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Chair

The Honourable Judy A. Sgro

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• (1100)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call to order this meeting of the Standing Committee on Transport, Infrastructure and Communities.

Welcome to everyone.

We gather today to study three departmental plans for agencies that fall under the purview of the Minister of Transport, as well as the main estimates 2019-20.

A number of votes were referred to the committee for discussion on Thursday, April 11, 2019, namely votes 1 and 5 under Canadian Air Transport Security Authority; vote 1 under Canadian Transportation Agency; votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50 under the Department of Transport; vote 1 under Marine Atlantic Incorporated; vote 1 under the Federal Bridge Corporation Limited and vote 1 under VIA Rail.

We are delighted to welcome the Honourable Marc Garneau, Minister of Transport, along with his officials. They are Michael Keenan, Deputy Minister; Kevin Brosseau, Assistant Deputy Minister for Safety and Security; Anuradha Marisetti, Assistant Deputy Minister for Programs and André Lapointe, Chief Financial Officer.

For the Canadian Air Transport Security Authority, we have Mike Saunders, President and Chief Executive Officer, as well as Nancy Fitchett, Acting Vice-President for Corporate Affairs and Chief Financial Officer. Welcome back.

For the Canadian Transportation Agency, we have Scott Streiner, Chair and Chief Executive Officer, and Manon Fillion, Secretary and Chief Corporate Officer.

For Marine Atlantic, we have Murray Hupman, President and Chief Executive Officer, and Shawn Leamon, Vice-President of Finance.

Finally, for VIA Rail Canada, we have Jacques Fauteux, Director of Government and Community Relations.

Welcome, everyone, to our committee. Thank you for coming.

I'll start the discussion by calling vote 1 under the Canadian Air Transport Security Authority.

Minister Garneau, it's over to you for five minutes. I know that you're not feeling well today, and we really appreciate the fact that you're here with us today.

Hon. Marc Garneau (Minister of Transport): Thank you very much, Madam Chair. I know that people would have been very disappointed if I weren't here today.

Voices: Oh, oh!

Hon. Marc Garneau: I'm delighted to be here today. If I occasionally cough and splutter, please don't worry. I'm alive and well. I don't want to make a habit of having a cold when I come here, but I am fine. Thank you.

[Translation]

Madam Chair and members of the committee, thank you for the invitation to meet with you today. I am joined by the people you have already mentioned.

[English]

There is a great deal of important work being done in the federal transportation portfolio, which includes Transport Canada, crown corporations, agencies and administrative tribunals.

Regarding this year's main estimates, I will begin by mentioning that for the fourth year Transport Canada is involved in a pilot project, as we assess how effective it is to link grants and contribution votes to their purpose.

To help the parliamentary study of the estimates and the scrutiny of government expenditures overall, planned Transport Canada expenditures are presented in the main estimates for 2019-20 in accordance with the department's results framework.

The overarching goal at Transport Canada is to ensure that our transportation system is safe and secure, efficient, green and innovative. We work towards this goal by proposing laws, policies and regulations; monitoring and inspecting the transportation industry to ensure that these laws, policies and regulations are respected; and funding projects to strengthen the transportation network. We also collaborate with a variety of partners, including indigenous peoples, industry, provincial and territorial governments, and international bodies.

Transport Canada's main estimates for 2019-20 total \$1.86 billion. That total can be broken down into four categories, which are \$879 million under "Efficient Transportation", \$374 million under "Safe and Secure Transportation", \$252 million under "Green and Innovative Transportation" and \$194 million for "Internal Services." There is also \$162 million for new budget 2019 items.

This is an interesting and exciting time for transportation in Canada. Innovation is delivering new opportunities and new challenges. In response, we are allocating resources to address these challenges, and we are always seeking ways to take advantage of new opportunities to make transportation safer, more secure, and more efficient, with less impact on the environment.

Budget 2019 announced a \$300-million commitment for a new incentive program for zero-emission vehicles to help us achieve our targets for new light-duty vehicles in Canada of 10% by 2025, 30% by 2030, and 100% by 2040. The first portion of that amount, \$71 million for the 2019-20 fiscal year, is included in these main estimates.

[*Translation*]

Transport Canada is also requesting \$2.1 million in these main estimates for protecting critical cyber systems in the transportation sector. Budget 2019 announced more than \$12 million over three years to implement the modernized Motor Vehicle Safety Act. This includes using fines to increase safety compliance, and more flexibility to support safe testing and deployment of innovative technologies.

Budget 2019 also allocated nearly \$46 million dollars over three years to support innovation and modernization of Transport Canada's regulatory regime. This would affect commercial testing of remotely piloted aircraft systems beyond visual line of sight, cooperative truck platooning pilot projects, and an enhanced road safety transfer payment program.

I will also provide some highlights from these main estimates for federal agencies and Crown corporations in my portfolio.

The Canadian Air Transport Security Authority (CATSA) is seeking \$875 million, to continue to protect travellers with effective, consistent and high-quality security screening.

Budget 2019 included \$288 million for fiscal year 2019-20, to continue securing critical elements of the air transportation system, to protect the public.

Budget 2019 also announced our intention to advance legislation that would enable us to sell the assets and liabilities of CATSA to an independent, not-for-profit entity. The funding envelope for 2019-20 includes transition resources to support this corporate structure change.

• (1105)

[*English*]

Marine Atlantic is seeking nearly \$153 million for year-round constitutionally mandated ferry service between North Sydney, Nova Scotia, and Port Aux Basques, Newfoundland and Labrador, as well as non-mandated seasonal service between North Sydney and Argentia, Newfoundland and Labrador.

Marine Atlantic brings more than a quarter of all visitors to Newfoundland, and two-thirds of all freight, including 90% of perishables and time-sensitive goods. Marine Atlantic service is vital to the interests of companies that do business in that region and to the people who travel to and from the island of Newfoundland. Budget 2019 mentioned that we will extend support for existing

ferry services in eastern Canada and will look to procure three new modern ferries, including one for Marine Atlantic.

[*Translation*]

VIA Rail Canada is requesting almost \$732 million in these main estimates. As our national passenger rail carrier, VIA Rail's objective is to provide a safe, secure, efficient, reliable, and environmentally sustainable passenger service. In addition to trains that run through the Quebec City—Windsor corridor, and long-haul trains between Toronto and Vancouver and between Montreal and Halifax, this also includes passenger rail service to regional and remote communities, some of which have no access to alternative year round transportation.

In conclusion, the financial resources outlined in these main estimates will help these agencies, Crown corporations, and Transport Canada to maintain and improve our transportation system. Our transportation system is vital for our economy, and for our quality of life. It is vital for our safety and security. And by making improvements to our transportation system, we are making it safer and more secure.

And we are also creating good, well-paying jobs for the middle class, and ensuring a better quality of life for all Canadians.

I would now be happy to answer any questions you may have.

[*English*]

The Chair: Thank you very much for that presentation, Minister Gameau.

We'll go now to Ms. Block for six minutes.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Madam Chair.

I want to thank you as well, Minister, and your departmental staff, for joining us today.

Where does one begin with the opportunity to question you on the main estimates, the departmental report on plans and priorities and the Canadian Transportation Agency, as well as the Canadian Air Transport Security Authority? It feels like the field is wide open.

At first blush, Minister, it would appear that you have been very busy, but a closer look reveals that whether we're looking at legislation you've introduced, regulations that have been gazetted or the recent measures included in the Budget Implementation Act, much of the heavy lifting has been left to the department or to industry itself.

Take the numerous initiatives undertaken in the air industry. Consistently we have heard that the cumulative effect of these initiatives—regulations on flight duty time, the air passenger bill of rights, the recent creation of a new entity for security screening through the BIA and the tight timelines, for which industry must be ready—is overwhelming the industry's capacity to implement these changes in a safe and seamless manner.

On top of this, the industry is continuing to grapple with the recent grounding of their Boeing 737 Max 8 aircraft and the subsequent changes that have had to be made by the airlines to continue providing safe air service to Canadians.

I want to quote Mr. Bergamini when he was here at committee:

Now, as our industry is grappling with major operational challenges stemming from the grounding of the Max 8, the implementation of new flight duty times rules, and the impossible task of complying by July 1 with prescriptive new passenger rights rules, we are again confronted with a government-imposed deadline and process.

He was referring to the measures in the BIA.

Why, Minister, would you introduce this measure in the Budget Implementation Act at the end of a session, five months before an election, when the industry is already struggling on so many other fronts?

• (1110)

Hon. Marc Garneau: I would like to say that there are a lot of things happening in the airline industry, and we announced our intention to put a lot of these in place, I would say, years ago. In fact, the proper normal government process of consultation and gazetting has been a very long process, and the time has come in certain cases to go to Canada Gazette, part II, and put these regulations into effect.

First, it hardly comes as a surprise to the industry that we have wanted to address the issue of pilot fatigue. It's something that started under the Conservatives back in 2010, and it didn't get done by 2015. We carried on with it and are now putting it in place, so it hardly comes as a surprise.

Second, on the issue of passenger rights, we made it clear three years ago that we were going to come forward with that.

We're also adamant about issues related to accessibility for passengers.

These are all things we clearly indicated we would go forward with. We have consulted with industry, and now the time has come to put the results into effect. We feel that the timelines we are going to announce, and in some cases have already announced, are very reasonable.

Mrs. Kelly Block: My question was about the measures in the BIA that would create a new entity for security screening. Given all the other initiatives that the air industry is being asked to implement on very short timelines, I asked why you deemed it necessary to introduce this measure in the BIA with yet another very short timeline.

It's our understanding that it needs to be implemented by January 1, 2020, and we're going into an election in the fall. Can you please explain why you included this measure in the Budget Implementation Act?

Hon. Marc Garneau: We did it because we feel very strongly about making the current CATSA into a not-for-profit organization, much as was done by a previous government back in the nineties in severing NavCan from Transport Canada, which has turned out to be an extremely successful model.

I will point out that there are differing opinions about this decision. The airline industry has expressed what you have said. On the other hand, the airports where this measure would be implemented feel very positive about the decision we have taken to move ahead with this not-for-profit version of CATSA.

Mrs. Kelly Block: You have stated that flying in Canada has not become more affordable for Canadians, despite this being one of your Transportation 2030 goals. With half the price of an airline ticket from Ottawa to Toronto being the result of direct taxes and surcharges, why is your government making air travel in Canada even more expensive with the imposition of a carbon tax, and have you costed what the cost of a carbon tax will be on the airline industry?

I need a quick response, please, because I only have 45 seconds left.

• (1115)

Hon. Marc Garneau: We feel, of course—and this is a broader question—that it is important for us to address the issue of climate change. Of course, through the pan-Canadian framework we have given provinces the option of deciding how they would do it. For those that decided they would not, there would be a backstop, and with respect to flying, fuel surcharges would be imposed for provinces in which the backstop applies and where we're only addressing intraprovincial flying. We have not changed anything with interprovincial flying.

The Chair: Thank you very much, Minister Garneau.

We will move on to Mr. Badawey for six minutes.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Madam Chair, and welcome to our committee, Minister Garneau. Thank you for being here today.

Mr. Garneau, I understand that you have just returned from the Great Lakes Economic Forum in Cleveland, Ohio, in your role not only as a minister but as chair of the Cabinet Committee on Canada-U.S. Relations, Trade Diversification and Internal Trade.

The question, and in particular as it relates to today's discussion in respect to the budget, is on how there continue to be investments to strengthen trade corridors domestically here in Canada. Are you continuing to have discussions with our U.S. counterparts to integrate and communicate those domestic trade corridor investments, and also, with that being done and completed, to ensure fluidity and hopefully see that they're also integrating a lot of their trade corridor investments so that movement does flow over the border in a seamless fashion, whether it be by road, by the Great Lakes, by air or by rail?

The reason I ask is that in our neck of the woods in Niagara, we see a lot of trade leaving our region and going into the States. Equally as important, if not more important, is that a lot of that trade is going through or coming from Niagara over the border and then going into, for example, the Port of New York, Staten Island, Manhattan or other ports, and then going international.

Therefore, there's the need to have that fluidity, especially when you're going over the border, whether it is road, rail, water or air. Are those discussions happening?

Hon. Marc Garneau: In short, yes. The Great Lakes Economic Forum, which I attended yesterday, is, as you know, composed of nine American states that border on the Great Lakes, as well as Ontario and Quebec. This is a very useful forum, because we all have a lot of things in common.

As you point out, looming large in those interests that we have in common is how we make the trade corridors as efficient as possible. We're talking about a region that represents \$6 trillion of economy and 100 million people. There are an awful lot of products that we want to get to the right place. The St. Lawrence Seaway is an essential element of that, and as you point out, there is rail, but we have under-exploited the maritime routing.

As you know, we in Canada are at the moment evaluating how we can make the St. Lawrence Seaway more efficient. It also, of course, goes through a region that you're very concerned about, the Niagara peninsula and the Welland Canal. We want to get more of the goods that are produced to markets in a quicker fashion. The people I met with from the Port of Cleveland and those nine American states, for example, want to get their products. Yes, they can use rail, but they also feel, as we do, that we can do better with respect to maritime traffic.

It is something that we are talking about and that we share in common.

Mr. Vance Badawey: I want to ask about the message to our American counterparts with respect to the USMCA and section 232, the tariffs. Obviously, that seamless trade corridor is binational, and eventually its final destination is most times international. Is it very well understood by our counterparts on the U.S. side that while we're making those investments, there still is a need for the USMCA to be dealt with and for section 232, the tariffs, to be dealt with in a positive fashion?

Hon. Marc Garneau: Yes, and that was one of the main messages that I carried yesterday to the audiences I spoke to. Yes, we want to ratify what we call the CUSMA, the Canada-United States-Mexico agreement, but at the same time there is a serious impediment, the steel and aluminum tariffs. I made it very clear that this presented challenges for us here in Canada, especially given the fact that we really only have about five to six weeks before Parliament rises. They understand that very well. They understand the importance of finalizing and implementing NAFTA too, and they share that commitment with us.

• (1120)

Mr. Vance Badawey: My last question, Madam Chair, has to do with the national trade corridors fund.

What kinds of successes are you seeing now, based on the investments that you've already made, and what are your expectations in the future with respect to the returns on those investments?

Hon. Marc Garneau: So far we have committed funding to 39 projects. Some of those projects are in construction at this point, and we feel that they are going to make our trade corridors more fluid. Some of them affect Great Lake ports, such as Thunder Bay and Hamilton. Funding has been put into both of those ports, and there have been other measures to keep the goods flowing as well as possible in those corridors.

We are currently in an open situation, in that we have another \$750 million, and we have, since January 15, been inviting new submissions for consideration under the national trade corridors fund. This is highly solicited and extremely popular as a program to help do exactly what it says, which is to keep our corridors moving efficiently.

The Chair: Thank you very much.

We'll go on to Mr. Aubin.

[Translation]

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Madam Chair.

Madam Chair, I have a quick question for you since I don't want to waste any of the time I have to talk to the minister.

During the public portion of the meeting for committee business, will I have time to move the motion announced on Tuesday?

[English]

The Chair: Yes, if you want to do it at the end of this portion of the meeting and prior to starting the second or at the beginning of the second portion, that's fine, Mr. Aubin.

Mr. Robert Aubin: That's perfect for me.

[Translation]

Good morning, Minister.

Thank you for being here. It is always a pleasure to see you. I hope to hear you say today that green intercity mobility is your top priority, along with the fight against greenhouse gas emissions.

In the budget, I see that VIA Rail Canada is asking for \$731.6 million, \$435.6 million of which will be for capital expenditures.

How should the average person understand the term "capital expenditures"? Is there anything in those expenses for a possible high-frequency rail (HFR)?

Hon. Marc Garneau: The government subsidizes not only the price of VIA Rail tickets, but also the corporation's capital expenditures. It has a lot of equipment and stations that it has to maintain. That costs money.

We are still assessing the high-frequency train project. This project is separate from VIA Rail Canada's ongoing activities and responsibilities.

Mr. Robert Aubin: Thank you.

Hon. Marc Garneau: I know that you are interested in high-frequency trains.

Mr. Robert Aubin: Extremely interested.

Hon. Marc Garneau: I would have been disappointed if you hadn't asked me a question about it.

Mr. Robert Aubin: Don't worry, I have another one.

I found absolutely nothing in the budget about the HFR. Your colleague from Infrastructure and Communities told me that the project is progressing well, even though there was not one word in the budget about it.

Once you are convinced of the relevance of this project, if all the funds earmarked for studies on the HFR project have not been used up, will you still be able to make a decision, or will you have to wait until all those funds have been used up?

Hon. Marc Garneau: I want to assure you that we are doing our work very diligently. I am sure you will understand that this is an extremely complex project that involves hundreds of kilometres and raises some key issues. Will there be enough passengers to make the HFR viable? We do not want to be forced to subsidize this train beyond a certain amount, if I may say so. There are also environmental issues and the need to consult with indigenous peoples. In addition, there is an interoperability issue if the Réseau express métropolitain (REM) is built in Montreal.

• (1125)

Mr. Robert Aubin: If you had answers before the end of the studies, could you make a decision?

Hon. Marc Garneau: We are working very hard and diligently to make a decision. I expect you to remind me every week that this is something I should not forget.

Mr. Robert Aubin: Absolutely, and I will continue to do so.

Let's change the subject. The budget referred to zero emission vehicles with fewer than seven passengers. I attended a symposium in recent weeks on the hydrogen and fuel cell sector. It seems that Canada is quite a way behind on this issue, particularly with regard to hydrogen-powered buses and trucks.

If heavier vehicles were electrified and recharged, either from the electricity grid or by a more complex system, could this be another approach to reducing greenhouse gases? Is hydrogen also being considered in Canada?

Hon. Marc Garneau: That's certainly an open question. We look to the market to see whether other models of cars will meet the criteria necessary for a grant.

I must remind you of one of the measures that has not been mentioned very much and that applies to individuals wishing to buy one of those cars. Companies are also entitled to a tax cut if they buy cars, light or heavy, that run on hydrogen fuel cells.

Mr. Robert Aubin: Thank you very much for that answer.

In my last minute, I would like to briefly talk about CATSA. As we well know, the sums deducted from passenger tickets for security measures are not fully reinvested in security. It is like a cash cow for the government.

Could privatizing security services have advantages, particularly for regional airports, such as Trois-Rivières, which need security services to operate the discount travel business sector, for example?

Hon. Marc Garneau: One of our objectives is to reduce costs for passengers. Of course, costs must be incurred for security measures. Users pay for their security, that is to say those who buy airline tickets, but we do not want the cost to be higher than needed.

For airports that are not served by a system such as CATSA, as mentioned in Bill C-49, the modernization of the Canada Transportation Act, airports have access to this system, but at their own expense. It is possible that, in the future, we will review the designated airports, but we don't expect that by June.

[English]

The Chair: Thank you very much, Minister Garneau.

Mr. Iacono is next.

[Translation]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Madam Chair.

Minister, thank you for being here this morning.

Our committee has been working on the impact of aircraft noise near Canada's major airports, which is a problem for some communities across the country, particularly in Laval. In fact, the report was tabled in the House on March 19.

Do you have any comments on that issue?

Hon. Marc Garneau: Thank you for your question.

I recognize that transportation affects the daily lives of Canadians, including the noise it generates. Although airports are the hub of the economy, their activities must take into account the needs of communities.

In terms of the specific problem of airport noise, the government is sensitive to the concerns of residents living near Montreal airport and other airports across the country. We continue to monitor the situation very closely.

Aircraft noise management is complex. It requires the combined efforts of various levels of government and various players in the air transport industry. Various groups are involved.

It's encouraging to see that the industry is paying attention to this issue. For example, NAV CANADA and the Greater Toronto Airport Authority have called on recognized experts and the general public to help them find ways to reduce aircraft noise at Toronto Airport. They have openly committed to implementing most of the recommendations provided by this group of experts. They are preparing reports and consulting on this work.

There are things that can be done, but all players must work together. I am highly aware of this issue because I constantly hear about it.

• (1130)

Mr. Angelo Iacono: Thank you.

Let us now turn to rail transport. Last March, you announced a number of appointments to VIA Rail Canada, including that of Ms. Garneau, who was appointed president and chief executive officer.

Can you tell us about Ms. Garneau's appointment process and mandate objectives?

Hon. Marc Garneau: In an appointment process like that, you try to find the best person to fill the position, someone who has the experience and qualifications to be at the helm of a large company with tremendous responsibilities. I am particularly proud to see Cynthia Garneau officially taking charge of VIA Rail today. I am sure there's a bright future.

As you know, one of VIA Rail's major projects is currently the renewal of its fleet in the Quebec-Windsor corridor. That's a considerable investment. All equipment, locomotives and cars will be replaced. From 2022, we will be able to see the new cars and locomotives. It is a big project and a significant responsibility. As you know, the contract has been awarded to Siemens Canada, which will be responsible for providing this equipment. Finally, if we decide to take action on the high-frequency train, a lot more work will have to be done.

Mr. Angelo Iacono: Since May 1, the federal incentives program for zero-emission vehicles has been a game changer for Canadians who want to "drive green". The most frequent comments were about the cost of those vehicles. In Quebec and Laval, incentives are already in place for the purchase of zero emission vehicles.

Can this new federal incentive be cumulative? In other words, can it be in addition to those provided by the provinces and municipalities?

Hon. Marc Garneau: Yes, the list of eligible vehicles is available on Transport Canada's website. The incentive can be up to \$5,000. Quebec has an incentive of up to \$8,000. As you mentioned, the City of Laval is unique in that it also provides a \$2,000 incentive. All those incentives can be combined, but the vehicle the person is buying must be on all three lists. It might appear on one list, but not on the others. If the vehicle appears on all three lists, which include the most common vehicles, the person can benefit from a truly significant discount.

Mr. Angelo Iacono: What are the forecasts for the sale of zero-emission vehicles for 2019-20?

Hon. Marc Garneau: We have no forecasts, but we hope that many people will feel that it's time to buy vehicles like that. We would like to see a lot of people look at those vehicles at dealerships.

[English]

The Chair: We'll move on to Mr. Rogers.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Madam Chair.

Thank you, Minister and officials, for being here today.

Minister, I want to focus on the issues of transportation pertaining to Newfoundland and Labrador, of course, which is predominantly done by flights or ferry service.

Marine Atlantic provides an important constitutionally mandated ferry service to the citizens of my province. Recently we have been faced with challenges in terms of rates set by Marine Atlantic and

cost recovery rates, which some believe are too high. Many residents are concerned about the affordability of this crucially important ferry service to my province.

Could you comment on the process undertaken to ensure the affordability of the constitutionally mandated service that we have?

●(1135)

Hon. Marc Garneau: We try to achieve the right balance here. As you point out, Marine Atlantic service is vital to the interests of Newfoundland and Labrador, and for people who depend on it not only for their personal travel but also for most of the goods that arrive at and leave the island.

Marine Atlantic brings more than a quarter of all visitors to Newfoundland, as well as two-thirds of all freight and 90% of perishables and time-sensitive goods, and we have a constitutional responsibility to maintain the service between North Sydney and Port aux Basques.

Marine Atlantic is seeking \$153 million for year-round constitutionally mandated ferry service between North Sydney, Nova Scotia, and Port aux Basques, as well as non-mandated seasonal service between North Sydney and Argentia. Budget 2019, as you know, mentioned that we're going to extend support for existing ferry services in eastern Canada, and we will also be looking to procure three new ferries, one of them for Marine Atlantic. That would be to replace the *Leif Ericson*.

I realize the service is still expensive. Our approach has been that we subsidize the constitutionally mandated one, and we aim to get 100% recovery on the non-mandated one. We feel we've achieved the right balance, although perhaps not everybody agrees with that. We're trying to do something that provides that service and allows the fleet to be modernized when the time comes, but at the same time we also have to be mindful of the expenditures involved.

Mr. Churence Rogers: I appreciate trying to find a balance in all of that, but I think there's a general sentiment across the province from the business community, tourism operators and others that the current rates are an impediment to people coming to the province. We've seen marked improvement in tourism in the province, but people still believe that affordability is an issue, and they suggest we may need to take a closer look at the cost-recovery rates.

I'm glad you mentioned the new ferry, because I wonder how that fleet renewal approach is going to impact the operations of Marine Atlantic and the services it provides.

Hon. Marc Garneau: We have people from Marine Atlantic here. Murray Hupman is here. Did you want to say anything?

Mr. Murray Hupman (President and Chief Executive Officer, Marine Atlantic Inc.): Sure. It will not impact the service at all.

When the new vessel comes into service, it will enhance the service. We will have the existing fleet right up to the point when the new vessel comes into service, and then at that point we will dispose of the *Leif Ericson*, so it won't impact the service at all.

Mr. Churence Rogers: It's positive from your perspective?

Mr. Murray Hupman: It's extremely positive, yes.

Mr. Churence Rogers: Thank you very much.

During our ongoing study on trade and transportation logistics, Minister, we've heard from witnesses such as the Atlantic Provinces Economic Council on the need to harmonize transportation regulations, and in budget 2019 the Government of Canada announced that through the road safety transfer payment program, it would support the provinces and territories in their efforts to harmonize road safety and transportation requirements.

How does the government plan to support the provinces and territories, specifically in harmonizing these regulations regarding the weight and size of freight trucks?

Hon. Marc Garneau: I'll pass it over to my deputy minister, but you're right about the issue of trying to harmonize, because provinces have set their own weight limits with respect to how they design their roads or the kinds of roads they have to live with and the ground conditions.

We are trying to improve the situation so that if a truck is leaving St. John's, Newfoundland, on its way to Victoria, British Columbia, it doesn't have to stop along the way and unload. In some cases there have been tire problems as well. To improve internal trade in our country, we're trying to harmonize those rules under provincial jurisdiction.

I'll pass it to Deputy Minister Keenan.

• (1140)

Mr. Michael Keenan (Deputy Minister, Department of Transport): As Minister Garneau said, there's a lot of work going on to work through this very technical issue. Minister Garneau and his provincial colleagues on the council of ministers of transport commissioned a task force report on trucking harmonization. It came in early in 2019. An interprovincial group on weights and measures has been tasked with working through that and establishing priorities to harmonize these regulations.

One area where significant progress is being made is in single wide tires. We now have an agreement in principle with the provinces to standardize the regulations with respect to single wide tires, and the trucking industry is very keen to get rules that work across the country.

The Chair: Thank you very much, Mr. Keenan.

We'll go on to Mr. Eglinski.

Mr. Jim Eglinski (Yellowhead, CPC): Thank you, Madam Chair.

I'd like to thank the minister and his staff for being out.

Madam Chair, I'd like to share my time with my colleague, Mr. Liepert.

At this time, Madam Chair, I'd like to move a motion on behalf of Matt Jeneroux, who's not here today.

The Chair: Yes, go ahead.

Mr. Jim Eglinski: The motion reads:

That the Committee invite the parliamentary secretary to the Minister of Indigenous Services to appear on the Minister's behalf to update the Committee on the status of delivering infrastructure directly to indigenous communities, including the doubling of the Gas Tax Fund, announced in Budget 2019, and that the meeting on this study currently scheduled for Tuesday, May 28, 2019, be televised.

Madam Chair, I would like the vote recorded, please.

Thank you.

The Chair: Is there any discussion?

Go ahead, Ms. Block.

Mrs. Kelly Block: Thank you very much, Madam Chair.

I'll be quick because I know we want to get back to questioning the minister.

As was discussed at our last meeting, we know that the Prime Minister provided a guideline for parliamentary secretaries that outlines their role and duties, one of which is to appear at committees if the ministers can't make themselves available. I know the original motion inviting the minister was passed unanimously, so it is our hope that asking the parliamentary secretary to appear in place of the minister will be supported by the members of the governing party.

That said, I do support this motion.

The Chair: For the interest of committee members, the clerk has informed me that parliamentary secretaries do answer questions and can replace a minister in many instances, but it's not automatic. The clerk goes with the answer that's provided by the department, and from the department it was the officials.

Is there any further discussion on this motion?

(Motion negatived: nays 5; yeas 4)

The Chair: Thank you very much.

We'll go on to Mr. Liepert.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Thank you, Madam Chair.

Thank you, Minister, for being here.

I just wanted to follow up a little more on the CATSA transfer.

I'm not here to ask questions on behalf of the airlines, but we had some quite compelling testimony over the last couple of meetings.

I won't repeat everything my colleague mentioned in her initial question, but I think you have to admit, Minister, that while your comments—and I'm going to paraphrase them—were that this consultation has been going on for a long time, really all of the details of the passenger bill of rights were only passed through in this session. These details around the CATSA transfer only really came to light in the BIA. Of course, the airlines have had to deal with something that was not anyone's fault, which was the grounding of the MAX 8s.

I'd like to get a little more of an explanation of why it is so important to get this through as part of the budget implementation act, rather than ensure that it's negotiated fairly and that at the end of the day the consumer is not going to be impacted negatively by this measure.

• (1145)

Hon. Marc Garneau: One of the main reasons we're putting this forward is to make things better and more efficient for the consumer, and we feel that taking the measures we are taking will accomplish that objective. As I said, we had a lot of people who were very skeptical about when NavCan was separated from Transport Canada. Today, people continue to use that as an example of a very wise decision that was taken 20 years ago.

Now, it hasn't been officially on the radar screen, but this doesn't come as a surprise to either the airline industry or the airports. Again, the airport people are the ones who are very close to this as well. They've been asking for this measure for a very long time.

We believe that the schedule we have put forward is one that can be implemented. I can understand the airlines' situation, because lots of things are happening, and I do sympathize on the issue of the Max 8. This was totally unexpected.

However, when we make decisions about the implementation schedule, we look at it very carefully. We don't just throw out dates.

Mr. Ron Liepert: I don't know how much time I have, but I want to get clarification on another issue.

The airlines seemed to indicate that it was a done deal, that there was a sale price actually attached to the assets. I believe it was one of your deputies at committee the other day who said that was not the case, that it would still be negotiated.

Can you elaborate a little further on where that situation stands today? It seems to us that if you sell those assets for more than a dollar, let's say, the passenger is paying for those assets twice, because they've already paid for them once.

Could you elaborate a bit more on that?

Hon. Marc Garneau: The deputy minister will answer.

Mr. Michael Keenan: There are two points I could elaborate on here. One is that the purpose of the BI, the budget implementation legislation, is to authorize a negotiated transfer. Beyond that, it sets some basic terms, but everything is subject to negotiations with the airlines and the airports.

The airlines have expressed concerns here in committee and elsewhere. We've been talking with them and we've addressed their concerns, to the point where they're ready to sit down with us next week and start those negotiations on a reform that's been in discussion, in some manner or other, since 2017.

On the issue of the transfer price, the director general of air policy was testifying that it's subject to negotiations, and it is. The government's position going into those negotiations is that the appropriate price to transfer the assets is their book value in the government's accounts. If you transfer them at book value, then there's no impact on the deficit. The transfer is neutral in terms of the

impact on current taxpayers versus current travellers. That's our position going into the negotiations.

However, this is all subject to a negotiation with the airports and the airlines. The airports are ready, and the airlines told us yesterday that they would be ready to start those negotiations as early as next week.

Mr. Ron Liepert: It seems that the passenger has already paid for those assets. I still don't understand how the government can make the claim that this is a straight across transfer. That asset base was built up through fees that the paying public has paid. The government is now saying that we're going to take that asset base, which the public has paid for, and put it into general revenue, and then we're going to charge you a second time. That doesn't make any sense.

Mr. Michael Keenan: I would say that the assets that have been built up at CATSA are quite significant, and they've been built up over a long period of time, over many years. If you go back in the history of CATSA, sometimes it ran a big deficit and the government topped it up, and sometimes it ran a surplus.

There is a big overlap between taxpayers and passengers. There are 13 million Canadians who travel every year, and they're all taxpayers. The government's position at the beginning of the negotiations is to transfer it in a manner that is neutral between taxpayers and passengers. If you don't do that, then you're either having a windfall for the Government of Canada or you're taking a hit on the deficit, which makes it not neutral between taxpayers and passengers.

• (1150)

The Chair: Thank you, Mr. Keenan.

Mr. Hardie and Mr. Fuhr, you are sharing your time. Mr. Fuhr, you have two minutes, and then we'll go on to Mr. Hardie.

Mr. Stephen Fuhr (Kelowna—Lake Country, Lib.): Thank you very much, Madam Chair.

Minister, thank you for coming this morning. As you're aware, this committee recently tabled a report called "Supporting Canada's Flight Schools". That came about as a result of my Motion No.177, which was supported unanimously in the House, 280 to zero, which is something that doesn't happen very often these days, as you are well aware. I think that indicates that the House is very supportive—and by extension, so are Canadians—of what this country is going to do about generating pilots.

I also understand and appreciate that the department has 120 days to respond, which is going to get tight, given the number of days we have left in this sitting period. Therefore, in the event that it doesn't happen—although I really hope it does—I was wondering if you could give us a little bit of feedback on what you thought of the report.

Hon. Marc Garneau: I thought it was excellent. I want to thank the transportation committee, and I want to thank you as well for your motion to set this process going. Also, as you know, Transport Canada is seized with this issue of the need for more pilots and more training in Canada because of the looming shortage, some of which is being felt at this time.

As you point out, we are currently looking at all of the recommendations from the transportation committee on this issue. It's my hope that we will be able to come forward, even though we have only 120 days. We're working very hard to do it before Parliament rises.

This is an extremely valuable report. It helps us. I think it's a perfect example of how important it is to have committees. It's because of the valuable input that they bring in helping different ministries do their job.

Mr. Stephen Fuhr: Thank you. That's my two minutes. I'll pass.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Minister Garneau, the trade corridors are obviously very important. I think you, your ministry and the whole government have recognized that. This committee has recognized it.

Mr Badawey and I initiated a study of the Niagara trade corridor and the west coast trade corridor. You will be pleased to know that the level of talk about collaboration among the component parts of the west coast trade corridor has gone significantly up. I had the pleasure of attending a WESTAC conference a week ago, and they understand that they've got to do a better job of coordinating their activities and not just leave it to government to sort everything out.

Having said that, I have a request rather than a question. It has to do with that third class 1 railway serving metro Vancouver's ports, the Burlington Northern Santa Fe. That line continues to demonstrate difficulties with safe operation, with reliability. There was a washout just the other week that shut it down for two days, and of course there's the difficulty of capacity, because the rail line currently follows the shoreline through a residential area in White Rock, where there are obviously speed limitations.

The request is one that I'll repeat, because we've made this request before. It's for around \$300,000, give or take, to co-fund, with the regional municipalities and the Province of British Columbia, a study to relocate that BNSF line off of the waterfront, opening up obviously better trade movement as well as the possibility of high-speed rail service down the Cascadia corridor.

I'll leave that with you, sir, but if you have a comment to make, please do so.

Hon. Marc Garneau: Thank you very much. I would also add that I would encourage the City of Surrey to continue to apply for funding for this study through the national trade corridors fund. This is an eligible project. It hasn't happened yet, but I would encourage them to persist. It's open any time for them to put their submission in.

The Chair: Thank you very much.

Thank you to everyone.

Now I have to read out the following: Pursuant to Standing Order 81(4), the committee will now dispose of the main estimates for the fiscal year ending March 31, 2020.

CANADIAN AIR TRANSPORT SECURITY AUTHORITY
 Vote 1—Payments to the Authority for operating and capital expenditures.....
 \$586,860,294
 Vote 5—Delivering Better Service for Air Travellers.....\$288,300,000

(Votes 1 and 5 agreed to on division)

CANADIAN TRANSPORTATION AGENCY
 Vote 1—Program expenditures.....\$31,499,282

(Vote 1 agreed to on division)

DEPARTMENT OF TRANSPORT
 Vote 1—Operating expenditures.....\$678,526,078
 Vote 5—Capital expenditures.....\$134,973,337
 Vote 10—Grants and contributions - Efficient Transportation System.....
 \$593,897,864
 Vote 15—Grants and contributions - Green and Innovative Transportation
 System.....\$65,026,921
 Vote 20—Grants and contributions - Safe and Secure Transportation Sys-
 tem.....\$17,842,681
 Vote 25—Bringing Innovation to Regulations.....\$10,079,959
 Vote 30—Canada's Marine Safety Response.....\$1,128,497
 Vote 35—Delivering Better Service for Air Travellers.....\$4,800,000
 Vote 40—Encouraging Canadians to Use Zero Emission Vehicles.....
 \$70,988,502
 Vote 45—Protecting Canada's Critical Infrastructure from Cyber Threats.....
 \$2,147,890
 Vote 50—Safe and Secure Road and Rail Transportation.....\$73,110,648

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

MARINE ATLANTIC INC.
 Vote 1—Payments to the corporation.....\$152,904,000

(Vote 1 agreed to on division)

VIA RAIL CANADA INC.
 Vote 1—Payments to the corporation.....\$731,594,011

(Vote 1 agreed to on division)

The Chair: Shall I report these votes to the House?

Some hon. members: Agreed.

The Chair: Thank you all very much.

Minister Garneau and your officials, it's great seeing you again. We've seen a lot of you in this last three and a half years, so thank you all very much. Have a wonderful day.

We will suspend for a moment, and then when we come back, we will deal with Mr. Aubin's request and Mr. Kmiec's motion.

● (1150) _____ (Pause) _____
 ● (1200)

The Chair: I am calling the meeting back to order.

Before we go to the other work that we have to do, Mr. Aubin has a motion that is appropriately before us and that he wants to entertain.

Would you like to speak to it briefly, Mr. Aubin?

[Translation]

Mr. Robert Aubin: I'll be quite brief, because I've already presented the substance of this motion at our last meeting. I am a little surprised by the previous vote.

My point is not related to any particular request. The point I want to make is that it seems to me that we are not engaging in partisan politics when we ask a minister to appear. With all due respect to officials, I would like to point out that they are subordinates. The ones who give the orders and come up with the vision are the politicians. If a minister cannot appear, for whatever reason, we should be able to meet with the parliamentary secretary. That makes sense to me. What we want to discuss is the vision of those who make the decisions, who lead and who give the directions.

For reason x, y or z, the parliamentary secretary may not be able to appear either. I would like the chair and the clerk to at least have the freedom, either to automatically invite the parliamentary secretary to save time and achieve the objective, or to have a discussion with those who make the decisions.

I do not think I need to reread the motion, it is clear enough. That's what I had to say.

• (1205)

[English]

The Chair: Is there any discussion?

Would you like a recorded vote? Okay.

(Motion agreed to: yeas 9; nays 0 [See Minutes of Proceedings])

Mr. Ron Liepert: Excuse me, Madam Chair.

The Chair: Yes?

Mr. Ron Liepert: In light of our approving this motion now, it would seem to me that it should be automatic that the motion we asked for earlier would not even require a motion since the earlier motion asked for the minister, and the minister wasn't available. We've now passed a motion that says that the parliamentary secretary should appear.

I would ask you, as chair, to reconsider whether or not we have the ability to move forward with the original motion and have the parliamentary secretary appear, as was asked for in this motion.

The Chair: It's my understanding that we have already decided that, but just as a point, with regard to the particular date Mr. Jeneroux proposed in his motion, it would not have been possible to do that.

The committee has already decided that at a previous meeting, so we're not going to go back and reconsider it. Thank you.

All right, we're on to the Department of Transport. We're now studying the temporary use in Canada, by Canadians, of American-plated vehicles. This is brought to us by Mr. Kmiec, who has been working on it for some time.

The committee was kind enough to give Mr. Kmiec some time to introduce his motion and put it on the table. We were happy to accommodate that.

From the Department of Transport, we have Michael DeJong, Director General, Multimodal Strategies and Program Integration; and Mario Demers, Chief, Importation and Audit Inspection.

From the Department of Finance, we have Carlos Achadinha, Senior Director, Sales Tax Division, Tax Policy Branch; and Scott

Winter, Director, Trade and Tariff Policy, International Trade Policy Division, International Trade and Finance.

From the Canada Border Services Agency, we have Andrew Lawrence, Acting Director General, Traveller Program Directorate.

From the Canadian Snowbird Association, we have Evan Rachkovsky, Director of Research and Communication.

As an individual, by video conference from Calgary, Alberta, we have Tim Reed.

Welcome to all of you. We are pleased to have you with us today.

We'll start off with the Department of Transport, please.

[Translation]

Mr. Michael DeJong (Director General, Multimodal Strategies and Program Integration, Department of Transport): Madam Chair, members of the committee, thank you for this opportunity to discuss the temporary use of American-plated vehicles by Canadians.

[English]

I'm Mike DeJong with Transport Canada. I would like to take the opportunity to introduce my colleague Mario Demers, who's the Chief of Importation at Transport Canada.

I will briefly describe the current rules that apply to the importation of American-plated vehicles and provide a brief update on measures under way to improve this process.

With respect to the current process, the Motor Vehicle Safety Act allows for vehicles purchased in the U.S. to be imported into Canada if they comply with the Canadian motor vehicle safety standards. These standards set out minimum safety requirements to protect the travelling public, such as lighting and braking requirements and steering controls. The act also allows American-plated vehicles to be imported to Canada if the vehicle complies with the equivalent U.S. standards—the U.S. federal motor vehicle safety standards—and can be updated to comply with Canadian rules.

Both countries' motor vehicle safety standards are very closely aligned, but Transport Canada does have unique requirements in areas with proven safety benefits. For example, the Canadian standards include requirements for daytime running lights, a manual transmission clutch interlock and anti-theft immobilizer equipment.

Transport Canada manages the importation process through the Registrar of Imported Vehicles, or RIV. Under this process, an importer must confirm that their vehicle has no outstanding recalls and submit proof to the RIV before importation. Once in Canada, after paying the RIV fee, the RIV will tell the importer to present their vehicle for a final federal standards inspection. Before the inspection, the importer must make any modifications needed to bring U.S. vehicles into compliance with Canadian requirements.

The RIV is funded through user fees charged to Canadian importers of vehicles brought into the U.S. The fee pays for a series of tasks and services, such as pre-purchase compliance verification, importation documentation, and tracking and final notification to provincial vehicle registration authorities. The RIV also operates seven days a week and operates 500 inspection stations.

In the case of a temporary importation, the current safety regulations provide allowances for vehicles that do not meet Canadian safety standards. For example, these allowances cover circumstances that involve testing vehicles, evaluations or evaluating new safety features. To facilitate tourism and cross-border movement, U.S. citizens are allowed to temporarily import and export U.S. vehicles, including rental vehicles. The same is true for Canadian citizens exporting and importing Canadian licensed vehicles.

Currently, the existing safety regulations do not permit a Canadian citizen to temporarily import a U.S.-registered vehicle into Canada. Rather, the vehicle must be imported on a permanent basis. This is identical to U.S. law, which prevents a U.S. citizen from temporarily importing a Canadian registered vehicle to the U.S.

The federal safety regulations are currently based on an assumption that a Canadian importing a U.S.-registered vehicle is doing so on a permanent basis. Transport Canada recognizes that this is not always the case. As such, the department is working to amend the safety regulations to allow for a temporary importation of U.S. vehicles by a Canadian citizen when it is clear that the vehicle will be returning to the U.S.

These regulatory amendments are under way. As part of these regulatory amendments, there would not be any RIV fees applied to temporary importation of U.S.-plated vehicles into Canada. These proposed amendments were pre-published in the Canada Gazette, part II, on May 19, 2018. Building on this progress, the department is aiming to finalize the amendments and seek final approval, final publication in the Canada Gazette, part 2, by the end of this calendar year 2019. Pending final publication, Canadian citizens would immediately be able to apply to Transport Canada, with no registration fees, for a permit to temporarily import a U.S.-registered vehicle into Canada.

Thank you, Madam Chair.

• (1210)

The Chair: Thank you very much, Mr. DeJong.

We move on to the Department of Finance, please.

Mr. Scott Winter (Director, Trade and Tariff Policy, International Trade Policy Division, International Trade and Finance, Department of Finance): Good afternoon.

Thank you, Madam Chair, and members of the committee, for inviting us here today to speak with you.

My name is Scott Winter. I'm the Director of Trade and Tariff Policy at the Department of Finance. I'm joined today by my colleague, Mr. Carlos Achadinha, who is the Senior Director of the Sales Tax Division.

I'd like to begin today by explaining the general policy goals of Canada's tariff regime and the goods and services tax—the GST—followed by a short description of the treatment of imported vehicles, including importations on a temporary basis, and how this treatment fits with those goals.

Customs duties are established under customs tariff legislation, and applied on imported goods, where applicable, for a variety of

policy reasons, including domestic industry protection, as well as revenue generation.

The GST is Canada's national sales tax. It is a broad-based tax that applies to most goods and services acquired for consumption in Canada. The GST is generally levied on imported goods in the same manner as it is imposed on domestic purchases, in order that the imported goods do not benefit from a tax-based competitive advantage over goods sold in Canada.

In light of these considerations and principles, Canadian residents who import a vehicle into Canada are required to pay applicable import duties and taxes at the time of importation. There are certain exceptions to the general rule that customs duties and the GST apply to the importation of vehicles, including for those imported on a temporary basis.

For example, customs duties and the GST do not apply to vehicles temporarily imported by Canadian residents for the purpose of transporting their own household or personal effects into or out of Canada, or as a result of an emergency or unforeseen contingency.

Subject to conditions specified by regulation, Canadian residents are also able to temporarily import, free of customs duties and GST, a foreign-registered vehicle to reach their destination in Canada and return directly to a point outside of Canada within 30 days. However, the vehicle may not be used for other personal reasons while it is in Canada.

The current framework was designed with the broad policy goals of avoiding competitive disadvantages or inequities for Canadian businesses, for example, vehicle dealers in Canadian border communities, as well as minimizing the risks of duty and tax avoidance that could negatively affect government revenues, and create an uneven playing field for Canadian businesses.

The collection and administration of customs duties and the GST on imported goods, as well as the exceptions for temporarily imported vehicles that I mentioned, fall under the responsibility of Canada Border Services Agency—CBSA. My colleague from the CBSA will outline how the agency currently applies and administers the customs duties and GST on temporary importations of vehicles.

Thank you, once again, for allowing us the opportunity to speak today. We welcome any follow-up questions the committee may have.

• (1215)

The Chair: Thank you very much, Mr. Winter.

We will move on to Mr. Lawrence.

Mr. Andrew Lawrence (Acting Director General, Travellers Branch, Canada Border Services Agency): Good afternoon, Madam Chair and members of the committee.

As the committee is aware, the agency's mandate is complex and dynamic. In managing the border, we administer and enforce over 90 acts and regulations on behalf of other federal government departments and the provinces and territories.

With respect to this study, on the feasibility of allowing Canadians to bring their legally owned and U.S.-registered and -plated passenger vehicles into Canada for a defined temporary period without having to pay any taxes, duties or importation fees, the CBSA can only speak to its enforcement of the legislation as it applies to the border. The CBSA first derives its authorities to examine, detain and/or refuse entry to any good or conveyance, in this case a vehicle, under the Customs Act, one of the agency's primary pieces of legislation. When a Canadian resident is seeking to return to Canada with their U.S.-plated passenger vehicle and they approach a land border or port of entry, a border service officer must consider a number of acts and regulations before the vehicle may be admitted to the country.

First, vehicles imported into Canada must meet the requirements set by Transport Canada under the Motor Vehicle Safety Act. The CBSA assists Transport Canada by ensuring that these vehicles can be imported, and will prohibit the entry of inadmissible vehicles. Second, with its broad food, plant and animal authorities, the CBSA will inspect motor vehicles entering Canada to ensure that they are clean and free of pests, soil or other organic material. Vehicles found to be contaminated are refused entry and ordered removed from Canada under the authorities of the Plant Protection Act and the Health of Animals Act, as well as their associated regulations. Third, on behalf of Environment and Climate Change Canada, the CBSA may, on ECCC request, detain shipments suspected of non-compliance pursuant to the Canadian Environmental Protection Act, 1999.

Finally, on behalf of the Department of Finance, the CBSA must ensure that residents of Canada operating vehicles for which duties and taxes have not been paid are in compliance with the strict conditions set out in customs tariff item no. 9802 and the regulations respecting temporary importation of conveyances by residents of Canada. Vehicles imported temporarily will be on a duty- and tax-free basis so long as the conditions under the regulations are respected. For those vehicles that are admissible to Canada and that will be imported on a permanent basis, the CBSA must then assess the duty, excise tax and goods and services tax owed to the Crown.

It should be noted that in situations of emergency or unforeseen circumstances, Canadian residents may be permitted, under these regulations, to temporarily import non-compliant vehicles. Currently, the processing of foreign registered vehicles is paper-based, and the CBSA does not track statistics or data related specifically to the subset of the population the committee is examining.

I hope I have clarified the CBSA's border enforcement role with respect to the temporary importation of vehicles by Canadian residents. I would be happy to take any questions the committee may have.

Thank you.

The Chair: We'll now go to the Canadian Snowbird Association.

Evan Rachkovsky, please.

Mr. Evan Rachkovsky (Director, Research and Communication, Canadian Snowbird Association): Good afternoon, Madam Chair and members of the committee. Thank you for inviting me here today to discuss the issue of Canadian residents temporarily

using American-plated vehicles in Canada. My name is Evan Rachkovsky. I am the Director of Research and Communications at the Canadian Snowbird Association.

For the members of the committee who are not familiar with our organization, let me provide you with a brief overview. Founded in 1992, the Canadian Snowbird Association is a national, non-partisan, not-for-profit advocacy organization dedicated to actively defending and improving the rights and privileges of Canadian travellers. Today the CSA has grown to over 110,000 members who come from every province and territory in Canada.

To fulfill our mandate and provide meaningful results for our members, our association delivers timely travel-related information for our membership and works with government at all levels to pursue policies for the betterment of Canadian travellers. We not only provide our members with up-to-date information; we also have a government relations program that is wide-ranging and includes the defence of the Canada Health Act—namely, the portability principle; the provincial and territorial drug program vacation supply policies; residency requirements related to continuous health coverage; and a number of cross-border issues.

• (1220)

The Chair: I'm wondering if you could slow down a little bit. The interpreters are having a hard time keeping up.

Mr. Evan Rachkovsky: Of course.

With regard to the latter, most recently the CSA has been actively tracking the development and implementation of the entry/exit initiative, the information-sharing program between Canada and the United States that is scheduled to become fully operational by the end of this year. The entry/exit initiative is one program in the broader Beyond the Border declaration that was unveiled in February 2011 and aims to enhance the collective security and accelerate the flow of legitimate goods, services and people both at and beyond the Canada-U.S. border.

Another cross-border matter that impacts our membership, and is the current subject of study for this committee, relates to Canadian residents' temporary use of American-plated vehicles while in Canada. Under the current legislative and regulatory framework, Canadian residents are only allowed to bring into Canada a foreign-plated vehicle temporarily for the purposes of transporting household or personal effects into or out of Canada for up to 30 days. In all other circumstances, if you buy, lease, rent or borrow a vehicle while outside of Canada, Transport Canada and Canada Border Services Agency legislation do not allow you to bring a vehicle into Canada for your personal use, even temporarily, unless it meets all Transport Canada requirements and you pay the duty and federal taxes that apply.

In our opinion, the current arrangement is outdated and does not reflect the growing trend in both countries towards making the border experience as seamless and as timely as possible for low-risk travellers. This policy ought to be modernized because, in its current form, it places an unnecessary restriction on the travel options of Canadian travellers who own U.S.-registered vehicles.

Over 60% of our members drive from Canada to their winter destinations annually. Generally, as snowbirds age, they opt to fly back and forth from Canada to the United States rather than tolerate the multi-day drive to their winter residences. In order to have a mode of transportation while they are down south, many of them will purchase a U.S.-plated vehicle. This is permitted in all Sunbelt states, particularly Florida, Arizona, California and Texas, and vehicles can be registered and insured with a Canadian driver's licence.

In certain instances, these Canadian travellers may be required to return to Canada in their U.S.-plated vehicles. Under the current legislation, if they cannot satisfy the existing exemption, these individuals are required to import the vehicle through the RIV program, the registrar of imported vehicles program, and pay the necessary import duties, taxes and program fees. These requirements make sense for vehicle owners who reside in Canada for most of the year, but seem excessive for owners of U.S.-plated vehicles who reside in the United States for up to six months annually and eventually intend to sell the vehicle in the United States.

Once again, I would like to thank the committee members for their invitation.

I'm happy to take any questions that you may have.

The Chair: Thank you very much.

Now, as an individual, we have Mr. Reed.

Welcome to our committee, Mr. Reed.

Mr. Tim Reed (As an Individual): Thank you, Madam Chair and committee members, for inviting me to address you.

I'd also like to thank my MP Tom Kmiec for his attendance and his valiant support for this cause, along with Mr. Badawey for his interest in the item.

By way of background, like hundreds of thousands of Canadians, my wife and I own a retirement home in the U.S. We also own two vehicles purchased and registered in the State of Arizona. Following the purchase those vehicles, I was surprised to learn that we would not be able to bring them into Canada for a temporary period. The only way under existing legislation, which I understand to be the Motor Vehicle Safety Act, would be to apply to permanently import the vehicle, as you've just heard from several other speakers. It would seem that the Motor Vehicle Safety Act, given its title and its preamble, exists primarily for safety reasons. While laudable and necessary, it seems the act would not apply to a U.S. citizen wishing to bring their vehicle into Canada temporarily. Indeed, we see this by the tens of thousands, I suspect, at border crossings.

While the legislation deals at length with the permanent importation of vehicles, you have to assume that when the legislation was passed it had not been conceived that a Canadian citizen would own a vehicle in the U.S. and wish to bring it temporarily into

Canada. This results in the ludicrous situation where a U.S. citizen in this instance enjoys more rights in Canada than a Canadian citizen.

Why should a Canadian citizen wish to bring their vehicle temporarily into Canada? In our own circumstances, one of our vehicles happens to be a convertible sports car, which we would, in the occasional year, like to enjoy for several summer months on the roads in Canada.

Another example that my wife and I encountered was the proposal by Australian friends of ours to join us at our property in the U.S. and take a scenic drive north through the U.S. and through western Canada, from where they would return to Australia from Canada by air, and we would depart back to the U.S. with our van. As it turns out, the only way that was possible was through a costly car rental, and as a result, our proposed road trip was cancelled.

Interestingly, under this legislation, we would have been able to bring a rental car into Canada, but not our own. This begs the question: Why does a U.S.-based rental car company enjoy this right while Canadian citizens do not?

In another instance, my brother-in-law, unaware of these restrictions, intended to trailer his off-road vehicle temporarily into Canada, but was prohibited from crossing with it at the border. He had to leave the vehicle on the U.S. side of the border, drive to his home in Calgary, process paperwork to have it permanently registered in Canada, return to pick up the vehicle, and then return it several months later to leave it permanently back in the U.S.

These are actual occurrences. One can easily imagine other scenarios, too. For instance, should a Canadian citizen with her own U.S.-registered vehicle need to urgently return to Canada but be unable to fly, perhaps due to health reasons, being unable to book or afford an airline flight, or perhaps air traffic being grounded, they are further stymied from.... Let me just say I had understood that they would be further stymied from driving their own vehicle, and now we've just heard that, in cases of emergency, Canadian citizens could bring their vehicles back. I was unaware of that.

For almost five years now I've been investigating and communicating with government officials about this issue. During this time, a Department of Transport employee raised the problem of ensuring that a vehicle brought into Canada temporarily leaves the country. One might ask the same question about a U.S. citizen. Notwithstanding, I had offered a simple and easily implemented process to deal with this issue.

As my time in front of you is limited, and this meeting concerns a legislative problem, not an implementation challenge, I will defer going through this procedure I had suggested. Although, for your reference, you may find my suggestion and copies of letters to Minister Garneau dated January and September of 2019.

In 2017 Mr. Kmiec kindly offered to support a petition to Parliament concerning this issue. I was advised that as few as 25 original signatures of Canadian citizens would suffice. When this fact about petitions was explained, not a single person declined to sign. I easily gathered 100 signatures. Many of these individuals own property in the U.S. and many of them own vehicles in the U.S. It is safe to say that most were aghast to learn of the restrictions on their right. Mr. Kmiec subsequently read and entered our petition in Parliament in 2017.

• (1225)

In summary, I'm asking the committee to initiate the process of having this oversight in legislation corrected, thus restoring the rights of Canadian citizens that have been inadvertently eliminated for no apparent reason.

It is gratifying to see officials from various departments of the civil service in attendance. I am a retired corporate executive from the private sector with a long career in administrative functions. As such, I can fully appreciate the importance of the administrative process when it comes to implementing policy, or in this case, legislation. However, as I fully know from my own career, process and administration follow policy, and not vice-versa.

I acknowledge that this issue affects a very small part of our population. However, I ask, what is the calculus for deciding when to disregard a citizen's rights? I trust in your judgment as parliamentarians to do what is right regardless of the number of Canadians affected.

Thank you for your attention, and I can take questions, too.

The Chair: Thank you very much, Mr. Reed.

Mr. Reed's documents are currently in translation: hence, you have not yet received them.

Mr. Kmiec, it's on to your time, for six minutes, please.

Mr. Tom Kmiec (Calgary Shepard, CPC): Again, my thanks to the committee members, and the government side especially, for making this possible. As you've heard from my constituent from the great riding of Calgary Shepard—not the greatest, but a great riding, as I know everybody is going to correct me and say theirs is the greatest—it has taken five years to get to this point where I could get a committee hearing. That's the nice part.

Also to the officials, thank you all for being here. I know we've picked you out of your departments on a weekday to present what is—I admit it, and so did Mr. Reed—a very small niche issue.

Now I'll go into the more negative aspect of it. I have all the correspondence here, that back and forth with the minister's office that Mr. Reed has given me, as well as the petition response that I got, which was very unsatisfactory.

This is what happens when issues such as this are not dealt with immediately, when a resident of Canada raises an issue of private property, raises an issue that is very technical in nature.

Mr. DeJong, you said you are waiting, because at the end of the year there will be changes to the Motor Vehicle Safety Act regulations to allow Canadians to import their American-plated vehicles temporarily, but my understanding is that first they have to

seek a permit. They won't just be able to show up at the border. They would apply for a permit ahead of time with the Canadian government. They would fill out the application with the licence plate information.

Could you tell me more about how that will actually function?

• (1230)

Mr. Michael DeJong: I'll start by just simply confirming the process, and I'll turn to my colleague Mario to talk about the specific permit involved.

Yes, there is a regulatory process that is now under way to remove the RIV fees, or the registrar of imported vehicle fees, associated with temporarily importing a U.S.-plated vehicle into Canada by a Canadian citizen.

Therefore, yes, there is a process still for this about respecting the safety requirements in the Motor Vehicle Safety Act.

Mario.

Mr. Mario Demers (Chief, Importation and Audit Inspection, Department of Transport): Currently, there are allowances for temporary importation. The changes in the regulation that will be put into effect by the end of this year in part II of the Canada Gazette are to expand on that. What's being added is an ability to do exactly what we're discussing today, to temporarily import a U.S.-registered vehicle.

Currently, there's a form online, or you can also get a paper form by reaching out to Transport Canada. You provide basic information, the vehicle information such as the VIN, the make, model and year, the date of importation, how long you think you're going to be here and the purposes for importation, and Transport Canada will then issue you an authorization certificate that you present to CBSA at the time of entry, to demonstrate that you've already cleared it as a temporary importation, not a permanent importation, and therefore, you are not to be sent to the RIV program and have to pay a RIV fee, and so on, and have your vehicle modified.

It just clearly identifies, and when you get to the border with the sheet, CBSA understands that it has been viewed and approved by Transport Canada.

Mr. Tom Kmiec: You heard Mr. Reed's example of bringing up a vehicle from Arizona temporarily. He thereafter will be able to apply for the permit and bring up that vehicle for, say, 30 days and bring it back.

Mr. Mario Demers: Correct.

Mr. Tom Kmiec: I have another example from other constituents who mentioned it.

Let's say I have a cottage or a cabin in Montana and I have a jeep that I use for off-roading. That's the example I used at the committee. I want to bring my jeep to, say, Lethbridge where I live, to fix it up, because I have a garage there. Maybe I damaged it while I was off-roading. I understand from Mr. Lawrence that I have to wash my jeep to make sure it's clean—so thank you for that, because I probably wouldn't have done so. I will wash my jeep, then show up at the border with the permit, and I would be allowed entry.

What if my vehicle were non-functional? It's my vehicle; I'm taking it on a trailer across the border towed by a Canadian vehicle, and I'm trying to go to my garage to fix my vehicle. I'm handy; I'm a tinkerer; I'm making an upgrade to it, or it needs a new timing belt or work on its transmission. Can I still do so even though the vehicle is non-functional?

Mr. Mario Demers: The condition of the vehicle is not a distinguishing factor for being allowed in or not. Depending on what this vehicle is.... Again, we don't enforce and regulate on the intended use of the vehicle. If you have a Jeep Cherokee, for example, and you say that you know it's a road vehicle and it's a regulated vehicle, but you never use it on the road, that vehicle is still a regulated vehicle and has to meet standards. However, if it is a true off-road vehicle—a UTV or ATV—there are, again, basic things, and if you're bringing it in temporarily it's a non-issue.

Mr. Tom Kmiec: I have another question. Under this model that you're proposing here, does it match with.... I guess the permit part doesn't match, but on the fees, will all fees then be waived for that time period? What will happen if you overstay? How long is the permit good for?

Mr. Mario Demers: The Transport Canada permit currently.... It's what we call a schedule VII or TVIS. Basically, it allows for periods of one year or longer with justifiable reasoning. Typically for temporary importation by a Canadian of a U.S.-plated vehicle, the periods will not be that long. It's a month, three month or six month kind of thing.

For those vehicles, the form is quick and easy. It's a series of nine or 10 very basic questions. You receive your certificate and you enter. There are no fees at all associated with temporary importation—only for permanent importation.

•(1235)

The Chair: We will move on to Mr. Badawey.

Mr. Vance Badawey: Thank you, folks, for being here today. It's much appreciated. As well, I want to thank you for the work that I'm sure you've done on this file in the past little while.

I also want to thank you, Mr. Kmiec, for bringing this forward. Although it's a niche area and I'm sure it affects only a few individuals throughout the country, whether it's one, a hundred, a thousand or a million, it is important. I thank you for that. I also want to thank you for bringing the motion that was unanimously supported. You weren't here at the last meeting when I brought up my amendment to that—or change of motion. I just want to make it clear that the reason I did that was to try to expedite this for you, to ensure that. Although sometimes we sit on different sides of the table, we are in fact working together in the best interests of individuals like the ones I'm sure you've discussed this issue with for many months.

My question for Mr. Kmiec is going to be very short and simple.

In what you've brought forward now and in the work that's being done, it has been very well articulated by the department that they are working to amend the safety regulations. You've set a time frame for the proposed amendments and, although they were pre-published in the Canada Gazette, part I, on May 19 of 2018, the intent is now, pending final publication, to have this done by year-end. Then, of course, a lot of these issues would be dealt with and put to rest, so to speak.

Mr. Kmiec, are you satisfied with the direction that the department has taken?

Mr. Tom Kmiec: Can I answer that even though I'm not a witness?

The Chair: Go ahead.

Mr. Tom Kmiec: Fantastic.

Yes, I think that's great as long as it actually follows through the Canada Gazette, part II. I only have a another couple of procedure questions, so I was wondering....

Mr. Vance Badawey: Mr. Kmiec, I'll give you that time. Go ahead.

Mr. Tom Kmiec: Fantastic. Thank you, Mr. Badawey.

Mr. Lawrence, how involved has CBSA been with this permit process? You've said that right now there's paper-based record-keeping of the vehicles crossing into Canada. Is this just another piece of paper that border agents are going to be collecting? Or is there some electronic communication that will happen between the two departments at some point?

You're creating a new paper-based directorate—

Mr. Mario Demers: No, it's an existing one.

Mr. Tom Kmiec: It's an existing one?

Mr. Mario Demers: We just expanded it to add one more purpose, which is this.

Mr. Tom Kmiec: Is it a paper I would have to print or show on my electronic device at the border?

Mr. Mario Demers: For personal importation, yes. If you've heard of the single-window initiative that has to do with commercial importation, that's electronic. For personal importation, yes, it is still a paper process.

Mr. Tom Kmiec: Would I still have to print it? Could I not show it on my phone if I have the document there?

Mr. Mario Demers: No. You cannot show it on your phone.

Mr. Tom Kmiec: That's kind of odd, isn't it? You said that you had a paper-based system and you're making me do it electronically and then print it so I could show it to Mr. Lawrence's CBSA officers at the border.

Mr. Andrew Lawrence: If I could clarify, the paper I referred to was a temporary import permit. It's a separate administrative document. They're not used in all cases of the temporary importation of a vehicle.

Mr. Tom Kmiec: How fast will CBSA officers be aware that, in fact, after this passes Canada Gazette, part II.... How fast will people actually know across your agency that Canadians with American-plated vehicles can bring them in temporarily? How is that training going to be rolled out?

Mr. Andrew Lawrence: Part of my role is to provide the front-line functional guidance in matters related to a regulatory change and policy change. We have a process set up whereby we would issue what's called a "shift briefing" in an operational bulletin. It will reference back to the various authorities governed by Transport, and step-by-step instructions will be issued to the front-line staff so that they understand what the form looks like, how it's applied for and what it means in terms of the application of the various requirements at the border.

Mr. Tom Kmiec: The question is back to you, Mr. Demers.

What happens when a Canadian overstays? How long will the time period for these permits be?

Mr. Mario Demers: Again, it's on a case-by-case basis. For example, if someone says, "I'd like to bring my vehicle in for three months," and something happens and three months become four months, they can simply contact Transport Canada and say, "My permit number is such and such, I had stated three months, but I need a little bit longer." As long as it's for a valid reason, the permit is extended.

Mr. Tom Kmiec: This is all fees—import fees, GST, customs. There will be no fees for Canadians bringing their vehicle across the border if it's American-plated?

• (1240)

Mr. Mario Demers: From Transport Canada's perspective, that is correct.

Mr. Michael DeJong: Specifically, the reference was for the Transport Canada registrar of imported vehicle fees. It's those fees in particular.

Mr. Tom Kmiec: Would there still be that AC fee?

Mr. Mario Demers: No, that fee would not apply on temporary importation.

Mr. Tom Kmiec: Okay. I'm satisfied. They're actually going to do it, and on a very tight timeline, too, by December. I'm pleased as peaches.

The Chair: Exactly.

Mr. Aubin.

[*Translation*]

Mr. Robert Aubin: Thank you, Madam Chair.

I have never felt that Trois-Rivières was as far from the U.S. border as it was this morning. This is an issue I have not addressed in eight years of practice. In my opinion, there are two ways to learn, by listening or by asking questions. I have the impression that the questions I would ask would be so basic and for such a targeted niche that I would be happy to offer my time to the person moving

this motion, who wanted us to hold two meetings on the topic. I think that by combining the time that Mr. Badawey has just given him and mine, we will be able to offer him two meetings in one.

[*English*]

If you want my time, it's yours.

[*Translation*]

Mr. Tom Kmiec: Mr. Aubin, thank you for your offer. I know that this is a very specific and particular subject, one that affects my constituents. Actually, a few have come to see me about it.

[*English*]

Can I go back to schedule VII? The acronym TVIS was used.

Mr. Mario Demers: That's the electronic online system. It stands for temporary vehicle importation system. People have the option to log on to a computer and complete all the information. It's automatically reviewed and processed by Transport Canada officials. Then they will respond electronically with, "Here's your authorization."

Mr. Tom Kmiec: I've seen things gazetted before, and then the consultation process is prolonged and it disappears and dies off on the paper, so just so I can have the certainty that this will be done by the end of the year, is there a fixed date by which you believe it'll be gazetted for the second and final time? Is there a fixed date to make this operational?

Mr. Michael DeJong: It has been gazetted for the first time; it was pre-published in May 2018. The second date, the final publication, is not fixed, so this would be subject to decisions by the Minister of Transport and approvals from Treasury Board ministers. The department is aiming to finalize and seek approval for the regulations by the end of 2019.

Mr. Tom Kmiec: My only problem is that there's an election, and elections tend to make all of these niche issues kind of disappear. Every single department has a regulatory plan. Is this part of the regulatory plan as well?

Mr. Michael DeJong: It is part of our forward regulatory plan. It can be found in the regulations amending the motor vehicle safety regulations on importation and national safety marks.

Mr. Tom Kmiec: If this isn't done in 2019, and my constituents are okay with my returning here to the next Parliament, are you okay to return to this reconstituted committee, to explain why it wasn't done?

Mr. Michael DeJong: I'd be happy to return.

The Chair: Mr. Graham.

Mr. David de Burgh Graham (Laurentides—Labelle, Lib.): If the interpreters had problems with Mr. Rachkovsky, then they'll have real issues with me. I'm sorry about that.

I appreciate Mr. Aubin's comments that this is new to him; this is new to me as well. Thank you, Mr. Kmiec, for bringing this up. It is more interesting than I expected it to be.

I'm trying to get my mind around what a temporary importation is. As I understand it, if you cross the border, you're temporarily importing a vehicle, straight up. As soon as you cross the border in a vehicle, in the eyes of the law, you're temporarily importing it. Is that correct?

Mr. Mario Demers: As soon as you cross the border, you are importing the clothes on your back, even. When it comes to a vehicle, you're importing. It's at that time you have to declare to customs whether this is a permanent or temporary importation. Based on that decision, different process flows apply.

Mr. David de Burgh Graham: Okay. You can bring in a vehicle to the other country, say, for 30 days, as long as you only go to your destination. Are you in a technical violation if you go to the grocery store in the other country?

Mr. Mario Demers: On that I'm going to have to defer to the CBSA, because the 30-day and the "not use" are CBSA criteria.

Mr. Andrew Lawrence: To clarify, the 30 days is outlined in customs tariff item 9802, which outlines the conditions under which a resident of Canada may temporarily import a vehicle. The conditions are up to 30 days. The vehicle would have to be exported solely for going from the port of entry to point A, and then from point A back to the port of entry. By using the car while in Canada for leisure purposes or for transportation of goods or carrying.... If you were a Uber driver and you were carrying folks around, you would be in violation of the conditions in the customs tariff.

•(1245)

Mr. David de Burgh Graham: If that vehicle is caught at the grocery store, what are the penalties and the repercussions for that?

Mr. Andrew Lawrence: The penalties can be monetary, up to the duties and taxes owed on that vehicle. The vehicle may be seized for the owner's untrue statements.

Mr. David de Burgh Graham: It gets to be pretty expensive milk. All right, thanks.

Can a vehicle have dual registration? Can it be registered in both countries at the same time? Is that possible?

Mr. Mario Demers: I do not believe so. The U.S. and Canada have different standards. As such, they reciprocate exactly what we do. When you're permanently importing a vehicle into Canada, you have to make certain modifications to make it Canadian-compliant, including modified daytime running lights, clutch interlock, etc. Depending on the class of the vehicle, it can be different things. Likewise, the U.S. has slightly different things. So when you're importing a vehicle into the States, there is also a similar registrar of imported vehicle program there, where you have to bring your vehicle and pay fees to have the vehicle modified, then inspected and recertified to the U.S. safety standards.

Mr. David de Burgh Graham: The North American road network doesn't end in the U.S. It goes all the way to the Darien Gap in Panama to Colombia. How do our rules apply to other North American and Central American vehicles that are not American or Canadian?

Mr. Mario Demers: Basically, the Motor Vehicle Safety Act currently ensures that vehicles coming into Canada are Canadian-compliant. With NAFTA, or whatever it's called now, Mexican and U.S. vehicles are allowed into Canada under certain conditions, to be

modified and inspected, because the safety standards are very similar between the U.S. and Canada. As part of this implementation package, the Mexican vehicles, I believe, will be reviewed and gazetted, too, at the end of this year just to expand that and allow Mexican vehicles to also come in. Beyond that, the vehicles cannot come in. The Motor Vehicle Safety Act says that the vehicles have to be Canadian-compliant. The exception under the act—subsection 7 (2)—talks about vehicles purchased at the retail level in the United States that have no open recalls and can be modified to our Canadian standards. They are allowed entry and they have to do all of this—the modifications and the vehicle inspection—prior to licensing and registering in a province, and within 45 days. But, again, that's for permanent importation.

Mr. David de Burgh Graham: Okay. It's all as clear as mud to me. I appreciate that.

Mr. Rachkovsky, there's a discussion of having snowbirds across the southern U.S. register their vehicles in the U.S., which is where this comes from in the first place. Why don't snowbirds want to have Canadian-registered plates for their Canadian addresses while they're in the U.S.? Why wouldn't they just register it back at home?

Mr. Evan Rachkovsky: There are a couple of instances. One example is that most Canadian insurance providers limit the amount of time your Canadian-registered vehicle can be outside of Canada to six months. In order to combat that, if you had the U.S.-registered vehicle, you'd be able to use that beyond that time frame and be able to drive it in Canada with, again, these regulatory changes, which are pending. Again, because of those limitations, the only one that comes to mind for me is SGI in Saskatchewan, which would allow a Canadian-registered vehicle to be in the U.S. for a prolonged period of time—beyond the six-month period. Other than for them, most private insurers in Canada limit the amount of time that you can have the vehicle outside the country to six months. That's why, again, people will purchase U.S.-plated vehicles. It's a way to get around that.

Mr. David de Burgh Graham: One of the other questions—albeit I forget who asked it—

The Chair: You have 20 seconds.

Mr. David de Burgh Graham: Okay. Never mind.

Thank you, though.

The Chair: Mr. Hardie.

Mr. Ken Hardie: Actually, I want to build on that because I believe this might be some good communication material for Mr. Kmiec and other interested people to develop for people who might want to take advantage of this new regime. What requirements might U.S. insurers have on those vehicles crossing into Canada? I used to work for the public auto insurer in B.C. and I believe we had about the same rules as SGI did, but there were also mandatory minimum coverage limits that had to apply to a vehicle, a certain amount of third party liability, etc. In communicating this new regime, I think it would be very wise to make sure that Canadians bringing back those U.S.-plated cars check with their insurance provider down there, because there could be some difficulties if a crash occurred and they were liable.

I don't know if anybody has any knowledge of that or can comment on it.

• (1250)

Mr. Ron Liepert: Our guest may very well have a comment.

The Chair: Mr. Reed, would you like to respond to Mr. Hardie?

Mr. Tim Reed: I have a bit of personal knowledge with that—not that I have attempted to bring a U.S.-plated vehicle into Canada that we own, given the restrictions.

This is anecdotal because it applies to me. I had discussed this with our own insurance company—Farmers Insurance, in case you are interested—and their conditions would be the same. They would allow the vehicle in Canada and continue to insure the vehicle for, I believe it was six months. There is a different restriction going into Mexico, and I presume farther south, but Canada was fine.

The Chair: Are there any further questions or comments?

Mr. Kmiec, over to you.

Mr. Tom Kmiec: Tim, based on everything you've heard from the officials so far, are you comfortable with the way the government officials are handling this importation permit and the changes and amendments to the regulation?

Mr. Tim Reed: Thanks, Mr. Kmiec.

One concern in the back of my mind here is that I was continually advised by Department of Transport officials that this could not be handled by regulatory changes, that it had to require a change in legislation to accommodate it.

I'm sorry for not being familiar with the process through legislation and regulations, but it sounded to me as if these were regulatory changes that were coming and very much welcomed. I'm just concerned that this would require legislative changes as well.

Perhaps officials from the Department of Transport can comment on that.

The Chair: Mr. DeJong.

Mr. Michael DeJong: Absolutely.

To confirm, the proposed regulatory change is available online. There is a specific reference in the regulatory change, done pursuant

to the Motor Vehicle Safety Act, the applicable legislation, to Canadian residents entering Canadian with their U.S. registered vehicle. They would not have to pay any RIV fees.

Mr. Tom Kmiec: I am going to cede the rest of my time to Mr. Eglinski.

The Chair: Mr. Eglinski, you are next if you like.

Mr. Jim Eglinski: Thank you.

This temporary importation permit will not change the standard that you can only drive it to point A and leave it there and then return to the port of entry.

Mr. Mario Demers: No.

With Transport Canada's temporary importation program, I believe that when our colleagues from the CBSA they talk about a 30-day limit and limitations on driving, that's for something coming in for Transport Canada approval. Once you are coming in with a Transport Canada approval for temporary importation....

Basically, as mentioned, we have expanded the rights. Currently it's testing, evaluation, demonstration and so on. We have expanded these rights, but there are no restrictions on where the vehicle is used.

Mr. Jim Eglinski: Have you checked with the provincial legislation in the provinces of B.C. and Alberta for instance? Some have 30-day restrictions that you can't operate a vehicle with a foreign plate.

If you are a resident of the province, will that not contradict—?

Mr. Mario Demers: We can only address it from the federal level. The provinces retain—

Mr. Michael DeJong: As a matter of course, for all of our regulatory initiatives relating to motor vehicle safety, we consult with provinces and territories every time, through the Canada Council of Motor Transport Administrators. We similarly invite provinces and territories to submit comments.

The comment period has closed. We have not received any expressions of concerns from provinces and territories on this proposed amendment.

Mr. Jim Eglinski: But they have been given the opportunity.

Mr. Michael DeJong: Yes.

Mr. Jim Eglinski: Okay. Thank you.

The Chair: All right.

To all of our officials, thank you very much, especially to Mr. Reed for bringing these small issues forward to us. I think the transportation committee was very happy to help move it along.

Congratulations to Mr. Kmiec for some good work as a parliamentarian, and to Mr. Badawey and to all the rest.

The meeting is adjourned.

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