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# Standing Committee on Transport, Infrastructure and Communities

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Chair: Mr. Vance Badawey





# Standing Committee on Transport, Infrastructure and Communities

Tuesday, March 9, 2021

• (1535)  
[English]

**The Chair (Mr. Vance Badawey (Niagara Centre, Lib.):**  
Good afternoon, everyone.

Welcome to meeting number 20 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking, rather than the entirety of the committee.

To ensure an orderly meeting, I would like to outline a few points to follow.

Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of floor, English or French.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room. Keep in mind the directives from the Board of Internal Economy regarding masking and health protocols.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute. For those in the room, your microphone will be controlled, as usual, by the proceedings and verification officer.

A reminder that all comments by members and witnesses should be addressed through the chair.

When you are not speaking, your mike should be on mute. With regard to a speaking list, as always the committee clerk and I will do the best we can to maintain the order of speaking for all members, whether they are participating virtually or in person.

Members, pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, October 29, 2020, the committee is meeting today to continue its study on the Canada Infrastructure Bank.

Now I would like to welcome our witnesses.

We have with us Heather Whiteside, associate professor, political science, University of Waterloo.

She will be followed by the Canadian Construction Association, Mary Van Buren, president.

From the Canadian Council for Aboriginal Business, we have Tabatha Bull, president and chief executive officer.

From the Canadian Council for Public-Private Partnerships, we have Mark Romoff, president and chief executive officer.

From Efficiency Canada, we have Brendan Haley, policy director.

From the Heating, Refrigeration and Air Conditioning Institute of Canada, Martin Luymes, vice-president, government and stakeholder relations.

Ms. Whiteside, you have the floor for five minutes.

**Professor Heather Whiteside (Associate Professor, Political Science, University of Waterloo, As an Individual):** Thanks very much for inviting me here today to comment on the mandate, activities, projects and financing of the Canada Infrastructure Bank.

I've noted the types of witnesses that you have spoken to thus far—the advocate, the critic, the defenders—and I'm sure my answers will make clear where I fit here too.

I have certainly published a few things that have been quite critical of what the CIB might be. I say “might” because it hasn't done much yet. I remain very concerned about particular possibilities such as asset recycling, which, hopefully, we can discuss more in the Qs and As, but since not much has happened yet with the CIB, I think we're in quite a great spot to do something different to build back better in a meaningful sense.

Before turning to your questions and to the other witnesses, who I'm sure represent very diverse views on the subject, I would like to establish seven foundational premises that I hope we can all agree on across the partisan divide.

One, public infrastructure is important generally but also in particular priority areas, and this has been all the more heightened by the pandemic.

Two, public infrastructure is needed. There is an infrastructure gap in this country, with much at the end of its life cycle or inadequate for meeting modern needs.

Three, public infrastructure is services. Hospitals are health care, transit is urban planning and schools are education. Public infrastructure serves a public good and is a public asset in more ways than one.

Four, there are several ways to finance public infrastructure, but only a few ways of funding it, namely, through Canadians as taxpayers and service users.

Five, there is no financing crisis in Canada. Our pension funds are well capitalized, the bond markets are friendly towards all levels of government and many of our Crown corporations are already self-financing.

Six, some forms of finance are preferable over others. Canadians' pooled savings and Crown corporations should be investing in our public infrastructure, not Wall Street hedge funds looking for P3 equity ownership.

Seven, commercialized public infrastructure offering private equity isn't the solution to the infrastructure gap we face. User fees are often insufficient to repay capital costs, megaprojects often remain reliant on public grants and subsidies, and private equity gives unaccountable entities ownership rights over vital public services.

With these seven points in mind, I think it's plain that the CIB's link to private equity and commercialized infrastructure undermines other key parts of its mandate, such as operating in the public interest. We do not need to give away ownership rights to achieve our infrastructure aims.

A few months ago, the new CIB CEO promised P3 enthusiasts that, "In [the] future the CIB will be more active in soliciting partnerships rather than waiting for offers" and that he'll "start with the market and work backwards".

What is he talking about here? He's actually referring to reversing the procurement relationship, shifting from the question "what's needed in Canadian communities?" to "what's wanted by global investors?"

Not only is this a dangerous position that aligns infrastructure decisions with dogma rather than merit, it also directly contradicts what Minister McKenna said to this committee just two weeks ago: that the CIB would develop projects within "priority areas" for the public good and that it "isn't about privatizing" infrastructure.

For the Bloc, the CIB's commercialized mandate intrudes on provincial decision-making. For the NDP and Greens, the CIB threatens progressive values. For the Liberals, the CIB presents deep contradictions. For the Conservatives, it violates their 2016 party position. As MP Poilievre wrote in 2017 in a Maclean's op-ed, with the CIB, powerful financial interests "get the rewards and taxpayers get the risk."

We need the CIB to do better than this. We need a knowledge bank pooling talent, a source of very low-cost public financing and an *ex post* evaluator, an entity that evaluates projects during operational and long-run multi-decade phases. We need an entity that values public assets above all and is guided by a public sector ethos.

To amend, as those French-speaking members will certainly know, means to make better. Building back better requires amending the Canada Infrastructure Bank mandate, unshackling it from private equity and commercialization so that it can make good on its commitments: commitments to operate for the public good, to provide infrastructure for indigenous and rural populations, to help

with the green transition and to support local needs, as I'm sure we'll hear about from the other witnesses as well.

• (1540)

**The Chair:** Thank you, Ms. Whiteside.

We're now going to move on to our next witness, Ms. Van Buren.

Ms. Van Buren, the floor is yours for five minutes.

**Ms. Mary Van Buren (President, Canadian Construction Association):** Thank you for inviting me to speak to you today. I am speaking on behalf of the Canadian Construction Association's 20,000 member firms who operate across Canada as general contractors, trade contractors, civil and professional manufacturers and suppliers who work, obviously, in the commercial side, institutional and industrial sector.

One of the key messages that we're bringing today is the importance of infrastructure in not only building for our future, but certainly in addressing the deficit that we know about. In 2019, we produced an infrastructure report that showed the very worrisome state in many of our assets across Canada.

Looking at the future, of course we see that the pandemic does bring us an opportunity to build back differently. One of the key areas of concern is, of course, workforce and the construction industry. We need a workforce, and we can hire and train many of those people who have been displaced in other sectors. We can do that in a way that gives them great, meaningful jobs.

Building for our future and building to eliminate the infrastructure deficit require a 25-year plan. The investing in Canada plan with its 12-year commitment is a great start, but it's not enough, and we have to all urgently focus on getting those funds flowing today. There's no point in having billions of dollars if they sit unallocated and not being used.

In terms of the Infrastructure Bank, this is a bit of context. We know Canada is a large land mass. We know that we have a small population. We have very ambitious goals to be the best country and remain the best country in the world, but we are not alone in that. Australia, the U.K. and the U.S. are facing many of the same challenges that we are. They don't have enough workforce. They don't have enough capital to make these projects go forward, and we're all facing, in Canada, some protectionism trade winds with the buy U.S. program, and, even within some provinces, we've seen some trade barriers crop up.

Our contractors are concerned that Canada won't be as attractive to this capital that we need to have that investor confidence to keep our country moving forward.

Certainly Crown corporations like EDC are very helpful, and we believe that the Canada Infrastructure Bank can also play a pivotal role; however, its mandate is a promise, but it's not yet realized. Certainly we've met with the leadership on many occasions.

P3 models can be very useful, but it's a model that does need some rethinking. We need to make sure that Canadian companies can compete without taking a disproportionate share of the risk, and we're certainly looking forward to many of the Infrastructure Bank's announcements and how they can help be a catalyst for more investment in Canada. We need these projects, again, to start now. We've seen the bank have a bit of a slow start, but we're certainly counting on them to pick up the pace and make a real contribution to the country.

Another role for them would be helping with productivity gains, de-risking innovation and making sure that that's part of the criteria when they're looking at projects.

In summary, certainly one of the goals we share with Canadians and all parliamentarians is including more Canadians in economic recovery. Infrastructure is a natural fit. Every community in Canada needs something, whether that's a community centre or a hospital. They need their curbs, and they need their roads fixed. Again, we can come up with an economic stimulus that ensures that it's shared across Canada in large and small communities and all sizes of business.

We are happy to work with the government.

Thank you for this opportunity to speak to you today.

● (1545)

**The Chair:** Thank you, Ms. Van Buren.

We're now going to move on to Mr. Romoff.

Mr. Romoff, you have the floor for five minutes.

**Mr. Mark Romoff (President and Chief Executive Officer, Canadian Council for Public-Private Partnerships):** Thank you, Mr. Chair, and members of the committee, for inviting the Canadian Council for Public-Private Partnerships to contribute to the study that the committee is undertaking of the Canada Infrastructure Bank.

I know the committee is aware that Canada, like all countries around the world, is confronting a significant infrastructure deficit while facing the additional challenge of fiscal restraint. Despite this reality, it is absolutely critical to invest in infrastructure, because it is well-known that such investments drive economic growth and prosperity, create jobs, increase productivity and promote global competitiveness. These are outcomes that couldn't be more timely, and more relevant as governments focus on post-pandemic economic recovery.

The council commends the federal government, provinces, territories and municipalities for stepping up to the plate, earmarking significant funding to address this issue. Notably, the federal government set the bar with its \$186-billion investing in Canada plan,

and together with other creative vehicles, such as the Canada Infrastructure Bank and the smart cities challenge, is moving Canada's innovation and economic yardsticks forward.

Our council is a national, not-for-profit, member-based organization consisting of nearly 350 public and private sector organizations, which works closely with all levels of government, indigenous communities and the private sector to enable them to become smarter, more innovative, and more effective at delivering sustainable infrastructure in Canada. I should add that the council is not a lobby group; rather, we partner with governments to achieve the very best performance, and return on their infrastructure investments while enhancing the quality of life of Canadians.

While we are proponents of public-private partnerships, P3s, we also recognize they are not a panacea. If used for the right reasons and on the right projects, P3s have delivered very strong economic outcomes in terms of projects being delivered on time. In fact, they are 13% faster than traditionally procured projects, and on budget, with savings to governments exceeding \$27 billion. This is clearly excellent value for taxpayers. We now have 290 projects across the country and across a wide range of industry sectors. The value of those projects that have reached financial close today now exceeds \$140 billion.

It's important to note, though, that P3s are not privatization. In every instance, governments retain ownership, control and accountability for the projects they've invested in. It's important to remember that P3 is simply a procurement model, nothing more.

Today's unprecedented challenges, the reality of climate change, cybersecurity threats and now the COVID-19 pandemic, demand unprecedented action.

The Canada Infrastructure Bank, under its new leadership, its \$10-billion growth plan, a new unsolicited proposals framework, and updated statement of priorities and accountabilities, is well positioned to play a central role in the government's economic recovery plan. The council is eager to support the bank to enable it to be successful.

In particular, we commend the recent direction that the CIB established a target of \$1 billion for indigenous projects. This is an important and timely step to address the serious infrastructure deficit that these communities are confronting, estimated to be anywhere between \$25 billion and \$30 billion. Indigenous people are also keenly interested in participating in major infrastructure projects. The Tlicho all-season road project in the Northwest Territories is an outstanding example of one of the first P3s in North America with an indigenous cash funded 20% equity stake.

In reality, however, access to capital at competitive rates for indigenous communities is a major hurdle, and the CIB has a unique opportunity to step in to redress this inequity.

The bank can make an important contribution to strengthening municipal project procurement and delivery. Municipalities account for the vast majority of infrastructure throughout the country, and will be lead players in delivering stimulus projects. At the same time, complex infrastructure issues often challenge local government officials. The CIB has the expertise, and specialized knowledge that can prove invaluable to advancing and completing these infrastructure projects.

• (1550)

I would say, Mr. Chair, that Canada has become a globally recognized hub for infrastructure development, and in particular, for public-private partnerships. We have earned a reputation around the world for being “best in class”, with an approach and achievements that are the envy of many countries. My council believes that over the coming months, as the CIB delivers on its ambitious agenda, it too will be seen to be best in its class.

I would be pleased to elaborate on the points I've made, and I look forward to your questions.

Thank you very much.

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

We're now going to move on to Mr. Haley.

Mr. Haley, you have the floor for five minutes.

**Mr. Brendan Haley (Policy Director, Efficiency Canada):** Thanks, everyone, for the invitation. I am the policy director for Efficiency Canada. We're a research and advocacy organization focused on creating an energy-efficient economy. We are based at Carleton University.

I would like to start by inviting you to think about energy efficiency as infrastructure that we need to move to a net-zero emission economy.

We usually think about energy efficiency on a building-by-building basis, and we leave the financing and the project management of retrofits to a building owner.

In a net-zero economy, we're really concerned with the large-scale, aggregate impacts of improving energy efficiency. That includes GHG emission reductions from buildings directly, as well as freeing up some of our existing clean electricity resources that can be used for further reductions in areas like transportation and industry.

To reach the scale of energy retrofits, we need to create a functioning market for deep energy savings. That's where customers can access stable bills, comfort and indoor air quality benefits that can come with energy efficiency, in the same way that they can now pay for a cellphone plan or lease a car.

The convenience on the customer end exists in those areas in part because you have private investors ready to back particular business models and buy portfolios of smaller loans.

Today, private investors are not directing their capital towards substantial energy upgrades because we have not created the necessary market structures. Investors see high transaction costs for each retrofit project and they do not have the data to accurately assess investment risk.

The Canada Infrastructure Bank can take on what I call a “market-creating” mission, with a goal to direct capital into building retrofits as a new area for productive investments. Strategies that it could follow include taking the lead on investments and then producing data to demonstrate the potential to the private sector, aggregating individual retrofit projects into larger portfolios that can then attract investors, and promoting standardized energy-savings measurement and evaluation protocols that can reduce transaction costs and perhaps enable trade.

The CIB growth plan announced at the end of 2020 includes building retrofits for the first time, with a focus on large-scale, non-residential buildings. I think that is the market most prepared to demonstrate the investment opportunity.

However, to reach our climate goals, we also need to make energy-efficiency services available in the places people live. In the government's currently announced or proposed policies and other areas we look at, financing for homeowners is either planned to be attached to the individuals themselves, or perhaps to the homes themselves. Yet in other jurisdictions, they're exploring the aggregation of residential retrofits to achieve economies of scale as well as different business models where homeowners can essentially sign a contract that guarantees home comfort and a stable bill, with a third party handling the financing. To really see residential retrofits take off, I think we need to develop these new market structures and business models.

This will require more than just redirecting financial markets. It will require on-the-ground market development and new innovations in areas such as manufacturing and logistics. If we can develop more market-ready residential retrofit solutions, the Canada Infrastructure Bank should be ready to provide that long-term, patient capital.

Thus, the suggestion I would make to you today is that the Government of Canada could initiate a residential building retrofit strategy that encourages new business models and new economies of scale to create the conditions for Canada Infrastructure Bank investment.

I think that complementary policy would fill a gap and help maximize the impact of the Canada Infrastructure Bank, going forward.

Thanks.

• (1555)

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

We're now going to move on to Mr. Luymes.

Mr. Luymes, you have the floor for five minutes.

**Mr. Martin Luymes (Vice-President, Government and Stakeholder Relations, Heating, Refrigeration and Air Conditioning Institute of Canada):** Good afternoon, Mr. Chair and committee members. Thanks for the opportunity to speak with you today.

As you will have been told, commercial and residential buildings account collectively for 18% of greenhouse gas emissions in our country. There are many important ways in which the heating, ventilation and air conditioning and refrigeration industry can and will aid in meeting emission reduction targets. Some of them are obvious, others less so.

In principle, we support the notion of investing in energy efficiency as infrastructure, as submitted by our friend at Efficiency Canada. Indeed, our industry's contribution to reducing energy use is primarily through building-by-building upgrades in technologies or processes that reduce carbon emissions and energy demand at point of use, thus freeing supply capacity for other uses.

Some technologies, however, create very specific benefits to the larger energy system, and specifically to Canada's electricity infrastructure. They should be considered as a form of infrastructure investment because of these benefits.

Today I would like to direct your attention to one such example, just to make the point. The technology in question is ground-source heat pumps or geo-exchange systems.

As you will know, a key tactic for decarbonizing space heating in homes and buildings is to convert carbon-based heating systems to electric heat pumps, while at the same time transitioning electricity production to clean sources. As an end-use technology, heat pumps of all types present a remarkable technology that, instead of burning fuel to create thermal energy, uses a bit of electricity to move or pump thermal energy from one place to another.

The thermal energy in question might be available in the air, water, ground, or even in municipal waste systems. Because of the wonders of the refrigeration cycle and the laws of thermodynamics, these systems can deliver energy efficiencies far greater, even 3.5 to 5 times greater, than the 100% efficiency of traditional baseboard electric resistance heaters.

There is, however, a challenge to this. Like other jurisdictions, Canada's electricity grid and power supply capacity is not designed to meet average demand over the span of a day or a year; it must be capable of meeting peak demand on any given day, and in Canada, energy demand for home heating will of course peak on the coldest days of winter.

Currently, the most readily available and affordable type of heat pump is an air-source heat pump. These have legitimately become popular in many parts of the country. They are super-efficient and able to cool and heat when and as needed. What's not to like?

However, because they rely on the thermal energy available in outdoor air, even the best cold-climate air-source heat pumps drop in energy performance on the coldest days of the year—exactly when they are most needed—to just a little better than electric resistance heat. This means that potentially large spikes in demand for electricity across vast areas of the country will occur during these periods.

For grid planners, the idea of replacing carbon-based fuels with electric modes of heating has created legitimate worries about the system capacity needed to meet those short-term but substantial demand spikes in winter. Some studies have suggested that because of these spikes, the transition to all-electric heating forms will be very costly, requiring investments of up to \$1.4 trillion in new power generation and distribution infrastructure over the next 30 years. These studies do not make any distinction among the different heat pump technologies available on the market and the ways their performance varies under extreme conditions.

A recent study commissioned by HRAI highlights the unique advantages of ground-source heat pumps or geo-exchange systems for managing the electricity system. The study found that if the heating of homes and buildings across Canada were electrified using ground-source rather than air-source heat pumps, Canada would save up to \$495 billion in grid development costs over the next 30 years. This amounts to a net savings to the grid of more than \$40,000 for every Canadian household. That's after allowing for the cost of installing these relatively more expensive systems.

The study highlights a unique and under-appreciated benefit of ground-source systems, namely their ability to perform at consistently high energy efficiencies regardless of outdoor air temperatures, thanks to their reliance on more stable thermal energy stored in the ground. Even on the coldest days of winter, these systems perform at efficiencies of 350% or higher. Rolled out at scale, geo-exchange systems could be used to substantially reduce those winter peaks in demand that would otherwise stress the system.

Our study quantifies the system-wide infrastructure benefits of this technology, demonstrating that avoided electricity system development costs will more than pay for the investment in these heating systems by users.

In classic tragedy of the commons fashion, however, Canadians acting in their own short-term interests will be disinclined to shoulder the higher upfront costs of these systems, despite the fact that societal system-wide benefits would significantly exceed their individual cost burden.

• (1600)

We will need thoughtful policy measures and programs to reconcile these gaps.

The public investment in electricity generation and distribution infrastructure that is needed to power a transition to a low-carbon economy must also include consideration of energy utilization technologies that result in such significant avoided system costs.

Thank you for your time.

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

Ms. Bull, go ahead for six minutes please.

**Ms. Tabatha Bull (President and Chief Executive Officer, Canadian Council for Aboriginal Business):** *Meegwetch.*

*[Witness spoke in Ojibwa and provided the following text:]*

Aanii, Tabatha Bull n'indignikaaz, Nipissing n'indoonjibaa, Migiizi dodem.

*[Witness provided the following translation:]*

Hello. My name is Tabatha Bull. I am from Nipissing First Nation, and I belong to the Eagle Clan.

*[English]*

As president and CEO of the Canadian Council for Aboriginal Business, I want to thank you, Mr. Chair, and all the distinguished members of the committee for the opportunity to provide you with my testimony and answer any questions.

I'm speaking to you from my home office. I acknowledge the land as the traditional territory of many nations, including Mississaugas of the Credit, the Anishinabe, the Chippewa, the Haudenosaunee and the Wendat peoples.

As the federal government continues to tackle a national infrastructure gap, noted as potentially as high as \$570 billion, a portion of that funding needs to be dedicated to support indigenous infrastructure where this gap is most acute. As reported by the Canadian Council for Public-Private Partnerships in 2016, first nations peoples face an infrastructure deficit of as much as \$30 billion. The infrastructure gap facing Inuit and Métis peoples has not been accurately quantified but it is estimated to at least match the deficit of first nations.

We must be mindful about what this means for indigenous peoples. Using the United Nations human development index, Indigenous Services Canada recently found that while Canada ranked 12th internationally in 2016, the on-reserve indigenous population ranked 78th, the same as that of a developing country. Furthermore, CCAB's research has repeatedly found that the lack of appropriate and reliable infrastructure is a barrier to indigenous business growth, including reliable Internet, transportation such as roads and airports, electricity and clean water.

CCAB's report "Promise and Prosperity" found that four in 10 indigenous peoples have either no Internet connection or a connection on which they cannot fully rely. These problems are more common for indigenous businesses located on reserve and in remote areas. The impact of this deficit was highlighted by the OECD, which noted that this lack of reliable Internet makes it more difficult for indigenous entrepreneurs in remote and rural communities to access business training skills programs. While free, online business skills training is widely available, poor Internet connectivity hinders its

use. Additionally, infrastructure issues for indigenous people are exacerbated by climate change, as indigenous people in Canada experience warming rates at two to three times the world's average.

What is the solution?

First, infrastructure spending within indigenous communities needs to be driven by the needs articulated by indigenous communities and leaders and support building institutional infrastructure that empowers indigenous peoples and businesses. CCAB data indicates that most indigenous communities are building capacity to service their own infrastructure needs. In fact, in 2018, approximately 75% of aboriginal economic development corporations reported that they have the capacity to take on the work if the federal government put forward contracts to address infrastructure priorities in their communities. This is why CCAB supports, in part, the establishment of the First Nations Infrastructure Institute.

Next, there is a need for predictable and sustained funding so that indigenous communities can reliably plan and successfully maintain their community infrastructure. All levels of government must align funding to reduce duplication and close the gaps. However, successful execution cannot be done without the private sector. Sustainable solutions must leverage capital markets. Although the need is much greater, solutions like those proposed through the direction to the Canada Infrastructure Bank to invest at least \$1 billion in revenue-generating projects that benefit indigenous communities can help close the infrastructure gap. The inclusivity of CIB, their management of risk and willingness to pursue creative financial structures can help build out vital indigenous infrastructure. Additionally, CIB instills confidence needed in project financing to help dispel myths of indigenous investment risk, which should facilitate greater investment by private sector developers in future projects.

CCAB commends the CIB on the expansion of its advisory and investment team to include indigenous expertise, and the appointment of Ms. Kimberley Baird, an indigenous leader, to its board of directors.

Projects such as the Kivalliq Hydro-Fibre Link, which will see the construction of a new 1,200-kilometre, 150-megawatt transmission line to Nunavut from Manitoba will bring renewable, reliable electricity and broadband connectivity to communities and industry for the first time, which is crucial for advancing the economy.



While the scale of the deficit is daunting, narrowing the deficit is not insurmountable. Infrastructure development in our communities requires patient capital, private sector investment and development expertise in partnership with indigenous peoples and businesses. Just like for all Canadians, when businesses are thriving, communities thrive. The difference is that indigenous communities have been historically underserved, under-resourced and systemically kept out of the Canadian economy. They have further to go to reach the same levels of well-being and wealth as non-indigenous communities.

• (1605)

CCAB is committed to continuing to work in collaboration with the government, our members and partners to help rebuild and strengthen the path towards reconciliation and a healthy and prosperous Canada.

Thank you for your time. *Meegwetch.*

**The Chair:** Thank you, Ms. Bull. *Meegwetch.*

To all of the presenters, great job. We've got some great points out there, and I'm sure we'll have some great questions.

In our first round, members will have six minutes each. The Conservatives will be led by Mr. Scheer, followed by the Liberals with Mr. El-Khoury, the Bloc with Mr. Barsalou-Duval, and the NDP with Mr. Bachrach.

Mr. Scheer, you have the floor for six minutes.

**Hon. Andrew Scheer (Regina—Qu'Appelle, CPC):** Thank you very much, Mr. Chair.

Thank you to all the witnesses. A lot of great topics have been covered. Unfortunately, we probably won't have time to go into depth on everything you've raised, but hopefully we can unpack a little bit some of the points you brought up.

Ms. Whiteside, I want to give you an opportunity to speak about "asset recycling", which you flagged as a topic that you were hoping to be able to provide more of an explanation on in the Q and A period. You mentioned that it was one of the things you were concerned about and wanted to talk about a little more. I'll maybe give you an opportunity to explore asset recycling a bit more with the committee.

**Prof. Heather Whiteside :** If you don't mind, I'll read from my notes a little bit just to make sure I get the timeline right.

Asset recycling, in case you're not familiar with it, can basically involve several things. Mainly it refers to disposing of so-called legacy assets in order to raise revenue that's needed for additional infrastructure. That may not be, in and of itself, anything particularly new or unique, but it then tends to take two forms. One applies to Canada more than the other.

One form is just straight-up asset monetization that usually occurs in, say, fiscally distressed circumstances—cities like Chicago or Detroit—where they basically scan their public portfolios and turn things like revenue from public parking meters, public parking lots and that type of thing into streams of investable funds. They then take those lump sum payments that they receive from private

investors and try to pay down debt and reclaim some kind of investment-grade credit rating to get a better interest rate.

The form of asset recycling that might apply more readily in Canada is one that it appears the Liberals had looked into and are probably following off the Australian model. Basically, profitable or potentially profitable public sector assets are disposed of to private investors in order to generate the revenue that's needed to fund new P3 infrastructure. In the case of Australia, there's a fiscal carrot provided by the commonwealth or the federal government there. If their states dispose of legacy assets and use that money to develop P3s, the central government, the commonwealth government, will give them 15% on top of that.

In Canada, it looks like in 2016 the federal government hired various bankers, let's say, or...aspects of global finance to look into whether they could or would, or maybe should, engage in asset recycling in terms of privatizing federal port assets and privatizing airports. I don't know exactly what happened to that. You guys would be in a better position than me to figure that out. It does look like that's on hiatus, at least for now. I know there was some dissent, at least within the federal boards that oversee airports. Some were maybe more for this option and some weren't.

In any case, this remains a concern for me, and for Canadians in general, I hope, or I would assume so, because in exchange for lump sum up-front remuneration, it essentially gives up and cedes control over rights and decision-making on such really important assets as ports and airports and those sorts of things. In the case of Chicago and Detroit, it's parking meters and that type of thing.

So it does that, and then it tethers the use of those funds to P3s. It's kind of like a double whammy. The Canada Infrastructure Bank purports that it's evidence-based, and these types of policy manoeuvres aren't necessarily seeking out evidence-based solutions. They kind of start with a presumption, like a solution in search of a problem.

Thank you, Mr. Scheer.

• (1610)

**Hon. Andrew Scheer:** Thank you.

I have one quick follow-up. When this type of option is pursued by governments, are these assets relinquished in perpetuity? Are they usually for a 25-year cycle? What kinds of timelines are usually involved?

**Prof. Heather Whiteside :** Thanks.

It does depend. Typically, in the case of some of these distressed cities that I was mentioning, it could be 99 years or it could be 50 years. These are typically agreements that take place over the course of multiple generations, so effectively it's in perpetuity. I haven't seen an example where it's fully relinquished, but 99 years is not uncommon.

**Hon. Andrew Scheer:** Thanks very much for that clarification.

I also wanted to also ask Ms. Van Buren a question on her perspective on the issue of lapsed funds.

You flagged in your comments that the dollar amounts this government uses to announce are often not in line with the yearly spending. Can you speak a little bit about what your stakeholders and the people that you work with are seeing on that? Do you have any idea as to the cause of that? What are the barriers?

We hear a lot from municipalities that applications are sitting on desks, money is not getting out the door and shovels aren't getting into the ground. Can you maybe speak to that a little bit?

**Ms. Mary Van Buren:** The Government of Canada has a great resource, which is the infrastructure progress tracker. You can see, province by province, how the funds are or aren't flowing.

It's pretty dismal right now. If you look at provinces like Ontario, there is something like \$8 billion that still hasn't flowed from 2018 commitments. B.C. is also very much underserved, as is most of Atlantic Canada. Alberta is actually one of the better ones with maybe 80% or even 90% of the commitments.

Where is the blockage? We are hearing that the aspirations of the federal government and the way the buckets are designed are not flexible enough and don't necessarily meet the needs of the communities.

Ms. Bull talked about how the needs of the communities should be the driving force and then the infrastructure flows. One of the issues we are seeing is that in some places—Saskatchewan or, let's say, Kelowna—they just don't need mass transit, so that funding cannot be spent because it just doesn't make sense for those communities. They might need curbs. They might need community centres.

Those are some of the reasons we're seeing some blockages.

• (1615)

**The Chair:** Thank you, Ms. Van Buren and Mr. Scheer.

We're now going to move on to Mr. El-Khoury for six minutes.

[*Translation*]

**Mr. Fayçal El-Khoury (Laval—Les Îles, Lib.):** Thank you, Mr. Chair.

Welcome to our witnesses.

My first question goes to you all. Whoever wants to answer is free to do so. During the last election, Mr. Scheer and his Conservative colleagues pledged to cut \$18 billion from infrastructure. I find that shocking because we are living in a country with an enormous infrastructure deficit.

This question goes to all the witnesses, because it is very important in this extremely difficult time when we are facing a crisis, both in health and in the economy.

Do you feel that Canadian workers and their families can afford cuts of that magnitude?

[*English*]

**The Chair:** Thank you, Mr. El-Khoury.

Does somebody want to jump in there?

Mr. Romoff.

**Mr. Mark Romoff:** Thank you very much. That's a very good question.

As I mentioned at the outset, despite the fiscal challenges the country is facing and the fact that it may be more difficult to dedicate the kinds of funds necessary for infrastructure, making those investments is absolutely critical. We have demonstrated evidence that infrastructure investment truly does drive economic growth. It creates jobs. It makes communities more competitive. Overall, Canada will be globally competitive and play on the world stage.

It is a leader now on infrastructure investment in terms of the amount and nature of the investment and the models that are used. As I mentioned earlier, we are the envy of many countries around the world that are faced with exactly the same kinds of issues.

I am a strong proponent of continuing well-targeted investment in infrastructure in order to get the economic outputs we are looking for. I would be less a fan of shovel-ready and focus on shovel-smart. From my perspective, you want to invest in infrastructure that is in fact going to be able to drive true economic outcomes.

[*Translation*]

**Mr. Fayçal El-Khoury:** My last question goes to Mr. Haley and Mr. Luymes.

Very clearly, as well as the crisis in health and in the economy that we are facing, we are also facing a climate crisis in which no effort must be spared in order to preserve our way of life. Not so long ago, the Canada Infrastructure Bank published its growth plan, which focuses on key areas, such as public transit, clean power and green infrastructure.

Can you tell us about the role that the Canada Infrastructure Bank can play in making Canada more efficient by helping to stimulate the economy and to create good jobs for Canadians?

[*English*]

**The Chair:** Mr. Luymes.

**Mr. Martin Luymes:** Well first, as was suggested by the representative of the Canadian Construction Association, investing in work on buildings, on infrastructure is a job stimulus type of initiative that we strongly support. Jobs in our sector are high-quality, well-paid jobs, and I think it's a very effective and very intelligent strategy for stimulating the economy.

In terms of investing in addressing carbon emissions, as I said in my submission, there are many ways that can be addressed on the utilization side. We can eliminate forms of heating that rely on carbon fuels in favour of electrified systems, and at the same time, there's needed investment in decarbonization of the electricity grid itself.

Investing in low-carbon uses in buildings only makes sense if we, at the same time, decarbonize power generation, and that requires a long-term strategy. I think it ought to be a central part of the infrastructure plan, and it appears to be, so we strongly support that approach.

• (1620)

**The Chair:** Thank you, Mr. Luymes, and thank you, Mr. El-Khoury.

We're now going to move on to the Bloc.

Mr. Barsalou-Duval, the floor is yours for six minutes.

[*Translation*]

**Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ):** Thank you, Mr. Chair.

My first question goes to you, Ms. Van Buren. In your opening remarks, you said that infrastructure money sitting unallocated was not useful money, and it concerned you.

Could you tell us more about those concerns?

The Canada Infrastructure Bank seems to be having difficulty in establishing projects at the moment. Is that one of your concerns?

**Ms. Mary Van Buren:** Thank you for your question. I will answer it in English.

[*English*]

Overall, as I mentioned, the invest in Canada program is falling behind on the deployment of the funds.

Why that matters is that the construction industry is inefficient, or we go into boom and bust. If, all of a sudden, there are a whole bunch of funds that close, their costs go up, and we don't have the workers. It's very inefficient.

If the flow of funding is consistent and predictable, then construction firms have more confidence. They will hire. They will train. They will have apprentices. It's therefore very important that this flow of funds continues, not to mention that the funds are there to invest in the communities that very much need that infrastructure.

The Infrastructure Bank is in a similar situation, I believe. They had something like \$35 billion that they were set up with a few years ago, and not very much of that money has flowed.

Our hope is that they will, with this new leadership team, start to get those projects flowing.

The other part of it is that it takes a while to tender, to go through the RFPs, to choose suppliers and to just start the program of the build. That can take two to three years, or more on these megaprojects, so it's really important that the bank be very clear in its direction and start moving, so that the infrastructure can be built.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** Thank you.

In recent years, we have seen some hesitation on the part of the sitting government.

It is as if the government does not know how to get going on infrastructure, just like the infrastructure bank. It is as if it is trying to find its way. They announce a program, and two years later, they announce something else and then something else again. It creates instability and uncertainty.

I gathered from your comments that this can hurt industry, given that you are looking for long-term predictability.

[*English*]

**Ms. Mary Van Buren:** Yes, absolutely, and in fact, that's why we're looking for a 25-year commitment to infrastructure investments, so businesses could invest not just in their workforce but also in innovation.

A question was asked earlier about productivity. One of the challenges the industry has is that the low-cost bid is often chosen, and most of the risk falls on the contractor. If the Canada Infrastructure Bank can play a much stronger role in supporting innovation, we can also increase productivity.

• (1625)

[*Translation*]

**Mr. Xavier Barsalou-Duval:** Thank you.

You also told us how important it is that companies here have a fair chance. I think of some contracts like the one for the Champlain Bridge, for example, which was a public-private partnership. The contract ended up going to a Spanish consortium. The cars for the REM in Montreal are going to be made in India, although we are perfectly capable of making them at home.

Is there a way in which our companies can be given some preference so that, at the end of the day, taxpayers' money does not go to pay for jobs elsewhere in the world?

[*English*]

**Ms. Mary Van Buren:** The CCA very much holds free trade as a policy, and certainly, we advocate for that. We appreciate all the government's efforts on all the tariffs that have happened over the last few years.

We want a fair level playing field for Canadians. Sometimes one of the issues is that the project is too risky for Canadian contractors, they won't take it on, and yet, it is still tendered. Other countries may be supported by their government to help de-risk some of that, or for whatever reason, they're willing to take that risk. Part of that is making sure that those contracts are fair for Canadian contractors, and the contractor in Canada is not expected to take an undue risk.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** I want to go back to the issue of our being on equal terms with foreign companies.

I don't know if you have any examples in mind, but, when the work is handed over and found to be inadequate, or when the contract is poorly fulfilled, we do not have much recourse. Personally, I am bothered by that.

We have no hold over foreign companies.

[English]

**Ms. Mary Van Buren:** If you're talking about federal contracts, those are managed by the federal government, and it has many great project managers. They certainly oversee the projects. In terms of international litigation, that is certainly beyond my area of expertise.

**The Chair:** Thank you.

We're now going to move to the NDP.

Mr. Bachrach, you have the floor for five minutes.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you very much, Mr. Chair, and thank you to all of our witnesses for appearing today.

Ms. Whiteside, your testimony was very interesting. You touched on many aspects about which I would like to ask you questions.

Over the course of this study, we have heard proponents of P3s suggest that they are more likely to come in on or under budget, and ahead of the timeline. We've had some critics suggest there is evidence to the contrary. I believe it was Mr. Romoff who laid out some of those points.

Could you take a few minutes to provide your perspective on what he laid out, in terms of the advantages of P3s, and what your research has found in that regard?

**Prof. Heather Whiteside:** Thank you.

I have a lot to say about that. I'll just try to make it brief.

I have spent over 10 years researching this and publishing on this. I would just say that I don't necessarily dispute the fact that P3s come in on time, on budget, though of course there are many exceptions to that, particularly P3s that were developed in the nineties and 2000s for various reasons. I'll just leave it at that. However, the central dispute I would have with that argument is that it presumes that traditional design-build and other forms of traditional contracting cannot actually perform in that same way. Auditors general, including in Ontario and in countries around the world, have just simply refuted that argument.

Of course, traditional and other forms of contracting can ensure timely delivery on budget. I think for that reason alone, it was presented as if P3s are the only solution, when in fact there's a wide range of procurement forms. There are a lot of other costs that are associated with P3s, so the argument that P3s deliver value for money is not necessarily the same as saying that they're cheaper. If you look at the methodology manual of Infrastructure Ontario, for instance, in regard to base project costs for P3s, or alternative financing and procurement, or whatever they're calling it these days, it makes clear that traditional forms have lower base costs versus AFP or P3. That has to do with lower financing costs and other aspects like that.

This is where it starts to get complicated and maybe I'll just leave it at that. I'll just say a lot of this argument around the P3 superiority rests on the idea of risk transfer, which in fact we pay for through higher risk premiums that are applied to P3 infrastructure versus traditional.

• (1630)

**Mr. Taylor Bachrach:** Picking up on that, we've heard at previous meetings people suggesting that the CIB model is going to differ substantially from the P3 model of the past. I think we heard the parliamentary secretary at a previous meeting suggest that with those P3s from previous years we made a lot of mistakes, but we've improved them a lot and today's P3s are markedly different.

Could you speak to that? Is the performance of these P3 projects better than it has been in the past, or are some of the problems that you've identified still with us today?

**Prof. Heather Whiteside:** I think what's happened is over time we have seen two waves—and scholars debate whether it's two waves or three waves—but let's just say it's two waves of P3s. There are ones that were developed in the nineties and early 2000s, that I think by any measure—a lot of them—were quite a disaster. It had to do with trying to achieve off-book financing, which is illusory, or perhaps trying to offload too much risk as the Conservatives in the U.K. found with their PFI model before 1997, and issues like that.

What happened was the P3 model became more tailored to what's needed by P3 investors. There's a kind of sweet spot around what size these projects are in terms of dollar amounts, capital costs, and then the length of the operations or maintenance components, how much risk is exactly transferred, what types of risks. These are commercially variable risks, there isn't any uncertainty that might come up.

The model has been refined over time, and now we have P3 screens at the provincial level, and there's this routine development that's proceeded with, where essentially most are capital projects in this certain range.

Whether that means they're actually better over time or not, I would argue that they aren't, but essentially what's happened is that it has created a routine condition where P3s are the norm, rather than actually establishing what was particularly wrong in the public sector in the first place and that could have been ameliorated in other ways.

I would just like to speak quickly about what you said about the CIB. I opened my statement saying it hasn't done much. Just looking through the 13 projects that were announced, over half are in the MOU stage, a couple are basically providing low-cost financing, some are advisory services. I don't know what the CIB is going to be. I thought I knew in 2015-16, but, yes, it's not clear. What they've talked about is what I mentioned, commercialized projects, bringing in global capital, this kind of thing. That sounds like a P3 to me, so it remains to be seen.

**Mr. Taylor Bachrach:** My apologies, Dr. Whiteside, for not using your proper title at the beginning.

Picking up on that, one of the things we've heard from many people over the course of this study is this idea that we can't solve the infrastructure crisis without bringing in private capital, that there simply isn't enough public money available to meet the needs of communities and the need for infrastructure in this country. It seems from your introduction that you don't believe that's the case, so I wonder if you could expand a bit on why that might be.

**Prof. Heather Whiteside:** No problem; thanks for saying doctor. It's also professor, so I go by that. Thank you, though.

In terms of other forms of financing, what is EDC doing? What is BDC doing? They're floating bonds. We bought a very expensive pipeline that way. So bonds are an option—or debt, let's say, which is why in my comments I focused on equity, which is, I think, fairly different. What really distinguishes P3 from other ways of financing public infrastructure is that it actually offers these equity stakes or ownership stakes in these projects versus floating bonds, let's say. In the U.S. they use revenue bonds, where they link repayment to, say, the tolls that are on highways and this kind of thing without a P3 model.

We also have these very well-capitalized pension funds that could be enticed, maybe, to buy into bonds as they used to. This is how a lot of the infrastructure was financed in Canada for a very long time. We could follow those kinds of models. There is also the Canada Lands Company. It has its own difficulties, but it does its financing for its real estate ventures through commercial operations like the CN Tower and whatnot. A lot of models actually already exist in the public sector.

• (1635)

**The Chair:** Thank you, Dr. Whiteside.

Mr. Bachrach, thank you as well.

We'll now move to our second round. Mrs. Kusie of the Conservatives and Ms. Jaczek of the Liberals will have five minutes each, followed by two and a half minutes for Mr. Barsalou-Duval of the Bloc and two and a half minutes for Mr. Bachrach of the NDP.

Mrs. Kusie, the floor is yours for five minutes.

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you, Chair.

I'd like to thank all of the witnesses for being here today.

Ms. Van Buren, it's my personal perception, when I look the project list for the CIB, that it seems to have two objectives. The first one is based on a narrow ideological agenda of the government and to push forward projects with this narrow ideological agenda to infrastructure within Canada rather than having a more global and holistic view of the true infrastructure that is required and putting our resources toward that.

The other piece, to me, seems to be some type of political balance that the Infrastructure Bank is supposed to play, despite the comments from the government that this entity and the government are not one and the same. They are different, but I used as an example in the last meeting.... I brought up a lot of protest about the Alberta irrigation project that this government has gone on quite extensively. To me it seems to be a small favour, sort of, as an exchange or something that is supposed to make us as Albertans—I

am an MP from Alberta—forget about what I believe is the complete destruction of our natural resources sector by this government, which I brought up to the infrastructure minister in our last meeting.

It would seem to me that the bulk of these projects fall into one of those two categories, either some ideological base or some type of political currency. In your estimate—sort of depoliticizing this question but getting your sincere response—how do you and your organization perceive the selection process for deciding whether or not to invest in an infrastructure project? Do you think the process needs to be more independent from the government? More widely, could you comment on the selection process for projects, please, and your perception of it?

**Ms. Mary Van Buren:** Again, it's very early days with the bank. I think maybe they had a bit of conflict in finding their footing in this new space and what role they could play. That is natural. In a new institution, there are already a lot of players. I think we placed quite a bit of expectation on them, given the infrastructure deficit. In our view, their role is to attract capital and to help de-risk projects. That's where they need to be. There's no shortage of good projects to fund. I know that people get into the debate of shovel-worthy and shovel-ready. In our view, there are plenty of shovel-ready projects that need to be funded.

In terms of the criteria, again, I think this is what we should be looking at: What are the needs of the municipalities, of the provinces, and how can those be better aligned with the aspirations of the federal government? The Infrastructure Bank can play a role where they can de-risk or attract some of that capital.

**Mrs. Stephanie Kusie:** Yes, Ms. Van Buren, I do believe that you are correct in terms of evaluating shovel-ready versus shovel-worthy. I have heard many concerns from some of my transport counterparts from across the country in terms of the government being effective in distributing these funds, not only for Infrastructure Bank projects but for other projects as well.

I use, for example, the Eglinton East LRT system that awaits the distribution of federal funds for these projects, so I certainly have concerns about the funding being distributed.

Of course, what is important, when you mention shovel-ready, is the timing. As we look into the future, do you think any of these projects that have been put forward will be completed within a reasonable time frame? Certainly, in putting out these funds, we would hope to get some type of usable, functional infrastructure within a foreseeable period. Do you anticipate this?

• (1640)

**Ms. Mary Van Buren:** We look at all the projects that are being funded under the investing in Canada plan. Some are very small, \$35,000, up to big ones, so yes, the work is getting done as it's being tendered, and contractors are moving on it.

Again, the barrier seems to be more in moving it from the federal government to the provincial governments and then to the municipalities.

Again, we're encouraging dialogue. Let's have some flexibility. We appreciate that there is the triple-bottom-line lens, but we're in the middle of a pandemic and a recession, and we need to get these projects moving and people working.

**Mrs. Stephanie Kusie:** Thank you, Ms. Van Buren.

**The Chair:** Ms. Jaczek, you have the floor for five minutes.

**Ms. Helena Jaczek (Markham—Stouffville, Lib.):** Thank you, Chair.

Thank you to all the witnesses for, yet again, a fascinating discussion.

I'd like to follow up on where Mr. Bachrach was going in his questions to Professor Whiteside. I'll turn to Mr. Romoff.

You heard Professor Whiteside say that there were all sorts of ways of financing worthy projects other than using private sector capital.

How do you respond to that? What about more government debt? What about bonds, etc.? Do you think that some projects would not be able to proceed if it were not for the private capital?

**Mr. Mark Romoff:** I would say, first of all, that there is lots of private capital around. As Mary Van Buren mentioned, there is capital available; there are projects available.

The challenge here is, in fact, to ensure—and this is really where the bank can play a significant role—that large, complex, revenue-risk projects can be brought successfully to market. This is an area where private capital has been somewhat reluctant because there is revenue risk attached to these projects. We're talking about toll roads maybe, even waste-water projects, anything that has a revenue element to it, because there is a risk attached to that.

The real benefit of the bank engaging in these projects is, in fact, to help de-risk those projects and to make them more attractive to private capital to partner with them in order to enable these larger, more complex projects to come to market. That's a very significant piece of the equation.

There was also reference made to some of the criticisms of P3 projects coming from Ontario's auditor general. You may recall—and I know Professor Whiteside will recall—an earlier report by the Ontario AG, and she claimed that these projects were costing the province \$8 billion, but you have to read her narrative very carefully, because what she actually said was that the money could have been saved if governments were able to deliver infrastructure projects themselves on time and on budget.

That's the challenge. Governments have demonstrated, time and again.... It's not unique to Canada; this is a classic phenomenon

around the world. As for projects that are undertaken through traditional procurement, if they were delivered on time and on budget, then we wouldn't need P3s, but the reality is that you see projects all around you, anywhere across Canada, that are way behind schedule and way over budget. That's why you need to bring a discipline to the procurement process and to the delivery process in order to get the very best return on your and my tax dollars that are being invested in these projects. That's really a critical element in this equation.

**Ms. Helena Jaczek:** Thank you.

On the issue of public ownership, once the asset has been constructed I, like most people, feel that the asset built in these projects should remain in public hands. Surely there is a way of constructing the whole P3 in such a way that in a relatively short period of time, or from the word go, the asset remains in public hands.

Minister McKenna said to us that there was no mandate in the Canada Infrastructure Bank to actually pursue privatization of ownership. How do you look at that?

• (1645)

**Mr. Mark Romoff:** There are a couple of points here.

We need to remember that the Canada Infrastructure Bank is not a procurement agency. It does not decide on the model to be used, whether it's P3 or another approach to delivering on infrastructure projects. It is there simply to partner with other entities to enable the financing necessary to bring these projects to market.

We need to understand that there is a lot of confusion about whether the bank is a P3 agency or is going to pursue only P3 projects. It is agnostic around model and should be. Its mandate is to make sure that it's providing financing in order to get the very best outcomes on the projects it is pursuing.

That is really critical. If left to that mandate, I think you'll see that it can be a very effective tool in the government's tool kit to bring more and more projects successfully to the marketplace.

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

Thank you, Ms. Jaczek.

We're now going to move on to Mr. Barsalou-Duval for two and a half minutes.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Chair.

In his opening statement earlier, Mr. Romoff said something that interested me greatly. He emphasized the fact that public-private partnerships do not mean privatization.

Ms. Whiteside, would you be able to comment on that and tell us to what extent it is true or not true?

[*English*]

**Prof. Heather Whiteside:** This may be in a sense an age-old debate—in academia, anyway.

To some extent it depends on how you define privatization, and I'm sorry to give that kind of answer. Which parts of the P3 are private? The land remains public, most often, in Canada. I think in every case I've ever looked at, the land remains a public asset.

No, the infrastructure that's built isn't outright sold; it's always structured as a lease, as far as I'm aware. The lease terms, however, vary from 25 years to 30 years or more; it's at least a generation.

In terms of the financing, one thing I'd like to respond to, from a point that was raised earlier, is the question of whether the public can take on debt or whether we should be using P3 financing.

The P3 is a long-run obligation of the government precisely because it is owned by the government and structured as a lease. Within the P3 financing itself, typically 70% is debt-financed and 30% is equity-financed.

If all those things are equal, essentially what becomes different or privatized about a P3 is the equity portion. It's that the private partner has ownership stakes, rights, decision-making and control over the aspects that the project agreement divvies out to them. In the case of a hospital in Canada, while practice varies, these can be anything other than clinical care. That leaves a wide range of services and maintenance and other forms of decision-making.

Is it privatization or isn't it? It really involves the privatization of decision-making, depending on the particular project, and the equity portion is central to this.

**The Chair:** Thank you.

Mr. Bachrach, the floor is yours for two and a half minutes.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

With apologies to the witnesses, I'd like to take a brief moment to move the motion of which I provided notice, if you would allow me.

I believe this is a time-sensitive and pressing matter, particularly because of the concerns being felt in the region that I represent.

The motion reads:

That the Committee hold a minimum of one meeting to study the Follow-up Audit on Rail Safety, that the Auditor General of Canada be invited to appear for the first hour, that the Minister of Transport be invited for the second hour and that this meeting occur no later than 25 March 2021.

I believe that members of the committee have this motion in both official languages.

• (1650)

**The Chair:** Members, do you have any questions or comments on this motion?

**Mr. Andy Fillmore (Halifax, Lib.):** Mr. Chair, before we go to the vote, I wonder if the mover of the motion could discuss the intention behind it for a moment, please.

**The Chair:** Mr. Bachrach.

**Mr. Taylor Bachrach:** I'd be happy to, Mr. Chair.

Thank you, Mr. Fillmore, for the opportunity.

A little over a week ago, the Auditor General released a report that raised some very troubling concerns about rail safety in Canada, particularly the fact that the recommendations from the 2013 audit on rail safety had not all been implemented. This follows on the footsteps of the environment commissioner releasing a very similar report in which the environment commissioner was quoted as saying, “the window for a recurrence of a Lac-Mégantic-type disaster is still open.”

I live in a region where the volume of dangerous goods being transported by rail is projected to increase dramatically. It has already increased. Communities are worried about the risks that rail transport poses for community safety and for the environment. They want assurances that Canada's regulatory system and the oversight provided by Transport Canada is up to the task of protecting communities and the environment. That's why I bring this forward. The trains are running through northwest B.C. every single day at all times of the day. People deserve to know that they're being kept safe.

I would love to have the Auditor General and the minister at committee to provide more information on this very concerning report.

**The Chair:** Thank you, Mr. Bachrach. and thank you, Mr. Fillmore.

Are there any further comments? Do the Conservatives or the Bloc have any questions?

Mr. Sidhu, do you have a question?

**Mr. Maninder Sidhu (Brampton East, Lib.):** Yes, I do. Thank you, Mr. Chair.

I do believe a study occurred in the last mandate, as well. I think there's another committee studying rail safety issues. It's important for me and for the government.

The minister did appear on February 18. A deadline is set on this motion for no later than March 25. Before we go to that, we should check with the minister's schedule to make sure there's nothing that can stop him from coming here. I know he's going to be coming to speak to us on the main estimates, as well. Maybe we can add something into that meeting.

These are just some thoughts. I don't know what my fellow colleagues think about it.

**The Chair:** Thank you for the comments, Mr. Sidhu.

Mr. Fillmore.

**Mr. Andy Fillmore:** I wonder if Mr. Bachrach would consent to removing the deadline in the motion. It's the part that reads, “and that this meeting occur no later than 25 March 2021”. We don't want to pass a motion in our committee that will simply be frustrated and then fail because of the minister's schedule or other exigencies.

I think we could probably find some hospitality to it if we could just remove the deadline.

**The Chair:** Mr. Bachrach.

**Mr. Taylor Bachrach:** I appreciate the sentiment and certainly recognize that the minister has a very busy schedule.

We have had these types of discussions at this committee before about the minister's schedule. I believe that what we agreed to in the past was to leave the date in the motion and that if the minister were absolutely not able to make it by that date—the date is a fair way off at the end of the month—it could be brought back to the committee and the committee could consider an alternate proposal from the minister.

Given how busy everyone's schedules are, my concern with leaving it open is that this priority—which is really a pressing priority for communities in the region I represent—will simply drift into the future and won't get the attention and scrutiny it deserves.

• (1655)

**The Chair:** I'll add to the conversation that this is being studied at the public accounts committee. I'm not sure, Taylor, if it would be prudent to wait to see what comes out of that committee and then just go from there. I'll throw that out there for discussion, as well.

Mr. Fillmore, you have the floor.

**Mr. Andy Fillmore:** I was going to say the exact same thing. It's at public accounts now. Why don't we let them do their work? Then we can build on that and respond to it.

The minister did, of course, just appear at the end of February, and we would now be asking him to appear again at the end of March in a busy budget season. I don't want the will of the committee as expressed by a motion to be frustrated by him not being able to show up.

Also, the fact that it's being studied right now at public accounts would lead me to, again, propose an amendment that we remove the deadline.

**The Chair:** Before I go to that, I am going to go to Ms. Jaczek.

Ms. Jaczek.

**Ms. Helena Jaczek:** I want to add that the minister will be appearing for the main estimates. Perhaps it might be useful to add this issue to that appearance.

I also think we have so many studies on our list that we have agreed to, and if it's going to be studied at public accounts, it also seems a bit redundant to duplicate their effort.

Again, if the date is removed, I think it gives a lot more flexibility.

**The Chair:** Thank you, Ms. Jaczek.

Mr. Bachrach.

**Mr. Taylor Bachrach:** I appreciate all the concerns that are being expressed. My sense of urgency certainly remains on this. I'm not sure what the plans of the public accounts committee are, but this is an area that falls squarely within the jurisdiction of the Min-

ister of Transport. This is after all the transport committee, and it feels very germane and pertinent to our purpose as a committee and is a timely and pressing issue.

I will certainly follow the other committee's work closely. However, I do think it behooves us to hear from the minister and the Auditor General on this topic as soon as possible.

Again, I would welcome a counter-proposal from the minister should his timeline not allow for an appearance prior to March 25.

Thank you, Mr. Chair.

**The Chair:** Members, are there any further comments or questions?

Mr. Sidhu.

**Mr. Maninder Sidhu:** I think we have two reports going on, and we have a rural infrastructure study coming up next. There are so many important issues across the country.

I think we have to be mindful of each and every member. As my colleague mentioned, this is already being studied in public accounts. Safety is paramount, so it is being studied. I don't know if we want to duplicate that, but I do know that the committee has a lot of important business as well to tackle.

I'm not sure if the Conservative Party wants to weigh in here, or the Bloc, because we do know there's a lot of stuff in the pipeline here.

**The Chair:** Mr. Fillmore.

**Mr. Andy Fillmore:** I appreciate all the thoughtful commentary here.

Again, I would hate for Mr. Bachrach's motion to fail. I think he would find that it could pass if we could remove the deadline and perhaps append his question to the appearance of the minister to discuss the main estimates.

With that amendment I think he would find support.

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

Ms. Kusie, the floor is yours.

**Mrs. Stephanie Kusie:** Thank you very much, Chair.

From conversations with Mr. Bachrach since the beginning of my time as vice-chair of this committee, I know that rail safety has been of great importance to him. I feel that along with the study of rail safety this ties very closely to the evaluation of other forms of transport alternatives for rail safety, which to our party would include, unfortunately, defeated pipelines.

My previous motion to further study one pipeline, which is currently facing challenges within Canada, unfortunately was defeated.

I certainly can understand the concerns that we have many other studies going on as well as the minister coming, we hope, for the main estimates. With my notice of motion, of course, we will ask the minister to come for the main estimates.



There never seems to be enough time to cover everything, and given Mr. Bachrach's long-standing interest in this, and my interest in it for comparatives for how to best measure the transport of goods across our nation, and to get our resources to market and to do so safely, we support Mr. Bachrach's motion.

Thank you.

• (1700)

**The Chair:** Mr. El-Khoury, go ahead.

**Mr. Fayçal El-Khoury:** That's actually a good motion that the committee has agreed to. Mrs. Kusie has expressed her opinion. I wanted to hear from other colleagues, such as the Conservatives or the Bloc on what they think about the deadline. If the committee could reach an agreement, it would be best for all.

**The Chair:** Mr. Barsalou-Duval, go ahead.

[Translation]

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Chair.

I feel that we have gone over the issue enough. There were a lot of comments on the motion that Mr. Bachrach introduced. He made his arguments and I rather agree with them. I would even say that the topic would be worth considerably more than one single meeting.

We would not say no to the Minister being present. Since we are talking about the end of March, there is still time. We are not talking about tomorrow or next week.

The motion is perfectly reasonable and I propose that we move to the vote so that we can continue with the committee's business.

[English]

**The Chair:** Mr. Fillmore, just for clarification, are you putting the amendment forward?

**Mr. Andy Fillmore:** Yes, I am putting the amendment forward.

**The Chair:** Mr. Clerk, please read the amendment, so we can vote on it, and then I'll go to the main motion, as it would be or not be amended.

**The Clerk of the Committee (Mr. Michael MacPherson):** My understanding is that the amendment removes all of the text after the words "second hour". The motion would end there.

**The Chair:** Is that correct, Mr. Fillmore?

**Mr. Andy Fillmore:** That's correct.

**The Chair:** Any questions or comments?

Mr. Clerk, please go ahead with the vote.

(Amendment negated: nays 6; yeas 5 [See *Minutes of Proceedings*])

(Motion agreed to: yeas 11; nays)

We're now going to go back to Mr. Bachrach for questions to the witnesses.

• (1705)

**Mr. Taylor Bachrach:** Thank you, Mr. Chair, and thank you to all of the committee members for discussing that motion. I really appreciate it.

Professor Whiteside, you mentioned, in your introductory remarks, the idea of reversing the procurement process. I believe those were your words, and there were some comments made by the CEO of the Canada Infrastructure Bank along those lines. I come from the municipal sector. I also represent a very rural region of Canada made up of very small communities.

When we go out and try to match the needs of private investors, is there a risk that rural communities and rural infrastructure could lose out in that situation?

**Prof. Heather Whiteside:** I think there is a real risk in that for rural and remote communities or really any community anywhere that is interested in a type of project that investors are not interested in. What is that? Well, that's a small project in terms of capital costs, a project that is very risky, as we heard about. One of the selling points for the P3 community with the CIB is that it would take risk away. That's an absolute dream for an investor, to not actually have to bear any of the risk and to profit from it.

Rural and remote communities just might not have the kinds of infrastructure needs, other than probably broadband, which the CIB seems interested in targeting, or a few other things—retrofits, of course, or promoting a green infrastructure shift generally. But these things like LRTs are not quite so important for rural and remote communities. Maybe they need things like community centre upgrades or other kinds of community theatre projects, small water upgrades, things that probably the CIB and most likely private investors would not be eager to get their hands on, because they aren't able to be commercialized or they aren't necessarily profitable.

**The Chair:** Thank you, Professor, and thank you, Mr. Bachrach.

We're now going to move on to Mr. Soroka for five minutes.

**Mr. Gerald Soroka (Yellowhead, CPC):** Thank you, Mr. Chair. Thank you to all the presenters today.

My first question is for Ms. Van Buren. You had mentioned in your discussions at the start that we need to build the investor confidence. Under the bank, because there is basically almost a guarantee that the investors can't lose any money, what do you mean by saying they need to build confidence with investors in these projects?

**Ms. Mary Van Buren:** Investor confidence speaks to our country as a whole and to how procurement and projects happen. When there's a lot of red tape, when we see projects that we think have a green light and then other things get in the way, like a regulatory process that is not as crisp as we thought, these are all barriers to how procurement can flow. Of course, that impacts investor confidence.

As I said in my earlier comments, Canada is of course a global trading country, so we need to make sure that investors who are interested in Canada, not just within Canada, stay interested, because we're competing on a global stage.

**Mr. Gerald Soroka:** Ms. Bull, you haven't had a question yet, so I'll put my questions to you.

Besides the one project with the power line and the Internet, have you had any other indigenous communities applying or getting funding or looking at applications for these projects for P3s?

**Ms. Tabatha Bull:** Thank you.

There is one other project that the CIB has, that's in their list, and that's an Oneida solar storage project. That's a partnership with NRStor for battery storage.

From our perspective, we definitely see a number of other indigenous communities that have projects that are ready and in need of infrastructure spending. There are actually 40 shovel-ready projects in first nations communities across Canada. We've seen success here in Ontario in projects where we've seen investment and partnerships between indigenous communities and corporations. We see a number of corporations that are our members at CCAB that are looking to work and invest with communities.

• (1710)

**Mr. Gerald Soroka:** Do you think that under this bank we're actually going to get the investment from the private sector into these communities, or is there possibly a better way to fund some of these infrastructure deficits within the communities?

**Ms. Tabatha Bull:** I do think if we look at these two projects already, and NRStor's investment and their focus on being able to work with communities, particularly in green energy in remote and rural communities that are still particularly reliant on diesel generation, we see there is a real interest in private investment to work with those communities to get off diesel reliance.

**Mr. Gerald Soroka:** That's good to hear, because that was one of my concerns, whether or not this is going to be effective or helpful to these communities. There has been such a lack of infrastructure put into them, especially in the last couple of years, with water and that. Do you think they'll be able to address the water problems within these communities through the bank?

**Ms. Tabatha Bull:** My hope is that the government's commitment to address the water project will happen across the country with communities on its own, but we know the bank is looking specifically at revenue-generating projects in communities. A number of communities have those from ferries or from toll roads, for example. As we know, climate change is impacting the length of the winter road season and that has definitely impacted communities. There is an investment opportunity for toll roads and rail projects.

Also, as we look at any infrastructure project that's crossing treaty and first nations land, private investment is going to need to figure out how to work and partner with those communities.

**Mr. Gerald Soroka:** Thank you, Ms. Bull, for those answers.

Ms. Van Buren, for part of the projects that they're developing, they need to have either an art project part of it or some day care. How do you feel about having to have some of these in a capital or P3 project? Do you feel that's part of the infrastructure?

**Ms. Mary Van Buren:** The community benefits piece of it is certainly aspirational. We believe that infrastructure investment al-

ready generates significant benefits to the communities, whether that's clean water, care or education.

Unrelated social aspirations should come out of separate funding. Infrastructure should be for infrastructure. Those other things—which are fantastic, whether it's day care or art programs, whatever it happens to be—should come out of the appropriate spending budget, not out of infrastructure.

**The Chair:** Thank you, Ms. Van Buren and Mr. Soroka.

We're now going to move on to Mr. Rogers of the Liberal Party.

Mr. Rogers, you have the floor for five minutes.

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

Thank you to our guests today for their presentations and the information they've been providing to us. I'm going to direct this question to Ms. Van Buren.

Our government has committed to supporting good projects across the country that create good union jobs and social benefits while at the same time reducing environmental impacts. In fact, last week Minister McKenna spoke to this group and talked about the thousands of projects she's approved in just under a year, which is more than the Conservatives approved in four years.

As our government remains focused on building back better, can you please update members on the state of the construction industry across the country during these unprecedented times? How can we support more Canadians to get back to work?

**Ms. Mary Van Buren:** In the early days of the pandemic, the industry collaborated in an unprecedented way—to use the buzzword of the year—and shared health protocols. In fact, they were used as an example of what other sectors could use. We demonstrated that we could continue to work safely by prioritizing not only our workers, but also their families and communities. We're very appreciative of being an essential service and we delivered on that. We have a good track record.

We do have a shortage of skilled workers. We have a campaign called Talent Fits Here. We are actively trying to reposition the industry as a career of choice. There has been talk in the media about a “she-cession”. Our industry can offer great jobs to women, who are mainly over-indexed in the service industry and under-indexed in construction.

That's what we want to do. We want to work with the federal government to attract women—young women and all kinds of women—and other under-represented segments to get those good-paying and consistent jobs. That's certainly an eye-opener for many when they've seen construction continue to work and to deliver on the amazing infrastructure that's needed for our country.

• (1715)

**Mr. Churence Rogers:** Thank you, Ms. Van Buren. I'm so pleased to hear your comments related to females in the construction industry and the contribution they can make.

I'd like to direct the next question to Mr. Romoff.

We know that broadband infrastructure is no longer just a nice thing to have. Especially during this pandemic period, Canadians are increasingly dependent on working from home and learning remotely and they need access to reliable broadband. While broadband projects create immediate jobs and economic activity, the key here is that Canadians now don't have access to important sectors of the economy that can only be delivered virtually or digitally.

Can P3s help to address the needs across the country to have reliable networks where people can work and learn?

**Mr. Mark Romoff:** That's a great question. Thank you very much for that.

The answer is absolutely yes, and again, it doesn't matter whether it's a P3 approach or another procurement model. The reality is that there is clearly a need now for connectivity around the country, first and foremost, obviously, to enable a session like we're having today. There's no doubt about that, but when you think about remote communities, access issues around education and health, just to name two, would be hugely improved through putting in place IT infrastructure in order to make that happen.

You may be aware of a project, again in the Northwest Territories. A couple of years ago they laid fibre right up the Mackenzie valley, and that was a huge step in the right direction to enable that kind of connectivity. That did come to market as a P3, and it was a very successful project. There are many projects, by the way, in the United States where they are using a P3 approach for broadband, and we are seeing, without a doubt, interest by the federal government and a number of provincial governments in putting this infrastructure in place.

What I would say too is that there is another dimension to this. As Canada continues to try to attract talent from around the world, if we can't put in place a broadly based 5G network, we're not going to attract young people from around the world to come to Canada if they have access to only a 1G network.

There are many dimensions to this issue around broadband or putting in place the fibre that's necessary to take Canada back up as a country that's well connected, and as a country of our size geographically, we are the poster child for that kind of need, so without a doubt, we in the council are very strong supporters of rolling out a significant broadband initiative and, where it makes sense to do it using a P3 model, terrific. In other instances there are other ways to do it, but I think you have put your finger on a really critical infrastructure need in Canada, and I know that governments are turning their minds to this now.

**Mr. Churence Rogers:** Thank you so much.

**The Chair:** We're now going to move on to Mr. Shipley for the third round.

Mr. Shipley, you have the floor for five minutes.

**Mrs. Stephanie Kusie:** Unfortunately, Mr. Shipley is not with us today.

Let me see. Mr. Scheer, did you—

**Hon. Andrew Scheer:** Sure.

**The Chair:** Mr. Scheer, go ahead.

**Hon. Andrew Scheer:** Thanks very much.

I would be remiss, since Mr. El-Khoury tried to make an untrue assertion.... Let me assure the witnesses and any other Canadians who are listening or watching that the Conservatives have always had a strong record of supporting infrastructure projects. Unlike this Liberal government, we've actually been able to get the job done. As we heard from witnesses in both this meeting and previous meetings, this current government is lapsing an awful lot of money. I think I've heard the statistic that up to 40% in some fiscal years have been lapsed. That means these projects aren't getting spent.

One of the reasons we're conducting this study is that we're trying to figure out why the Infrastructure Bank is just completely unable to get anything built. I know that some of you here today, and we've heard this in other meetings, are willing to give the bank the benefit of the doubt. I think we're under the third big rejig of the Infrastructure Bank after such an awful start. I think Ms. Van Buren characterized the Infrastructure Bank as being off to a "slow start". Well, zero projects in four years would certainly be considered a slow start by anybody's method of calculation.

When you look at the types of things it was supposed to do and its complete inability to get them done, one of the things we're trying to figure out is where is this mythical private sector investment? When the Prime Minister promised...or when he announced this bank, it wasn't just a pilot project. It wasn't just a discussion paper or an initiative within a department. It was a signature piece. This was a hallmark of how well connected the Prime Minister was. After going off to international conferences and hobnobbing with the uber elite—we're talking billionaires, the 1% of the 1%—he came back to Canada and promised us this great tale. It's almost like a fairy tale. You might expect this to be an Aesop fable or a Brothers Grimm type of story, where we're going to put some magic beans into this bank and these massive beanstalks will grow with private sector money. Where is it all? That's one of the things we're trying to figure out.

Maybe I'll direct my question to you, Mr. Romoff, because you're from an institute that specializes in this. We heard a witness in a previous meeting talk about how, rather than unlocking private sector investment, it seems that with the current structure that they've now adopted, it's actually crowding out private sector money. In your analysis, why is it that in a model where the government was going to guarantee profits to private sector investors, to large multinational corporations, and take on the risk for Canadian taxpayers, we are not seeing more private sector investors willing to have skin in the game, willing to put ownership dollars into these projects?

The measure of success for the Infrastructure Bank was two times, four times, even seven times the private sector investment for every dollar of public money. So far, the only example we have is the project in Montreal, where it's a pension fund that has been committed. In all these other projects, we're just not seeing that private sector money. Do you have any guess or explanation as to why that might be?

• (1720)

**Mr. Mark Romoff:** I would say that the institutional investors and private equity in Canada are hungry to participate in projects around the country. As you may know, with respect to the Champlain Bridge in Montreal, there is significant investment in that project—

**Hon. Andrew Scheer:** Was the Champlain Bridge under the Canada Infrastructure Bank, though?

**Mr. Mark Romoff:** No, it was not. What I'm saying is that the investment community is keenly interested, and as the right kinds of projects come to the bank for consideration, I think you'll see that interest is there.

I'll give you another example. A couple of days ago you heard from Mr. Bain, from Concert Infrastructure. They are significant players in the infrastructure space, and their investors are the pension funds from around the country. They are investing in these projects, and I think, as Mr. Bain said, when the right project comes to the bank, his investors will be keenly interested.

The same thing is the case with respect to Fengate Capital. You may be aware that they have managed a good portion of the Labourers' International pension fund. They are looking again for projects.

What intrigues me at the moment about the Infrastructure Bank is that, as you may be aware, they now have a mandate for unsolicited proposals and they have just announced their unsolicited proposals framework. I think there's real opportunity now for the private sector to identify the kinds of projects that will be of interest to the bank and work with the bank. In doing that, if these projects can go ahead, they will inevitably bring their private finance players with them to the equation.

You want private finance in these projects. You need that community to have skin in the game, because that's what really ensures that projects that are procured, irrespective of the model, deliver on their contractual obligations. It's the financiers that are at risk and their funding that's at risk. I'm optimistic that as the bank moves ahead with both its growth plan....

I'm particularly interested in the indigenous project portfolio they'll develop. I made a reference a little earlier to the Tliche all-seasons road project in the Northwest Territories. That's a significant project where there is a 20% cash equity infusion coming from indigenous communities.

Therefore, the interest is there. The capacity to make those kinds of investments is there, and as projects come to the fore—

• (1725)

**Hon. Andrew Scheer:** It's just not happening. For four years—

**The Chair:** Thank you, Mr. Romoff; and thank you, Mr. Scheer.

We'll move on to our next speaker.

Mr. Fillmore, the floor is yours for five minutes.

**Mr. Andy Fillmore:** Thank you, Mr. Chair.

I'll start by saying I'm fairly certain that everyone in this meeting, witnesses and committee members alike, understands that infrastructure is the key to accelerating economies and is the key to repairing damage to economies. In fact, we're coming up on the 100th anniversary of Franklin Delano Roosevelt's new deal, which took the United States out of the Great Depression of the 1930s.

In fact, our own government has been involved in a \$180-billion new deal. For the last several years, we've been investing in communities across the country. However, with the advent of COVID and the well-known infrastructure gap articulated by FCM, among other groups, and articulated by Ms. Bull this evening to be around \$500 billion, depending on how you measure it, with the need to connect the country by broadband, the need to fight a climate war and the overwhelming need to invest more in indigenous communities, certainly now is the time that we need to be doing more to invest in communities.

What we've been doing so far, what governments tend to do, is to leverage federal tax dollars to get more provincial tax dollars and more municipal tax dollars. However, I think all of us on this call understand there's really only one taxpayer. The beauty of the CIB is that we can then use that taxpayer's dollars to leverage private capital, which is, of course, the whole intention of the CIB.

Ms. Bull, understanding that, I wonder if you could share with us the impact you see of private sector capital in first nations communities, in remote communities, to achieve the things that need to be achieved in those communities.

**Ms. Tabatha Bull:** I want to highlight the project that Mr. Romoff has spoken about. There are a number of projects where indigenous communities have some equity that they could invest within their community in an opportunity also to bring revenue back into their community. It provides the chance for them to partner, to participate and to determine the outcomes of their community instead of the years we've been in place where our future was determined and planned for us.

If we look at indigenous communities that potentially have partnered on other projects, they have a revenue stream and equity that they want to be able to invest back into the infrastructure in their community, but if we look at the commitment that governments in the past and through the Constitution have made to communities, there is a role and a responsibility for government to play in that.

As I've said before, there are private investment corporations and private investors who believe in reconciliation in this community and understand the benefit and the effect that it can have when you have infrastructure, when you can have clean water, green energy and clean and energy-efficient houses, and when you can participate in the economy through broadband and run your business. The opportunity to unlock economic development within those communities and support business development in those communities is going to go back to support the GDP across Canada and Canada's economy. I think the impact of some of that investment is well known and the benefits have yet to be really, fully realized.

**Mr. Andy Fillmore:** Thank you very much for that, Ms. Bull. I am very grateful for that.

I'd like to ask the same question of Mr. Haley, but through the climate action lens.

What can we do with this private capital to advance this climate war that we're in?

• (1730)

**Mr. Brendan Haley:** Yes, you talked about the new deal. What I think the CIB can do for building retrofits is very similar to what you saw in those postwar years with the role of public investments in creating new markets for, say, residential mortgages or rural electrification—essentially, public investment-led....

It did things that the private sector saw as being too risky, but it led more through demonstration. It took it on, and then it demonstrated that this is actually a market where private investment is safe. It created those initial market structures so that things like standardization and like aggregation of projects.... That essentially created the right institutions for private-sector capital to come in.

I do think that's a bit different from just waiting for projects to come from the private sector. Again, the CIB needs to have this market-creating mission. I am encouraged by the new growth plan's taking on building retrofits as a new area.

**Mr. Andy Fillmore:** Okay. Thank you very much.

Do I have another 30 seconds, or are we done?

**The Chair:** No, that's it, Mr. Fillmore. Thank you for your intervention.

Thank you, as well, Mr. Haley.

Unfortunately, members, that is it for this meeting. We are at 5:30, and we are no longer able to continue.

With that, I do want to thank and give full appreciation to all the witnesses who came out today. It was a very in-depth conversation.

I also want to thank the members for their great questions. I think Ms. Van Buren mentioned earlier in the meeting that triple-bottom-line when it comes to economy: environment and social aspects and the lens we're looking through. Those were very much brought forward today with respect to most questions, if not all questions. I thank and congratulate all members and witnesses for that because it really will give us a lot of information for that report to come back to committee.

Have a great evening, and we'll see you all on Thursday.

The meeting is adjourned.

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