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Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

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The Honourable Perrin Beatty, P.C.
President and Chief Executive Officer
The Canadian Chamber of Commerce
420-360 Albert Street
Ottawa ON K1R 7X7

Dear Mr. Beatty:

Thank you for your correspondence of November 11 and December 14, 2016, regarding a number of issues pertaining to transportation that were included in the Canadian Chamber of Commerce's renewed national policy mandate. Please accept my apology for the delay in replying.

Advancing Canadian Competitiveness Using Shortline Rail

I have noted your concerns regarding access to funding for short line companies under the Provincial-Territorial Infrastructure Component of the Building Canada Fund, as well as your proposal for a dedicated capital funding program and a tax credit program to directly assist short line companies in making capital investments.

As you know, the Fall Economic Statement (FES) issued by Finance Minister Bill Morneau proposed an additional \$81 billion over 11 years, starting in 2017-18, to support public transit, green infrastructure, social infrastructure, trade-related transportation, rural and Northern communities, and smart cities. Taking into account existing infrastructure programs, new investments made in Budget 2016 and the additional investments contained in the FES, the government will make a total investment in Canada's Communities of more than \$180 billion by 2027-28.

Canada

Canada's Small Airports and Access to Airports Capital Assistance Program Funding

The Airports Capital Assistance Program (ACAP) is a contribution program that utilizes its funding envelope to assist eligible airports with safety-related capital infrastructure projects. Although the ACAP has not always been able to fund all project proposals received within a given year, the program has always supported any urgent projects put forward at eligible airports.

The ACAP continually strives to improve its processes and to ensure the application process is as straightforward as possible for applicants. An example of this is the recent (July 2016) simplification of the application process for mobile equipment. This new process reduced the burden on applicants with respect to the amount and type of information required for project proposals for mobile equipment. This change has been very positively received, as it makes the application process for mobile equipment transparent and applicant-friendly. Further information regarding the ACAP application process is always publicly available in the ACAP brochure and application guides found on the Transport Canada website at <https://www.tc.gc.ca/eng/programs/airports-acap-menu-327.htm>.

Transport Canada is aware of the financial situation of the six small National Airports System airports referenced in your letter. While the ACAP is unable to assist with funding at those airports due to program eligibility criteria, the department is examining other avenues of assistance.

Enhancing Canada's Air Travel Competitiveness

In 2016, I announced legislation to change international ownership restrictions from 25 to 49 percent of voting interests for Canadian air carriers. There will be accompanying safeguards, such as a single foreign investor or a group of foreign investors will have its ownership stake capped at a maximum of 25 percent. Canadian carriers will also need to remain controlled by Canadians. We will also maintain the 25 percent limit for specialty air services, like heli-logging and aerial surveillance. In the meantime, I have exempted two companies, Canada Jetlines and Enerjet, which intend to offer new services at lower cost, from the ownership requirement of the *Canada Transportation Act*.

Other initiatives to address the competitiveness of the air industry are still under consideration and further announcements will be made later this year.

On the specific question of visa policy, I defer to my colleague, the Honourable Ahmed Hussen, Minister of Immigration, Refugees, and Citizenship, who is responsible for these issues. I am forwarding a copy of your correspondence to Minister Hussen for his consideration.

Canada's Blue Sky policy has served Canadian travellers, shippers and businesses well. Under the policy, Canada has concluded new or expanded Air Transport Agreements (ATAs) covering over 90 countries, which support the country's global connectivity and economic competitiveness. Canada benefits from excellent international air connectivity. Out of 141 countries, Canada ranked 14th for the openness of bilateral ATAs in the World Economic Forum's 2015 report on travel and tourism competitiveness.

While the decision to introduce air services is based on airlines' own commercial considerations, Transport Canada continuously monitors markets to ensure they are not underserved due to bilateral air transport agreement frameworks. Currently, over 98 percent of Canada's overall international passenger traffic is covered by ATAs that are either open, or contain sufficient capacity to meet current or foreseeable demand.

Transport Canada recognizes that air travel markets are dynamic and new opportunities arise on a regular basis. That is why the department undertakes extensive consultations with stakeholders (airlines, airports, provinces/territories, and tourism and trade associations) to determine their air transport negotiation priorities. Rest assured that Canada will continue to actively pursue new and expanded ATAs, and I appreciate your organization's interest and support in this regard.

Improve the Financial Viability of VIA Rail to Increase Passenger Rail Service in Canada

I have noted your proposal for increasing public and private investments in dedicated passenger lines and high-frequency service in the Quebec City–Windsor Corridor. The government is interested in VIA Rail's proposal. For this reason, Budget 2016 announced \$3.3 million over three years to support an in-depth assessment, which is currently well underway. I look forward to considering the results later this year.

Allow me to assure you that the government will take the time to determine the best approach to delivering a safe, efficient and reliable passenger rail service in Canada.

Supporting Canada's Air Travel Industry Through Lower Fees

In 2016, I announced my intention to support greater choice, better service, lower costs and new rights for travellers. In particular, the federal government will pursue legislation to provide greater transparency, clarity and fairness for Canadian air travellers, including clear standards for treating and compensating passengers under specific circumstances.

Investing in Canada's Trade Infrastructure and Corridors

As part of Canada's Gateways Initiatives, the Government of Canada has been working with all levels of government and the private sector to make strategic investments to support trade-related transportation infrastructure. To date, federal investments of \$3 billion under the Gateways and Border Crossings Fund and the Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund have supported over 100 strategic trade and transportation projects.

As part of the FES investments, the government announced \$10.1 billion over 11 years to build more efficient transportation corridors to international markets. Investments will include those that address congestion and bottlenecks along vital corridors and around transportation hubs and ports providing access to world markets. In the coming months, decisions on the program parameters and eligibility criteria will be made, and the government will share more details about specific plans for infrastructure investments throughout the country.

Ensuring that Canada's transportation system can support long-term economic growth and job creation is one of my top priorities and a key element in my long-term agenda for transportation.

During the Trade Corridors to Global Markets consultations that I hosted in May and June last year, participants impressed upon me the importance of ensuring that our trade-related transportation systems are integrated and sustainable, and that they allow Canadians and businesses to more easily engage globally.

Participants also highlighted that the partnership approach fostered by Transport Canada with the Asia-Pacific Gateway and Corridor Initiative provided many best practices and lessons learned on which to build. These included the importance of investing strategically and in a coordinated way to address bottlenecks that constrain system performance and capacity, and also working in partnership with other levels of government and the private sector to tackle pervasive and interrelated, non-infrastructure issues.

The importance of sharing critical data and analysis related to the functioning of our trade-related transportation systems was also raised in these and other roundtables. This view is consistent with the priority the Government of Canada places on evidence-based decision making, with a clear focus on results and program delivery.

We will work in partnership with other levels of government and the private sector to create a national, merit-based program that directs our collective investments to the areas where need is highest.

A Pan-Territorial Transportation Strategy

Transportation is crucial for Northern communities and development projects. However, I recognize that basic transportation infrastructure is very limited in the North, causing challenges in all transportation modes. Transport Canada is committed to working with territorial governments, Indigenous people and Northern communities to address their basic infrastructure needs as quickly as possible.

I recently held roundtable discussions with stakeholder groups across the country. Some examples of immediate investment needs for Northern Canada that I have heard include improving airport infrastructure to enhance safety and security; providing basic marine safety equipment (lighting, signage, buoys, etc.) to support safer community resupply; and improving transportation by road for better connections and more efficient infrastructure.

In line with these requirements, the 2016 FES also committed to make significant investments in trade and transportation projects over the next 11 years, including supporting critical transportation needs in Canada's North to help connect Northern communities to trade and investment opportunities.

Working together to achieve a collaborative approach to transportation needs in Canada's North will support a strengthened Northern transportation system that promotes economic growth, opportunities and social development of Northerners and Indigenous groups.

Addressing the Impact of Climate Change on Indigenous Communities' Transportation Infrastructure

As part of an interdepartmental initiative to help Canadians adapt to climate change, Transport Canada established the Northern Transportation Adaptation Initiative (NTAI) in 2010 with a particular focus on addressing challenges related to permafrost degradation and marine transportation issues.

Through this initiative, departmental officials work closely with their territorial counterparts to identify transportation system vulnerabilities and evaluate adaptive solutions.

Project activities supported through this initiative include improving and enhancing the knowledge and understanding of the impacts of climate change on the sustainability of the northern transportation system; developing, evaluating and testing innovative tools, technologies and best practices; and building Northern capacity.

The results obtained from NTAI research projects and capacity-building activities inform policies, programs and regulations at the federal and provincial/territorial levels.

The recent adoption of the Pan-Canadian Framework for Clean Growth and Climate Change, which was announced on December 9, 2016, is another example of our commitment to addressing the challenges of climate change through a common approach. Developed through the collaboration of federal, provincial and territorial governments, and in consultation with Indigenous Peoples, the Framework contains four main pillars: pricing carbon pollution; complementary measures to reduce emissions; adaptation and climate resilience; and clean technology, innovation and jobs.

Within the adaptation pillar, there are several new actions related to Northern and coastal infrastructure, as well as efforts to work more closely with Indigenous peoples. These action areas include the following:

- Building regional adaptation capacity and expertise: Governments will work with regional partners, including Indigenous peoples, through community-based initiatives to build regional capacity, develop adaptation expertise, respectfully incorporate traditional knowledge and mobilize action.
- Investing in resilient infrastructure to protect vulnerable regions: The federal, provincial and territorial governments will work together with Indigenous peoples, as well as in vulnerable coastal and Northern regions, to ensure infrastructure investments help build resilience.
- Building climate resilience in the North: The federal government will work with other levels of government and Indigenous peoples to develop and implement a Northern Adaptation Strategy to strengthen Northern capacity for climate change adaptation. Federal investments to build resilience in the North will support this work.
- Supporting community-based monitoring by Indigenous peoples: The federal government will provide support for Indigenous communities to monitor climate change in their communities and to connect traditional knowledge and science to build a better understanding of impacts and inform adaptation actions.
- Supporting adaptation in coastal regions: The federal, provincial and territorial governments will support adaptation efforts in vulnerable coastal and marine areas and Arctic ecosystems. Activities will include science, research, and monitoring to identify climate change impacts and vulnerabilities; the development of adaptation tools for coastal regions; and the improvement of ocean forecasting.

- Supporting adaptation in Indigenous communities: Governments will work in partnership with Indigenous communities to address climate change impacts, including repeated and severe climate impacts related to flooding, forest fires and failures of winter roads. The federal government will provide support to Indigenous communities for adaptation.

I invite you to consult the full report on the Pan-Canadian Framework for Clean Growth and Climate Change at <https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework.html>.

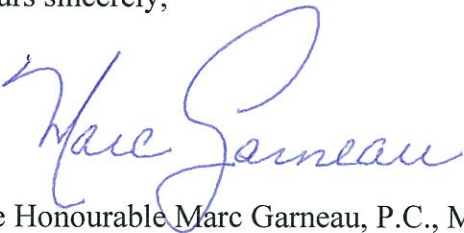
National Marine Conservation Area Reserve – Strait of Georgia

Since the October 2011 announcement by the federal and British Columbia environment ministers proposing the establishment of a National Marine Conservation Area in the Strait of Georgia, Parks Canada and the Government of British Columbia have been engaging key stakeholders to discuss the proposal. That being the case, I note that you have already written to the Honourable Catherine McKenna, who is the minister responsible for Parks Canada and the National Marine Conservation Area program. I encourage you to continue to convey your views as part of the analysis and concept development for Parks Canada's consideration as the process unfolds and further consultations take place.

In closing, I trust that I can count on the Canadian Chamber of Commerce's support as we look to make unprecedented investments in Canadian infrastructure, and I thank you for bringing your views and the results of your 87th Annual General Meeting's Policy Session to my attention.

Thank you again for writing.

Yours sincerely,



The Honourable Marc Garneau, P.C., M.P.
Minister of Transport

c.c. Office of the Right Honourable Justin Trudeau, P.C., M.P.
Prime Minister

The Honourable Catherine McKenna, P.C., M.P.
Minister of Environment and Climate Change

The Honourable Ahmed Hussen, P.C., M.P.
Minister of Immigration, Citizenship and Refugees

The Honourable Carolyn Bennett, P.C., M.D., M.P.
Minister of Indigenous and Northern Affairs

The Honourable Amarjeet Sohi, P.C., M.P.
Minister of Infrastructure and Communities