lawrence Cannon: I was just going to say that I would ask colleagues, of course, to adopt this piece of legislation as soon as possible. I think it's an important building block in the safety management systems that we want to put in place.

Now, I know there are concerns that have been addressed. I feel those concerns that were raised here have been essentially addressed by the number of people this committee has met, and I would just encourage the committee to adopt this piece of legislation, which I believe to be extremely important for the future.

Mr. Ed Fast: I have one last question, and that's getting back to the level of inspectors we have right now.

Are any of you individuals who are appearing here as witnesses aware of anything within Bill C-7 that would address the level of inspectors? Is there anything within Bill C-7 that would prevent the number of inspections being reduced?

Hon. Lawrence Cannon: Well, I'm told by my officials here that that's not the case.

Mr. Merlin Preuss: Prevent or permit, Mr. Fast?

Mr. Ed Fast: Prevent.

Mr. Merlin Preuss: No, not at all. In fact, the system is set up such that we will have the capacity to do things the way we've been doing them in the past, if that should prove to be necessary.

Mr. Ed Fast: All right. So you don't expect the level of inspectors will go down. Is that correct?

Mr. Merlin Preuss: Not based on what we've been presented with so far. It's not something that's....

Hon. Lawrence Cannon: I just want to repeat here that SMS is an additional layer of safety we want to put in place. We are not saying we are withdrawing. We're not saying we're cutting back. We're not saying we're taking away. We've made the demonstration that we still have inspectors. Nobody's pulling inspectors away. That would be terrible to pull inspectors away. We don't want to do that.

We want to be able to empower the other members of the industry, so that they can also participate in safety management systems. I repeat that we're number one in the world and we want to continue to be number one. We're addressing new ways to do it. When we have an international civil aviation organization such as ICAO telling us we are going in the right direction—and not only are we going in the right direction, but they want to be able to use the model we're putting forward as the basis to export that elsewhere in the world—I think that's a darned good thing for Canada. It indicates to me that we're going in the right direction.

• (1155)

The Chair: Mr. Zed is going to share his time, or give his time to Mr. Volpe. Am I correct?

Mr. Paul Zed (Saint John, Lib.): No, I don't think so.

The Chair: Okay, we'll have Mr. Zed.

Mr. Paul Zed: I'm tired of sharing my time.

Thank you, Minister, for being here. I have a couple of quick questions.

I was looking through the estimates for the Atlantic gateway, and I wasn't able to find it. Perhaps you could draw my attention to it. Or is it in your estimates? Is it just policy still?

Hon. Lawrence Cannon: No. I'll let the deputy answer that, because he has a list of numbers here.

Mr. Louis Ranger: There's a \$2.1 billion fund for gateways and border crossings, and within that Treasury Board has allotted some resources to the department to support all the analysis we need to do before we identify specific projects. So it's funded within that fund.

Mr. Paul Zed: Okay.

Minister, you can likely anticipate what a couple of my questions might be.

Nova Scotia and New Brunswick, as you know, have a super-highway, a marine super-highway, called the Digby ferry. I was wondering whether you might today be in a position to confirm that your government would be ready to recommit money for the Digby ferry. Specifically, would you consider using the Atlantic gateway initiative for that?

That's one of my questions. If you like, I can give you three or four of them at once.

Hon. Lawrence Cannon: Keep going.

Mr. Paul Zed: The other one is the Saint John Harbour Bridge, another favourite subject of ours in New Brunswick. I notice that in the estimates there are other federal bridges, and I was wondering what distinguishes the Saint John Harbour Bridge from other federal bridges.

This isn't necessarily directed at a party. As you know, sir, this is a long-standing issue for the people of New Brunswick and the federal government.

I was wondering whether you would consider, once again, forgiving the debt on the Harbour Bridge, considering that the bridge originally was built for \$18 million and the debt on the bridge is now, I think, \$23 million. I know that the tolls on the bridge have gone up.

There is another thing I was wondering, sir. You may be aware of the fact that southern New Brunswick is going through a major energy boom. We're expecting to have anywhere from 10,000 to 20,000 to 30,000 new people moving to southern New Brunswick. I know that your government has been instrumental in working together, as past governments have, with the provincial government on a new border crossing between Calais and St. Stephen. I want to compliment the government for following through with that, but I am concerned, specifically, about rail service. I was wondering if you could indicate to us whether the government has any plans to consider passenger rail service or to assist with a private sector company being involved in passenger rail service.

My last question involves the small airport policy question. Sir, I'm sure you appreciate the fact that small airports are very important for us in Atlantic Canada. I was wondering whether you might take a minute or two to review small airport policy for us. And can you tell us how you might, as a government, reinvest in smaller communities that need funds for capital infrastructure?

Thank you.

Hon. Lawrence Cannon: This reminds me, Mr. Zed, of when we used to have our exams in college. You'd go for the first question, the sixth, and the seventh. You'd read through the thing first. There are about six questions here.

Mr. Paul Zed: We have a good chairman. He'll be very anxious to hear from you.

Hon. Lawrence Cannon: I'm sure.

On the Digby ferries and bay ferries, as you know, there is an agreement in place until the end of the year, and I can assure you that we are working on the file.

On the Saint John Harbour Bridge, the debt repayment plan will begin in 2009. The additional revenue generated by the 2007 toll increase, which is 25¢, if I'm not mistaken, has been allocated to other key aspects of maintaining the project in terms of maintenance.

On the energy boom, I think it's great news that it is occurring in the province. I fail to see where Transport Canada would essentially be implicated, but maybe you can come back to me on that specific issue.

On small airports, I know that it is an issue not only, of course, in New Brunswick but elsewhere in the country. As you know, in the Building Canada plan, one of the categories we have put forward and acknowledged as being important in terms of our communities is to be able to fund small airports. So the procedure, as you know, is there. We will allow small airports as a category, and we will look at them in view of funding them, if possible.

•(1200)

[*Translation*]

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

Good morning, Minister. It is a pleasure to welcome to the Committee the big boss of Transport Canada—the one making all the important policy decisions at the Department.

Hon. Lawrence Cannon: I am always worried when I hear that sort of comment, knowing that after the compliment comes the kick in the teeth.

Mr. Robert Carrier: You have to take your responsibilities. I am going to come back to the question put by my colleague which you did not have time to answer. It relates to the Jacques Cartier and Champlain Bridges.

Based on the budget, increased funding is only \$21 or \$22 million. As you know, the Champlain Bridge is in need of major repairs. A number of announcements have been made in that regard. There is also the light rail project. A study has already been carried out. It would be built on the truss of the Champlain Bridge, which is located next to it. Given that the Champlain Bridge is in need of

repairs, there is a need to determine whether the light rail component can be part of that. I believe that for the entire South Shore area of Montreal, it is important that people be told what your Department is planning in that regard.

Hon. Lawrence Cannon: Thank you, Mr. Carrier. I, too, am very pleased to see you again as Opposition critic for transportation.

Let's begin with the most important issues. You may not have mentioned them in your question, but they are worthy of mention. In terms of letting contracts to rebuild the deck of the Mercier Bridge, which was very much in need of work, we announced funding of some \$60 million for that purpose several weeks ago.

As regards the \$20 million you spoke of, this is an amount provided annually for maintenance of the Champlain and Jacques Cartier Bridges. The Champlain Bridge, based on what I have been told, is very safe and its deck will only need to be rebuilt some 12 or 15 years from now. It is fulfilling its proper function and is very safe.

You are right to refer to the discussions which took place regarding traffic on the Island of Montreal. On a daily basis, more than 57,000 vehicles an hour use the Champlain Bridge, if I am not mistaken. It is operating at full capacity.

I have begun discussions with my colleague, Ms. Boulet. As you know, we are working very closely with officials at the Quebec Ministry of Transportation. Earlier, we announced \$465 million to fund construction work on Highway 30, a major project taking place in the Greater Montreal region. In that case and in the others, we will be working very closely with the Government of Quebec and we will be looking at all the available options.

Mr. Robert Carrier: With respect to the promises you always keep and on which...

•(1205)

Hon. Lawrence Cannon: That is not your question; I'm sure that was Mr. Laframboise's question.

Mr. Robert Carrier: In that regard, I would like to talk about the Quebec City Bridge. I have been a Member of Parliament since 2004. At the time, the Liberals were in office and the Bloc Québécois was asking for the bridge to be repainted. There was a dispute with CN, and the Minister of Transport at the time had taken certain actions. Now, you are telling us that you will not take any action. Instead, you will try to reach an out-of-court settlement, which would be faster. However, we learned this morning that CN will not repaint the bridge.

Given your interest in the celebrations planned for the 400th anniversary of the founding of Quebec City, which were discussed yesterday, I'm wondering why you were unable to find a solution that would have allowed the bridge to be repainted before the celebrations occur. I would at least like to know if you will undertake to move quickly on this. If not, are we going to have to wait for another election, and yet another promise?

Hon. Lawrence Cannon: I see that the miracle in Quebec has been extremely detrimental to you. I don't want to harp on this, but it would seem that you have forgotten or deliberately ignored parts of the chronology.

It was a commitment. On the other hand, the first and most important point to be made in this regard is the fact that the bridge belongs neither to the federal government nor to the Government of Quebec; rather, it belongs to CN. We have taken steps to try and ensure that CN will fully meet its responsibilities in that regard. As you have noted, they have decided not to do so. On our side, we have no choice but to sue CN, so that it fulfills all its responsibilities with respect to the transaction—namely, to paint the bridge and maintain it. It is a private corporation. We have negotiated with CN but, as you know, when the negotiations go nowhere, the only remaining option is to have the dispute resolved by the courts.

As regards the 400th anniversary of Quebec City's founding, once again, you seem to be forgetting that the Government of Canada has invested almost \$110 million in this project. I think it's important to repeat that and make people aware of that participation.

Mr. Robert Carrier: My time is up. We'll continue this on the next round.

[English]

The Chair: Mr. Shipley.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chairman.

Thank you, Minister, for coming today.

This is an interesting committee, which I believe works well. We've tackled a number of things, everything from rail and air safety, and also the effect of efficient rail transfers for our shippers. So we've looked at a lot of things and even at our ports. Obviously, Minister, they're one of the key principles we work hard at together, as we are an importing and exporting nation.

This takes me now to the navigable waters we have endeavoured upon and have the support of everyone, I think, to move ahead on this. Because we've laid out \$33 billion, I think it was, the largest since World War II in an infrastructure program, I'm wondering how that adds value to the overall review of the infrastructure projects that may come forward.

Hon. Lawrence Cannon: One of the elements of the infrastructure program is that while we are committing to spend \$33 billion over the next seven years, that initiative—for instance, the communities' component—will compel and engage the provinces, as well as local municipalities, to be able to do the projects they want to put forward, whether they be in the environmental sector, whether they touch water, waste water management systems, roads, public transit, a series of infrastructure needs and wants that are there. So this \$33 billion, in our estimation, will generate roughly \$50 billion, in terms of the other projects or the other funding.

Added to that, of course, is the amount of money in terms of public-private partnerships. We talked about being able to find a way to engage the private sector to levy some money, because money is available in Canada. We feel it's a good way to merge public and private interests to make sure we meet the challenge of rebuilding our infrastructure in Canada.

• (1210)

Mr. Bev Shipley: When we were talking about infrastructure, in your comments earlier you mentioned that half the funding in terms

of this—\$17.6 billion, to be exact—is going to municipalities. This goes out in terms of GST and gas rebate.

I'll comment that during the break I visited 13 or 14 municipalities in my rural riding and took to them what it actually meant to them in terms of sustainable funding. As you know, that was one of the key issues wanted by not only the municipalities of our regions but also by the Canadian Federation of Municipalities.

I just wanted to tell you that I actually relayed to them that next year the gas tax would be double. It's something that seemed very positive, because I know, as someone who has been a municipal head of council for a few years—as you have been, Mr. Minister—how important it is to have sustainable funding they can count on. That was the message that came back to me: it's sustainable funding they can count on and build on. If they don't do it this year, they can build it up; in fact, they can borrow back on it. That's just a comment I heard in terms of the funding and the flexibility, and I was asked by a number of people to pass on to you how important it has been.

I'd like to shift gears a little bit, if I could, to my next question. This has to do with the Railway Safety Act review that this committee has gone through. I think the committee was very successful at it. It was tabled on March 7 of this year. It contained 56 recommendations; the committee actually took those recommendations, which we endorsed, and then added as an addendum particular issues that we saw.

You've now had close to a couple of months to reflect on it. I would like your comments. What sort of response do you have in terms of that report?

Hon. Lawrence Cannon: Thank you very much, colleague.

When we got here, one of the most important issues was railway safety. We had seen an increase in the number of car derailments, accidents, and environmental problems, and the respect of the regulations that were in place.... We determined that it was important to proceed with a review. I believe all the colleagues around the table here were in agreement with that way of doing things.

We then called upon a former Minister of Transportation, Doug Lewis, to chair that committee. As you mentioned, he did table his report not long ago. Among the things he noted was the need for an increase in communications among all parties who are involved in the field of railway safety. Whether they're from the union labour association—the person who works in that area—or whether they're the boss of the company or his representative, there has to be an advisory panel. I think that was one of the major components in Doug Lewis's recommendations.

We immediately brought together people from all sectors of the industry. All were people who were involved in the issue of railway safety. We brought that board together. As a matter of fact, I had the opportunity last week to sit down with them and thank them for their participation.

I clearly feel that was one of the things that was lacking. It was among other recommendations, of course, but that was one of the sectors in which we needed to be able to be more proactive, so what we have now established is a permanent way of speaking with people on issues that affect their industry. That is extremely important, because it will help us as parliamentarians to move forward with other measures that need to be put in place.

Having said that, I think the general gist of what we needed to do was to be able to look at the regulations that are there and see how to tweak them in some ways, how to modernize them so that they reflect what we want as parliamentarians, as Canadians, in terms of railway safety and how we should go about it.

I think we're on the right course. We're going in the right direction, not only with this advisory panel but also with the recommendations Mr. Lewis put forward in his group.

• (1215)

The Chair: Go ahead, Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Thank you, Mr. Minister, for the opportunity to ask a few questions.

I'll touch first of all on issues relating to the Asia Pacific gateway, for which I'm the critic for our party. Then I'd like to ask a question on the rail study. That will relate to one of the items that came out of Mr. Lewis's report—that is, the need for Transport Canada to have additional financial resources to deal adequately with the issue of rail safety, and what plans you have for that.

I would like to ask another question regarding air transport. You talked about Blue Sky. I'm concerned about improved destination status not coming to Canada for the more open transportation and tourism arrangements and the air travel between China and Canada.

My final question will relate to infrastructure. I've heard questions in the past from some of the members across the table on infrastructure money that would be available—for example, for community centres. I know I was directed to you. On the north shore of Vancouver, we have a large Persian community, Iranian immigrants who have been asking and there have been commitment statements made by Minister Emerson and others that they were looking for money. What progress has been made on that?

To my main question, which relates to the gateway, I'm noticing in parts I and II of your estimates, the funding contributions on page 24-5 for 2008-09, that for the Asia Pacific gateway you're showing \$82 million. You show that for 2007-08 you had estimates of \$43 million.

My understanding is that in terms of the comparable for the five-year period when we as Liberals committed to the gateway fund, we had talked about \$591 million. You had \$552 million, which I realize you've stretched out now to 2014 to hit \$1 billion.

But for 2008-09, I was seeing a commitment from you of \$158 million. If I add this up and if I go to section 2, part III, page 13, I see another \$9,700,000, which would only add up to about \$92 million. So you're about \$66 million shy, and I'm wondering why.

I'm looking at what looks like projections of planned spending in 2009-10 of \$142 million, and only \$93 million in 2010-11. It looks

like you're falling short of the commitment there, and I'd like you to comment on that.

Hon. Lawrence Cannon: As it relates to those numbers, it is basically cashflow management. The government's commitment has been, and is, quite clear: we're spending \$1 billion on the Asia Pacific gateway. Of course, as those projects come on line, as the contribution agreements are signed with our partners, we start spending the money. But there is a firm commitment. Budget 2007 indeed indicated that it's \$1 billion that we're putting there. So whether it be the south perimeter road or whether it be other projects, that's the amount of money that this government has committed toward those projects.

Mr. Don Bell: So you're suggesting that the commitment will be there. In the amounts that are shown, although the cashflow is less than this year's, the total commitment—

Hon. Lawrence Cannon: I can let my officials respond to that, Mr. Morency or Ms. Burr.

Mr. Don Bell: They can provide it to us, just so I can get—

Hon. Lawrence Cannon: I will be more than pleased to provide that information, if you wish.

• (1220)

Mr. Don Bell: Thank you.

Could you talk about the rail commitment? Is your government going to be committing additional funds to Transport Canada as requested by Mr. Lewis?

Hon. Lawrence Cannon: As I mentioned before, we've already acted on that. The deputy and his team, as well as everybody in the department who is involved in this, are looking at the recommendations. We are quite satisfied with the recommendations, and we are now looking at ways we can implement them.

As you know as well as I do, there are procedures in the government that we have to follow, but I am extremely satisfied with the recommendations that Mr. Lewis put forward.

Mr. Don Bell: What about community centres and funding of their infrastructure?

Hon. Lawrence Cannon: Yes, and you also asked about the air travel issue.

The deputy says that a lot of parts of that deal with foreign affairs. So if there's a specific question, Mr. Bell, particularly on the Blue Sky policy, I'd be more than happy to answer it, maybe in the next round.

On the recreation and community centres, of course those are components of the Building Canada plan that weren't necessarily categorized. If we lead in from the previous one, there are elements that we've increased. We alluded to this before, and I believe Mr. Shipley spoke about the fact that the transfer of gas tax is now permanent, as determined by the Parliament of Canada and accepted by the government, which we've gone forward with. I think it gives a lot more leverage to a lot of our communities across the country, because, as Mr. Shipley was mentioning, communities and municipalities can now go out and borrow based on the fact that a lot of them now have more stable long-term financial sustainability.

But we haven't closed any doors, so I'm not excluding anything as we move forward.

The Chair: Mr. Watson.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair, and thank you to the minister for appearing today.

I want to commend the minister for the recent announcement in Windsor with respect to the Windsor-Essex Parkway proposal from DRIC. I want to commend him for reiterating the federal government's important funding commitment to that project. The initial down payment of \$400 million, and a commitment to up to 50% of the eligible capital costs for, essentially, the extension of a provincial highway, is critical to an end-to-end solution for new capacity at that corridor. It's the single most important piece of infrastructure in Canada, in my opinion, and our commitment represents the largest infrastructure investment in a single project since World War II, if I'm not mistaken. That's going to help transform our economy.

Having said that, I want to shift to one of the more significant areas this committee has dealt with, and that's railway safety. You've indicated that your initial reaction to the report was positive. Building on your initial reaction to the report, this report has 56 recommendations. That's an awful lot of recommendations. My concern is that with so many recommendations, we could wind up engaging in an exercise of checklisting by bureaucrats, without an awful lot of focus.

I want to bring the question back to the issue of our focus in moving forward with that report. My understanding of the heart of that railway safety report—and I think it was somewhere around page 73 or 74 of the report—was in getting to stage five of the evaluation tool, which is full implementation of SMS both for the rail industry and the regulator, Transport Canada. Achieving that would put us in a position of having the highest possible safety in the rail sector. Mr. Lewis agreed with that, when I questioned him.

Mr. Minister, of all those recommendations put forward by the panel, what do you think is the most important? What's the most important focus to come out of this report, so that we can actually get some things achieved? You can't serve two masters, and you certainly can't serve 56 masters. Where do you see the focus of this report going for Transport Canada?

Hon. Lawrence Cannon: I think that on findings and the 56 recommendations, if I were to give you a sense of where I thought the whole meat and potatoes should be, it is in the partnership

between the parties involved in this. I think that Doug Lewis mentioned the importance of strengthening that partnership.

Why do we want to strengthen the partnership? It's because we're talking about safety, and, as you know, we're looking at safety management systems. This committee is more familiar with that issue.

Why do we want to do that? I'll repeat exactly what I said before—that it's an additional layer of security, an additional layer of safety that we're providing Canadians, as well as members of the industry.

The whole crux of where we want to go articulates itself around that partnership. That's the reason, fundamentally, we brought together that panel. We brought together people from the industry to be able to sit down with us. Yes, there are differences. Sure, there are opinions that are different from other opinions that are sought; people have views and they express things differently, given of course their background and where they're coming from.

So it's important as parliamentarians, but also as a government, to be able to sit people down and to ask what are those issues and how can we best address them, and to get communications flowing again, to get the partnership strengthened, and to make sure that the initiatives we're putting forward through SMS are well understood, and well committed to and well engaged in. And fundamentally, I believe we'll answer a lot of the other issues that are there.

So if you're asking me what is the overriding and overarching focus, it's the fostering, promoting, and building of a stronger partnership.

• (1225)

Mr. Jeff Watson: Thank you, Minister.

With respect to the full implementation of SMS on the air side, Bill C-7 talked about a system of non-punitive reporting. Can we expect something similar with respect to the rail industry? Is there some involvement or work by Transport Canada in that direction?

Obviously, the goal of fully implementing SMS is to capture the most information possible, so that we can become predictive about where the challenges are for rail safety. Key to that, as we've acknowledged in our legislative amendments for the air sector, was something along the lines of non-punitive reporting. Can we expect something similar for the rail industry?

Hon. Lawrence Cannon: As we move forward, at this juncture, what we fundamentally need to look at, Mr. Watson, is what we could call a culture change. We need to be able to say that the person who has come forward and said we have to fix such and such a thing will in fact do it without any threat or any notion of being punished in some way, shape, or form. That has to be done from the highest levels to the lowest levels in any organization.

I think that comes back to what I was mentioning before in terms of the partnership. We don't want to come forward and punish somebody, because that person is actually helping us promote the system. We want to be able to encourage them to do it; we want to be able to thank them for doing it; and we want to be able to say that we do have an excellent regime in the country.

Mr. Jeff Watson: Thank you, Minister.

Thank you, Chair.

The Chair: Ms. Hall Findlay.

[*Translation*]

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you, Mr. Chairman.

Mr. Cannon, welcome to the Committee and thank you for being here. I also want to thank the other witnesses appearing today.

[*English*]

My question has to do with an item in the budget wherein the Minister of Finance included money for a rail line to Peterborough—which happened to go through the Minister of Finance's own riding.

Given this is my first committee meeting on main estimates, I am wondering if you could help me find that, as I didn't see a reference to it and am not sure where it comes in.

I would just add that when it came out in the budget, there were certain concerns about a lack of costing and a lack of analysis in establishing it as an important budget item. If you could elaborate on that, it would be very helpful.

Hon. Lawrence Cannon: First of all, I'm pleased to be here and to have the opportunity of conversing and exchanging with you, Madam Hall Findlay.

I'll just point out that you're alluding to the capital trust fund that we put forward, \$500 million that was extended across the country on a pro rata basis based on population. The share for Ontario is an amount of money that will be directed to the Peterborough line. What we've agreed to with the Province of Ontario is that a joint study will be undertaken to be able to maximize the data and get the information.

We as a government have committed to put our share of money for that project. We feel that as the Golden Horseshoe area of Greater Toronto expands, there is an increasing requirement to support and foster both intercity transportation and urban transit. In that vein, it's important that we celebrate the amount of money—\$500 million across the country—to be able to do that.

It's a budgetary item. We've set up the capital trust. The deputy has worked very hard to set the capital trusts up across the country, and I can report back that all of them have been signed. All of them have been agreed to, and we are going to move forward with the spending of that money.

• (1230)

Ms. Martha Hall Findlay: I have two add-on questions.

One is that in your consultations with the Ontario government, has the Ontario government talked about possibilities other than just the Peterborough line? There are obviously some concerns about

whether that is or should be a priority from a transportation and infrastructure perspective. It is important that we have those concerns addressed. That is one question.

Secondly, the Golden Horseshoe is important from a transportation infrastructure perspective, but there is a continuing conversation—and perhaps a need for continued further conversation—about high speed in the Quebec City, Montreal, Ottawa, Toronto corridor. Could you talk a little bit about where the government is in that regard? That would be very helpful.

Hon. Lawrence Cannon: As we move forward I can report back to you, as I mentioned in my opening statement. Discussions with the Government of Ontario are going well, so the Building Canada plan will be able to look at components of some of the issues that are raised as priorities for the Government of Ontario as well as priorities for the Government of Canada and the province of Ontario. I believe we are making progress on that level.

On the Peterborough issue, I repeat that it is a joint study that is going to be undertaken by both the Government of Canada and the Government of Ontario.

With regard to the issue of a high-speed rail link between Quebec City and Windsor, the Premier of Ontario, the Premier of Quebec, and the Government of Canada, through Transport Canada, will be trilaterally funding a committee whose responsibility will essentially be to go back to see whether there has been a modal shift since the last study was done in 1998, if I'm not mistaken, and the project costing was up in the vicinity of \$20 billion. There is an agreement between the Premier of Ontario, the Premier of Quebec, and the Government of Canada to see whether we can update the information gathered back in 1998 so that we can have another determination—have another look at that file, so to speak, to see how it has evolved.

There are, of course, a number of new issues that appear. The climate change issue is extremely important in terms of protecting our environment. For instance, how should we go about making sure that Canadians who generally take one mode of transportation would probably be interested in taking another mode of transportation? Those are the kinds of questions that the premiers, as well as the Government of Canada, want to look at. We've given ourselves a timeline until December.... Deputy, when do we expect...? It's next year. It's approximately a \$2 million study.

That's where we are on that one.

Ms. Martha Hall Findlay: Finally, could we have a sense of the timing for when the money will actually be flowing, in terms of getting these agreements signed and actually...?

Hon. Lawrence Cannon: As discussions go forward, I would like to be able to get the framework agreement with the Province of Ontario done by the beginning or the middle of the summer at the earliest.

Ms. Martha Hall Findlay: Thank you.

The Chair: Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Chair.

Thank you, Minister, for coming today.

My question is going to be a bit different and on a different topic. I know we've taken some great steps as a government on the safety and security of Canadians and also on the environment specifically, in a lot of areas. I know that \$160 million over two years was invested by this government in the ecoAUTO strategy, and—great news—some 77,000 Canadians made applications. Actually, we've rolled out just over \$51 million for those initiatives, so we're trying to get more fuel-efficient vehicles onto our roads, and I think that's great news for the health of Canadians and the future of our children.

But recently—I think it was this week or last week—*The Economist* said that we're blocking the sale of ZENN cars in Canada. That's a great concern to me, because obviously I, as would most Canadians, would like to be non-gas-dependent, be able to plug my vehicle into my house, and be able to take off in the mornings. So I'm very interested in that. I know provincial and territorial governments actually regulate the use of vehicles on our roadways, but I'd like to have a bit more information about whether indeed Transport Canada is blocking the sale of these vehicles in Canada.

• (1235)

Hon. Lawrence Cannon: Let me say at the outset that Transport Canada is not blocking. Transport Canada's job, so to speak, is to see whether or not the vehicles that go on Canadian roads are safe. Transport Canada has looked at this vehicle. I've had an opportunity of stating this on several occasions. Transport Canada has looked at the safety of this vehicle, and has determined that it falls into the category of being a fuel-efficient vehicle for low-speed services.

As you know, Transport Canada does not tell a province it can or cannot have that car on its roads. Transport Canada determines the safety. Then the provinces individually determine whether or not they want that vehicle on their roads and under what conditions. All we do is say this vehicle is safe at such and such a speed, or it isn't safe at such and such a speed. That's our responsibility. We have a team of experts who work on that. They determine whether or not it is life-threatening or not life-threatening, injury prone or not injury prone. But it is the job of the provinces to issue licences. They're the ones that determine that a vehicle can go on a golf course or it can go in a small residential sector or it can go on a highway. The federal government doesn't determine that. It's the provinces that determine that.

I repeat this, because there is some confusion out there, some feeling that the Government of Canada is deliberately trying to thwart an entrepreneur's attempts to sell his vehicles in Canada. That's not the case. We say whether your vehicle is safe or isn't safe. Then you can go out and convince the provinces where they should run these vehicles. Those are the rules and the regulations—particularly the regulations—that have been put in place by the Government of Canada over a number of years. That's our responsibility.

On fuel efficiency, I think you alluded before to the fact that we brought in a program. As we move towards more fuel-efficient vehicles, we have to be able to, on the one hand—and that was the purpose of coming in with our eco-package—get consumers to look

at and change their behavioural patterns in terms of purchasing vehicles that are more fuel efficient.

As you know, we are going to be putting forward regulations that will be the most stringent, dominant North American standard. We're going to be working with the auto manufacturers on those. We'll be working with the interested parties. We'll be working with provincial governments on those issues. We'll be working with retailers. I know that my colleague Mr. Volpe and I, as well as other members, I believe, of this committee, were at the retailers association of Canada, where we were, as a matter of fact, talking about this issue. It's extremely important that the Government of Canada and Canadians speak with one voice on this.

There are, of course, concerns about the environment, but there are also concerns about jobs and job creation, and we're trying to balance both of these issues.

Mr. Brian Jean: It's good to see you're keeping Canadians safe. Indeed, my understanding, after speaking to the department, is that ZENN is actually intending to have a fully safety-certified electric car in the fall of 2009, so that's good news for consumers who want to go that route.

I'm also curious. We've made, as a federal government, some great initiatives in major centres like Montreal and Toronto and Vancouver in rail and transit security and rail and transit investments. Are the provinces supportive of our approach to rail and transit security? Do they view us as being effective in this?

• (1240)

Hon. Lawrence Cannon: Well, once again, here we are. We're in our area of jurisdiction, our area of responsibility, and we want to be able to make sure that the amounts of money that are provided, in terms of security, are well spent. Indeed, you're right. I look at urban transit, for instance, as one of the sectors we've helped over the year and a half. We've helped transit authorities throughout the country, whether they be in Toronto or Montreal or even here in Ottawa or elsewhere, to modernize their equipment, their radio communications equipment, their surveillance equipment. We're not immune from any terrorist threat. And I do not say this flippantly. This is an important issue. We have to be able to go forward and make sure that public services that are used are safe.

I know, going back to my previous life as chair of the transit authority on the other side of the river here, I remember my predecessor, as a matter of fact, coming to meet me and discuss this as an important issue. And it is an important issue, because on a yearly basis, particularly with the Ottawa and the Gatineau system, there are over 50 million passengers that embark on these buses, and that is multiplied throughout the country.

So we have to remain vigilant. We have to be able to come forward and put in the proper amounts of money to be able to make sure that Canadians feel safe and secure when they use these public facilities. And that goes for ferries, for urban transit, and for our ports. It's a necessity of life now in the year 2008.

Mr. Brian Jean: Thank you, Mr. Minister.

The Chair: Thank you.

As we traditionally do, we're going to open the floor up for a couple of final questions of two minutes each. I'll start with Mr. Volpe.

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

Mr. Minister, I'm going to use a different approach, if you don't mind. I'll list off a series of questions, and then you can go ahead.

Hon. Lawrence Cannon: Is that the Mr. Zed approach?

Hon. Joseph Volpe: I was a little surprised to hear you say that the capital infrastructure trust that you have started is for \$500 million, \$200 million of it for the Peterborough-to-Toronto line. That would represent, apparently, all of the amounts of money set aside for Ontario. I wonder whether that's a misperception on my part or whether that's an accurate reflection of the figures, as you've put them.

Secondly, with respect to high-speed train travel, that's been studied ever since I've been here. We started at \$2 billion, when I first came here, and I heard you say \$20 billion. If life is for learning, then that high-speed travel must be for environmental assessments and feasibility studies, I guess. I don't know how much we've spent on that so far. Maybe you would tell us how much we have spent on feasibility studies and if that amount has already exceeded the initial \$2 billion allocated.

Thirdly, I noticed you've almost doubled the amount of money you've put as a federal subsidy to VIA Rail. I'm wondering whether that reflects a doubling of the ridership or whether it's a doubling of the subsidy per capita. It used to be, a few short years ago, about \$64 per passenger. Is it your intention to encourage ridership by doubling that subsidy?

Fourthly, let me get onto the ecoAUTO rebate for a second. Since safety on the highways, as well as environmental efficiency, is a concern of yours, apparently, I'm wondering whether you've had an opportunity to take a look at my private member's bill regarding electronic stability control and its impact both on the efficiency of the fuel emissions and, most importantly, on the safety of ridership on the highways, and whether you intend to support that bill or replace it with one of your own.

Hon. Lawrence Cannon: On the last question, no, I haven't had the opportunity, but I certainly will look at it with a great deal of pleasure. I'll get back to you on it.

On the transit trust fund, the \$195 million, that of course will be complemented, once the joint study is completed, by moneys coming from the Building Canada funds. I'm not saying this project has topped that, but just to reassure you, depending on the results of the feasibility study, or the joint study, we will have access to the Building Canada funds to help promote that project.

In terms of the feasibility studies for the Windsor-Quebec corridor, you're right, there have been numerous studies. My deputy minister—

An hon. member: He's still chuckling.

Hon. Lawrence Cannon: He is still chuckling. He actually started in the department 30 years ago, I think, when they were talking about that project. So he's facetiously saying...you know, kicking me under the table here.

Basically, that study, as I mentioned to Madam Hall Findlay, will be able to give us a general appreciation of what the cost is going to be. It was at \$18 billion to \$20 billion last time around, I think with the public sector paying about 80% of the amount of money. So that has to be looked at.

Yes, we indeed have invested \$692 million, or \$672 million or whatever, into VIA Rail. The idea here is to be able to modernize its infrastructure. Some of the locomotives, particularly the F40 locomotives, are old locomotives and need to be refurbished. VIA Rail's board of directors made the case to us that it was extremely important for them to go forward, make these changes, and have the more environmentally friendly type of locomotive that they're putting forward.

Given that fact, as well as the importance of maintaining the reliability of the VIA network, they want to be able to double some of their lines where there is a lot of congestion to assure that inter-city travel passenger services will be at their peak and operate in a proficient way.

On the ecoAUTO rebate program, I'm sorry, I didn't get the last part of the question. Maybe you just want to run it by me quickly.

• (1245)

The Chair: Very briefly, to be fair to others.

Hon. Joseph Volpe: I want to be fair to others, so if we get another chance at two minutes, I'd be delighted to go there.

I tried to relate that to the ESC system that I presented in November. I think you answered that; I'm kind of surprised that wasn't your first item of priority, after I did that in November...

Hon. Lawrence Cannon: Well, I did answer that as the first one.

The Chair: Mr. Laframboise.

[Translation]

Mr. Mario Laframboise: Thank you very much.

Minister, you refer to agreements with respect to the Building Canada Plan. Am I correct in saying that the agreement with Quebec has not yet been signed?

Hon. Lawrence Cannon: No, it has not yet been announced.

Mr. Mario Laframboise: Yes, exactly.

There was the UMQ Convention, the discussions in the hallway and all the rest of it.

Hon. Lawrence Cannon: That sounds like what a former mayor would say.

Mr. Mario Laframboise: What is the role of CBED in this area? Is it you or CBED negotiating the agreement with Quebec? Since your government came to office, a new player, CBED, has come on the scene that wasn't around when the Liberals were in office. Based on current discussions and rumours, CBED is the source of the more stringent requirements.

Are you the ones negotiating this?

Hon. Lawrence Cannon: I have the mandate to negotiate with the Quebec Minister of Finance.

Mr. Mario Laframboise: And what is the role of CBED?

Hon. Lawrence Cannon: CBED is a partner, in the sense that it has a specific role to play in delivering part of the program.

Mr. Mario Laframboise: Are you setting the conditions?

Hon. Lawrence Cannon: Yes.

Mr. Mario Laframboise: If we are told that you are being too demanding, then I guess I'm talking to the right person.

Hon. Lawrence Cannon: Mr. Laframboise, you are interested...

Mr. Mario Laframboise: Why are you deliberately delaying signature of the agreement and demanding something from Quebec that other governments before you never demanded?

Hon. Lawrence Cannon: Please do not repeat what Ms. Marois said the other day.

Mr. Mario Laframboise: No. But, that is the unfortunate reality.

Hon. Lawrence Cannon: No. I know what the reality is, Mr. Laframboise.

• (1250)

Mr. Mario Laframboise: Why did you wait so long if you had...

Hon. Lawrence Cannon: That simply is not true, Mr. Laframboise. Neither Alberta, Ontario or Quebec have signed the agreement. In my opinion, we are following the normal schedule of discussions with our partners. As I mentioned, eight provinces and territories have signed an agreement with the Federal Government.

When I arrived on Parliament Hill, some of the previous programs that had been announced three or four years earlier had not yet come on stream. Issues involving the Government of Quebec had been dragging on for five years: they couldn't find the right fit. Well, we did.

Mr. Mario Laframboise: In my opinion, however, you are going to...

Hon. Lawrence Cannon: Let's take the example of Highway 30, that Mr. Carrier didn't want to talk about. We took action in a spirit of

cooperation and open federalism, working with the Government of Quebec. We resolved those issues.

Am I worried about the possibility of not reaching an agreement with the Government of Quebec? No, not at all.

Mr. Mario Laframboise: If you ask me, you are going to outdo them in terms of the amount of time this is taking.

Hon. Lawrence Cannon: After five years of delay, no.

Mr. Mario Laframboise: In the 2007 Budget, you announced the Building Canada Plan. The agreement has not yet been signed, and I am told that you are demanding more than the Liberals were.

Hon. Lawrence Cannon: Mr. Laframboise...

Mr. Mario Laframboise: I understand...

Hon. Lawrence Cannon: You know perfectly well that in 2007, the goal was to meet with the Federation of Canadian Municipalities, the UMQ and other stakeholders. I went across Canada and met with people in many different municipalities in Quebec. I heard what people had to say, because they asked for prior consultations. Like me, you come from the municipal level; so, you understand that it's important to consult the municipalities. That is the level at which people can make their views known. It is normal for our government to have engaged in these consultations...

Mr. Mario Laframboise: Except that the 1,100 municipalities out there are in a hurry, Minister.

[*English*]

The Chair: I have to cut it off there and go to Mr. Bevington.

[*Translation*]

Hon. Lawrence Cannon: ... while at the same time abiding by the Loi sur l'exécutif du Québec, which you seem to be forgetting.

[*English*]

The Chair: Thank you.

Mr. Bevington.

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair, and thank you, Mr. Minister, for appearing today.

I have three questions relating mostly to infrastructure in the northern territories.

The first one is that there's been some work through the NWT Association of Communities as well as through the Federation of Canadian Municipalities in endorsing resolutions that would ask you to design a municipal infrastructure program that would more suit the northern territories and perhaps some of the smaller provincial jurisdictions like Prince Edward Island, where the cost of delivery of infrastructure is so much higher than it is for the rest of the country. The first question is whether you have considered a program like that. Are you moving ahead to consider a program like that?

The second question deals with the urgent need for infrastructure within the Northwest Territories to match up to the requirements for resource development that have been plaguing us over the last number of years. There are two initiatives currently under way in the Northwest Territories. One of them of course is the Mackenzie River bridge, which our government in the Northwest Territories is moving ahead with now and which is looking for support. Actually, when it's put in place, it will turn money back into the federal treasury and it will provide a more efficient system of transportation for the diamond mines and the mining development in the North Slave province, which directly turns back royalties and taxation to the federal government. There is a quid pro quo here in terms of investment and return on investment for the federal government.

As well, the Government of the Northwest Territories, in conjunction with this crown corporation, the Power Corporation, is moving ahead with the Taltson hydro initiative, which is an opportunity to provide clean energy to the diamond mines. Once again, this will have a very strong positive impact on the future of the mining industry in that area and will return dollars to the federal treasury.

On that point, are you considering how to invest in the Northwest Territories to make those types of returns to this government?

The Chair: I think I'll ask the minister to answer those questions, because we are running out of time. I'm sorry, Mr. Bevington.

Hon. Lawrence Cannon: Mr. Bevington, thank you for your questions. This is extremely important, and it enables me to talk once again about the Building Canada plan.

One of the important components of the Building Canada plan is the flow of the base funding of \$25 million per jurisdiction for the next seven years. In the case of Nunavut, the Northwest Territories, or the Yukon, as well as the other provinces, \$175 million will flow. The federal government requires that you submit to us the list of projects you want to fund, and inasmuch as they fall within the Building Canada categories, these projects will be eligible. So there's a lot of flexibility, as there is with the gas tax, of course.

But I come back to this. This offers for the first time for those parts of northern Canada the flexibility to be able to pursue those particular projects that they want to look at. You asked what kind of participation there is. Generally speaking, with the base funding, we ask that provinces participate at a rate of 50% of what we're putting in. But in the case of the territories and Prince Edward Island, we're asking them only to put in 25% of the total amount. So there is flexibility within the program.

•(1255)

The Chair: You have the final question, Mr. Jean.

Mr. Brian Jean: Thank you, Mr. Chair.

I'm interested a little bit in talking about open skies and Blue Sky, this government's initiatives in relation to helping consumers across this country.

First, I'd just like to say, Minister, I spoke to the Minister of Transport of the Northwest Territories two or three weeks ago, and he is absolutely ecstatic about this government's participation in the Northwest Territories. He wanted to give me personal kudos about how happy he was with this government. Indeed, I am as well, Mr.

Minister, because I've seen the investment in my own riding towards keeping Canadians safer. When this government got into power, one of the first investments was the twinning of Highway 63, which is one of the most dangerous highways in this country.

I want to talk a little bit about the Blue Sky policy, because this government, since the announcement in November 2006, has concluded an open skies agreement with Iceland, Ireland, New Zealand, and Barbados. I understand the EU is currently in negotiations. With the Blue Sky policy, we know that consumers will be happy, Canadians will be happy, because there are lower prices, better service, and more selection for them in their travels. We also know that all of the participants, all of the stakeholders, including even unions and airports and airlines, want these open skies agreements concluded quickly and efficiently. So congratulations to the government.

Do you see, Mr. Minister, that we will be moving forward with expanded versions in the future, to have real open skies agreements like the ones we have concluded with these, or will we just continue on with adding some enhancements to the current agreements? Do you see more open skies agreements being concluded in the future with this government?

Hon. Lawrence Cannon: Coming back to your opening remarks, I think it's extremely important to emphasize the fact that this government is determined to offer consumers better prices, to offer the opportunity for consumers, as well as carriers, to select and go into marketplaces that weren't there before. As you alluded to, since November of 2006 there have been half a dozen open skies agreements with a number of countries. We are working with the European Union extensively, negotiating with them. We want to focus on the Asian continent as well as the Americas as our next step. That will be the focus of our attention in the coming years.

At the end of the day, when we are able to drive the prices down and we offer Canadians the opportunity to fly in areas where they would have never expected to go, I think that is achieving a goal and an objective that we as a political party, and as well as a government, want to go forward with.

You mentioned that it's important for the government to seek out new opportunities. Yes, it is important for the government to seek out new opportunities in this area. I'm pleased about this, and we want to be able to push that forward. We want to be able to go further in that area.

Will we ever get to a cabotage agreement? That's probably something that will be looked at by our successors in several years. I know the Americans have not yet gone in that direction. There doesn't seem to be, as of yet, an indication in the marketplace that this is going there, but there are a number of tools—either enhancements with different nations with whom we already have an agreement, or negotiations for open skies agreements. We aren't yet at the level of cabotage, which is the sixth or seventh freedom. So that's the general idea of where we want to go.

• (1300)

Mr. Brian Jean: Thank you.

The Chair: Thank you, Mr. Minister and your staff, for attending and participating in a full and frank discussion of transport issues in Canada.

For the committee, at the next meeting, on Tuesday, we will be dealing with the railway safety report. I'm hoping that on Thursday, if it isn't finished on Tuesday, we will wrap that up and hold a subcommittee meeting for an agenda for after the break.

With that, the meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.