



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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

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TRAN • NUMBER 051 • 1st SESSION • 42nd PARLIAMENT

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**EVIDENCE**

**Thursday, March 23, 2017**

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**Chair**

**The Honourable Judy A. Sgro**



## Standing Committee on Transport, Infrastructure and Communities

Thursday, March 23, 2017

•(1105)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I'm calling the Standing Committee on Transport, Infrastructure and Communities, meeting number 51, to order please.

Good morning to all of you. It's nice to see you all back.

We gather today to study the subject matter of the supplementary estimates (C) and the main estimates for Infrastructure Canada and Transport Canada.

We will begin with the votes under Infrastructure Canada, namely votes 1, 5, and 10 under the Office of Infrastructure of Canada; vote 1 under the Jacques-Cartier and Champlain Bridges Incorporated; vote 1 under the Windsor-Detroit Bridge Authority; and votes 1 and 5 under PPP Canada Inc., referred to the committee on Thursday, February 23, 2017.

For the Office of Infrastructure of Canada we have with us Ms. Yazmine Laroche, associate deputy minister of infrastructure and communities; Ms. Darlene Boileau, ADM, corporate services and chief financial officer; Mr. Marc Fortin, ADM, program operations; and Mr. Glenn Campbell, executive director of the Canada Infrastructure Bank Transition Office.

For the Jacques-Cartier and Champlain Bridges we have Mr. Claude Lachance, senior director, administration. For the Windsor-Detroit Bridge Authority, we have Mr. Michael Cautillo, president and CEO, along with Ms. Linda Hurdle, chief financial administration officer, by teleconference.

Finally, on behalf of PPP Canada Inc. we have Mr. Greg Smith, vice-president, finance, risk and administration, and chief financial officer.

Welcome to everyone.

For the information of the committee, it is not my intent as the chair to call for votes on these today. On April 13 we will have Minister Sohi with us, and it is my intent, our committee's intent, that we will have the votes following his appearance here.

We will start the discussion by calling vote 1 under the Office of Infrastructure of Canada.

Ms. Laroche, we go over to you for five minutes, please.

**Ms. Yazmine Laroche (Associate Deputy Minister, Office of Infrastructure of Canada):** Thank you, Madam Chair.

I'm delighted to be appear before the committee today with my colleagues.

We've been asked to appear today to speak about the important work that Infrastructure Canada is doing to support the Government of Canada's commitments to invest in Canadian communities. As the chair just mentioned, our minister is looking forward to coming and meeting with you in a few weeks' time on April 13.

I won't repeat the introductions of all of the colleagues who are with us today. We have representatives from the ministry of infrastructure and communities, and also members of Minister Sohi's portfolio.

We will be pleased to give you an update on the progress we have made since our last appearance before the committee.

[Translation]

As you will have noted, Infrastructure Canada has requested \$7 billion for the upcoming fiscal year. This forecast reflects the progress the department is making in delivering Investing in Canada, the long-term infrastructure plan. It also indicates the anticipated reimbursements to proponents whose projects are already underway, but it does not include the funds mentioned in yesterday's budget.

The Government of Canada committed to working closely with partners to accelerate the funding being delivered under legacy programs—such as the New Building Canada Fund—and to quickly move forward with new programs to support projects across the country.

Of those legacy programs, \$800 million was committed in the last year, and projects are moving forward. The remaining \$30 million is being transferred directly into the federal Gas Tax Fund. This approach is generating results. For example, in Newfoundland 20 projects were approved in the last year, whereas no projects had been approved in the previous three years.

[English]

With regard to the new programs announced in budget 2016, the department has now approved more than 1,100 projects under the public transit infrastructure fund and the clean water and wastewater fund.

In Trois-Rivières the city is renewing water pipes and investing in the Matton pumping station.

Surrey, British Columbia, has been investing in the planning required to expand key transit lines to help people get to and from work and to reduce greenhouse gas emissions.

In the north, Iqaluit is also making use of phase one funding with the construction of a new secondary wastewater treatment plant. This means that wastewater will be further purified before it is released into the environment. Once complete, the project will help Iqaluit foster sustainable development and meet regulatory requirements for years to come.

Caverly Road in Aylmer, Ontario, was revitalized with new curbs, sidewalks, as well as stormwater and watermain infrastructure. New asphalt, permanent pavement markings, and a cycling route were added to improve safety for the many commuters who will use this roadway daily.

[Translation]

There is more work underway across the country. The new Champlain Bridge Corridor Project, for example, has been under construction for over 18 months and remains on track to be open to the public for December 2018. This summer will be a particularly important construction season as the main bridge structure continues to take form and work progresses on other key components of the corridor.

In addition, the preliminary work for the Gordie Howe International Bridge continues and the request for proposals process is underway. Infrastructure Canada has acquired all of the necessary Canadian properties and we are continuing to complete the acquisitions in the United States. The Prime Minister's recent meeting with the President demonstrated that this project remains a priority for both countries.

The department also continues to work closely with the folks at PPP Canada on the new Canadian Infrastructure Bank. The Bank will be both an important source of funding and a centre of excellence for infrastructure investments.

• (1110)

[English]

Infrastructure Canada continues to make significant investments in communities across Canada. The estimates we have put forward will enable the department to move forward on our core funding commitments. I am sure my colleagues both in the department and from the portfolio agencies would be happy to respond to any questions you might have.

Thank you, Madam Chair.

**The Chair:** Thank you very much for that very brief but very exact information.

We'll go to Mr. Doherty for six minutes.

**Mr. Todd Doherty (Cariboo—Prince George, CPC):** Thank you, Madam Chair. It's an honour to be here.

I think I can speak on behalf of my colleagues here and say that it would have been great for the minister to appear before us in person. Perhaps I can offer that the minister is not appearing before us because of the dismal record that we're seeing before us and the announcements made yesterday indicating that budget 2017 probably just misses the mark.

I will direct my—

**Mr. Vance Badawey (Niagara Centre, Lib.):** I have a point of order, Madam Chair.

Just to clarify, the minister has agreed to attend the next meeting.

**The Chair:** The minister will be here for the meeting of April 13.

**Mr. Todd Doherty:** I have a point of order, Madam Chair.

The point we are making is that we are here today with the understanding and the hope that we could question the minister on the record of the last while and the supplementary estimates today. It is disappointing that the minister's not here to defend the record.

**Mr. Vance Badawey:** Madam Chair, I have a point of order again.

I think the member is fully cognizant of the fact that not only is the minister going to be attending the next meeting, but also that the members opposite will have ample opportunity to pass on questions to the minister. I am sure that the minister will be more than happy to answer those questions.

**Mr. Luc Berthold (Mégantic—L'Érable, CPC):** Madam Chair, what kind of point of order is that?

**An hon. member:** This is debate, Madam Chair.

**The Chair:** Mr. Doherty.

**Mr. Todd Doherty:** Madam Chair, I will direct my questions to the ADM.

Ms. Laroche, we saw that over 30% of the infrastructure funding committed in 2016 has lapsed, with most of it being shifted to 2018-19. This is forcing rural communities to play the wait-and-see game, and the government is really asking these communities to trust it.

Why wasn't the funding simply added to the gas tax fund, so that communities could quickly address current infrastructure issues rather than waiting?

**Ms. Yazmine Laroche:** Thank you that question. It is a really good one.

It's emblematic of the way our infrastructure programs work. Other than the gas tax fund, the bulk of our programs are negotiated with provinces and territories, and when we establish our spending estimates and our flow of funds, we do it based on the best information we get from our partners. They will give us a sense of what they think they'll be able to spend from these allocated programs.

**Mr. Todd Doherty:** From that, Ms. Laroche, would you say that the spending goal was unrealistic?

**Ms. Yazmine Laroche:** No, I think we make our best efforts every year. The fact that we haven't transferred the money to provinces and territories doesn't mean that the funds have not been invested in municipal infrastructure by provinces and territories. It means they have not yet submitted their claims to us. That 30% of funding that has not yet been spent has been allocated, but we have not received the claims from provinces and territories. Because of the way our programs are designed and the terms and conditions attached to them, we need to get a claim before we can cut a cheque.

• (1115)

**Mr. Todd Doherty:** Would you say that the system, perhaps, could be flawed? Is it a system issue or a management issue?

**Ms. Yazmine Laroche:** I'd say it's the way the infrastructure funding happens. If you look back over the 10 years of the life of the department, it seems to be fairly consistent. We make our best estimates with our partners, the provinces and territories, at the beginning of the year, trying to ascertain how the funds will flow, but it's not exact.

**Mr. Todd Doherty:** I have two questions that go to that comment. Do you believe the provinces and municipalities have been adequately prepared for the influx of spending, and do you think the historic investment in infrastructure, as promised, has enough resources in place to ensure that it's spent strategically?

**Ms. Yazmine Laroche:** To answer the second question first, I believe we do have enough resources in place.

I would also say that we have now over 10 years of relationships with provinces, territories, and municipalities. For example, I have biweekly phone calls with our deputy minister counterparts right across the country. It's our way of making sure that we are in constant communication, that we understand where the pressures and the priorities are, and that we try to resolve these issues. But we can always do better, and that's what we're hoping to do.

**Mr. Todd Doherty:** I appreciate that, Ms. Laroche.

Is there a mechanism in place, an evaluation mechanism, that weighs rural versus urban community spending?

**Ms. Yazmine Laroche:** What do you mean by "evaluation"?

**Mr. Todd Doherty:** What's the balance between the amount of money that this government promised they were going to spend in communities for infrastructure, urban versus rural?

**Ms. Yazmine Laroche:** We do track the funding. If you go to our website, for example, we have something—

**Mr. Todd Doherty:** You don't have the numbers with you right now?

**Ms. Yazmine Laroche:** I don't believe I have the exact breakdowns, but I think we can get them to you.

I would encourage you to go to our website. We have a clickable map where you can go province by province and see exactly how much is being spent.

I don't have it in front of me, but I'm sure we can get it to you.

**Dr. Marc Fortin (Assistant Deputy Minister, Program Operations, Office of Infrastructure of Canada):** If I may, just to complement that response, in terms of urban versus remote communities and all that, in the last two years more than 78% of the money that was spent went to communities with populations of under 25,000. But we can provide you with more of a breakdown later.

**Mr. Todd Doherty:** I would like to see that, because I can tell you right now that I would hazard that the rural communities across Canada are saying that they are not receiving their fair share. There are indeed projects that are going unfunded and not being prescribed to.

I have one last question. In—

**The Chair:** You have only 15 seconds. That's not sufficient time.

Mr. Sikand.

**Mr. Gagan Sikand (Mississauga—Streetsville, Lib.):** Thank you, Chair.

Thank you for being here this morning. Thus far, ridings like mine, and Mississauga in general, have really benefited from the investment in infrastructure, specifically when it comes to public transit, but I was also happy to see that in this budget, \$29.9 billion will be spent over 11 years to support social infrastructure. This will require productive consultation with the provinces and municipalities.

Could you please provide us with some insights on these consultations, how they've gone thus far and how they'll continue in the future?

**Ms. Yazmine Laroche:** Social infrastructure is I think a good example of the collaboration and the collaborative approach that we take, not just between us and provinces, territories, and municipalities, but also with other government departments. The social infrastructure category is vast. It includes housing, which of course is under the purview of Canada Mortgage and Housing. There's a homelessness component as well. There's an early childhood learning component, which is under Minister Duclos' purview as well. We work very closely with our partners in other departments.

As I mentioned earlier, we have a long tradition of engagement with provincial, territorial, and municipal colleagues, and with organizations like the Federation of Canadian Municipalities, to really understand where the pressures and the priorities are when it comes to infrastructure. You're probably aware that the Federation of Canadian Municipalities has been asking for a number of years for greater investment in social and affordable housing. I think we see that in yesterday's budget.

• (1120)

**Mr. Gagan Sikand:** I actually have three co-ops in my riding, so I do appreciate that as well.

I will split the rest of my time with my colleague Vance.

**The Chair:** Mr. Badawey.

**Mr. Vance Badawey:** Thank you, Madam Chair.

I do appreciate Mr. Doherty's question as it relates to the way the money is going out, and of course the priority, when you roll the money out, that you place on local community needs. Of course, with that, we are looking at performance measures, as we move down the road, to see what the outcomes and of course the returns on those investments are. I appreciate that. That's, in fact, exactly what this government is looking at doing.

The question, Madam Chair, through you, is this. While we look at rolling out the infrastructure dollars, will the ministry continue to support community based smart city community improvement and community growth planning?

**Ms. Yazmine Laroche:** As you may know, in last year's budget some funding was set aside for us to partner with the Federation of Canadian Municipalities. It is actually launching an initiative that's going to focus on asset management at the local level. It's designed to do exactly that. It's to work with municipalities to help them improve their own capacity to plan for longer-term infrastructure investments.

You mentioned smart cities. The government has made a commitment to a smart cities challenge, which is just being developed now, which is intended to help cities and communities across the country to find ways to leverage technology to address some of their pressing concerns.

**Mr. Vance Badawey:** Coming from a municipal background myself, I appreciate that. When we see what the gas tax has done by having that sustainable funding envelope available for infrastructure works, albeit attached to road, wastewater, water, and sewer, it's refreshing now to see an additional funding envelope—and we hope it's sustainable—that will then move forward towards other infrastructure. It may attach itself to past, old, or existing infrastructure, but equally as important, as municipalities move forward, is whether this new funding envelope will attach itself, when it comes to smart cities, to new infrastructure investments and then further overall economic, social, and environmental strategies. Do you see that happening?

**Ms. Yazmine Laroche:** Yes, I think so.

Certainly the advantage of a long-term plan is that it allows municipalities, provinces, and territories to think through not just their current but their future infrastructure needs. The fact that phase two of the infrastructure plan is over 11 years allows for greater planning and strategizing over where the priorities are going to be.

**Mr. Vance Badawey:** Thank you, Madam Chair.

My last question has to do with what you mentioned earlier about asset management. That's the last component of executing the plan. Once we have the asset in place, we not only need to manage it through its life cycle with repairs and maintenance but we also need to prepare financially by putting a reserve aside to eventually replace it.

Do you find that this program is also going to discipline municipalities to have those asset management plans in place to therefore not saddle future generations with the burden the way this generation has been saddled?

**Ms. Yazmine Laroche:** I think that was one of the reasons the Federation of Canadian Municipalities came forward with this proposal. There are some communities across the country that are doing fantastic work in terms of asset management, but it may be a bit uneven. This is a way of making sure people have access to the tools they need so they can do that kind of effective long-term planning.

I would just add that I think the recognition that there was an issue with what we call “state of good repair” was one of the reasons the first phase of infrastructure funding announced in last year's budget really focused on these critical areas in public transit and in water and waste water. The focus was on having a state of good repair and bringing existing infrastructure up to a satisfactory level.

**The Chair:** Thank you very much, Ms. Laroche.

Ms. Laverdière, go ahead for six minutes, please, and welcome to the committee this morning.

[*Translation*]

**Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP):** Thank you very much, Madam Chair. I am very pleased to be here.

I am going to go quickly because I have several questions.

Thank you for your presentation, Ms. Laroche.

I have a question for you about the Windsor-Detroit Bridge, which will only be completed in 2022. What are the reasons for that delay, and what are the associated costs?

• (1125)

**Ms. Yazmine Laroche:** Thank you for the question.

My colleagues from the Windsor-Detroit Bridge Authority are with me via video conference. I am going to turn to Mr. Cautillo in a moment.

I am not certain that there will be costs associated with this delay. The request for proposals process is underway and we do not yet know the proponents' response. I am going to ask Mr. Cautillo to answer your question.

[*English*]

**Mr. Michael Cautillo (President and Chief Executive Officer, Windsor-Detroit Bridge Authority):** Thank you for the question, Madam Chair.

As was mentioned, we issued the request for proposals, in this case on November 10, 2016, and are currently in the middle of a procurement process. We're going to go for 12 months until we get the financial submissions, and then we're giving ourselves six months after that to evaluate and get approvals. At that time we will be able to state more definitively what the construction timing and sequencing is going to be and be able to confirm a planned opening date.

[*Translation*]

**Ms. Hélène Laverdière:** I think you are also planning to install toll stations.

What kind of revenue do you expect to generate? How will the tolls be determined?

[*English*]

**Mr. Michael Cautillo:** The toll rates themselves will be competitively set. The overall revenues garnered from this operation will be a combination or a function of the number of vehicles that will use the crossing; the type of vehicles and the percentage, for instance, of commercial vehicles versus passenger vehicles; and the toll rate itself.

Rest assured that the toll rates themselves will be competitively set.

[*Translation*]

**Ms. Hélène Laverdière:** Mr. Lachance, I have the pleasure and the honour of representing the riding of Laurier—Sainte-Marie where the Jacques-Cartier Bridge ends, and where the main means of transportation citizens use are walking, public transit and cycling. What are your plans? Are you studying concrete options that would allow for the opening of a cycle path on the Jacques-Cartier Bridge in the winter?

**Mr. Claude Lachance (Senior Director, Administration, Jacques-Cartier and Champlain Bridges Incorporated):** Thank you for your question.

Next winter, we will launch a pilot project to install a heated sidewalk over a certain distance. We will evaluate that and afterwards we will be able to see what we can do, technically speaking, to extend the cycling season.

**Ms. Hélène Laverdière:** I have a question that is related to the previous one.

If you are installing a heated path on only part of the bridge, how will people be able to make it over the other part?

**Mr. Claude Lachance:** We simply want to see how the surface will react following the work.

**Ms. Hélène Laverdière:** Thank you very much.

I would like to address the representatives of the Office of Infrastructure of Canada. You asked for authorization to spend \$600,000 to support the Gordie Howe International Bridge team project. I would like some details on the activities you intend to support. What are the specific plans for that investment?

**Ms. Yazmine Laroche:** Thank you for your question.

As you may know the Department of Transport was responsible for the Gordie Howe International Bridge until last year, when responsibility for that bridge was transferred to us. This amount allows us to pay the team that was transferred to us.

That team manages the relationship with the crown corporation. It is also responsible for the purchase of lands on the Canadian side and as I mentioned it has to ensure good relations not only with the crown corporation, but also with the State of Michigan, which is a key partner, and with the City of Detroit. The Department of Transport was responsible for all of that previously.

• (1130)

**Ms. Hélène Laverdière:** Thank you very much.

That is all for me, Madam Chair.

[*English*]

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

Mr. Hardie.

**Mr. Ken Hardie (Fleetwood—Port Kells, Lib.):** Thank you, Madam Chair. I'll be splitting my time with Mr. Fraser.

The work that's been done by your department and your minister has made a huge difference in British Columbia. Just last week Minister Sohi was there and made 140 communities very happy by finally meeting some long-standing needs on water and waste water. I had the opportunity to make an announcement on behalf of the City of White Rock, which had been waiting over 100 years to get its water system into shape. There were reasons for that, but we were finally able to move forward on that.

Certainly, looking forward to the advent of transit funding in metro Vancouver for both the Broadway line and Surrey rapid transit, I can go home now, as it's very good news.

But I want to talk a bit more about the gas tax fund because....

I see lights going off here. Is that a vote being called?

**The Chair:** You can continue. We'll try and get this round done.

[*Translation*]

**Mr. Luc Berthold:** Madam Chair, there is a vote and we really have to leave to go and vote.

[*English*]

**The Chair:** If that's the desire.

Mr. Fraser.

**Mr. Sean Fraser (Central Nova, Lib.):** Seeing that we're just down the hallway, I believe that the committee, with unanimous consent, can agree to continue. We have, I think, a half hour here. We may as well make use of it. We're not two minutes away from the chamber. I propose that the committee continue in the absence of an objection.

**The Chair:** Does the clerk know if it is a half-hour bell? Just one moment.

[*Translation*]

**Mr. Luc Berthold:** Madam Chair, it is a thirty-minute bell. We can let the witness answer the question and then go to vote. That is what we usually do.

[*English*]

**The Chair:** It's 30 minutes. It takes us about two and a half minutes, Mr. Berthold, to go next door to where we would have to vote, and given the fact that we have the representatives here, I think we should try to get to as many as we can. We could go as close as possible to the time. So if we could stay for another 20 minutes, I think we could get a considerable amount of work done.

Continue please, Mr. Hardie.

[*Translation*]

**Mr. Luc Berthold:** Madam Chair, on a point of order.

When the members are called to the House, you absolutely need unanimous consent to continue. You should at least put the question to us before deciding on how to proceed. That would be very much appreciated by all of the committee members.

[*English*]

**The Chair:** Well, in order to be respectful of the many people who are here to speak to us as well, I think it's an important thing. Is there unanimous consent to continue for an additional 20 minutes?

There is not unanimous consent. That means....

Yes?

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** I would propose 10 minutes, but not another 20.

**The Chair:** We'll continue for another 10 minutes. Is there unanimous consent to continue for 10 more minutes?

There is.

Okay. Please continue.

**Mr. Ken Hardie:** I wanted to talk about the gas tax fund. It was introduced by Mr. Martin a number of years ago. I was with the Metro Vancouver transportation authority, and boy, that was really good news for us.

Please speak a bit more about transferring excess commitments into the gas tax fund. This is new, is it not? In the old days, would those funds, if unused, have lapsed back to the government?

**Ms. Yazmine Laroche:** In the old days, we would try to work with our colleagues in the provinces and territories to get the money spent from those programs, but as we saw over the last few years, we had a bit of a backlog of money. In fact, we had \$837 million from what we call our “legacy programs”, which had not been allocated. The government said that if we couldn't get that money committed by a certain date, it would indeed be transferred into the gas tax program.

• (1135)

**Mr. Ken Hardie:** All right. I will stop you there, because I'd like to give Mr. Fraser a moment here as well.

Thank you.

**Mr. Sean Fraser:** Thank you, Mr. Hardie, and thank you to our witnesses for being here with us.

When I went through the budget, I saw there was a somewhat surprising but welcome emphasis on issues impacting gender and women.

I notice as well with respect to infrastructure the enormous investments being made, particularly in housing and child care facilities. Could you describe to me the process of developing budgetary items and whether there's a gender-based analysis conducted in the context of the policy formation and delivery?

**Ms. Yazmine Laroche:** Yes, in developing any new policy or program, one of the things we look at is how it's going to play out for a range of groups, including a gender-based analysis to better understand what the needs are. For example, one of the things that we're looking at right now with respect to infrastructure is the representation of women in trades. Women are not hugely represented in the construction and building trades, and we're very interested in seeing what we can do through our investments to encourage greater participation by women in trades.

We also look at, for example, public transit. How is it going to connect disadvantaged communities? How is it going to help people get more easily to and from school, or to and from work? It's definitely one of the considerations as the policies are being developed.

**Mr. Sean Fraser:** That's excellent.

I want to piggyback on one of the earlier comments by my colleague, Mr. Badawey, with respect to asset management. I represent an area that's defined by small towns and rural communities. With the influx of infrastructure spending that they've seen from last year's budget and expect to see in phase two, can you describe how the asset management investment made through FCM will potentially help those smaller communities ensure that they're not biting off more than they can chew?

**Ms. Yazmine Laroche:** Thank you again. The program that the Federation of Canadian Municipalities is running will supply expertise to communities rather than force them to hire a full-time staffer, which is difficult when you're small and don't have a lot of resources. They will be able to tap into existing consultants and people who already have a certain amount of expertise.

My understanding is that they'll also be sharing best practices that have been developed already by some municipalities. This is again a way of sharing information and best practices so that communities have a better opportunity to determine how they want to use the money.

**Mr. Sean Fraser:** Finally, before I run out of time, let me turn to a question asked at the outset of this committee meeting with respect to accounting practices and the way funds are allocated versus the way they're spent.

In my community, for example, some of the phase one infrastructure is under way. The community of Plymouth has new pipes being put in the ground today. It's entirely possible from your explanation that projects that are under construction may not actually have the money spent, simply because of the typical accounting practices whereby the province submits a claim.

Is that an accurate description?

**Ms. Yazmine Laroche:** That is a very accurate description.

It is a little bit frustrating for us at times that we can't necessarily tell you that  $x$  number of projects are under way until we get reports back from the provinces and territories, and we can't pay the money out until we get the claims. Also, they have to wait for the municipalities to submit, and then they will submit. We seem to be in a cycle such that we're slightly out of phase every year.

**Mr. Sean Fraser:** And this is the ordinary process that—?

**The Chair:** Mr. Fraser, your time is up.

**Mr. Sean Fraser:** Thank you, Madam Chair.

**The Chair:** I'm going to have to thank the witnesses.

Thank you very much for coming out this morning and providing us with the information. No doubt we will see you on April 13 when we have the minister back with us as well.

I'm going to suspend now. We'll go to the vote and will return following it.

• (1135)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1220)

**The Chair:** I'm sorry to everybody for the disruption, but there's always politics around.

We understood that we would have Minister Garneau for 30 minutes until 12:30 and that he then had a vital appointment and would not be able to stay any longer. So the suggestion, and I think we have agreement with the other two parties, is that we would thank the officials for being here. On his part, Minister Garneau has indicated that he would be here on April 13 for the full hour, which is what the committee desires.

Given that point, we will adjourn today's meeting with the officials, knowing that on April 13 in the first hour we would have Minister Sohi, the Minister of Infrastructure and Communities, and in the second hour we would have Minister Garneau with us.

I want to thank the officials for being here and apologize for the disruption.

Ms. Block, did you have a comment? Then Mr. Berthold.

**Mrs. Kelly Block:** I have one question. I appreciate that we are rearranging the schedule to have the minister here for an hour. Typically when we look at the mains or supplementary estimates, we would invite the minister for an hour and then the appropriate departmental officials for a second hour.

Is there a plan to follow up the meeting with both of the ministers? I know we've heard from folks in regard to infrastructure. Would there be a plan to invite some of these folks back subsequent to those meetings with the ministers?

**The Chair:** We had the folks from the Minister of Infrastructure here this morning. The original idea, which I believe was agreed between all parties, was that we would have the Minister of Infrastructure and his staff for the first hour and the Minister of Transport and his staff for the second hour. That's the plan that I believe we would move forward with.

Mr. Berthold.

[*Translation*]

**Mr. Luc Berthold:** Madam Chair, I would like us to suspend the meeting for a few minutes so that I can talk to you about this agreement. Certain things have been said about it. There are a lot of officials present. With your permission I would like us to take a few seconds to discuss this together.

•(1225)

[*English*]

**The Chair:** Mr. Berthold has asked if we could suspend for a few minutes. We will indeed.

•(1225)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1225)

**The Chair:** I am reconvening our meeting. You would think that we had eight hours for this meeting. I would that the officials please take their places.

We've had other discussions, and given the fact that we do not have the minister but do have the deputy minister, who can provide very precious information, we have decided that we to continue for another half an hour today and obtain as much information as we possibly can.

Mr. Badawey, I did have you on a list here for a question. Have your questions been answered?

**Mr. Vance Badawey:** You read my mind.

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

Mr. Fraser, are you [*Inaudible—Editor*].

Thank you to the officials.

Mr. Keenan, do you have any opening remarks that you would like to say?

[*Translation*]

**Mr. Michael Keenan (Deputy Minister, Department of Transport):** Thank you, Madam Chair.

I would like to make a few comments to begin.

•(1230)

[*English*]

I'm in your hands, Madam Chair. Should we go around and introduce the officials at the table, or should we just launch into it and come in as we go?

**The Chair:** I think they can comment as they feel necessary.

**Mr. Michael Keenan:** As necessary, great. Okay.

I'm happy to be here today with officials from the department, and the portfolio heads. Unfortunately, as you've already discussed, the minister is unable to be here due to the scheduling changes, but I'm happy to talk about the main estimates.

Please let me begin by saying a few words about the department's mandate. As Minister Garneau says frequently, both publicly and to his officials, the first priority of Transport Canada is the safety and security of Canadians across all modes of transport.

Since new risks are always emerging, protection of Canadian citizens requires constant vigilance and scrutiny on the part of departmental officials. Transport Canada also supports the government's mandate to grow the economy and support trade. A modern, efficient transportation system is key to achieving those goals.

Canada lives by trade. For our country to prosper we must be able to get products to markets around the world. To do that we need well-functioning ports, airlines, railways, and to ensure shippers are able to move goods smoothly through our trade corridors and gateways.

Of course, we must do this in a manner that provides the highest level of protection to the environment. Our 2017-18 main estimates lay out how the department plans to play our resources to advance this agenda. Transport Canada is not asking for any additional appropriations through supplementary estimates (C) for 2016-17. All the funding we need to deliver our mandate for the fiscal year ending had already been accessed in previous estimates.

In the main estimates for 2017-18, Transport Canada is seeking access to \$1.3 billion to cover our planned expenditures, which include \$596.6 million for operating expenditures, \$138.5 million for capital expenditures, \$336.7 million for grants and contributions, and \$230.8 million in statutory authorities. This represents an increase of \$36.9 million from the planned spending in last year's main estimates.

The increase is largely due to new funding required to enhance the safety of railways and the transportation of dangerous goods, and to do things like expand inspection capabilities, support training for more consistent oversight across the country, and improve systems for testing, classifying, registering, and mapping dangerous goods.

Additional funds will also support the ports asset transfer program. Some of the programs Transport Canada has administered over the past several years are winding down, such as the Asia-Pacific gateway and corridor initiative. As projects are completed, in some cases the actual costs are less than estimated, so you will see a decrease in the grants and contributions funding required.

We are working to develop new programming that will build on the success of the Asia-Pacific gateways program. Some of that was referred to in the budget tabled yesterday. I will defer to the minister, when he appears, to describe the budget priorities of the Government of Canada.

We would anticipate seeing those resources added to the reference levels of the department and many of the key crown corporations, whose representatives are sitting around the table, in the supplementary estimates for 2017-18.

Madam Chair, please allow me to close by saying Transport Canada is very committed to sound fiscal management and stewardship of government resources on behalf of Canadian taxpayers.

With that, I would say we are now happy to answer any questions you may have on the part of the department or on the part of the agencies in the transport portfolio. Thank you very much. *Merci.*

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

So that we will know specifically who we have at the table as officials, I would ask that you each introduce yourself, starting on my left. Please include your department.

**Mr. Shawn Leamon (Vice-President of Finance, Marine Atlantic Inc.):** I'm Shawn Leamon, the CFO of Marine Atlantic.

**Mr. Paul Griffin (Chief Executive Officer and Chief Financial Officer, Marine Atlantic Inc.):** Paul Griffin, president and CEO of Marine Atlantic.

• (1235)

**Mr. Andie Andreou (Vice-President and Chief Financial Officer, Canadian Air Transport Security Authority):** Andie Andreou, vice-president and chief financial officer of CATSA.

**Mr. Mike Saunders (Interim President and Chief Executive Officer, Canadian Air Transport Security Authority):** Mike Saunders, president and CEO of CATSA.

**Mrs. Deloranda Munro (Director General, Financial Operations, Administrative Services and Deputy Chief Financial Officer, Department of Transport):** Deloranda Munro, deputy chief financial officer of Transport Canada.

**Ms. Natalie Kinloch (Chief Financial and Operating Officer, The Federal Bridge Corporation Limited):** I'm Natalie Kinloch, chief financial and operating officer of the Federal Bridge Corporation.

**Mr. Scott Streiner (Chair and Chief Executive Officer, Canadian Transportation Agency):** Scott Streiner, chair and CEO of the Canadian Transportation Agency.

**Mr. Jean-François Poirier (Director, Financial Services and Asset Management, and Deputy Chief Financial Officer, Canadian Transportation Agency):** Jean-François Poirier, chief financial officer with the Canadian Transportation Agency.

**Ms. Danielle Boisvert (Corporate Controller, VIA Rail Canada Inc.):** Danielle Boisvert, corporate controller at Via Rail.

[Translation]

**Mr. Jacques Fauteux (Director, Government and Community Relations, VIA Rail Canada Inc.):** I am Jacques Fauteux, Director, Government and Community Relations at Via Rail.

[English]

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

You can see how important the people sitting at the end of the table are. They're all here to answer any questions the committee might have.

Ms. Block.

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

At the front end of my questioning, I do want to thank you for accommodating the minister for another day for a full hour. I appreciate that.

I do want to thank all of you for being here with us. I know it will be a short time with you, but thank you so much for being here. I look forward to hearing the answers to not only my questions but also my colleagues' many interesting questions, I'm sure.

Deputy Minister, I want to say how much I have appreciated working with you in the past, in your role with Natural Resources.

Based on the mains that we have in front of us, I note that Transport Canada's budget is significantly lower than it was in 2015-16. I'm wondering if you could give us an explanation of this, and advise us on whether Transport Canada has the resources it requires to fulfill your obligations.

**Mr. Michael Keenan:** Thank you, Madam Chair.

I'd like to thank the member for her very kind comments. It's great to see her again.

In terms of the resources for 2017-18, on a strict mains-to-mains basis the numbers are up, but as the member correctly states, when you look at the mains and all the supplementaries from 2016-17, the numbers are down. I think at this point the department does anticipate receiving additional resources through supplementary estimates.

I'll give you one example. The ocean protection plan, which the government announced in November, is not reflected in the main estimates. We would anticipate seeing it in supplementary estimates (A) or (B) going forward. Should Parliament approve those estimates, they would provide significant additional resources for Transport Canada to carry out the activities and the responsibilities that have been described in public by the minister and the Prime Minister.

I think on a mains-to-mains basis, the numbers are up a bit. I cannot predict what the government will table for estimates, for supplementaries, and I can't predict what Parliament would vote, but it is likely that there would be significant additional resources flowing, based on the statements made in the budget and by the minister.

I would say, as the deputy head of the department, that we've been doing some very rigorous financial planning. I wouldn't say we have lots of extra cash flying around, but I feel that we have the resources we need to discharge the responsibilities that we currently have.

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

I just want to follow up on that. I understand that perhaps what was announced in the budget is not reflected in the mains as they are presented, but you've noted that there were some announcements made last fall, that you hope to be coming back to this committee, too, with some additional funding requests through the supplementary estimates. If you indicated last fall that there were some things you had in mind that Transport Canada would need additional funding for, why is that not included in the mains we are looking at today?

• (1240)

**Mr. Michael Keenan:** Madam Chair, I would use the example of the oceans protection plan because we're implicitly talking about that. An announcement was made by the Prime Minister in November, I believe. In the decision-making process of the government at that point, there had been a cabinet decision to proceed with initiatives as described by the Prime Minister, Minister LeBlanc, and Minister Garneau. That initiated a process of detailed implementation planning on the part of Transport Canada, Fisheries and Oceans, Coast Guard, Natural Resources Canada, and Environment and Climate Change Canada. That is working its way through the Treasury Board process and the detailed implementation planning is coming to fruition imminently.

Given the cycles of policy decisions and implementation planning, although it was moving fast for an initiative of its complexity, it was not at a point where Treasury Board officials could put it in the main estimates, so it has to flow in the supplementary estimates. We're optimistic it could make supplementary estimates (A), but definitely, in our view, it will make either supplementary estimates (A) or supplementary estimates (B). In the meantime, in anticipation of this, we're doing the preparatory work so that once it is approved by Parliament, we can move rapidly to implement the program.

**Mrs. Kelly Block:** Okay.

**The Chair:** Mr. Badawey.

**Mr. Vance Badawey:** Thank you, Madam Chair.

I want to continue where I left off in my other comments and questions based on some of the comments by Mr. Doherty. Once again, I appreciate those comments because they do emphasize the need to look at community needs at the local level, and, therefore, because we are great stewards of a disciplined asset management plan at the federal level, following that through by example and adding that good stewardship to the local level so they too continue to be good stewards of their assets.

Moving forward to future investments and aligning those investments with local strategies, based on the comments you made earlier, to dig down into the weeds a bit further with respect to the comment that Transport Canada will receive funding "to launch a Trade and Transportation Information System", can you elaborate a bit on that?

Just as a heads-up, as an extension of your comments I'm sure, is it going to integrate a logistics information system?

**Mr. Michael Keenan:** I should clarify that in the proposed main estimates there is no funding for a trade and transportation corridor data initiative or an initiative on developing better intelligence on transportation system fluidity and logistics. There is, however, language in budget 2017 to do exactly that, and there are a couple of points on that.

First, I would point members to Minister Garneau's speech on November 3 laying out a proposed vision, what the minister refers to as "Transportation 2030". He put a very strong emphasis on the importance of developing a trade and transportation corridor network in the country that is efficient, fluid, and intelligent. To do that, one requires better data on how that trade and transportation corridor network is functioning, real-time information on its performance, and real-time information on where there are problems and bottlenecks that need to be resolved.

Second, the thinking behind some of that is that if government can use its offices to pool the information and the data from the various operators in the network and make that generally available, it would allow all partners in the transportation value chain to make better decisions that create a more fluid transportation system and allow Canadian companies to get their products to global markets more reliably and at lower cost.

The program I think the member is referring to in budget 2017 is a targeted initiative on data to pull that information and make it publicly available so that all players in the transportation value chain are able to make more informed decisions that result in a more efficient transportation and logistics system for Canada.

• (1245)

**Mr. Vance Badawey:** Thank you.

Essentially, taking it a step further, you're going to feed the system that Minister Garneau has announced within the 2017 budget, extending that beyond Canada.

I just returned from Washington, and discussed with our colleagues across the border the need to also integrate a broader logistics system. Therefore, we would integrate the entire value chain across the border, in both Canada and the United States. We would follow the product and make it easier for the consumer to take full advantage of an integrated logistics system.

Can you comment on that?

**Mr. Michael Keenan:** Thank you. I would be happy to comment.

In fact, Minister Garneau has been to Washington and has met his counterpart at the U.S. Department of Transportation, the Secretary of Homeland Security, and key congressional leaders, both in the House and the Senate, essentially talking about what the member just described: the importance of facilitating transportation networks across the Canada-U.S. border, and the importance of finding a way to develop a border logistics system that has ever-higher levels of security and more efficient movement of goods and people.

Interestingly, facts always help. Minister Garneau sort of turned heads in Washington when he described how each and every day, 30,000 trucks, 4,600 train cars, and 400,000 people cross the Canada-U.S. border. There's a network across the border. I think the minister has secured a shared commitment from key U.S. leaders and office holders to work with Canadian counterparts to find a way to make that work.

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

Ms. Laverdière.

[*Translation*]

**Ms. Hélène Laverdière:** Thank you very much, Madam Chair.

My first questions are for Mr. Fauteux.

I would like to know if you have concluded your study on federal government assistance for the high-frequency rail plan.

**Mr. Jacques Fauteux:** Thank you for the question.

Madam Chair, as Ms. Laverdière mentioned we have completed our study on high-frequency rail, as we had announced via certain platforms at the end of the month of December. We have submitted it to our counterparts at Transport Canada at this time. We are working daily with them on the due diligence and to answer the questions that need answers in the context of this work.

**Ms. Hélène Laverdière:** Very well.

Could the committee have a copy of the study? Has it been released publicly?

**Mr. Jacques Fauteux:** I think it is important that we do our work first. When the study is complete and we have finished our talks, I am sure the government will choose the right time to release that information.

**Ms. Hélène Laverdière:** Thank you.

Are you considering funding the high-frequency train project through the new investment bank?

**Mr. Jacques Fauteux:** We are studying that at this time, madam. It would be premature for me to answer that question.

**Ms. Hélène Laverdière:** My last question is addressed to the VIA Rail representatives. I want to take the opportunity to point out that I travel on your trains twice a week when the House is sitting.

There has been much talk about renewing the fleet of trains used in the Quebec-Windsor corridor. How is that progressing?

**Mr. Jacques Fauteux:** Things are going well. As I mentioned to some of your colleagues in the past, we are continuing to study the renewal of our aging fleet. It is almost 40 years old. Some of our trains are older than the person who is speaking to you right now.

However, we have to continue doing the study with our counterparts at Transport Canada. We submitted our plan and our options to the department. We are continuing to work with them on this.

● (1250)

**Ms. Hélène Laverdière:** Thank you very much.

My next question is addressed to a Transport Canada representative.

Are you still under special Treasury Board oversight? If so, what are the upcoming time frames? When will the situation change, in your opinion?

**Mr. Michael Keenan:** Thank you for the question.

Briefly, no, we are not subject to special Treasury Board supervision. Over the past year and a half, the department undertook a management review of the departmental finances. We have concluded the first step in that process.

[*English*]

With the advice and help of the special observer, we have done an extensive review of our finances. We have reduced our staffing level through attrition—through turnover, not through lay-offs—down to a level that equilibrates our financial resources. We have better aligned our resources with our objectives and priorities. We have implemented the recommendations of the special observer. His work is done, and he has departed.

I think it harks back to one of the opening questions. We're in a position where we have readjusted our spending. We've realigned it with our priorities are in a position now where we feel we can execute our responsibilities, as outlined in our documents and our estimates.

[*Translation*]

**Ms. Hélène Laverdière:** Regarding your expenses, in his December 2016 report, the Auditor General noted that there was a 59% decrease in fiscal 2016-17 in the operational budget for impact resistance tests. Why this cut to that sector in particular?

**Mr. Michael Keenan:** I'm not sure I understood. I'm sorry, but could you repeat the question?

**Ms. Hélène Laverdière:** This was in the December 2016 report of the Auditor General. The operational budget for impact resistance trials for automobiles, for instance, was reduced by 59%. That cut seems a bit surprising to us in the context of ensuring citizens' safety.

**Mr. Michael Keenan:** That's true, but I'd like to answer in English.

[English]

We have, from year to year, fluctuations in spending and oversight activities in particular areas for particular reasons. We did have the reduction that year in spending as described.

We look at these programs from a multi-year perspective. In some areas, you can have very sharp declines one year and very large increases the next year as we execute a program. In the case of motor vehicle safety testing, we did indeed have that decline. We are looking over a multi-year horizon at our activities for that and anticipate seeing fluctuations upwards again.

I would say, based on the Auditor General's report on motor vehicle safety testing, we are looking at how to better optimize that program. We have not made final decisions on how to manage it into the future. We see the centre in Blainville, Quebec as a key asset in our efforts to ensure the safety of Canadians in motor vehicles.

● (1255)

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

Mr. Iacono, we have two minutes left, and you wanted to split some time with Mr. Sikand.

[Translation]

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

My questions are addressed to Mr. Fauteux or Ms. Boisvert of VIA Rail.

You asked for additional funding to maintain your current activities. Does the amount of \$867.3 million over three years announced in yesterday's budget meet that need, and how?

**Mr. Jacques Fauteux:** The funding that was announced yesterday in the federal budget will allow us not only to maintain our activities but also to continue to keep an eye on VIA Rail's strategic projects, the high-frequency rail project, as well as the renewal of our fleet. We are particularly happy with the news. It shows the confidence our government has in our management team as well as in the services provided by our employees.

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

What are your development priorities for the upcoming years?

**Mr. Jacques Fauteux:** As we mentioned in various ways at parliamentary committees, the renewal of an aging fleet of vehicles

is important. It will allow us to ensure the viability of the corporation over the long term, and to increase the comfort and safety of passengers, like the four million passengers who travelled on VIA Rail last year. In addition, the high-frequency trains will allow us to offer more frequent trips to passengers travelling in the Quebec-Windsor corridor. It will ensure sustainable mobility and reduce greenhouse gas emissions.

[English]

**The Chair:** Mr. Sikand, did you want to try to get a short question in there?

**Mr. Gagan Sikand:** It's fairly long but I'm going to ask it regardless.

I notice that the budget acknowledges self-driving cars and drones. These are either innovative or disruptive, depending on how you look at them, but I'm happy that the budget acknowledges them. I just want to know what our plans are around that.

Could someone speak to that?

**The Chair:** A short answer.

**Mr. Michael Keenan:** The short answer is that I agree completely with you. I think a major change is coming. There's a lot of upside promised by both of those, and there is a lot of work going on in terms of regulation and new innovation programming in order to, if you will, seize the upside and protect against the downside.

The minister, as late as just two weeks ago, announced interim regulations for UAVs. There are more measures coming for UAVs.

Bill S-2, which I believe may be coming to this committee, has key provisions in it that will enable us, from the point of view of motor vehicle safety, to deal with new technology in cars. We see that as a key piece of legislation, enabling us to move forward while grabbing the upside and protecting against the downside of the disruptions that are arriving through both UAVs and autonomous vehicles.

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

To all of the departmental officials, thank you very much for coming here and making yourselves available today.

Thank you to the committee.

The meeting is adjourned.





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