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

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**EVIDENCE**

**Wednesday, June 15, 2016**

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**Chair**

**The Honourable Judy A. Sgro**



# Standing Committee on Transport, Infrastructure and Communities

Wednesday, June 15, 2016

• (1530)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I would like to call to order the 20th meeting of the Standing Committee on Transport, Infrastructure and Communities. I'm glad that we're approaching the end of our season, so whether there'll be a meeting 21 and 22, we'll just have to see.

Pursuant to Standing Order 108(2), we are studying the Canada Transportation Act review.

We have, as a witness today, Duncan Dee, the former advisor to the Canada Transportation Act review panel, something that we've been looking at off and on, and have the full intention of looking at more in detail in the fall.

Thank you very much. I'll open the floor to Mr. Dee for his comments.

**Mr. Duncan Dee (Former Advisor, Canada Transportation Act Review Panel, As an Individual):** Thank you, Madam Chair, for the invitation to appear before you today.

I know you had invited the former chair of the CTA review panel, the Honourable David Emerson, to appear before you, but unfortunately he was unable to attend. I'll certainly do my best to represent him and the rest of the panel members at today's meeting.

By way of background, as you probably know, the review of the Canada Transportation Act is conducted about once every decade. The Minister of Transport at the time appointed a panel of six members under the chairmanship of Mr. Emerson in 2014. The panel undertook its work from 2014 until December 2015, when we submitted our report to the Hon. Marc Garneau.

Over the course of the 18 or so months that we worked on the report, we undertook consultations with some 500 stakeholders, groups, experts, and academics. From the very start of the process, our chairman, Mr. Emerson, stressed four basic assumptions that would guide our work.

First, that Canada has been, is, and will very likely continue to be an economy greatly dependent on international trade for its national prosperity and its wealth. That Canada, by global standards, is a country with a small population spread over a huge continental land mass.

Second, that transportation is the key underpinning of not only the country's economy but also its society, its communities, and its people. It is no wonder that the foundation of Canada is very much identified with its transportation links, that the building of a

transcontinental railway that allowed this massive land to be traversed efficiently and safely, is very much a part of our national identity.

Third, that Canada's competitiveness, as an economy, depends largely on transportation and logistic systems, which move goods and people efficiently, rapidly, and cost competitively. These are sometimes called global supply chains.

Fourth, that Canada is part of an integrated North American trading system. Our participation in the continental neighbourhood and our ability to coordinate our policies with our two North American neighbours will be a critical component in developing transportation policies now and well into the future.

As we looked into the various transportation challenges and opportunities that Canada faces, we examined them in the context of these assumptions and tried to answer the question of how best we could recommend changes to ensure that Canada was well prepared, and is well prepared, from a transportation perspective to participate effectively in the global economy, and to also serve this population, which is spread across the incredibly large land mass, north, south, east, and west.

As we sought the input of stakeholders, we heard a huge variety of thoughts on transportation challenges faced by industry, shippers, travellers, and communities. I'm sure, Madam Chair, that you, and the members of the committee, will agree that it seems like everyone in this country has an opinion on how best to solve the transportation challenges faced by the country.

The report that was submitted to the minister touched on every mode of transportation that falls under federal jurisdiction, including air, marine, and rail. It also dealt with some issues which, the minister at the time, specifically sought our input on governance; the north, which for our purposes was Canada north of the 60th parallel; and grain transportation.

Each adviser was assigned by the chair, Mr. Emerson, to take responsibility for a specific mode or subject. Minister Emerson asked that I focus my work on air and the north. For the air sector, the panel met with nearly 100 stakeholders, experts, and academics, who shared with us their views on the various government policies which impacted their sector. As you can imagine, when dealing with such large groups of stakeholders, each one brought their own perspective to the table, and provided us with sometimes conflicting perspectives and advice.

Through the recommendations, the panel attempted to strike a balance between competing interests with a view to ensure the strongest possible policy framework for the next 10, 20, and up to 30 years. The one issue, however, where we received near unanimity from the air stakeholders, was pre-board passenger security screening and CATSA.

Every stakeholder we met gave examples of inefficiencies and frustrations with CATSA and how CATSA was quickly becoming a bottleneck which was affecting their ability to grow, to offer new services, or to even maintain existing services without significant inconvenience to travellers and significant financial costs.

While the panel's time horizon was focused more on the long-term—a 10, 20, and 30 year time horizon—we felt that given the input we received, we had to look more intently at CATSA and provide our advice to the minister on how these issues could be resolved in the near-term.

•(1535)

We found that while we had a system that fulfills its core mandate of ensuring the security of air travellers, it does so at the great expense of service to customers and efficiency. Through our study, we found that while other agencies such as the Canada Border Services Agency had effectively used technology and their resources to enhance border security while significantly improving the traveller experience, CATSA had failed to do so and did not seem interested in pursuing ideas for improvement.

For the north, the panel focused its work on Canada north of 60, as I said earlier, and visited all three northern territories, meeting with stakeholders throughout its travels. The one key message we heard throughout our travels was that northern Canadians want to ensure that they remain a critical and vital part of the national transportation system and that while there had been major national efforts to link the country on an east-west basis, many of the northern stakeholders we met felt that improvements could be made to ensure that northern Canadians would also be included north-south.

We discussed and debated a number of ideas with them since several jurisdictions did, in fact, address the issue of remote communities as part of their national transportation systems. Ideas such as the essential air service program of the U.S., among others, were explored. In the end, however, based on the input we received from territorial government representatives, communities, indigenous representatives, and other stakeholders, we focused many of our recommendations on infrastructure improvements, which would address many of the concerns and issues that were raised in the north.

With that, Madam Chair, I am pleased to answer any questions you might have regarding the report.

**The Chair:** Thank you very much, Mr. Dee. We appreciate your very direct comments on the items we're very interested in.

Ms. Block.

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** I'd like to welcome you, Mr. Dee. It's good to have you here. It's good to kick off this very important work that we want to see continue in the fall by having someone from the panel start this conversation.

I noted that you said that this act is reviewed once every decade. Given the ever-advancing technology and changes within our transportation systems, do you think that reviewing this legislation once every decade is enough?

•(1540)

**Mr. Duncan Dee:** We certainly encountered this very issue that you raise when we were out consulting various stakeholders, and quite a few of them mentioned the fact that the last time they had had input, or their organizations had had input in this type of a consultation, was actually more than 10 years ago—it was about 13 years ago—and so much had changed.

When you touch on the work that this committee does in this particular sector, transportation is fast-changing with the impact of technology. Many issues have arisen over the decade and a bit since the last review took place. There are things, for example, in the north, such as climate change, which has, in just a short period of time over that 10-year period, changed quite a few of their transportation priorities. In transportation, there are also external factors like security and safety, which just crop up and suddenly have a dramatic impact on policy. So I would say that 10 years is probably a little bit on the long end. I wouldn't think an annual review would be warranted, but probably somewhere in the middle would be much more appropriate.

**Mrs. Kelly Block:** You also noted that we are part of a North American system. I looked quickly for a list of people who would have presented to you. Were there members or people from the United States, for example, and Mexico who would have presented to the panel on the issue of transportation?

**Mr. Duncan Dee:** Yes. We consulted quite widely, both in Canada and the U.S., and to a lesser degree in Mexico, where we sought best practices; we looked at ways in which the integration of the continent has taken place, and how we could best position Canada in light of that integration.

One of the fascinating things that we encountered, for example, was the movement of goods. So many Canadians, many of your constituents, shop online, for example. And when they look at their ability to have goods shipped across borders efficiently, those were things that we encountered as we consulted experts and academics across the border, and also in other parts of the world.

**Mrs. Kelly Block:** I know that you were a member on the panel that was shepherding the chapter on the north. You also noted in your remarks that infrastructure is one of the main prescriptions you have made for the north. I'm wondering if you could provide us with your definition or the panel's definition of "infrastructure".

**Mr. Duncan Dee:** Absolutely.

Let me just start by saying that our initial assumption was that we wouldn't be touching too much on infrastructure, because that would have been outside the scope of transportation. However, as we delved more deeply into this and looked at what other jurisdictions have done in their management of transportation policy, infrastructure was very much a part of how they positioned themselves.

In the north, we would define infrastructure, basically, as the basic building blocks on how you move people and goods. That would involve ports, airports, roads, and rail. But, obviously, in the north rail and roads aren't as prevalent, so in the north it would be more ports and airports, but more particularly airports.

In the case of the north and airports, unlike a lot of other northern jurisdictions, we found that in Canada with our user-pay model and practice over the years, we have northern communities that still rely on gravel airstrips for access. It's their only form of access in and out of those communities. The reason we felt that infrastructure was a key component of any look at northern transportation was that for many of these communities, those gravel strips have a very finite lifeline just because the aircraft servicing them are getting very old. We're getting to a point where there are no replacement aircraft of similar size that are capable of landing on gravel strips. Without addressing the fundamental infrastructure issues that are present, particularly in the north, we didn't feel that any transportation study would be complete.

• (1545)

**Mrs. Kelly Block:** Thank you.

**The Chair:** You have half a minute left.

**Mrs. Kelly Block:** Okay. If we can extend the time that we have with this witness, I'll wait and ask questions later.

**The Chair:** Yes, that's fine.

Mr. Sikand.

**Mr. Gagan Sikand (Mississauga—Streetsville, Lib.):** Before I begin, I'll just point out that I will be splitting my time with my colleague.

The review recommended that the federal government increase the foreign ownership limits: 49% for commercial passengers and 100% for specialty services. My question is what do you think the effect would be on the Canadian economy if Canadian airlines had both better access to foreign capital but were also vulnerable to increased competition from these foreign airlines?

**Mr. Duncan Dee:** That's an excellent question, and it was one that we struggled with as a panel.

One of the elements I should note in this is that if foreign ownership increases to 49%, it doesn't necessarily mean increased foreign airline competition in Canada. It merely allows carriers, or airlines, or air services companies to access a greater pool of capital, which, unfortunately, in a country of this size isn't as large as a lot of these start-ups would like it to be.

We struggled with this, but in the current context where we've seen significant improvements in the financial performance of the Canadian air carriers, going up to 49% wouldn't be something that would create a dramatic change in the playing field. We noted that some of the carriers had at one point or another advocated increases

in foreign ownership to 49%, but have subsequently changed their positions on this. In the Canada EU open skies agreement there are in fact provisions already to increase foreign ownership to 49%. So idea that increasing foreign ownership to 49% would have a direct impact on the competitive positions of income and carriers was definitely considered, but we felt that going to 49% wouldn't have a dramatic impact.

In terms of the 100% for speciality carriers, we were primarily looking at air cargo. In a country like ours, with a landmass like ours, we have not been able to generate a lot of activity in the air cargo business by Canadian carriers. We do have Canadian air cargo operators that operate primarily domestically, but from Canada to the rest of the world, based on the input we heard from shippers, a lot of those goods tend to be trucked to the United States and then shipped outside Canada through U.S. airports.

We felt that given the limited Canadian activity in that space, there should be not a huge impact by increasing it to 100%, which arguably is more radical than 49%. It would help stimulate investment activity in a sector that Canada doesn't participate in a huge way.

**Mr. Gagan Sikand:** How am I doing on time?

**The Chair:** There are three minutes left.

**Mr. Gagan Sikand:** You touched upon a few things earlier that I want to bring up.

With regard to climate change and greater road and rail access in northern communities, what role do you see the aviation industry playing in Canada, along with the 100% foreign ownership of air cargo, for example?

**Mr. Duncan Dee:** In terms of the north?

**Mr. Gagan Sikand:** In the north, for northern communities.

**Mr. Duncan Dee:** In northern Canada you presently have two large carriers operating throughout the north, and smaller regional carriers operating to and from smaller communities. They play a vital role in northern transportation. Road and rail north of the 60th parallel, and to most of that territory, aren't viable alternatives because of the cost and the distances involved.

Air travel is pretty much the critical, year-round link for many of these communities. In some communities you have ice roads during the winter that allow for road access, but on a year-round basis, air travel is the key component.

In terms of the impact that changes in foreign ownership have on those activities, we didn't feel there would be any. In terms of passenger operators, meaning most of the ones we're talking about in northern Canada, such as Canadian North and First Air, increasing it to 49% doesn't change their competitive landscape as far as we can tell—

• (1550)

**Mr. Gagan Sikand:** My apologies. I don't mean to cut you off. I am sharing my time with another member as well.

Thank you very much.

**Mr. Duncan Dee:** Sure.

**The Chair:** You don't have much left. You have 30 seconds.

**Ms. Kate Young (London West, Lib.):** Well, maybe I'll leave it and come back with a question afterwards, if that's okay.

**The Chair:** Mr. Nantel.

[*Translation*]

**Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP):** Thank you, Mr. Chair.

Mr. Dee, do you need to use the earpiece to hear the simultaneous interpretation?

**Mr. Duncan Dee:** No, that's fine. I understand French.

**Mr. Pierre Nantel:** Fine.

As for the northern area, I am rather familiar with the telecommunications and heritage issues. However, a new approach and new solutions are emerging. I am thinking for instance of new satellite orbits that may improve communications and access to broadband Internet service, both upward and downward.

For someone who is not extremely familiar with aviation in the north, what is it that makes it so expensive, and why is profitability so difficult to achieve? I assume it is the low volume.

I am bringing this up because in my riding, one of the main users of the Saint-Hubert Airport, Pascan Inc., made some very energetic efforts in this area. The company decided to purchase equipment in order to be able to meet the eventual Plan Nord demand, as well as to prepare for changes in government and the issues affecting the natural resources market. Today this business is struggling with a very difficult financial situation.

What is the main challenge for these carriers?

**Mr. Duncan Dee:** The main challenge for the carriers that provide service in the Far North is, as you indicated, the small number of passengers and the amount of business they do.

Some countries like the United States, Russia, and certain others, have overcome this problem thanks to programs that were specifically—

**Mr. Pierre Nantel:** You mean designed

**Mr. Duncan Dee:** Yes. They were designed for the needs of remote areas. But the United States, for instance, has areas that are not as remote as ours.

**Mr. Pierre Nantel:** Aside from Alaska.

**Mr. Duncan Dee:** That's correct.

There is a community that is quite close to the Ontario border and has been designated as a remote community. Consequently, it receives subsidies. The cost of air transport is so high in some communities that the American government decided to grant subsidies so that prices would not be as high.

Canada studied these various programs and concluded that they did not meet our needs. Currently in Canada's Far North—not Quebec's Far North—but north of the 60th parallel, we already have two air carriers that are quite large and provide service to those communities without obtaining government subsidies. Rather than subsidizing the commercial activities of these carriers, we recommended increasing subsidies for infrastructure in the northern aviation sector. These were subsidies to construction—

• (1555)

**Mr. Pierre Nantel:** Runways and airports.

**Mr. Duncan Dee:** Yes, runways and that sort of thing.

**Mr. Pierre Nantel:** We were talking about Alaska. It is probably one of the only regions that is very far away for the Americans.

**Mr. Duncan Dee:** Yes.

**Mr. Pierre Nantel:** Can you tell me what the price difference is between a flight leaving Seattle for a northern Alaskan community, and that of a flight leaving Vancouver for a northern Alberta community? Is there a large gap in prices?

**Mr. Duncan Dee:** We did not study the prices in detail. Aside from the price issue, Canada has another challenge, its user-pay system. In the United States the system is squarely subsidized in all respects. So it is difficult to make comparisons. Travelling between Vancouver and northern Yukon or the Northwest Territories is indeed more costly than travelling between Seattle and Alaska.

At the same time, the Government of Canada collects substantial sums from its passengers when they travel between Vancouver and the Far North, so as to be able to contribute to the funding of airports, security and other such things.

**Mr. Pierre Nantel:** You are talking about administrative choices. Yesterday or Monday, we heard that the Quebec City airport was going to change its funding mode. Currently, the airport receives an amount that is related to its assessed value, but it is going to try something else. Can that type of choice make a large difference?

**Mr. Duncan Dee:** In fact, we have already observed that these choices make a large difference in the prices paid by Canadian and American consumers. The sums required by airline carriers—

**Mr. Pierre Nantel:** You are talking about airport taxes.

**Mr. Duncan Dee:** Airport taxes, surcharges and other things of that type can contribute to increasing the cost of an airline ticket by 20%, 30% or 40%. These are very important elements.

[*English*]

**The Chair:** Thank you very much, Mr. Nantel.

[*Translation*]

**Mr. Pierre Nantel:** Thank you, Madam Chair.

[English]

**The Chair:** Mr. Hardie.

**Mr. Ken Hardie (Fleetwood—Port Kells, Lib.):** Madam Chair, if I could, I'll share my time with Ms. Young, who wanted to get a question in.

**The Chair:** Ms. Young.

**Ms. Kate Young:** I did want to tell you that Transport Minister Garneau, of course, sees the transport portfolio as very much an economic portfolio. I think the implications of not getting it right are wide-ranging.

I know you have been specific about air transportation in the north in particular, but I want to get a wider sense of the complications with such a massive report and your hopes for what the government will do with it and what you see as the priorities for the government.

**Mr. Duncan Dee:** Obviously, air and the north are great priorities to start with. I think the report, as a starting point, whatever one's views of the recommendations are, should provide the government with a road map to the challenges that stakeholders have identified.

We tried through our work, in particular, as a result of the experience that our chair Mr. Emerson had in compiling similar reports and recommendations for government, to ensure that the consultations were not focused on industry stakeholders or participants in the industry. We wanted to expand the consultation to include academics, experts, and to make comparisons with foreign jurisdictions.

Our hope is that whether or not the government feels any affiliation to the recommendations, at least we've succeeded in providing government with a road map, a view of the challenges that the industry faces. As Ms. Block pointed out earlier, it's a review that takes place once every 10 years, and when we went out and consulted, we had stakeholders who came up to us and said they had a huge list for us because they hadn't really gone through a review in over a decade.

As you said, I think the minister very rightly thinks there are so many economic implications that we can't afford to get this wrong. Hopefully, this report provides him with at least a framework for the challenges that industry stakeholders have identified as ones that would be helpful for them if they were addressed going forward in the 10-, 20- or 30-year time frame that the report is designed to respond to.

• (1600)

**Ms. Kate Young:** I did want to be specific about CATSA and passenger screening. You mentioned that they didn't seem interested in making any improvements.

Is this a concern that can be rectified by more staff or is it really a technological problem that needs to be looked at?

**Mr. Duncan Dee:** As a panel, we were—I think the best word would be—gobsmacked, when we were told by aviation stakeholders that this was their number one pressing issue. When we met with airports, airlines, user groups, consumers groups, the thing that shocked us—and this is a sector that can barely agree on anything—was that they came out with a near unanimous consensus that this was becoming a bottleneck to their activities.

We looked at this quite closely. We looked at several models around the world, and while funding is definitely a key concern—CATSA will certainly repeat that their funding hasn't increased with the increase in passenger traffic—there are, based on our observations at least, deeper issues than simply funding.

Because of the way it's currently structured, with Transport Canada as a regulator, there are some limitations to the model of having CATSA as a service delivery provider and middleman, and then the contractors who actually provide the services on the ground at the various airports. We've provided suggestions in the report on how that model can be improved so that the issues raised by industry, stakeholders, and airports can be better addressed.

**The Chair:** You have 45 seconds left if you want to use them.

**Ms. Kate Young:** Well, I think it is an issue that affects every traveller through an airport. Is there any quick fix, or do you think it is something that's going to take some time?

**Mr. Duncan Dee:** The quickest fix is money, but I don't think that the monetary solution is actually going to result in any lasting fix. That's the problem. The way the current system works, any time you have an increase in passenger traffic, more money is required.

I would say that the quickest fix would be a better implementation of the trusted traveller model that CBSA uses in its screening of inbound travellers to Canada, and using that database, that information, and that technology to differentiate the screening of trusted travellers through pre-boarding security at the airports.

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

Mr. Iacono.

[Translation]

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

In order to improve the viability, accountability and competitiveness of Canada's National Airports System, the review recommended that the largest airports be privatized, as they have been in the United Kingdom and Australia. The report also suggests that the airports become more accountable for their decisions with respect to investments, as well as charges and fees; and that some aspects of their operations be overseen by the Canadian Transportation Agency.

I have three questions for you. First, which stakeholders advocated for the privatization of the largest airports, and what aspects of their positions were most compelling? Secondly, how quickly do you think Transport Canada could implement this recommendation, which would involve policy development, legislative changes and multiple share offerings? Third, which, if any, air transport stakeholders were opposed to the notion of airport and privatization, and why?

• (1605)

**Mr. Duncan Dee:** If you don't mind, I will reply in English.

**Mr. Angelo Iacono:** Of course.

[English]

**Mr. Duncan Dee:** On the issue of privatization of airports, you asked which intervenors supported privatization. It wasn't so much intervenors who came in with a specific model they had in mind. In our consultation with experts and academics looking at models, as you've pointed out, in the United States and Australia and elsewhere where the current model exists, one thing that became extremely clear, and somewhat ironic, was that some of the largest investors in airports outside of Canada are in fact Canadian pension funds. We have Canadian pension funds that currently invest in infrastructure, whether it's in the United States, in Australia, or in Europe, whereas in Canada we don't actually benefit from the same level of private investment in our airports.

In terms of the reason we arrived at this recommendation, our chair was David Emerson, who actually was the first airport authority CEO appointed when the government of the day decided to extricate Transport Canada from the management of airports and set up airport authorities. One of the things that became clear to him and to us as a panel was that the current model was not supposed to be the end of the road in the evolution of airport governance, but that when Transport Canada divested itself of the airports, while the current structure of airport authorities would serve for a period of time, for the largest airports at least there would be a path towards privatization. We also heard from intervenors, primarily users—airlines, customers, and travellers—who felt that the existing model did not provide them with a level of accountability for the governance at the airport authorities.

With that type of input and the numerous international examples that we looked at, we decided as a group that as a recommendation, privatization, given what we've seen in the U.K., Australia, and the U.S., and the fact that Canadian pension funds are very active in those investments, would be a recommendation that would not only enhance accountability but also provide the necessary discipline and capital that these airports would require going forward.

**Mr. Angelo Iacono:** Thank you.

Peter, I can share my time with you.

**The Chair:** Welcome to the committee.

**Mr. Peter Fragiskatos (London North Centre, Lib.):** Thank you very much, Chair.

How much time do I have?

**The Chair:** Two minutes.

**Mr. Peter Fragiskatos:** We all have constituents who have faced problems at the airport, in some cases very serious problems. They've lost bags. They're bumped from full flights. There are significant tarmac delays. The point I'm getting at is an airline passenger bill of rights. This exists in the EU. This exists in the United States. Canadian airlines are subject to these laws when they're in these jurisdictions.

I want to get your thoughts on this. Significant fines have been applied to American airlines for tarmac delays—for example, to Southwest Airlines, to be precise. There are many other instances. Could you comment on that and on whether or not you think this would be a reasonable measure for Canada to look into perhaps adopting?

**Mr. Duncan Dee:** It's an excellent question, and it's one that we encountered through our work. The one thing that we have to identify as a baseline, though, is that Canada, despite a lot of the challenges we face, benefits from generally high customer service in the airline business. We have not seen the level of horror stories that you've seen south of the border, for example, with some of the most egregious examples of customer service snafus or customer service issues.

One of the things raised, which you also brought up, was the fact that Canadian consumers travelling to a jurisdiction with a so-called passenger bill of rights benefits from those so-called rights, while somebody travelling within two domestic points in Canada would not be covered by that. That was something certainly a number of witnesses who appeared before our panel raised. In fact one of the recommendations we've made is for Canada to consider harmonizing its rules with those in the U.S. and in the EU, the two major jurisdictions with whom we trade significantly and exchange passengers and goods.

• (1610)

**The Chair:** Mr. Dee, I must cut you off there. I'm sorry. The information is very important, but I must go to Mr. Berthold.

[Translation]

**Mr. Luc Berthold (Mégantic—L'Érable, CPC):** Thank you very much, Madam Chair.

Thank you, Mr. Dee, for being here with us today and for your testimony.

My first questions will be about the north.

I read the part of your report that is about the north with a great deal of interest. The figures you present are quite impressive as to the investments needed to access northern resources.

In the table entitled “Cost-Benefit Estimates for Investments in Northern Resource Corridors”, you suggest that investments of \$9 billion would be required to develop the infrastructures. We are talking about potential resource development expenses of \$276 billion. At first sight, these figures are quite large.

What justifies the \$9-billion investment in resource development; what is this based on? Out of the \$276 billion, some expenses have already accrued, even if the investments to create these corridors are not in effect currently.

**Mr. Duncan Dee:** The figures we used in the report come from the industries that already work in the north, are already working on projects there, and are thinking about improving resource development in the Far North.

In studying this file, we made comparisons, such as with the Plan Nord in Quebec, which is currently being implemented in that province. It is important for Canada, as a northern country,

[English]

to look at in greater detail the issue of the development of the north and how we could harness the potential of the resources available there for the national economy.



[Translation]

**Mr. Luc Berthold:** Please allow me to interrupt you, since we don't have a lot of time.

These figures that industries provided to you—do they represent possible investment expenditures that would be added to what has already been done, or are they ongoing projects, with or without infrastructure investment?

**Mr. Duncan Dee:** They are strictly additional expenses.

**Mr. Luc Berthold:** I see.

In your opinion, is this an optimistic forecast that may help to convince a government to invest?

**Mr. Duncan Dee:** Yes, it is an optimistic forecast, especially regarding the Far North. What we have is limited by current activities. However, as a northern country, we have to think about investing in a major way in developing the natural resources of the Far North.

**Mr. Luc Berthold:** It's a bit like a bee that sees a vast field of flowers, but the bee is in a jar. The bee is indeed in a jar currently and cannot get out. So we have to find a way to let it out.

**Mr. Duncan Dee:** Without these investments, the bee will always be limited.

**Mr. Luc Berthold:** Unfortunately, natural resources are a bit like the seasons: there are flowers in the summer, but none in the fall. So these forecasts may fluctuate.

Has the government drawn up a list of projects and priorities for northern development; do you know if there are concrete projects, with deadlines?

**Mr. Duncan Dee:** There are certainly lists of projects, especially within the Canadian Northern Economic Development Agency. We mentioned some projects in our report. They had been chosen by the governments of the northern territories, as well as by the communities. I think that the list of projects we selected is in general the same as that of the federal government.

•(1615)

**Mr. Luc Berthold:** And in these lists, did you see any concrete achievement intentions, or deadlines?

**Mr. Duncan Dee:** Not to my knowledge.

**Mr. Luc Berthold:** You did not see any.

**Mr. Duncan Dee:** No, I did not.

**Mr. Luc Berthold:** I see.

Do I still have a little time, Madam Chair?

[English]

**The Chair:** You have a minute and a half.

**Mr. Luc Berthold:** A minute and a half.

**The Chair:** A little bit less than that.

[Translation]

**Mr. Luc Berthold:** In the report on air transport, I read a lot about the National Airports System. There is also a group of small airports that feed the national airports. Less was said about them, but in the regions that is a very important issue. I am thinking of the Gaspé

region and of several small regions in Quebec that have an airport. Personally, I consider them underused in a vast country like Canada. Is there some particular reason why that aspect was not studied very much in the report?

**Mr. Duncan Dee:** We studied regional airport services, but most of these airports are not a part of the National Airports System.

**Mr. Luc Berthold:** They aren't a part of it.

**Mr. Duncan Dee:** We focused our efforts on studying the airports that are a part of the network.

**Mr. Luc Berthold:** Do you not think that it could be worthwhile to do a more in-depth analysis of the contribution of the small airports to the national system?

**Mr. Duncan Dee:** Absolutely.

Because of the deadlines we were given, we were unable to study all of the airports and all of the files we would have liked to look at more in depth.

**Mr. Luc Berthold:** That's a suggestion for a next study. If ever they call on your services again, could you keep that suggestion in mind?

**Mr. Duncan Dee:** Absolutely.

[English]

**The Chair:** That's a good point.

Mr. Hardie.

**Mr. Ken Hardie:** Thank you, Madam Chair. I will be sharing some time with Mr. Badawey.

Mr. Dee, welcome. I want to talk about ultra-low-cost airlines. We had representatives of one operation that proposes to set up a business in Canada. They mentioned that they were looking for a ministerial exemption in order to get their ownership ratio to 49% foreign-owned. They also mentioned that while these exemptions have been around for a while, none have actually ever been granted. Are you aware of the dynamic there?

**Mr. Duncan Dee:** I'm not sure if we had the same group appear before the panel, but we certainly heard similar representations from other interested parties who are looking at starting ultra-low-cost carrier services in Canada.

**Mr. Ken Hardie:** I'll just make my questions and answers fairly brief so my partner here has an opportunity as well.

I really got the impression from these representatives that they required that level of foreign ownership to operate an ultra-low-cost airline operation. They said it was because the capital wasn't available in Canada, but I get the sense that even if the capital were available in Canada, they would still want foreign ownership. What's the dynamic at play there?

**Mr. Duncan Dee:** Again, I'm not sure if we heard from the same group, because it's almost like an echo. We certainly heard from a number of these interested proponents of ultra-low-cost carriers that there was a limited market and appetite in Canada to fund these types of operations, but that there were in fact examples around the world of international investors, non-Canadian investors, who would put up the capital for this type of operation. We were under some pressure in fact to look at having a limit beyond 49%, but we limited ourselves to 49% based on the experience and the rules that are currently in place in other jurisdictions, particularly in the United States where foreign ownership of air carriers isn't possible.

• (1620)

**Mr. Ken Hardie:** Then going to the concept of ultra-low-cost airlines, the one I heard from was very interested in serving secondary airports that really didn't have any regularly scheduled service. That to me seems like adding value to the marketplace, but the concern is that they would be tempted then to go head-to-head with the existing airlines, and there will be some who will worry about a race to the bottom in terms of customer service and even of safety. You know that if you get people who keep undercutting costs, there are times when the market isn't necessarily the best barometer to use for what the country needs from its air services. Did your study look at the aspect of ultra-low-cost airlines and a managed approach to their presence in our marketplace?

**Mr. Duncan Dee:** We didn't specifically look at ultra-low-cost carriers and a managed approach into our market. The one thing we did look at is ultra-low-cost carriers as a whole, as a group. I think it would be fair to say that there have been no examples in which ultra-low-cost carriers would be seen or perceived to be less safe than non-ultra-low-cost carriers. In fact, in many jurisdictions in the EU or the U.S., ultra-low-cost carriers compete side by side with legacy carriers and low-cost carriers. From a safety perspective, I don't think we were able to uncover or see any indication that there would be a difference in safety compliance. Obviously, a key component of that is the regulatory regime, which in Canada is world-class.

**Mr. Ken Hardie:** Thank you for that.

Vance.

**The Chair:** You have two minutes.

**Mr. Vance Badawey (Niagara Centre, Lib.):** Thank you, Mr. Hardie, and Madam Chair.

Mr. Dee, from your participation in and contribution to the review of the Transportation Act, do you feel that a comprehensive study on the creation and development of a Canada transportation strategy with a focus on strategic transportation corridors using a gateway approach would be appropriate, should be a priority, and should be imminent within this process moving forward?

**Mr. Duncan Dee:** Yes, yes, and yes, absolutely. I think you've answered Ms. Young's question better than I could have, in that one thing we as a panel could hope for is exactly what you're talking about. For a country that depends on transportation as much as Canada does because of our geography and our population distribution, one of the things that are missing is in fact a national transportation strategy that takes into account all of the various elements that would make our transportation system work better for the future. As Ms. Block pointed out earlier, the effort that we took

was once every decade, whereas in many jurisdictions this is a living strategy that is very much a part of their policy decision-making process. For sure, absolutely, yes all around.

**Mr. Vance Badawey:** Thank you for that answer.

**The Chair:** Sorry, Mr. Badawey, but your time is up.

Mr. Arnold, welcome.

**Mr. Mel Arnold (North Okanagan—Shuswap, CPC):** I'm filling the shoes of Dianne Watts today, and they are killing my feet, by the way, as Ken Hardie pointed out. But in seriousness, I'd just like to pass on that she lost a brother to cancer yesterday, so that's why she's absent today. It's an honour to be here in her place.

Thank you, Mr. Dee, for being here. You mentioned earlier today that in the north you've identified that the gravel runways and the new commercial aircraft are less compatible and that there are no new aircraft coming on that are compatible with those runways. In the review, I see numbers as to what it would cost to extend runways and pave runways. Did you look at the possibility of a new aircraft manufacturer or retrofitter coming online to actually build or rebuild aircraft that would be compatible? I bring this up not because I'm an aircraft nut but because I'm aware of, I believe, the Beaver aircraft, which are being refitted with turboprop engines, which have basically breathed new life into that aircraft.

• (1625)

**Mr. Duncan Dee:** That's an excellent point, and we have certainly heard from a number of northern operators who have in fact been, as you pointed out, retrofitting aircraft and really extending the life of aircraft that have been around for quite some time to address the issue of gravel strips in many of these communities.

The new aircraft—and not even new aircraft—that have been coming on stream over the last few years are not capable of landing on these strips. The gravel kits that used to be available for some of the aircraft that are still servicing these communities are becoming scarcer and scarcer. So, from the perspective of accessibility to many of these communities, but also from a safety perspective in the long run, it's something that I think Canada needs to address, because if these communities are to continue to be a part of our national transportation system—such that the residents of these communities are equal Canadians who can access the rest of the country in a safe, efficient and cost-effective way—we need to look at paving these runways. Obviously, from a budgetary perspective there are limits on how many you can do and how much you can do, but unless we get started on this, it is simply a problem that's just going to keep on getting pushed further and further down priority lists.

**Mr. Mel Arnold:** I certainly am not an expert, but I question the construction of concrete and paved runways on permafrost—

**Mr. Duncan Dee:** Absolutely.

**Mr. Mel Arnold:** —with the frost issues up there. That's why I question it. The gravel issue is a Canadian issue, so maybe we have a made-in-Canada solution with aircraft that are compatible.

Next, how has the increased security for air travel affected the north? Has the capacity been able to keep up with the challenges? Or are there still specific challenges there and investment needed?

**Mr. Duncan Dee:** That's an excellent question, because it's certainly one that was brought up to us by a number of the northern intervenors whom we consulted. In many of these airports, for some of the security requirements that are being imposed, it's a one-size-fits-all approach, so that if it's true for an airport like Vancouver, it's true for an airport in Iqaluit or Yellowknife or for one of the northern airports. Certainly, one of the things we've recommended is that consideration be given to federal government financial support when these measures are imposed on these communities.

A user-pay model in the far north, where you have customer and population bases that are so small, is extremely difficult to calculate, but it's also very difficult to justify, because in many of these communities you're imposing one-size-fits-all rules without any commensurate financial support to help them achieve those. We heard earlier from one of the members about the costs of travelling up north. In a user-pay model, these rules that are imposed on a one-size-fits-all basis simply add to that bill even further. There has to be some type of consideration given to federal government support.

**Mr. Mel Arnold:** I'll share the rest of my time with Ms. Block if she has something.

**Mrs. Kelly Block:** Absolutely. How much time would I have?

**The Chair:** It's a five-minute round, not a six-minute one, so you don't have any time left.

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

**The Chair:** Ms. Duncan, you have three minutes.

**Ms. Linda Duncan (Edmonton Strathcona, NDP):** I actually have a specific question, but first of all I want to congratulate you on your report, particularly the part on northern Canada. It was the part of the report that I went to immediately, because I used to work in Yukon—

**Mr. Duncan Dee:** Absolutely, yes.

**Ms. Linda Duncan:** —and I'm well aware of the issues there.

One of the big issues for northern communities, including, frankly, the north in Alberta, Saskatchewan, Manitoba—

**Mr. Duncan Dee:** Sure.

**Ms. Linda Duncan:** —and right on into Quebec, is ice roads. I know that's not specifically mentioned, although you do talk about melting permafrost, but for communities like Fort Chipewyan, with all the fires in northern Alberta, it's warm. Their ice roads are going out earlier because of climate change impacts and, because of the fire, the flights were cut off. You end up with communities that are completely stranded. They can't get to work and they can't get supplies in.

Do you think it's also important for the government to be looking at these northern and isolated communities? If they're actually going to become productive members of our economy, they need basic transportation infrastructure.

• (1630)

**Mr. Duncan Dee:** I don't want to overplay it, but it was certainly one of the regrets in terms of our committee that we didn't have the time, and we had to limit ourselves to north of the 60th parallel. The minister of the day actually asked us to look specifically at northern

transportation, because of the issues you've highlighted. The challenges in the north are compounded not just because of climate change, but also because of the ongoing impact of things like the—

**Ms. Linda Duncan:** “The Beast”.

**Mr. Duncan Dee:** Yes, exactly.

It's an area where there's still a tremendous amount that needs to be done. The one thing we found quite interesting is that in many of these northern jurisdictions Canada in fact is already taking either a leadership role or a co-leadership role with other northern jurisdictions to look at things such as the impact of permafrost degradation on northern transportation. This is an entire area that you could do just one report on, and you still wouldn't be able to touch on... But as you said, to be a productive part of the Canadian economy, investment in infrastructure and transportation to these northern communities is absolutely critical.

**Ms. Linda Duncan:** Thank you very much.

**The Chair:** Ms. Block.

**Mrs. Kelly Block:** Madam Chair, I was wondering if we would be able to have a few more minutes with this witness if any of us have questions to ask.

**The Chair:** How is your time, Mr. Dee? Could you stay for another 20 minutes or so?

**Mr. Duncan Dee:** Sure.

**The Chair:** We are scheduled to go to committee business.

Does the committee have other questions? We have the two of you.

Thank you very much for staying a little longer.

We go, then, to Ms. Block.

**Mrs. Kelly Block:** I have a couple of questions, or maybe it's going to be one.

You mentioned that the panel was gobsmacked to hear that the priority of the stakeholders for air travel and the air industry was the air traveller fees and security charges, that it was something that each and every one of them highlighted. I'm wondering if you can tell us what your thoughts are on how those fees would be affected if a national carbon tax were implemented. What would the impact be on the aviation sector of a carbon tax? Do you see that also...?

**Mr. Duncan Dee:** We didn't look specifically at a carbon tax. The one thing we heard from industry and the air sector—and I think one of the other members pointed this out too—was the cost of travel and how the ticket prices would compare between a traveller, say, from Seattle going to northern Alaska, and a traveller from Vancouver going to northern Canada. My response was that it's hard to make that comparison, because in Canada the user-pay model that we have automatically inflates the price that's paid by a Canadian traveller, because they have to pay for every step of the way. In the U.S. it's a subsidized program. Not every element of the U.S. air transportation system is borne by the traveller. We never looked at the carbon tax and how that would impact cost. If you take a look at the existing structures that are in place, where some airlines allow for things like carbon offsets to compensate for the carbon that's generated by somebody's travel, then it does increase the cost, but at least it's voluntary.

I don't think I would be the best person to ask that question of, as we didn't look at carbon taxes in our report.

• (1635)

**Mrs. Kelly Block:** As a follow-up to that, I believe the report notes the success that British Columbia has had in attracting more foreign carriers by reducing its aviation fuel tax. Was any negative corollary seen after Ontario raised its aviation fuel taxes?

**Mr. Duncan Dee:** That's one thing we heard very clearly, that the reduction in the provincial fuel excise tax on aviation fuel was beneficial in increasing services—to Vancouver in particular—and that the equivalent in Ontario was detrimental to the profitability and viability of many of these services. Yes, it's something we heard loudly and clearly, and we were able to verify that with a number of the researchers we consulted.

**The Chair:** Mr. Badawey.

**Mr. Vance Badawey:** Madam Chair, in having discussions in the past with different transportation-related industries—road, rail, air, water—something came to my attention the other day that I want to get some clarification on with respect to the rights of passengers who fly. We all know that at times we get bumped, and there are situations where we find ourselves in unfortunate circumstances. The question is, what are the rights of the passenger when they have to be bumped, or put back in line, or spend another night at the airport or somewhere else? A lot of passengers don't know what their rights are. Do you think it should be a priority of the airline industry to be more forthright and to make the rights of passengers more understandable to their passengers? Is that imminent?

**Mr. Duncan Dee:** It's an excellent question. As we looked at this issue, the one thing that was clear to us is that while we do have a lot of these issues in travel today, certainly the two large national carriers in Canada have demonstrated a higher degree of customer service in jurisdictions where they, in fact, have legislated and codified a so-called passenger bill of rights. But setting that aside, the one thing that we heard very clearly from consumers and users is the imbalance where, when things like this happen, they do not know what their rights are and are almost at the mercy of the service provider.

How imminent would it be? I think there have been quite a number of efforts in Parliament to codify these rights, and we certainly have made recommendations that would support some degree of codification of those rights. But that's just one element of it. In Europe they've take a very prescriptive approach—for example, fines and penalties—and in the U.S. they have a very elaborate model where there are groups within the U.S. Department of Transportation that handle, specifically, passenger complaints and mishaps.

I think where the panel landed on this was that we should look at a harmonization of their roles so that we wouldn't have a European system, which was much more prescriptive, versus an American system, which had a different emphasis, but a hybrid Canadian model for protecting consumers.

**The Chair:** Ms. Duncan indicated she has a question.

**Ms. Linda Duncan:** I would just like to comment.

Thank you for mentioning carbon offsets. You're probably already aware that Andrew Ference, the former Oilers captain, actually

instituted carbon offsets for the entire NHL. If hockey players are smart enough to know they should be buying offsets, shame on us if we don't yet.

My questions to you come from the brilliance of the way that you wrote this chapter. I'm sure that you realize in the review on the north that there is a potential conflict and a contradiction.

• (1640)

**Mr. Duncan Dee:** Absolutely.

**Ms. Linda Duncan:** It's in the very beginning of your report where you say that it's very important.... Well, first of all, you say that transportation development will be an important “development catalyst” for the north, but it's also critical that decisions in the north “be informed by northern realities and...in partnership with Northerners.”

The report talks about northern corridors, which in many ways, for the most part, may be driven by the resource sector or southern interests—

**Mr. Duncan Dee:** Right.

**Ms. Linda Duncan:** —to get products either out of the north to the south, or to the Arctic Ocean. But on the other hand, those may not be the priorities of northerners who may simply want a mechanism to visit family in the south, or go to university, or go to a hospital. How do you see those two fitting together? What kind of process would you recommend to the government as necessary to make sure that the northern priorities are given priority?

**Mr. Duncan Dee:** That is an entire meeting unto itself, given the fact that it's so complex.

**Ms. Linda Duncan:** We're going to have a lot of meetings.

**Mr. Duncan Dee:** I think you've hit this issue full square, and it's something that we encountered. I'm not an expert in this, but the only piece of advice, based on what we saw, is that none of these so-called nation-building projects will work without, from the very absolute conception stage, involving the local communities. In large part, up north, they're indigenous communities. Without their involvement from the absolute get-go, these are not going to get anywhere.

I certainly haven't cracked the code on how to design a process that would ensure the success of these potential projects, but the only piece of advice I would have is that for any proponent or government looking at these nation-building projects—these corridors aimed at economic development and extracting resources—the fundamental number one, basic building block is local input, consultation, and buy-in. Without those three local elements, I don't think any of these projects will ever get off the ground—

**Ms. Linda Duncan:** How about at the front-end they decide first what should be a priority investment of the federal dollars?

**Mr. Duncan Dee:** Absolutely. Those projects were identified as a result of local input from local representatives, that indigenous communities that were there. This is not a permanent finite list, because these could change. You're absolutely right: they need to be the ones identifying what projects they feel are worthy.

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

**Ms. Linda Duncan:** It was a great report.

**The Chair:** Mr. Sikand has indicated that he has some questions. You were going to pass it...?

**Mr. Gagan Sikand:** I'm going to split my time.

You can go first.

**Ms. Kate Young:** One of the recommendations in the report is that the government commit to strengthening its reputation as a world leader in aviation regulation and certification. Can you expand on that and what you expect that would mean?

**Mr. Duncan Dee:** That flowed from the experience our chair had in the aerospace review he conducted several years ago. As an aerospace nation, a country that has a long and proud history of participation in the aerospace sector, we simply wanted to reiterate the importance of a regulatory framework and the necessary budgetary support for that, to ensure that our stamp of approval as a national regulatory system would continue to be world class and accepted around the world, whether it's the certification of aircraft or new aircraft.

**Ms. Kate Young:** Would that also include aircraft maintenance?

**Mr. Duncan Dee:** Certification certainly includes aircraft maintenance.

**Ms. Kate Young:** Thank you.

**The Chair:** Are there any further questions?

Mr. Sikand.

•(1645)

**Mr. Gagan Sikand:** Really quickly with regard to CATSA and passenger screening, I was made aware by a panel at a different committee that there's no international standard. Should we gauge and evaluate our airports based on how the United States processes passengers?

**Mr. Duncan Dee:** Again, it's an extremely worthwhile point because we don't even have a national standard, let alone an international one. Other jurisdictions, whether it's the U.K. or in Hong Kong, can tell you whether they're meeting a national standard in the number of passengers they screen over  $x$  number of minutes or hours, or whatever it is.

In Canada, we've left that completely blank. One of the recommendations we've made is to pursue an enforceable standard so that service providers can be held to account, so that it's not just a case of, it's great today, it's bad tomorrow, etc. There's no national rule.

**The Chair:** Mr. Fragiskatos.

**Mr. Peter Fragiskatos:** There are small airports in Canada that haven't been able to access federal infrastructure money in the past for very technical reasons. I wonder if you could comment and offer any insights on that.

**Mr. Duncan Dee:** We didn't look specifically at infrastructure programs and the small airports. At least for the northern airports, we have called for specific funds to be devoted to things like improvement in navigational aids and runways.

Another member raised the issue earlier of regional airports and the important role they play as part of the national air transportation system. To the extent we could, we looked at that in the context of

northern airports and how, in many cases, they would constantly fall lower and lower on the priority list and would never get the appropriate amount of funding. So I think smaller airports deserve some degree of dedicated, earmarked funding that they can access readily. To the extent that we'd be able to expand what we've recommended for the north to smaller airports in the south, we wouldn't have any objection to doing that.

**The Chair:** All right.

**Mr. Peter Fragiskatos:** I think Mr. Iacono is aware of that.

**The Chair:** I had asked you for 20 minutes, and that's exactly what we're going to get.

**Mr. Duncan Dee:** I should have brought my sleeping bag.

**The Chair:** I have a feeling you will be back, Mr. Dee.

Mr. Iacono, do you have a question?

**Mr. Angelo Iacono:** No, it's okay.

**The Chair:** Mr. Dee, thank you very much. We appreciate the very valuable information you've shared with us today. We plan to spend a considerable amount of time going over the Emerson report in the fall, so no doubt you will be back, or at least observing the work of the committee.

**Mr. Duncan Dee:** Thank you.

**The Chair:** I will suspend long enough for Mr. Dee to leave the room.

I'm calling the meeting back to order.

Since we're going to deal with committee business, is it the choice of the committee to go in camera or do you want to deal with the committee business in open session?

**Mr. Vance Badawey:** Madam Chair, I'd prefer to stay away from going in camera. It could just be an open session.

**The Chair:** Is everybody in favour?

**Some hon. members:** Agreed.

**The Chair:** Okay, fine. We'll stay in open session.

We now have to deal with the challenges of discussing what we're going to do in the fall and try to get a few things under way so that when we come back in September, we can immediately start our committee meetings and not lose valuable time.

We have a lot of things to consider. We wanted to do something on the drones, because we know that regulations are going to come down from the minister. We'll have Bill S-2. We have this review. We have an awful lot of things that we will have to do, so we need to spend the next half hour or so trying to make a bit of a plan.

Mr. Badawey.

•(1650)

**Mr. Vance Badawey:** I don't think this is going to come as a surprise to anyone, based on past comments and past desires, not only by me but by many members of the committee on both sides of the table. I think for the most part Mr. Dee validated earlier what the next priority should be, especially as it relates to the Canada Transportation Act review.

With that, Madam Chair, we all recognize that Canada is the second largest nation on this planet, spanning six primary time zones, three oceans, with a sparse population scattered unevenly in both rural and urban pockets throughout the country, and a geography that includes permafrost, near-tropical growing zones, mountains, prairies, open inland lakes, and pack ice. Canada's diversity, Madam Chair, is simultaneously a source of strength and of challenges, in no place more so reflected than in transportation, as was validated once again by Mr. Dee.

In this context, Madam Chair, it's my feeling that the Standing Committee on Transport, Infrastructure and Communities should conduct a comprehensive study on the creation and development of a Canada transportation strategy. This would be with a focus on strategic transportation corridors, using a gateway approach. To permit maximum flexibility, I propose we focus on a strategy, a development, into five regional gateways—and this is in random order, Madam Chair—northern Canada, western Canada, the Prairies, eastern Canada and, of course, central Canada, although this is up for discussion. All I'm trying to do here is put a focus on direction. That way, we can proceed in such a fashion.

Madam Chair, finally, within each gateway, the proposed strategy examination should include, in my opinion, four distinct areas and phases: one, seaports and aquatic-based transportation; two, air travel; three, rail; and four, of course, non-rail, ground-based transportation such as roads. Madam Chair, that strategy would be multi-modal and intermodal in scope.

I'm not going to say any more, because I think, for the most part, Mr. Dee wrapped it up quite well when I asked him about the need for such a direction.

Madam Chair, what I'm looking at doing is asking the committee and gaining consensus from the committee to undertake a comprehensive study that's designed to research a Canada transportation strategy with a focus on strategic transportation corridors, using a gateway approach, as I mentioned earlier, and that you, Madam Chair, be empowered to arrange and coordinate, in consultation with all committee members, all resources and witnesses needed for the study, and that the study launch as soon as possible after the House returns in the fall.

**The Chair:** Do we need Mr. Badawey to read that out again? Is everybody clear on the motion that Mr.—

**Mr. Vance Badawey:** It's not a motion. I'm just trying to get consensus.

**The Chair:** It's not a motion, but a suggestion that he's put on the table.

For discussion purposes, Ms. Block.

**Mrs. Kelly Block:** I thank my colleague for putting some thought into this study. I think he's right when he talks about Duncan Dee's comments and how he framed this for us. I know that we've wanted to get to the Emerson report; I think this does that.

However, I know that members on both sides of the table were concerned that we get to some discussion and study of infrastructure. So my only question would be, does this also include infrastructure as it pertains to transportation?

• (1655)

**Mr. Vance Badawey:** Kelly, that's a great point, because we are going to embark on a roll-out of dollars for infrastructure.

I would just comment that one of the things I've always maintained with regard to any dollars that might be spent is the outcomes of those dollars spent, and of course the returns that are attached to that. What that means for transportation, especially as we embark on a strategy, is that more than likely—I think it goes without saying—we're going to need capital dollars spent in certain areas, in different methods of transportation.

You would expect that before those dollars were spent they would have a strategy attached to them, so that the dollars could be spent appropriately, and the outcome would be the returns that would be expected from those transportation infrastructure dollars that would otherwise be spent. Otherwise, you're just throwing money into the wind.

I think it's incumbent upon us and any government that when we do expend dollars for any infrastructure-related project, they should have a strategy attached to them, and this is no different as it pertains to transportation.

**Mrs. Kelly Block:** I have one follow-up question.

We also had a number of motions that we passed at the beginning of the session. You mentioned the need to deal with Jones. Are all of those things still on the horizon, and we'll get to them as we can after this study and whatever else comes along?

**Ms. Linda Duncan:** After the study that could take five years.

**The Chair:** I would think we should be able to do several things at the same time.

**Ms. Linda Duncan:** Here we go again.

**The Chair:** The problem is that if legislation comes down, that will stop one thing while we try to move forward on another. Yes, those are still issues that we want to address. Many of them are tied to the Emerson report and the work that we're trying to do.

**Mr. Vance Badawey:** If I can comment, Madam Chair—and that's a great point, too, Kelly—I think for the most part we have to recognize—and I'm sure you can relate to this as a former mayor—that often things come at you and you're drinking out of a fire hose, so to speak.

But I think we have an opportunity here to look at this as a jurisdictional project, going from coast, to coast, to coast. That was why I was deliberate in mentioning the gateway approach, by prioritizing, looking at areas throughout the nation that do have those strengths, concentrating on those areas so that if we have to jump to something else during that time, we can do that conveniently, yet come back to those gateways as they relate to the priorities that we put forward.

**The Chair:** Ms. Duncan and then Mr. Berthold.

**Ms. Linda Duncan:** I think it's pretty clear what Mr. Badawey is tabling. Usually the steering group, which hasn't met since the first time, would take a look at all the proposals for topics, and then we would prioritize them. What I find troubling is that we're only looking at Mr. Badawey's proposal. We're not looking at all the ones that were tabled previously.

What I would prefer is that Mr. Badawey's proposal be in the hopper. It may well be the one people prefer to go with, but I think that as a committee, we should be deciding which of these we want to proceed with.

My second concern with this one is that it's essentially Emerson all over again. We know this two volume report. This is going to take our committee two to three years. I need to have more information on what we're planning, considering this, and how we're going to constrain this review to make it of any value. Emerson worked how many years on this? There was a whole team, with full-time, paid researchers. I remain totally puzzled about what we as a committee can do with very few resources. I don't know if we're going to use Emerson as the framework or use the same headings. Are we going to do what Emerson didn't do?

That term "hubs" is to me very much for corporate trade. If it's corporate trade routes, we want to make sure that infrastructure and transportation needs are addressed. We can probably deal with that. We talk to the main trade sectors. We talk to the main transportation parties and maybe the provinces. But that's where there's a rift.

We now have a Prime Minister who's saying that the municipalities are going to be able to tell us directly where the money is going to go. Then you have the provinces saying that they have priorities, and quite often they are these hubs.

I need more clarity in order to throw out names of witnesses. If this is going to be somewhat circumscribed and not go on for many years, I need to have a clear idea of the exact focus of what we're looking at that is above and beyond what Emerson has already done. If the main interest is looking at the corporate trade interests, it helps a bit, but that excludes a lot of other things. I just need to be clear in my head if I'm supposed to start proposing witnesses.

What exactly is our end objective? Whose needs are we serving who could potentially speak to the committee? Then we could consider that and then possibly make some recommendations.

• (1700)

**The Chair:** We'll go to Mr. Hardie.

**Mr. Ken Hardie:** I had some thoughts similar to yours, Linda, and obviously had a chance to ask Vance or to at least propose a few ideas.

What I take out of this proposal is a focus on the economy and economic growth. When you talk about corridors and hubs and trade, that's basically what it's all about.

We have the Emerson report that's set out a framework, or at least things we should be thinking about. At the same time, it's concurrent with the forthcoming phase two of the infrastructure rollout.

It occurs to me that with one layered on top of the other, we can have a bit of a focused look at maybe some best practices. Or it can inform some decisions either at a municipal, provincial, or federal level as to how best to apply that infrastructure program in a way that maximizes the benefits to the economy. And it's not just the economy we have today but the economy we expect to have as we develop innovation and green and all those aspects that'll reboot our economy, because the old manufacturing jobs may never come back.

There's a good opportunity here, but going to a comment you made very early on in our process, Linda, there has to be some focus. If it's too broad, we'll spin our wheels and not get anywhere.

This is where, in Vance's proposal, I saw a focus specifically on the economic benefits of an infrastructure/transportation strategy whereby, to use Vance's words, we're not wasting money; we're applying the money where we're going to generate the optimum value.

**The Chair:** Mr. Berthold.

[*Translation*]

**Mr. Luc Berthold:** Thank you very much, Madam Chair.

I would like to discuss a few points concerning Mr. Badawey's proposal.

First of all, in light of the fact that the Minister of Infrastructure and Communities has already announced that he is currently working on phase two of the infrastructure investment plan, I think it would be very important to adopt a schedule for our work. We have to see to it that our work serves those who will pay according to what we will recommend. Since sums of money come from one pocket and the ideas will probably come from another, the ideas have to be ready when people are ready to spend. I think it would be important to draw up a timeline or, at least, make sure we complete the first part of this analysis as quickly as possible.

Secondly, I wonder if Mr. Badawey would agree to amend his motion slightly in order to align our work expressly with the infrastructure projects and the infrastructure plan. We should mention that all of this is being done in the context of that project, to send a clear signal to government authorities that we are doing this work quickly because we want transportation to be a priority consideration in investment projects. If that could be included in the motion, I could support it more easily.

Thirdly, Mr. Hardie, you had proposed that we approach this sector and this study in light of the country's economy. However, we must not forget that in developing the country's economy, we can help grow the wealth of Canadian citizens. We can also enhance growth on the social side. We are basing our work on the economy, but we should not forget that there are also repercussions in the regions and not only in the large centres.

It is like the question I put to Mr. Dee. We should not only focus on the big network. How can the small network and small communities be integrated into this potential national transport strategy?

To begin this study, I think it would be important to see what has been done elsewhere. It would be interesting to see how a national transportation strategy can deflect infrastructure investments. As Mr. Dee said, a national transport strategy must continually be changing. We want to avoid what Ms. Block identified: establishing a strategy every 10 years means a static strategy.

How can we ensure that we use past experience to see what was done well and what was done poorly? We should not redo the same things poorly, or redo the same things, period. As Ms. Duncan mentioned earlier, we should not redo things that have already been done. I think it is important that our first meetings on this topic allow us to clarify the direction of our study and the work of the committee.

• (1705)

[English]

**The Chair:** Mr. Badawey.

**Mr. Vance Badawey:** I think Luc and I are on the same page as well as most of us around the table with respect to aligning the strategy with infrastructure investments, and therefore contributing to our overall economic performance globally.

This is not a motion. I'm just looking for consensus to start the process, but I can, for the sake of the minutes, be very clear and tie in everything that's being stated here. If you don't mind, Madam Chair, I can do that. I've been jotting something down because I do want to capture everybody's thoughts on this because I do think it's important.

Before I get to that, just going to Linda's comments, this is something that we're all going to be part of, with respect to a vision for the future when it comes to transportation. Yes, it may in fact be a process that might take some time, but for the most part we do have some time and we should be taking that time to make it right.

In the past century, we saw a railway going from coast to coast. That really set the economic performance of this country. Really, everything after that was just sort of patchwork with respect to different methods of transportation. We never took the time, regardless of how much time it would require, to really integrate those transportation methods.

That's our strength. We are a country that contributes overall to the global economy and our performance is dependent on our ability to integrate our modes of transportation, not only here in Canada but to join with the United States who are next to us, to ensure the further integration and then enhance our economic profile when it comes to our global performance.

With that preface, Madam Chair, I'm going to attempt to say this for the record and hopefully tie in everything that has been said: That the committee undertake a comprehensive study designed to research a Canada transportation strategy with a focus on strategic transportation corridors using a gateway approach, and aligning with infrastructure advancements which also contribute to economic global performance, and that the chair be empowered to arrange and coordinate, in consultation with committee members, all resources and witnesses needed for the study, and that the study launch as soon as possible after the House returns in the fall.

**The Chair:** Mr. Berthold.

[Translation]

**Mr. Luc Berthold:** I'd like to go back to the request made by Ms. Duncan.

It would indeed be interesting to have a discussion on the other motions Ms. Block mentioned, to determine in what order we will

study the files. I agree that given the large infrastructure investments that are coming, this plan may appear to be a priority, but it could be relevant to reassess the motions adopted at the beginning of our work, so as to decide in what order we will insert these files into our calendar. I think that Ms. Block and Ms. Duncan made a good suggestion.

[English]

**The Chair:** We have 20 minutes left. We have a list of the items that were adopted previously. I'm going to ask the clerk to go through those and tell us what we've already included or what we might be including as part of the strategy that we're talking about here.

• (1710)

**The Clerk of the Committee (Mr. Andrew Bartholomew Chaplin):** I will run down those motions that have been adopted by the committee and that the committee has not yet acted upon. I would describe them as being outstanding.

There's the committee's motion, as proposed by Ms. Block, that the committee invite officials from Transport Canada to appear in front of the committee to discuss Marine Atlantic. Another one from Ms. Block, adopted by the committee—these were back on February 22—is as follows:

That the Committee invite representatives from the Marine Safety Division of Transport Canada to appear in front of the Committee to discuss maritime traffic safety on Canada's west coast.

Another one, again adopted on February 22, is:

That the committee invite Dwight Duncan to discuss his objectives in his role of chair of the Windsor-Detroit Bridge Authority as part of the committee's formal study on infrastructure.

There was the large motion that rationalized a lot of the work proposed by Mr. Hardie on February 22, but this was adopted on March 9. It largely launched into the rail safety study, but the last clause of the motion was:

That the Committee dedicate at least three meetings to consider the Canada Transportation Act review before Thursday, June 23, 2016.

As of the last meeting it was agreed that the committee postpone two of those three meetings until the House returns in September.

There are other motions on notice, but they haven't been proposed. In accordance with the custom of keeping those things in confidence, I won't bring them up.

**Ms. Linda Duncan:** Can I speak?

**The Chair:** Ms. Block, on your motion, you have Marine Atlantic and the marine safety division. Inviting Dwight Duncan is an infrastructure issue that could be tied in to some of what we're talking about doing.

We have done one of the three meetings on the Emerson report. My understanding from Mr. Badawey is that the very first meetings would be on that report, so we would be fulfilling the commitment that we made with the very first two meetings in September, which would flow along with the direction that Mr. Badawey is suggesting. That would take care of most of these.

Ms. Duncan.



**Ms. Linda Duncan:** Yes, I didn't intend any of my motions to be secret. I presumed that they were shared with everybody the minute I submitted them.

One of them was on drones, and my understanding was that we were going to actually proceed with drones, and then suddenly we weren't proceeding with drones. I think it's something that is clearly of concern in every community and clearly a concern to the minister. I think it would be well worth proceeding with one or two meetings on that. I think it's really important to all our communities.

My other one was on the chapter on northern transport in the Emerson report, which is seen as the new economic frontier for Canada. There is great concern about the opening up of the Arctic, and I just think it was a discrete piece from Emerson that really merited review. The needs of the north have not really received any attention whatsoever, probably in the last decade, the needs of the north in infrastructure, frankly, and transport.

I still stand that those would be my preferences, frankly, to proceed with.

As we prepare to go forward, I think that Mr. Badawey's is a big one and I think it's going to take us time. Over the summer we're going to be preoccupied with barbeques and whatever. Try to dedicate your mind to who would be witnesses. I think it's going to be a challenge in some cases. Because of the decision on the rail safety review, I'm going to be much more strident in insisting that we have much better representation from across Canada than just some members getting their ridings showcased.

So if we're going to be looking at hubs, we'd better be fair. The north is not the north; the north is the Yukon, which has totally different needs from the Northwest Territories, and there are totally different transportation needs in Nunavut, and totally different needs in all the northern areas of the provinces. So there is actually a big issue that's raised, and may even come up in the Emerson report, about discriminating against the northern parts of all of our provinces, which have been calling for more attention to hubs as opposed to just in the south.

I would prefer that we have more discussions in all of this array because we can't study everything. I think it would be good over the summer for people to go away and read as much as they can, confer in their ridings or in their region, find out what the bigger issues are, and what would be some good case studies to showcase.

• (1715)

**The Chair:** Thank you.

**Ms. Linda Duncan:** That would be my suggestion because I think it's pretty hard to come up with lists of names of witnesses until we've really decided what we want to zone in on. Of course, we want to start with Mr. Emerson and maybe some Transport officials. But I noticed in Mr. Badawey's earlier list, just reviewing priorities for transport and infrastructure isn't just talking to federal officials, right? It's now very clear that the provinces, including municipalities, are going to be allowed to choose those, so we're going to have to be very careful in how we proceed in this and confer on how we're going to approach it.

**The Chair:** Exactly. Agreed.

Ms. Block.

**Mrs. Kelly Block:** Madam Chair, I just want to follow up on the observations you made in regard to the motions I had brought forward. I was reminded by my assistant that Marine Atlantic were here during the estimates, so I think we've heard what we needed to from them.

Also, if we look at the gateways, the marine safety piece will be captured by that. As well, as you pointed out, Dwight Duncan and the bridge can fall under infrastructure.

Also in response to what Ms. Duncan has said, I think we could easily start with other panel members from the Emerson secretariat to kick this study off. We could bring in the deputy ministers as we had planned. They could probably provide us with a sense of what the ministry's priorities are or how their work is shaping up. I would have to say that I think the Canada Transportation Act review, the Emerson report, should be a priority for this committee. Given that it took 18 months for this report to come to us, I think we need to give it a strong look and make it a priority.

On the issue of the drones, if the minister has signalled that he is going to be bringing forward regulations, that might supersede some of what we're doing. If that happens, we would be looking at that issue anyway without having to slot it in somewhere.

**The Chair:** It is my understanding that regulations on the drones are being worked on and will be sent here. We have Bill S-2 in the Senate, which is going to be sent here. We have Bill C-30, which will pass shortly and is coming back to us. The extension there was for one year, on the presumption that we were going to be doing some work to come up with a long-term strategy.

We have a lot on our plate, but I think the Emerson report—and what Mr. Badawey is suggesting about doing a comprehensive study—has to get started. We will have to stop and start it, but it is not something that is going to be done in three months. It is going to take maybe the next six months, nine months, or a year, in order for us to do the best we can.

I think we can do a variety of things at the same time. I think we are a pretty smart bunch around this table and we can be working on this and then stop. If we have to shift to Bill C-30 or drones, we can also do that as we go forward.

Mrs. Block, go ahead.

• (1720)

**Mrs. Kelly Block:** Madam Chair, would not taking a look at the Emerson report also inform us in regard to some of the issues in Bill C-30? I think some of the recommendations in the Emerson report would actually be part of a Bill C-30 study, or vice versa.

**Ms. Linda Duncan:** The Emerson report has everything. We can put drones in there, too.

**The Chair:** Probably the only thing that is not in there is drones.

**Mr. Ken Hardie:** We talked about Bill C-30.

**Ms. Linda Duncan:** Madam Chair, may I suggest that it would be a good idea in the fall...? You will remember my reluctance about the deadline put in that motion about Bill C-30.

**The Chair:** Yes.

**Ms. Linda Duncan:** We are saying that a report will be done by August next year. Well, that is absurd, because the thing expires. I think it is really incumbent upon us to put a deadline for a study of that, so we can provide that to the government so that they can move forward.

I am thinking that maybe we had better get that out of the way first, so it could be handed over to the government and they can do whatever they need to do for the longer-term solution. If we delay that, we are not really going to be able to contribute to that decision, because there will be pressure on the minister to resolve that well before August of next year.

**The Chair:** Right. As we are mapping out our strategy, we have to have timing and have those deadlines in mind as we move forward. I think it will be part of the work we undertake.

I am looking at the clock. Do we have consensus to move forward on doing the comprehensive study, encapsulating all the other thoughts that were mentioned here? Is everybody comfortable to start going in that direction? The clerk could have meetings set up when we come back at our first meeting in September so that we don't have to waste meetings getting ready for meetings.

**Mr. Vance Badawey:** I have one question, Madam Chair.

**The Chair:** Yes.

**Mr. Vance Badawey:** I think it might be incumbent upon you or your office to look at the possibility of travel within that process. That may arise, and I know from comments we have received in the past that these funds are limited. We may want to have a placeholder somewhere, just in case. I can see you smiling, Madam Chair.

**The Chair:** You get that look.

**Ms. Linda Duncan:** Nunavut.

**Mr. Vance Badawey:** Get in line. Is that right? I just bring it up because of what I have heard in the last couple of days about the limited funds that are available. We don't want to be caught with no funds, if in fact we have to do some travel.

Madam Chair, I will leave that to you.

**The Chair:** Yes, leave it to us.

**Mr. Vance Badawey:** Aren't you on the liaison committee?

**The Chair:** Yes. We are facing challenges in a lot of different areas to try to figure out how we are going to do a lot of things.

Everybody is in agreement. We can move forward.

We don't have meetings for next week scheduled right now. We have a consensus here today on where we are going and the work we can get started with the clerk. We don't have any meetings scheduled for next week because we are still unsure if the House is going to be back. If that's okay, everybody has a chance to get caught up and—

**Ms. Linda Duncan:** Clean their office....

**The Chair:** —clean their office, but also start to get some names of people and suggestions of groups and organizations so that we can hit the road running in September, when we come back. Our time is really valuable.

If everybody is in agreement with that, we will see you all in September, if I don't see you next week.

Can we get an update from our analyst?

**Mr. Luc Berthold:** Yes.

**Ms. Allison Padova (Committee Researcher):** About what...?

**The Chair:** The report....

**Ms. Allison Padova:** The report will be in your hands for tabling tomorrow morning.

**The Chair:** Wonderful. I will table the report tomorrow morning. Then Mr. Berthold will move that forward in his community all summer, and I am sure he will do a good job at it.

The meeting is adjourned.







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