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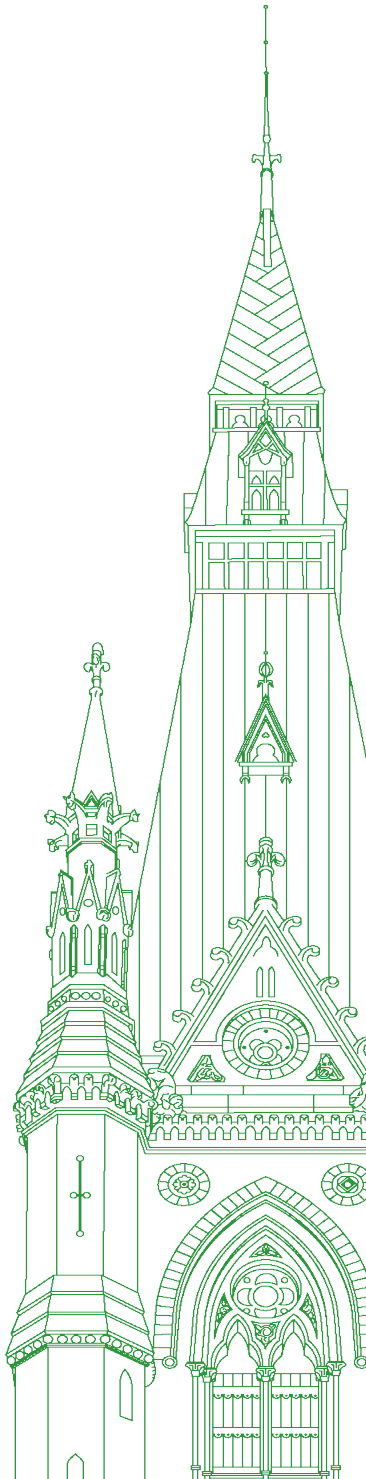
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Chair: Karina Gould

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● (1715)

[*English*]

The Chair (Hon. Karina Gould (Burlington, Lib.)): Colleagues, I call this meeting to order.

Welcome to meeting number 56 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of Wednesday, June 3, and the motion adopted by the committee on Tuesday, September 22, the committee will resume consideration of Bill C-31, a second act to implement certain provisions of the budget tabled in Parliament on November 4, 2025.

I would like to welcome the witnesses.

Today we have Minister of Transport Steven MacKinnon joining us. He is accompanied by Serge Bijimine and Jennifer Little from Transport Canada.

Thank you for being here today.

As you know, colleagues, we were going to have this meeting last week, but because of the day of mourning, we had to reschedule.

Minister, thank you very much for joining us so soon afterwards.

With that, you have five minutes for your opening remarks.

[*Translation*]

Hon. Steven MacKinnon (Minister of Transport): Thank you, Madam Chair.

Members of the committee, thank you for undertaking this study of Bill C-31. I'm very pleased to speak with you today about this bill and the future of air passenger protections in Canada.

[*English*]

Air passenger protections play an important role in ensuring that travellers are treated fairly when their travel plans are disrupted, but we also recognize that the way these protections are delivered needs to improve. Travellers need a system that is clear, effective and capable of resolving complaints in a timely manner.

[*Translation*]

On May 1, I announced the government's commitment to eliminating the backlog of air passenger complaints and rebuilding travellers' trust in Canada's air travel system. Bill C-31 contains important measures to delivering on that commitment. Today, I would like to focus on three key areas.

First, we need to streamline passenger protection regulations to make them clearer, easier to enforce and more effective while taking the needs of a competitive air sector into consideration.

Second, we need to clear the backlog of complaints and improve how future complaints are handled to ensure travellers receive faster responses and solutions.

Third, we need to strengthen accountability by enhancing transparency and giving the Canadian Transportation Agency more effective tools to enforce regulations.

[*English*]

Bill C-31 includes important measures to deliver on our commitment to eliminate the backlog of air passenger complaints and rebuild travellers' trust in Canada's air travel system. Let me briefly expand on how we will do this.

First, we are streamlining the air passenger protection regulations, or APPR. Bill C-31 transfers regulation-making authority for the air passenger protection regulations from the Canadian Transportation Agency to me as Minister of Transport. This will allow Transport Canada to develop a simpler, clearer regulatory framework that better reflects the government's commitment to passengers.

To ensure continuity while the new framework is developed, the existing regulations will remain in place until the new regulations have gone through all the required steps.

Second, we are addressing the backlog and improving complaint resolution. When travel plans are disrupted, passengers deserve timely and effective resolution. The current backlog has made that more difficult and has undermined confidence in the complaints process.

Bill C-31 would provide the flexibility to transfer the processing of outstanding complaints from the CTA to an alternative dispute resolution provider. While this would help accelerate the resolution of outstanding complaints, Canadians must be confident that the process remains fair, impartial and focused on the traveller's best interests. I am, therefore, open to considering ways to further reassure Canadians that alternative dispute resolution providers will act independently and in the interest of travellers.

It would also enable the development of a more efficient complaint resolution method for the future by drawing on approaches that have shown real-world results, notably in Europe.

The goal is straightforward: to help travellers get answers and resolve their complaints more efficiently.

Third, we are strengthening accountability and enforcement. Passenger protections must be backed by meaningful consequences when obligations are not met. Bill C-31 would give the CTA stronger tools to enforce the rules, including increasing maximum fines to $1 million. It would also make the complaints process more transparent by removing the current confidentiality requirements imposed on passengers.

Together, these changes would help hold airlines accountable and give travellers greater confidence that their rights will be respected.

● (1720)

[*Translation*]

In closing, I would say Bill C-31 is an important step toward a more effective, transparent and fair air passenger regime. By simplifying regulations, accelerating complaint resolution and strengthening enforcement mechanisms, we can better protect travellers' rights and build a system that works more effectively for everyone.

Thank you.

[*English*]

The Chair: Thank you very much, Minister.

We'll begin now with six minutes for Mr. Albas.

Dan Albas (Okanagan Lake West—South Kelowna, CPC): Thank you, Madam Chair and Madam Clerk.

Minister, thank you for your ongoing commitment to our great country, and thank you to your officials today.

Minister, your government gave the CTA $76 million over three years to increase complaint processing capacity and modernize the system. Today, we're looking at a backlog of 100,000 complaints and years of waiting for people to have their cases heard.

What went wrong, and who has been held accountable?

Hon. Steven MacKinnon: Thank you for that question.

The air passenger protection regulations are overly complex and overly expensive to enforce, regulate, oversee and litigate. Yes, they have resulted in a significant backlog that the agency has proven to be incapable of reducing in any material way.

In regard to your question about who is being held accountable, I think there is lots of accountability to go around. It is a system designed with a number of complicators, a gradient scale of hours of waiting and different reasons for delays, and an agency that is a very effective and even world-leading regulator, but is probably not as equipped to deal, if I can put it this way, at a retail level with consumer-level-type processing. All of these things have conspired to make the system very unwieldy.

Dan Albas: Minister, you said that the CTA was incapable. You also spoke in your opening statement about “consequences when obligations are not met.” Has anyone at the CTA been held accountable? Did anyone responsible receive performance pay or bonuses?

Hon. Steven MacKinnon: I think I've been pretty transparent about the factors that have conspired to put us in the situation that we're in. These are relatively new regulations, as are the implementation difficulties that have been encountered by the CTA.

By the way, I didn't say they were incapable. I said that they've been proven incapable of implementing this particular system, but a number of things have conspired.

The CTA, though, is an independent agency. It receives its own parliamentary allocation and—

Dan Albas: Yes, and right now we're going to be paying for two separate systems, because you're adding a private contractor while the CTA continues to handle new complaints.

You said that transparency is important to you. What will this second system cost, and when will the backlog be cleared?

Hon. Steven MacKinnon: As soon as we hopefully receive royal assent for this piece of legislation, we will rapidly do an RFP and solicit bids from ADR companies.

There are, as I mentioned in my remarks, not only experiences elsewhere in the world but also cost benchmarks elsewhere in the world that we will be following. Obviously, we'll be happy to share that information when it is available.

● (1725)

Dan Albas: Where the APPR went wrong was that Parliament was never told what the laws were. It gave all of the authority to the government and the CTA.

For example, under Bill C-31, airlines could choose from government-designated private adjudicators, and the airlines could pay the cost of resolving complaints against them. How does that guarantee independent adjudication for passengers, Minister?

The problem with the APPR is that you've always had all of the cards and Parliament keeps giving you the power, but things never seem to roll. Can you please explain the private adjudicators and whether that's independent adjudication for passengers?

Hon. Steven MacKinnon: Yes, we believe it is independent. It's independent when it works elsewhere in the world. I would draw your attention to the experience in the U.K. or in Germany.

We are, as I mentioned in my remarks, open to ways to further reassure air passengers that this system acts independently. We just don't believe that taxpayers should continue bearing the cost of these adjudications. While we are prepared to get this backlog eliminated, we are no longer prepared to subject taxpayers to the responsibility and the burden of paying for this system.

Dan Albas: Again, Minister, the burden of paying for your system is going to be on the passengers themselves, because the airlines will simply pass it on to them.

Minister, this morning, CBC reported on four cases where Air Canada denied compensation based on safety-related maintenance, even though the functioning aircraft originally assigned to those flights were reassigned elsewhere. Air Canada acknowledges that these were commercial decisions.

Does swapping a working aircraft to another route qualify as a safety exemption, yes or no?

Hon. Steven MacKinnon: I'm unfamiliar. Obviously, the CTA has the responsibility to investigate infractions and instances of airlines exhibiting behaviours or using practices that they should not. The CTA is the regulator in this instance. I expect that they will continue to investigate those complaints. They have and will continue to have the ability to assess administrative monetary penalties—

Dan Albas: Yes, but Minister, your government proposed regulations to eliminate these grey areas in December 2024. Here we are nearly two years later, and they're still not final. When will you give Canadians a date for those rules to come into play?

The Chair: Thank you, Mr. Albas. That concludes the time.

Thank you, Minister.

We'll continue now with Mr. Leitão for six minutes.

[*Translation*]

Carlos Leitão (Marc-Aurèle-Fortin, Lib.): Thank you very much, Madam Chair.

Good afternoon, Minister. Thank you for being here.

You did a good job of explaining some elements of Bill C-31 in your opening remarks. Perhaps we can start this discussion where we left off.

I'd like to address the issue of regulations or definitions that address maintenance for security reasons. In my opinion, the new proposals we are debating here could prevent such occurrences in future. I think once the bill is passed—and I'd like to have your views on that—the fact that fines are increasing to a maximum of $1 million is a good thing. It's not a question of $20,000 here and there. There is a much bigger incentive for companies not to engage in these types of processes.

Can you share your thoughts on increasing fines to a maximum of $1 million?

Hon. Steven MacKinnon: We want to introduce a system where a deterrence due to potential fines, which could be a maximum of $1 million, will be a big consideration for airlines when it comes to their behaviours. The agency will continue to have the option and capacity to investigate cases where airlines exhibit behaviours that are contrary to the provisions we are going to put in place. In that sense, I think it's a good balance.

Airlines will now bear the costs associated with dispute resolution. They will now face much higher fines. They will pay a very high price for what I would call systemic or systematic behaviours.

Basically, we obviously want to have airlines address customer needs, give genuine grounds and reasons for delays and continue to work hard to keep to the departure and arrival times they promise their customers.

● (1730)

Carlos Leitão: Right now, there is a significant backlog of complaints that are awaiting processing. It would therefore be important to deal with this backlog. One way of doing that is to rely on the involvement of private businesses in that exercise to ensure that the process moves forward as quickly as possible. Some people have said that this concerns the private sector and have implied that airlines will work things out. However, it would seem to me that these companies have a reputation to protect. They are active in this area and they don't stand to gain by being connected to these types of things.

Can you tell us how you see that? Personally, I think there's no risk. On your side, how will you make sure these businesses, which will collaborate in this process, will be impartial?

Hon. Steven MacKinnon: First and foremost, airlines will select an independent firm from a list of government-approved firms. The firms will be subject to appropriate random verifications. The firms will be expected to comply with a set of criteria, with independence ranking at the top.

As I said in my opening remarks, I am open to implementing additional measures to reassure travellers, customers, that the firms are truly independent. However, we don't think taxpayers should continue to bear the cost of this type of process or this system. That is why we will verify the identity and registration of firms. We will leave airlines the option to do business with a firm on the list.

As we have seen in other parts of the world, including in Germany, England and the United Kingdom, this system can operate effectively.

The Chair: Thank you, Minister. Time is up.

Thank you, Mr. Leitão.

We will now move on to Mr. Thériault for six minutes.

Luc Thériault (Montcalm, BQ): Good afternoon, Minister.

Air Canada launched a pilot project that is similar to what is in the bill well before this bill was announced and tabled in the House. Does this mean that Air Canada had some knowledge of the content of the bill before its first reading in the House?

Hon. Steven MacKinnon: No, I don't think so.

Air Canada is an international airline that already participates in systems that are similar to what I've just described to Mr. Leitão, in other parts of the world, including the United Kingdom and Germany. The airline would therefore have been familiar with how this system works.

I welcome the fact that Air Canada looked for solutions to protect its reputation and ensure disputes are handled in a timely manner. Obviously, no information was shared with Air Canada.

● (1735)

Luc Thériault: So you're swearing to us, hand on heart, that this clause of the bill was not disclosed before it came through the House. Was Air Canada a source of inspiration?

Hon. Steven MacKinnon: No. I would say the experience of Europeans, who were basically the first to establish air passenger rights regimes—

Luc Thériault: Do these people have a transportation agency?

Hon. Steven MacKinnon: They all have their own version. Obviously, there are differences from one country to another.

Luc Thériault: This morning, La Presse reported that the solution you're proposing, namely the use of private adjudicators paid by carriers, basically amounts to putting the fox in charge of the chicken coop.

Hon. Steven MacKinnon: I don't agree with that.

Luc Thériault: However, members of the Senate Standing Committee on Transport and Communications agree with that.

Hon. Steven MacKinnon: That may well be, but they're not sitting in my chair.

The system is working in other parts of the world. However, as I told Mr. Leitão and as I said in my opening remarks, if the bill needs to have provisions to reassure people these firms are operating independently, that they are only registered by the government of Canada, and that airlines select them from a pre-approved list, I'm open to doing so. I'm open to incorporating provisions that would give passengers more reassurance about the neutrality of these firms, which act as adjudicators, into the bill.

Luc Thériault: Before we continue on that, members of the Senate committee who looked into this matter have trouble explaining why the proposed regulations amending the air passenger protection regulations, which were published in part I of the Canada Gazette in December 2024, were not adopted. Members of the Senate committee welcome you, Minister, to reconsider the measures in the proposed regulations as that would streamline the right of complainants to redress. I'm assuming you will be open to that too.

My question is as follows: Why not give the Canadian Transportation Agency the resources and operational capacity to handle complaints instead of creating another process, which, as senators have said, could raise conflict of interest and transparency issues?

Hon. Steven MacKinnon: I personally disagree with these concerns about—

Luc Thériault: You disagree with them automatically because you imagine the experience will be what you wish it to be. You want things to go well, but a lot of people have told us they have concerns.

Why not retain the CTA, or the Canadian Transportation Agency, instead of handing this process to private adjudicators paid by carriers?

Hon. Steven MacKinnon: There are several questions there.

Why not allocate the Canadian Transportation Agency the necessary funding? Because I was not satisfied that the backlog, which is also a matter of consumer protection, could be brought under control.

Luc Thériault: We would not be in this position had you adopted the regulations in 2024. That's inferred from the comments made by senators from the Senate committee.

Hon. Steven MacKinnon: I completely disagree with their opinion on that. I wanted to create a system that will also work in a timely manner to protect consumers and travellers. I was not satisfied about the cost or that the agency could potentially eliminate this backlog. That's why we looked at alternatives to this system.

Luc Thériault: So what standards will the airline adjudicator meet to ensure proper governance without conflicts of interest and with full transparency?

Hon. Steven MacKinnon: I think that if we have clear criteria—

Luc Thériault: What will these be?

Hon. Steven MacKinnon: They will be set out in the regulations and we will be consulting the general public, passengers, consumer protection organizations, airlines and, of course, industry on these regulations to ensure the transparency, timeliness and efficiency of a new, less complex system that we hope will address disputes.

● (1740)

The Chair: Thank you, Minister.

Thank you, Mr. Thériault. The time for this round of questions is up.

We will now continue with Mr. Lefebvre for five minutes.

Eric Lefebvre (Richmond—Arthabaska—des-Sources, CPC): Thank you, Madam Chair.

Minister, thank you for appearing before the Standing Committee on Finance.

I also want to say hello to all my colleagues.

Minister, I'm happy to hear you talk about transparency. I'd like to ask you a simple question: Are you familiar with the land that Maritime Launch Services leases from the Nova Scotia provincial government and then subleases to the Canadian federal government? Are you familiar with that file?

Hon. Steven MacKinnon: I've heard about it in the House of Commons on a couple of occasions, but I don't know the details. That's not within my department's purview. I might have heard about it from you, Mr. Lefebvre.

Eric Lefebvre: That's possible, because the file is close to my heart. The company leases land for $13,500 and then subleases it for $20 million. I think the cabinet should look into that. Ultimately, $200 million that belongs to Canadians will be spent. I've tried to find out who signed the contract and who read it, but I've not managed to get an answer. That's why I asked you if you're familiar with the file.

That said, Minister, Bill C-31 covers amendments to the Canada Labour Code to protect the rights of workers. One file that is close to my heart when it comes to transportation relates to what is happening with the Driver Inc. model. In March 2025, Jacques Dulude, president of AGD Verchères Express in Quebec, reported that he had lost three Canada Post contracts to a company that makes use of the Driver Inc. scheme. That's unfair competition.

How far has this file in relation to Canada Post gone? Have you done any verifications with companies that operate under the Driver Inc. model that won these contracts?

Hon. Steven MacKinnon: The government has taken meaningful action on this file—

Eric Lefebvre: Can you give me some examples?

Hon. Steven MacKinnon: Of course. I was previously the Minister of Transport. I launched the process and was quite pleased to see it come to the point where information is shared between the labour program and the Canada Revenue Agency when it comes to random verifications. We also removed the exemption introduced by the previous government—and I don't mean to be partisan here—concerning reviews and processing these companies' verifications. We removed that. These two measures, fiscal and non-fiscal, are very important in deterring the establishment of these types of companies.

Additionally, the labour program carried out inspection blitzes. People in the trucking industry can corroborate this if you ask them.

Some of these measures fall under provincial departments of transport. I discussed this issue, this scourge of people who don't comply with the same labour standards and the highway code, with provincial ministers; however, I'm not in charge of highway inspectors. Quebec's department of transport is responsible, and so I asked my colleagues, my provincial counterparts, to intensify efforts to carry out random inspections, do the necessary work to verify—

Eric Lefebvre: Minister—

Hon. Steven MacKinnon: —these drivers' licences.

We must reassure people that road safety always comes first, both in our approach and in our regulations.

Eric Lefebvre: Thank you, Minister.

So you are telling me that tomorrow, if I talk to Groupe Robert, Groupe Morneau, Guilbault and Transport Hervé Lemieux, who met with you in October 2024 to discuss the impacts of the Driver Inc. model, they will say they are satisfied with what is going on with respect to the targeted inspections currently being conducted on highways.

Hon. Steven MacKinnon: I didn't speak with every one of those companies, but since I spoke with many industry stakeholders, I assume they will tell you that many measures have been taken and that—

● (1745)

Eric Lefebvre: Minister—

Hon. Steven MacKinnon: —concerted action has been sustained by the provinces to verify licences for all these companies, but that the guidelines, the substance of the system—

Eric Lefebvre: Thank you, Minister. As you know, I only have five minutes. I know you're a savvy politician.

Hon. Steven MacKinnon: As you can see, I care deeply about this file, just as you do.

Eric Lefebvre: Minister, you spoke about air passengers' trust in Bill C-31 and regulations pertaining to complaints.

What I want to talk to you about, based on my understanding so far, are complaints related to Alto. There's talk that $2.8 million was distributed in bonuses to 134 employees, and yet, not a single kilometre of tracks has been laid.

The Chair: Thank you, Mr. Lefebvre. Your time is up.

[*English*]

We will continue now with Mr. MacDonald for five minutes.

Kent MacDonald (Cardigan, Lib.): Thank you, Chair.

Thank you, Minister, for appearing today.

I want to begin by thanking our government and you for the decision to rename the Charlottetown airport in honour of Alex B. Campbell, who happened to be the longest-serving premier of P.E.I. As you would be aware, he was a true visionary, who was around for a lot of progress and expansion in the island economy. Our airport was important. It continues to be incredibly important to families, workers and the tourism sector throughout Atlantic Canada, because it is one of the few ways to come and go to and from the island.

As our constituents face unexpected flight disruptions, the realities of living on an island really hit home, because if a problem starts in Toronto, it's a big problem by the time it gets to P.E.I.

I would like to pivot now to the consumer protections that you introduced in Bill C-31. Minister, for residents of Atlantic Canada, particularly P.E.I., can you explain how the structural reforms to the APPR under Bill C-31 will offer stronger protections and greater peace of mind?

Hon. Steven MacKinnon: I'd certainly be happy to.

I can't let that Alex Campbell reference go by, though, Mr. MacDonald, without agreeing that it's important we recognize our greatest public servants. I know you're well aware, as you just said, of Premier Campbell's contributions to Prince Edward Island. I'll note that he told me at that ceremony that one of his first jobs was at that very airport, which was undoubtedly an airfield at the time. He is, in many ways, an aviation pioneer not just in P.E.I. but also in our country. It is all the more fitting that we recognize Premier Campbell and his contributions.

I know you're well aware that when there are problems in Toronto, the plane doesn't get in the night before to do the invariable 5 a.m. departure that you're probably subjected to from time to time, Mr. MacDonald. We're determined to improve regional air services on a number of fronts. Part of our program inviting expressions of interest to operate our largest airports will involve an important regional air service program that we will put in place to improve regional air services all through Canada. There are more details to come on that.

Specifically with respect to air passenger protections, what Islanders and others can assume is that we will have a system where airlines are incented by the disincentives in this regime to have a consistent application of the regulations and to not exhibit behaviours that are against those regulations lest they be subject to significant fines.

When passengers cannot get a settlement immediately with an airline, they will be able to avail themselves of a system that will get them an answer quickly, or get a fair, independent adjudication made and compensation issued, if applicable—all within a very reasonable timeline and based on very clear criteria. The system right now is unwieldy, as it has different sliding scales for different things. It is unclear to many people and leaves too much room for interpretation on all sides. It is one that, as we now know, has gotten bogged down by a large backlog.

We believe this system will work far better for people who depend on air services big and small. That would include people in Prince Edward Island.

● (1750)

Kent MacDonald: Can you explain this to me for the constituents out there? If you have a complaint about an airline, are you reaching out to the airline first, and then the adjudicator process kicks in?

Hon. Steven MacKinnon: Ideally, the airlines—

The Chair: Give a very brief response, Minister.

Hon. Steven MacKinnon: —will recognize that they have breached their contract with the passenger and will offer compensation. When that is not done, passengers will be able to avail themselves of an independent process to get their case adjudicated.

The Chair: Thank you, Minister.

Thank you, Mr. MacDonald.

[*Translation*]

I now give the floor to Mr. Thériault for two and a half minutes.

Luc Thériault: Minister, earlier, you told me that criteria would be included in the regulations. However, you and I know that regulations always come after legislation. Additionally, the proposed amendments to the act are contained in an omnibus bill, which the Senate Standing Committee on Transport and Communications criticized in a report. Indeed, the report notes that “this increasingly common practice limits both parliamentary scrutiny and public debate on measures that would normally be the subject of a separate bill”. The report also notes that the committee would have welcomed the opportunity to hear from you, since you seem to disagree with the committee about its reading of the bill.

As such, would your government be open to amending the bill to clarify the guidelines to regulate the activities of third parties responsible for handling complaints?

Hon. Steven MacKinnon: Clearly, your comments are based on observations pertaining to bill-making. My answer to that would be that regulations—

Luc Thériault: Regulations are never brought before parliamentarians. You're telling me that the criteria are going to be in the regulations and so I'd like an answer to my question.

Are you going to be open to our proposed amendments to the bill to ensure criteria are not left out? That's because once the bill is passed, you're going to do as you please.

Hon. Steven MacKinnon: There is no limit, Mr. Thériault, to the subject of comprehensive scrutiny by parliamentarians. However, I can assure you that the regulations will be the subject of broad stakeholder consultation, which may include your comments, obviously.

Luc Thériault: For instance, would you agree to adopt an amendment so that carriers can't choose an adjudicator?

Hon. Steven MacKinnon: In my opening remarks, I said I was open to suggestions to reassure passengers of these firms' independence. Yes, I would welcome your suggestion.

Luc Thériault: Interesting.

According to the same report by the Senate Standing Committee on Transport and Communications, the proposed process set out in the bill raises concerns regarding independence, impartiality and conflicts of interest. The report also notes that to preserve the integrity of the process and ensure national consistency in decision-making, air carriers should not be able to choose the private third party responsible for addressing complaints against them.

I agree with the Senate on that.

The Chair: Thank you, Mr. Thériault.

That concludes your speaking time.

[*English*]

We will continue now with Mr. McLean for five minutes.

Greg McLean (Calgary Centre, CPC): Thank you, Madam Chair.

Minister, thank you for coming today, particularly since I know your other job in the House of Commons keeps you very busy getting legislation through. Thank you for paying attention to this part of your job as well, which is important in terms of the bill before us.

This is transferring regulations from the CTA to you directly, to the minister. How many people at the CTA, the Canadian Transportation Agency, were overseeing this process prior?

Serge Bijimine (Assistant Deputy Minister, Policy, Department of Transport): I'm sorry. Just as a quick clarification, do you mean overseeing the complaint process as a whole? It was around 120 people.

Greg McLean: Now those 120 people will be directly reporting to you, Minister, as opposed to an agency. Is that correct?

Hon. Steven MacKinnon: No. The agency will continue to manage, more or less, the real-time process. We'll take the backlog away from them. The real-time process will...because they will still be operating under the old rule until we have a new rule.

● (1755)

Greg McLean: Okay. I must have misread. I thought you were being transferred the responsibility for this process.

Hon. Steven MacKinnon: I am. That is correct. There's a bit of a transition measure here. The first transition—

Greg McLean: The transition says that you can delegate to them, but now you are responsible. Effectively, the people who were handling this before are probably going to switch from where they were before over to working for the ministry, as opposed to the agency. Is that correct?

Hon. Steven MacKinnon: No. They will stay as, if you will, delegates of the Minister of Transport and continue to work in the current system until the new regulations have gone through the gazetting, consultation processes, etc.

Greg McLean: Okay. You also are supposed to mediate, but only if the parties consent. That means you won't be mediating if either of the parties says they don't want to mediate. Is that correct?

Hon. Steven MacKinnon: Well, that's the essence of dispute resolution—

Greg McLean: There's going to continue to be a backlog as far as customer complaints are concerned.

Hon. Steven MacKinnon: We think we can eliminate that backlog in a pretty reasonable period of time.

Greg McLean: All right.

You're upping the fine here to $1 million from $250,000, which was part of the legislation but not part of the regulations back in 2023. Was there ever a fine delivered? There was never a fine for $250,000. What was the maximum fine that was actually delivered against the carriers here?

Hon. Steven MacKinnon: We can look that up.

As you know, levying administrative monetary penalties is an independent process, one that I don't get involved in. It's based on a fact-seeking, evidence-gathering process. Then the CTA comes up with the amount that it, within the powers that Parliament has granted it—

Greg McLean: If you could, Mr. Minister—

Hon. Steven MacKinnon: I will happily provide you—

Greg McLean: Yes. Can you lay out a scenario where a carrier is going to receive a $1-million fine in this process?

Hon. Steven MacKinnon: In my view, again, without prejudice to the independence of the CTA, a $1-million fine would be a very serious infraction, probably one that results from repeated abuses.

Greg McLean: Okay.

I know that you've also looked at privatizing the operatorship of these airports. If you think about when these complaints come due, there's going to be more money owed in this respect, because the operatorship right now is with non-profit agencies. If you're moving the operatorship to for-profit agencies, they are, by definition, going to have to increase the price.

The money's going to have to go up. Therefore, the claims are going to be higher. Let's say 10% higher. There's a 10% margin here. That 10% margin is going to inflate the cost of travel. How do you think that's going to impact inflation across the country if you inflate the cost of travel by 10%?

Hon. Steven MacKinnon: First, I see no correlation between complaints under the air passenger protection regulations and the operating model of an airport. I think they are two very distinct things.

Greg McLean: I think the correlation is that the amount of money that's going to have to be claimed is going to go up by.... Let's call that profit margin 10%.

Hon. Steven MacKinnon: The money that is claimed comes from the airlines, not from the airports.

Greg McLean: The fees are going to go up because their costs are going to go up because the operatorship is going to go up because of the rents at the airport.

Hon. Steven MacKinnon: The airlines currently live under the air passenger protection regulations, and the settlements are borne by the airlines. However, none of that is correlated—

Greg McLean: We will agree that the new operatorship is going to increase costs.

Hon. Steven MacKinnon: No, I don't agree with that. I think that the concession model we've chosen for airports.... Canadians have developed—some even say “perfected”—a discipline of running airports. We have Canadians all over the world running major airports.

The Chair: Thank you, Minister.

Thank you, Mr. McLean.

[*Translation*]

We are now going to continue with Mr. Lavoie for five minutes.

Steeve Lavoie (Beauport—Limoilou, Lib.): Thank you, Madam Chair.

Thank you, Mr. MacKinnon.

As you know, the committee takes a keen interest in all airport matters. For me, it's important to have an airport in Quebec City, the largest region in Quebec, in eastern Quebec. As you know, airline choices are often limited in Quebec City. We're glad to see airlines operating there, but we don't have the same choices available in major centres.

Today, we're reflecting on what has been happening with airlines. There are significant delays. That's where we are now. As the saying goes, someone dropped the ball somewhere to produce such a backlog. I belong to the school of thought that believes in moving forward, looking for solutions.

I've listened to you from the beginning. You have clearly set out your vision, your commitment to address the situation and streamline and strengthen processes, and I commend that. I often hear you say that users and passengers should be at the centre of priorities and that airlines will bear the costs. There will be fines. Independent firms will have to meet a set of criteria.

I'm starting to know you, Minister. I've been here for a year and a half. When you decide to move forward, you follow through. I have confidence in you, and you inspire that confidence.

My question is as follows: Once all this, that is the processes, the firms, the legislation, and so forth, has been established, what will the mechanism look like?

I'm thinking about ordinary Canadians at home today who are wondering, once this comes into force, what mechanisms will be in place to make sure things are working? By mechanism, I mean that sometimes there are warning signals, such as the red, yellow and green indicators on a dashboard. Yellow signals a move away from green, and we need to act before it turns red. We don't want to be back here in three, four or five years facing another backlog of complaints under this process.

Whether through a dashboard or other mechanisms, how will progress be tracked to ensure the current backlog is cleared and the problem does not recur in a few years?

● (1800)

Hon. Steven MacKinnon: First, we want to restore trust by clearing the backlog of complaints. That alone will help restore trust.

Second, the new regime will be clear to everyone. Carriers will understand the limits and the criteria an adjudicator may consider. They will have an incentive to reach a settlement with passengers and terminate their contracts with them. That will be clear for everyone. The dispute resolution process must be swift and straightforward, with clearly explained reasons and grounds for decisions, so that all parties are satisfied following an independent process.

Third, Transport Canada needs clear criteria for licensing and certifying adjudicators, so that people are satisfied and can see that justice is consistently being served.

As I said earlier, I'm open to suggestions to give people additional reassurance about the independence and integrity of the system we are going to establish. There is no reason for it not to work. It works in other places around the world and in Europe, which has some of the first countries to adopt passenger protection regulations similar to what we have. The ones in place now don't inspire trust. I think it's important to recognize when there are obstacles or when we are at a dead end. Everything needs to be redesigned to protect passengers and put in place a clearer, more transparent and above all, faster and efficient system.

Steeve Lavoie: Thank you, Minister.

Is it the firms or airlines that will take into account the fact that it will be easier to track processes so that complaints don't accumulate in the long term? How will the firms and companies be monitored?

Hon. Steven MacKinnon: I also referred to that in my opening remarks, but we've not talked about it so far.

First, we are removing the confidentiality requirements. Today, a passenger complainant, to use that term, is required to stay silent until their case is resolved. That confidentiality requirement has been removed in the new regime. As such, we can expect people to go public on social media, the media, and so forth.

Second, I am committed to publishing indicators online. In my view, a good justice system must allow people to see that justice is being served.

The Chair: Thank you, Minister.

Thank you, Mr. Lavoie.

[*English*]

We will go now to Mr. Guglielmin for five minutes.

Michael Guglielmin (Vaughan—Woodbridge, CPC): Thank you, Minister, for appearing here today.

Minister, for the record, what is the projected federal deficit this year?

Hon. Steven MacKinnon: We're about a week away from the budget, so you'll have a very fresh piece of data there.

Michael Guglielmin: The PBO reported last week that the projected deficit will be $63.3 billion. The reason I bring this up is that the PBO estimated that the largest project in your portfolio will be $90 billion. It has said that the baseline for Alto could actually reach $113 billion.

I bring this up because that's roughly $50 billion greater than the projected deficit for this fiscal year. Out of curiosity, is there a ceiling at which you would say this project becomes too expensive?

● (1805)

Hon. Steven MacKinnon: We will be publishing a business case for Alto in the coming months. Very much in the spirit of the times, we are determined to advance more quickly along the planning process for the project, such that we can get shovels in the ground more quickly. As you would well know.... I think you come from Vaughan. There are a lot of great builders in Vaughan. They will tell you that time is money. We want to make sure that we save taxpayers money by getting through the planning process and getting a shovel in the ground on this project more quickly.

Michael Guglielmin: I appreciate that answer, but I'm here fighting for taxpayers. When you look at a lot of these projects, they need to be on time and on budget. The PBO is expecting some major overruns, which is already signalling a significant problem with this project.

The PBO has also warned that borrowing is growing much faster than the deficit, and that's specifically because the government is borrowing for capital investments. It projects $732.9 billion in additional borrowing over five years, compared with $333.3 billion in cumulative deficits. Alto is one of the largest capital projects that your government is proposing. At some point, regardless of intention—and I think a lot of people agree with projects that you say are for nation building—what is the ceiling for that project? At what point would you say the overruns are too expensive and we have to go back to the drawing board?

Hon. Steven MacKinnon: First of all, we don't have overruns. Talking about overruns at this stage is not an appropriate way to discuss the project. Again, I refer to many of the people in your part of the world who have inspired me and educated me on different classes of estimates. The further you get down the planning process, the more detailed your engineering is and the more you're able to zero in and home in on costs. That is the process we're involved in right now, and we'll be very transparent with Canadians as we go along with—

Michael Guglielmin: I understand all that.

I'm sorry to interrupt.

Hon. Steven MacKinnon: If you do, you didn't mention it in your earlier observation.

Michael Guglielmin: I understand all that, but when you're proposing a project.... Let's say you're doing an expansion for a facility, for example. You want to create an expansion on your facility and put some new equipment in it for a business project. You build the business case, and as you start estimating that this project is becoming more and more expensive, at some point you say, "The ROI on this project doesn't make sense."

That's the number I'm looking for specifically. What is that number for your department with this specific project?

Hon. Steven MacKinnon: When our ancestors built the CPR, what did they imagine the ROI to be? I think it would be a lot less than what it was, ultimately.

This is a piece of nation-building infrastructure that will serve your grandchildren and their grandchildren.

Michael Guglielmin: Is it $150 billion, $200 billion or $300 billion? Is there no ceiling?

Hon. Steven MacKinnon: We're going to follow the appropriate world-leading processes of the engineers, the planners and the financiers who are involved in this project, and we'll be very transparent with Canadians.

Make no mistake that we believe in high-speed rail. We think that in a world where countries like Morocco are moving to high-speed rail, it is high time that we put high-speed rail between Quebec City and Toronto, and then ultimately to Windsor.

Michael Guglielmin: This doesn't mean there should be a blank cheque. Again, I'm just looking for a specific number. At what point do you think the project is way more expensive than you initially estimated? At what point would you say that we have to get back to the drawing board? Again, this is a major project at major expense to the taxpayers here in Canada.

Hon. Steven MacKinnon: This is also an important nation-building project, an important productivity and GDP-boosting project.

Michael Guglielmin: There has to be a limit to the cost.

The Chair: Thank you, Minister.

Thank you, Mr. Guglielmin. That concludes the time.

We will go to Mr. Turnbull now for five minutes.

Ryan Turnbull (Whitby, Lib.): Minister, I think you explained quite well in your opening remarks that the regulatory-making authority would be transferred to you so that there could be clarification of the process. This would improve the process and, at the same time, you could clear the backlog by transferring that backlog to another party that could resolve it more quickly. Am I understanding that correctly? Both of them would improve efficiency and probably lessen, I would think, the number of unresolved complaints that exist in the system.

How does clarifying the process reduce the number of unresolved complaints?

● (1810)

Hon. Steven MacKinnon: When you have clearer criteria, Mr. Turnbull, the airlines will ultimately be incented to resolve those complaints, those cases, with their passengers and customers before they go to arbitration, because you would have clear and bright lines in the system. We're hoping that this will perhaps, first and foremost, reduce the number of these cases that go to dispute resolution.

Ryan Turnbull: That makes a lot of sense to me.

Then, through working through that backlog, which would now be done by a third party, how can we be assured that there will be a cost reduction in that process? Is there any evidence you have to suggest that? I want to ask you how quickly we could get through them. I understand there are about 96,000 cases in the backlog. How do we know it would be faster and less costly?

Hon. Steven MacKinnon: We will be happy to provide transparency on that front, but we are quite confident that not only can the backlog be dealt with more quickly than it otherwise would be under the current system, but it will be done on a much lower cost per case than is currently being done, all the while leaving with the CTA the ability to implement the current system until we make the permanent switch over to a new, clearer, more efficient system.

Ryan Turnbull: That's great.

I think I read that you've already said there would be harsher consequences for repeated infractions and greater transparency, with passengers being able to opt for their confidentiality to be waived and those cases to be.... Then you have a four-part process, as I understand. You're clarifying the process for dispute resolution for the future, reducing the backlog completely in the most efficient way possible to get caught up, and then increasing accountability and transparency in the system.

Would you say that sort of covers—

Hon. Steven MacKinnon: We're also increasing fines, so we're increasing disincentives—or increasing incentives for good behaviour, if you will. Also, yes, we're removing that confidentiality requirement.

We think this is a solid plan that will get us out of this world of more vague criteria and more vague interpretations of the regulations. It's an incentive for airlines to solve these cases quickly, compensate passengers and give them their due if that essential contract has been violated. That will then leave with the CTA what it does best, which is to enforce regulations, inspect and levy fines—levy much harsher fines, it must be said—if the circumstances warrant it.

Ryan Turnbull: What I've heard from my constituents is that people feel like they get the runaround. They can't resolve a complaint. They've been treated unfairly, and they can't get compensation for the headaches that they've experienced while travelling. It's really very frustrating for them. It sounds to me like there are improvements on multiple fronts that will incentivize not only quicker resolution but, hopefully, compensation for those passengers whose experience was bad, for whatever reason.

I don't blame airlines for all of the complications in all cases. Sometimes it's for safety or other reasons. It is challenging for them to actually get compensation in a timely manner.

Hon. Steven MacKinnon: That is the intent of what we're proposing here today. It's something that is also consistent with the implementation of these regulations in other jurisdictions where they've been through the experiences that we are currently going through—perhaps learning more quickly some of the hard lessons that they've learned—putting in place a system that people view as fair and is seen to be fair.

● (1815)

The Chair: Thank you, Minister.

Thank you, Mr. Turnbull.

[*Translation*]

We will conclude the hour with the minister with Mr. Thériault, who will have the floor for two and a half minutes.

Luc Thériault: My pleasure.

The Chair: If you don't want the time, that's okay. We can stop there.

Luc Thériault: I thought we had run out of time.

Minister, what will the burden of proof be based on when it comes to demonstrating that disruption is out of a carrier's control? Will the onus be on the consumer or the carrier?

Hon. Steven MacKinnon: I think that should be objective. There should be criteria that are clear, well established and well understood by everyone to enable the adjudicator or the neutral entity to render an efficient and timely decision.

Luc Thériault: So you would not be open—

Hon. Steven MacKinnon: Well, consumers—

Luc Thériault: —to an amendment to put the burden of proof on carriers automatically?

Hon. Steven MacKinnon: I think we want to accomplish the same thing, namely, to have clear and objective criteria to ensure a decision can be rendered and that the carrier itself has an incentive to resolve a dispute well before it comes before an adjudicator.

Luc Thériault: That may also have the opposite effect to what you're hoping because it's not quite clear who has the burden of proof. I was sure you were going to tell me the burden of proof lies with the carrier, primarily.

Hon. Steven MacKinnon: That means that—

Luc Thériault: I had not yet completed my statement. Let's assume I have a private adjudicator. Do you really think carriers will want to resolve this issue before it gets to an adjudicator? If so, do you think all complainants should have the right to appeal?

Hon. Steven MacKinnon: Are you talking about a right of appeal in an alternative dispute resolution system? I don't know what an appeal would offer. Dispute resolution is some sort of appeal if both parties can't reach agreement.

To get back to your earlier comment, I think the burden of proof lies with carriers, precisely because a client experienced delay.

Luc Thériault: That puts my mind at ease.

Hon. Steven MacKinnon: Yes. Thank you. That's what I came to do, Mr. Thériault.

The Chair: We only have 15 seconds left. That's great.

On behalf of the committee, I'd like to thank the minister, Ms. Little and Mr. Bijimine for their time with us today.

[*English*]

Before I let you go, colleagues, I just wanted to provide a slight update on the study on federal spending power. The clerks have exhausted the witness list. If there are additional witnesses for this study, please submit them by 5 p.m. As such, we will not be meeting tomorrow.

We will be meeting again on Thursday. However, we'll be meeting at 9:30 a.m. to begin clause-by-clause on Bill C-31.

With that, seeing that it is the pleasure of the committee, we shall adjourn.

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