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

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**EVIDENCE**

**Tuesday, February 21, 2017**

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**Chair**

**The Honourable Judy A. Sgro**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, February 21, 2017

•(1100)

[*Translation*]

**The Vice-Chair (Mr. Luc Berthold (Mégantic—L'Érable, CPC)):** Good morning, everyone. Please take your places.

I call this meeting of the Standing Committee on Transport, Infrastructure and Communities to order.

Pursuant to Standing Order 108(2), we are going to continue our study of infrastructure and smart communities.

Today, we are pleased to welcome more witnesses. Martin Lessard, Managing Director of the Ville de Victoriaville will be joining us by videoconference from Victoriaville. Bruce Lazenby is Head of Business Development for the Regional Group of Companies and formerly Chief Executive Officer of Invest Ottawa. James MacKay is Vice President, Sales for MacKay Meters. Lastly, Guy Picard, Director General of the Société de transport de Laval, will be joining us by videoconference from Laval.

Welcome to all the witnesses.

One of the witnesses is running late, but we hope that he will be able to join us during our time for presentations.

Let us give the floor to the witnesses right away.

We will start with Mr. Lessard, if he is ready to go.

**Mr. Martin Lessard (Managing Director, Ville de Victoriaville):** Yes, I am ready.

**The Vice-Chair (Mr. Luc Berthold):** Okay. The picture should be coming through soon, committee members.

**Mr. Martin Lessard:** Can you hear me, Mr. Berthold?

**The Vice-Chair (Mr. Luc Berthold):** We can hear you loud and clear, Mr. Lessard, and now we can see you.

You have five minutes for your presentation.

**Mr. Martin Lessard:** Thank you very much.

Good morning to you, Mr. Berthold, a former colleague in the municipal world. I would also like to recognize Alain Rayes, the MP for our region.

Good morning, Mr. Rayes. I can't see you, but I know that you're there.

This standing committee has asked me to help with its activities on smart cities, especially regional ones. When we look at that question, which is a very broad one, we realize that the main issues for the regions are first and foremost to do with the availability of

specialized workers, those able to help cities carry out their various projects.

In recent years, city council here in the Ville de Victoriaville decided to create a position for someone with expertise in social media. We used that expertise to be able to promote a certain number of projects. But, in broader terms, we are finding that our needs are much greater than that. So there is a challenge in the area of a specialized workforce.

Of course, there is also the issue of investment for smaller, or medium-sized communities. The investment required to obtain the major infrastructures that will allow our cities to become smarter is still very much a reality.

I sent my presentation notes to the committee. As you can see in the document, in our city, we see the development of a smart city as having six components: governance, smart citizens, smart economy, mobility, environment and habitat.

In certain aspects, regional cities are able to move forward by themselves. Here in Victoriaville, for example, in the governance area, we are able to improve our ability to communicate, especially with our residents, and to improve our online and webcasting systems. In that respect, there is no problem; things are going very well.

As for the idea of smart citizens, we are able to encourage citizen participation by using our internal resources to develop platforms. We have certainly done so, successfully, we feel, with our MonIdée.ca platform, for example. It allows our residents to be consulted regularly and to provide their views and opinions on the Ville de Victoriaville's various projects.

Then we have the components of environment and habitat. For the environment, we have been able to use sensors and smart electric systems to manage our networks better. That is one aspect where a regional city is able to be active, as is also the case with a number of programs in the area of habitat.

•(1105)

It is a little more complicated in the areas of a smart economy or smart mobility. This is because they require more significant infrastructures. Investments are required for a municipality to acquire good systems, good applications and good infrastructure in order to meet the expectations of the residents, and especially in order to reach the smart city goals we have set. We have made progress. In Victoriaville, we have made progress in the area of equipment, such as charging stations. Our smart city focus is actually in the area of sustainable development. We have been able to deploy —

**The Vice-Chair (Mr. Luc Berthold):** Mr. Lessard, given that we have a lot of witnesses and good number of questions to ask you, I am going to ask you to conclude your presentation.

**Mr. Martin Lessard:** So there is still a lot of work to do in that area.

In conclusion, we need funding, of course, but we also need support for businesses so that they can move to e-commerce.

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Lessard.

I now give the floor to Mr. Lazenby.

Welcome, Mr. Lazenby. You have the floor for five minutes.

[*English*]

**Mr. Bruce Lazenby (Head of Business Development, Formerly Chief Executive Officer of Invest Ottawa, Regional Group of Companies):** Thank you.

We sometimes think of the issue of urbanization as a third world issue. On average, there are about a million people a week who move from the countryside to the city in places like India and elsewhere, but the same thing is happening in North America. We're finding that rural communities are getting smaller and that the percentage of GDP coming from those communities continues to decline. Nobody is thinking of a way to put more labour into a farm; they're thinking about ways to take labour out of a farm.

When we look at that, we look at the infrastructure that we need in cities and the jobs that we're going to find in the cities. Between artificial intelligence and robotics, we're heading towards what they call "singularity", where there's a whole different way of looking at things. Throughout that, one thing is going to remain true: we need very efficient ways to move massive amounts of data around because everything we're looking at, moving forward, is data.

If you think about how we built our initial infrastructure, if I had a home and I wanted water, I dug a well. Then my neighbour dug a well, and his neighbour dug a well. Finally, we said that it made more sense to do that as a utility and have it managed by the government, so we did that. Then we did that with roads, with rail, and with electricity. Nobody thinks about building their own electricity, and nobody digs their own well anymore, but everybody is still putting in their own bandwidth.

We have Rogers digging trenches and laying fibre. We have Bell digging trenches and laying fibre. I was at a meeting recently with the head of OC Transpo and the head of Hydro Ottawa. I asked them

if they were each laying fibre, and they said yes. I asked them if they knew the other was also, and they said no. I told them that they had each dug up the same street three times, putting glass in the ground.

Fibre optics is the key to building smart infrastructure. It is the basis. You can't do anything if you don't have that. We don't have enough of it, and we don't have a strategy for it. There should be a simple policy that calls for one provider of that glass, and that stipulates that it does not need to be a for-profit product. It can be government-managed, just like water. What you do with the water when it comes out the other end is something that industries can manage on their own. We have to start thinking of bandwidth as a utility and, therefore, as one that should be managed by government.

If we can get past that hurdle, the efficiencies are phenomenal.

Thank you.

•(1110)

[*Translation*]

**The Vice-Chair (Mr. Luc Berthold):** Thank you, Mr. Lazenby.

I now give the floor to Mr. MacKay.

Mr. MacKay, you have five minutes.

[*English*]

**Mr. James MacKay (Vice-President, Sales, MacKay Meters):** Thanks to the committee for having MacKay Meters here, and for the invitation to speak to you all today.

My name is James MacKay. I'm very honoured to be here today representing my company, MacKay Meters. I'm a third-generation business owner whose head office and worldwide manufacturing plant is based in a beautiful rural community called New Glasgow, Nova Scotia.

MacKay Meters has proudly been in business for just under 60 years, and our product can be found on every continent and in over 20 countries. MacKay Meters is a parking technology company that specializes in the design, manufacture, and distribution of parking hardware, along with the development of parking-related software platforms that not only control set hardware, but also help our clients, which are mainly towns, cities, universities, and hospitals, create an educated and efficient approach to their parking systems.

We use real-time data that is generated at our meters to provide financial information, maintenance alerts, map-based reporting, along with an array of important analytics that help our clients drive their systems more efficiently than traditional practices.

The parking industry has made significant technological progress over the past five to seven years. It is certainly safe to say that the parking meters are no longer dumb or stupid. The industry as a whole has seen many large, multinational, Fortune 50 companies enter with varying degrees of success. It may have something to do with the revenues that are linked to any parking system being typically the second-largest revenue generation for any community. Or, it may be the technology that has now arrived into our industry.

With the new buzzword “smart city”, coupled with the technology now available, the former simple parking meter has changed significantly, and in my opinion, is one of the keys not only to kick off but also to fund smart city initiatives throughout the country. And when I mention smart city, I don't necessarily just mean “city”. That's the buzzword. It should really be smart community; it could be smart town, smart hospital, or smart community. When I am talking about this, I am referring to large, small, and medium-sized communities being able to use this type of technology to kick off their smart initiatives.

While most are still wondering what makes their cities smart or how to make their cities smart, my company is providing cities with at least some of the answers. We produce the most technologically advanced and greenest smart parking meters in the world. We are using very efficient solar-based power supplies that render our meter battery neutral. We are using metal-equivalent materials and recycled materials that are increasing our security while reducing our carbon footprint on many levels. We use both wireless GPS and Wi-Fi networks that are available to us for real-time information and alert notifications. We do all of this while adhering to the rigid, stringent PCI PA-DSS security standards covering secure transfer of credit card payments; FCC and IC standards covering the certification of our radio and electronic equipment in both Canada and the United States; and also ISO 9001 manufacturing quality control standards.

Given that most of my clients are municipalities in North America, we have had the unique privilege of working closely with so many progressive cities out there. As they learn, we learn with them, which is fantastic. In the U.S., San Francisco is considered one of the most progressive cities in America, and is a client of ours. We are helping them make their parking system smarter by using our products. Also, Columbus, which recently won the U.S. DOT \$40 million smart city challenge, after competing against 77 other cities in the United States, is also a client of ours. We are working with them to make their city smarter. In Canada, I have clients from coast to coast, such as Vancouver, Moncton, and Victoriaville. These cities are eager for technology, and we are helping them put the latest and greatest on their streets.

That said, MacKay is helping cities both near and far become smarter and greener by using Canadian-made hardware and Canadian-developed software. We bring smart technology to the streets allowing unique customer experience on the front end, while providing smart analytic software on the back end. Since our products generate revenue—and that is a good point, as our products indeed generate revenue—they are the perfect product to start with and fund any smart city strategy out there.

•(1115)

We do not have to look far for this technology. It is local, it is proven, and it is established. Smart and green do not have to be more expensive: on the contrary.

I am very much looking forward to any questions you might have. Thank you again for this opportunity.

[Translation]

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. MacKay.

We are now going to hear from Mr. Picard, who will be giving his presentation by videoconference from Laval.

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

**Mr. Guy Picard (Director General, Société de transport de Laval):** Thank you, Mr. Chair.

I believe I sent you my presentation.

**The Vice-Chair (Mr. Luc Berthold):** Yes, we have it. So it will be easy for us to follow you, Mr. Picard.

**Mr. Guy Picard:** Thank you for the opportunity to be part of this meeting.

Good morning also to Mr. Iacono, the MP for Alfred-Pellan.

For about 15 years, smart transportation has been in the DNA of the Société de transport de Laval. There are a number of definitions of smart transportation, but for us, it is about enhancing customer experience and influencing sustainable behaviour by using information technologies.

I will quickly go over some of the projects we have carried out that place STL among North American leaders in terms of the development of smart transportation solutions. Then I will suggest some areas worthy of exploration and research in the future.

On the next slide, About STL, the figures give you an idea of our size. Our company is located in a suburb of Montreal. It is medium-sized and has about 900 employees. Our network handles 21 million trips per year.

On the next slide, you can see that the first area in which we invested in smart transportation was information for our customers. We are in the process of implementing three projects.

The first, which we called STL Synchro, started in 2010 and involved equipping each of our vehicles with GPS so that we can provide customers with information about when their bus will arrive. We have displays in the streets and, with a mobile app, people can find out where their bus is.

In 2012, we refined that technology so that everyone using the Paratransit service receives an automatic call about the location of the vehicle 10 minutes or so prior to its arrival.

We decided to push that concept a little further. Working with a development centre for the intellectually challenged, we are in the process of developing an app that will allow people who currently use the Paratransit network to use the regular network by providing them with a companion, a helper. The helper will be able to tell them when to get on and off the bus and can guide them every step of the way to their destination. If the user goes the wrong way, an alert will be sent to the client contact centre, which can then look after that person. These are things we are working on.

We are implementing another project that involves equipping the 227 crossroads in Laval with a smart system that recognizes when a bus is arriving. We will then be able, for example, to give priority to a bus that is late by shortening the duration of a red light and increasing the duration of a green light. In a conflict between two buses, the one that is later and has more passengers on board—we know the number of passengers on board all of our buses at all times—will get the priority. Those things have already been done.

I will not go through all the points on the following slide. They deal with smarter methods of payment, such as credit cards, the development of on-demand transportation, and making full use of big data. But I will draw your attention to the second point.

The future challenge faced by transportation companies is to integrate sustainable mobility solutions. The hotel industry has been shaken up by sharing solutions such as Airbnb, and the taxi industry by Uber. In the music industry, people wanting to sell music and records have been shaken up by solutions like Spotify. Which sharing models will come along to shake up the public transit industry?

• (1120)

The Finns have an interesting concept called Mobility as a Service, or MaaS. The concept not only includes methods of payment, but also car-sharing, carpooling, public transport, and bike-sharing. If we want to avoid a kind of chaos, we will have to have legislation on this. I do not know if that legislation will be federal, provincial or municipal, but legislation there will have to be. We need a new mindset. Public institutions must become aware of the data and the various players, in order to come up with integrated solutions for transportation in our cities that are as optimal as we can make them—

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Picard. I have to interrupt you, but I am sure that there will be a number of questions that will allow you to provide more details.

My thanks to all the witnesses for their presentations.

We will start right away with a round of questions from the committee.

The floor goes to Alain Rayes, for six minutes.

**Mr. Alain Rayes (Richmond—Arthabaska, CPC):** Thank you, Mr. Chair.

My thanks to all the witnesses for taking the time today to come to tell us about their initiatives and their expertise.

My first question goes to Mr. Lessard.

First of all, I would like everyone to know that we know each other very well. Mr. Lessard was the Managing Director of the Ville de Victoriaville when I was its mayor. So I am very familiar with most of the projects going on in the city, as well with as a number of the difficulties that the various programs cause for small and medium-sized municipalities.

Mr. Lessard, in your presentation, you mentioned two problems, two future issues for your municipality. The first was about the funding for infrastructures and the second was about e-commerce.

My first question is about the infrastructures. We know that the federal government currently wants to invest billions of dollars in infrastructure. The first idea that comes to people's minds when they hear talk of infrastructures is concrete, asphalt, bridges and tunnels. It is rare to hear talk about technological infrastructures that should be put in place in various areas and that the witnesses who have appeared at the committee today have talked about.

When a call for tenders goes out, people do not necessarily have the standards involved. I asked this question last week and I am now also asking you. Should the government establish technological standards for calls for tender, as it does for the environmental standards that are being included in calls for tender? The first criterion considered in tendering is the price. Efficiency and economies of scale are not necessarily considered. Could the idea of having technological, smart standards be helpful for municipalities so that they can look to the future in the projects they want to establish?

**Mr. Martin Lessard:** Thank you very much. That is an excellent question.

Of course, Canada is very big. At first sight, if technological standards were to be imposed across Canada, it could cause some difficulties, especially with the ability of our local staff to work with one standard rather than another.

Generally, municipalities will demand more autonomy, of course. They will ask to be able to make choices, including technological choices, which will allow them, for example, to have different suppliers compete so that they get the best price possible for their residents.

I have never been asked that question. The need to impose one standard is not something that has been brought to me either. There would certainly be advantages in proceeding along those lines, but, given the extremely rapid evolution of technology, perhaps it is preferable to give municipalities some room to manoeuvre so that they can choose the technology with which they are comfortable working.

• (1125)

**Mr. Alain Rayes:** My second question is along the same lines.

Do you have the impression that current federal programs give municipalities that autonomy so that they can implement projects that allow them to be smarter? Or do the feds try to control things, given that the municipalities are the third level of government?

Do you feel you have the autonomy you need to do what you want to do? Would it not be preferable for allocated funds to be decentralized, accepting that you will subsequently have to account for them, so that municipalities can be more proactive and can work more quickly with the private businesses in their area, so that they can move their projects forward?

**Mr. Martin Lessard:** Mr. Rayes, you were formerly a mayor, and the vice chair of the Union des municipalités du Québec. So you are very familiar with this area, and the position that the municipalities take on the matter.

Clearly, all the programs that provide municipalities with more manoeuvring room and autonomy are welcome. In that context, I should recognize the Programme de la taxe sur l'essence et de la contribution du Québec 2014-2018, or what we in the business generally call the TECQ. It is a wonderful example of a program that allows us to act. Thanks to that program, municipalities know how much money they will be receiving each year. The program still has some restrictions, but they have been reduced to an extent. So it gives us room to manoeuvre and a degree of autonomy. That is the kind of approach that we must be moving towards.

Municipalities are a level of government that is very close to the general public. Municipalities are also being asked to consult their residents more, to respond to their needs and to make sure that they take part in democratic life. That requires that they have autonomy in the way they use the funding they have been allocated.

**Mr. Alain Rayes:** I have one last question.

You talked about e-commerce. What challenge do municipalities face in these times when more and more people are buying online, especially the generation behind us? What kind of assistance could be provided to municipalities to help them meet that challenge?

**The Vice-Chair (Mr. Luc Berthold):** Mr. Lessard, you have 15 seconds for your answer.

**Mr. Martin Lessard:** A little while ago, I had to wrap up when talking about this exciting topic, and now I am being told once again that I do not have much time.

I will just say that the problem is that businesses in the regions have not yet turned the corner into e-commerce. That is a problem that has to be addressed.

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Lessard.

Mr. Iacono now has the floor, for six minutes.

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

I also want to thank all the witnesses who have joined us this morning to share their expertise on smart cities.

My first question is for you, Mr. Picard.

In your presentation, you said that legislation should be enacted to standardize technologies, so that cities can become smart. What did you mean by that?

**Mr. Guy Picard:** I emphasized the fact that a number of American cities currently have private service providers such as uberHOP, Lyft and Bridj, to name only a few. The arrival of those providers on the market may lead to a cannibalization of our

clientele. Those people set up shop around very lucrative routes. I am not saying that's a bad thing, but there should at least be some coordination between what those companies are doing and what public transit authorities are doing.

Streets are public goods. So anyone who wants to be involved in the business of transporting people should share their data, so as to enable the public authority to improve its transportation system.

I don't think we can ignore those new players. They must be seen not as adversaries, but as providers of complementary services for the last few kilometres that are sometimes difficult to cover using public transportation.

Data must be shared if we are to successfully work together. However, those kinds of businesses are jealously guarding their data at this time. If we want to provide a transportation service that is efficient and effective, we need to exchange information with those private businesses.

● (1130)

**Mr. Angelo Iacono:** How is Laval's private sector currently investing in research and development in this field? Can you give us a few concrete examples?

**Mr. Guy Picard:** The City of Victoriaville, the City of Laval and Coop Taxi Laval—the corporation responsible for taxis in Laval—have formed a partnership in order to develop applications that could make life easier for users. One example is an application that would enable them to complete the first segment of the journey by taxi or by shared taxi, and then transfer to the bus system. We are currently thinking about what the future could look like with that kind of a solution.

We also have partnerships with Communauto and Coop Taxi Laval to figure out how we can work together. The idea is to try to set guidelines for the various players so as to avoid a chaotic situation. We already have chaos on the bridges and we would like to improve things going forward.

**Mr. Angelo Iacono:** What do you think are the most important lessons to be learned if a city wants to become smart? What is your advice? What things should be looked at? What should the city pay attention to? What should it change or modify?

**Mr. Guy Picard:** I think that the client must be kept in mind. We should always try to maximize services for the client and provide a service that is as effective and as efficient as possible. We have to be creative. Some small elements aside, we have not invented any of the new technologies implemented in Laval's public transit system. I believe that one of the key elements of a smart city is to have leaders who are smart enough to seek out technologies that are used elsewhere and implement them in their city.

**Mr. Angelo Iacono:** Speaking of Laval, you mentioned technologies that you use a lot. Aside from public transportation, do you think other services could be operated through the technologies you have developed?

**Mr. Guy Picard:** Absolutely. The traffic light prioritization system we have established for our buses can actually also be used to improve the synchronisation of traffic signals for automobile transportation. We are already seeing that drivers are wasting less time on the road. Thanks to this kind of technology, the overall traffic flow will be improved for Laval residents.

**Mr. Angelo Iacono:** In the context of smart cities, where do you think Laval stands, Mr. Picard? For example, is it ahead or behind Ottawa and Montreal?

**Mr. Guy Picard:** I could not speak for the city in a general sense, but when it comes to public transit, I am sure that Laval is among the top five cities in North America.

**Mr. Angelo Iacono:** What do you think are the key next steps in the deployment of smart technologies? Where do you think Laval will be in the next 10 or 15 years? What do you anticipate for the STL?

**Mr. Guy Picard:** I anticipate smart applications and transportation packages that include a certain number of trips by taxi, public transportation and car sharing. That kind of a package is a solution we are working on.

There is also a lot of talk about autonomous vehicles. I think we should start working on autonomous buses. Buses have an advantage over cars: they always travel along routes that are relatively stable, in lanes that can be reserved. We are currently looking at that. Those technologies won't be implemented within a year or two, but we are thinking about ways we could establish autonomous and smart bus systems that could create a feeder system on our main lines.

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Picard. I think you just got a reaction from some committee members by talking about autonomous buses.

We will now give the floor to Mr. Aubin for six minutes.

• (1135)

**Mr. Robert Aubin (Trois-Rivières, NDP):** Thank you, Mr. Chair.

I want to thank our guests for sharing their expertise.

My first question is for Mr. MacKay.

I had an idea while I was listening to you, and I told myself that, if I had this idea, millions of people have probably had it before me. In this transition to electric cars, we are often being asked to change our behaviours or to plan, for example, to stop for lunch at a restaurant that has a charging station so that we can continue driving. However, one place I know my car will lose time is when I put money into a parking meter.

Is there a type of parking meter that is both a parking meter and a charging station? If so, has it been implemented in any municipalities?

[English]

**Mr. James MacKay:** You are talking about something that we are very much in the middle of at the moment. There is a unique relationship between charging and parking. Essentially, they go hand in hand, and MacKay is in the prototype stage of a parking meter that charges your vehicle as well.

There are situations where you cannot resell electricity as a city, but you can charge for parking and provide the electricity for free. In our parking equipment when payment is rendered it can turn on a charger. When the payment essentially expires, the charger turns off.

So we can offer a unique piece of equipment, and there is not one in the industry right now who is parking-based with the means of having the general public being able to pay for it. It is not using a closed loop system where you have to sign up and get a membership card, but one where you can go to the meter, pull out your wallet, use your Visa, MasterCard, coins, cash, and pay for the charging or parking, whatever you're looking for.

[Translation]

**Mr. Robert Aubin:** Thank you.

[English]

**Mr. James MacKay:** You're welcome.

[Translation]

**Mr. Robert Aubin:** My second question is for Mr. Lazenby.

In your presentation, you said something I found very interesting. Since the beginning of our study, I feel that we have seen many technologies, each more interesting than the last, but authorities lack the intelligence to operate or coordinate all those technological applications. That creates a huge gap between cities that are already referred to as smart and other municipalities that are struggling to get Internet service.

What do you think the first steps of coordinated development are when it comes to smart cities?

**Mr. Bruce Lazenby:** That is a good question. If it's okay with you, I will answer in English.

**Mr. Robert Aubin:** No problem.

[English]

**Mr. Bruce Lazenby:** I sit on the board of the Intelligent Community Forum, out of New York City. You may know them as the ones that announce the 21 smartest cities every year, and then the top seven, and then finally the most intelligent city. We have a process for evaluating these cities. We began that process by simply measuring bandwidth. If you're connected, you have the infrastructure in place to do this; but that infrastructure has to be coordinated.

I talked earlier about roads and other utilities.

What kind of car do you drive, sir?

[Translation]

**Mr. Robert Aubin:** I drive a Subaru Legacy.



[English]

**Mr. Bruce Lazenby:** I'm sorry, "You can't drive on the Toyota roads or the Ford roads, but only the Subaru roads. The more roads Subaru builds, the better your life is going to be." That's insane. None of us would ever expect that, but it used to be that way back in the day. If I built a road, it was my road. If you wanted to ride on my road, you had to pay me to ride on my road. I could decide who could and couldn't ride on my road. That was back at the time of Confederation. Of course, we realized that was insane, so we stopped doing that.

Recently, I joined one of the largest land developers and builders in the city of Ottawa, the Regional Group. We're building a big residential area right now of 3,000 homes. One thing that surprises me is that the city is going to tell us exactly how much parkland we need, exactly how long the roads need to be and exactly how high the curbs need to be and exactly where the sidewalks need to be; exactly how much power we need to put in and where we can can't put those power lines; and exactly the amount of water that has to go in, but they're silent on bandwidth. But bandwidth is the new utility. It's the new energy. It's the new infrastructure upon which everything else is going to have to sit.

Mr. MacKay, with his parking meters, has a big bandwidth issue, I'm sure, and probably pays a fortune for connectivity through Rogers or Bell or somebody else. It is crazy, in my opinion, that we have not yet said that we need to control this, that we need to regulate this.

I spent 20 years in government, and one of the questions we always had was about what government could do versus what it should do. I think what we have all agreed to is that government should be making sure the infrastructure is in place, which the private sector can then build on. The infrastructure part that we're missing right now is that bandwidth.

As I said the other day, it would be comical if it weren't so sad that Hydro Ottawa, OC Transpo, Bell, Telus, and Rogers were all digging up the same streets laying fibre, side by side and not sharing amongst each other. It's crazy. The best cities in the world are doing that.

Chattanooga called themselves the Gig City. Now they call themselves 10-Gig City, because they can provide 10 gigabytes to desktops for \$200 a month. That is insane. The really crazy part is that when they cut the ribbon on that about a year ago, my board chair, Dave Ritonja from Ottawa, was there cutting the ribbon. Why? Because those switches are made in Ottawa. They're being deployed in Chattanooga by Power Corporation. So it was the guys who own the telephone lines, who own all the rights of way, who laid the fibre. The biggest expense was their legal fees suing Comcast, because Comcast was trying to get them to stop doing it.

If there's one thing the federal government does have control over, it is the CRTC ruling on how we can find a way to take the issue of proprietary bandwidth locations off the table and realize that we need to treat bandwidth just like water, roads, and everything else.

• (1140)

[Translation]

**The Vice-Chair (Mr. Luc Berthold):** Mr. Lazenby, thank you very much.

Here, we have only one "lane", and we take turns using it. It is now Mr. Fraser's turn.

You have the floor for six minutes.

[English]

**Mr. Sean Fraser (Central Nova, Lib.):** Great, and thanks very much.

I'll begin with Mr. MacKay.

One of the aspects of the study that I don't think we've touched on as much is the ability of companies based in small communities to take part in the economic benefits of the so-called smart economy.

Mr. MacKay, could you elaborate on some of the challenges that you, with a small-town business, face in trying to take part in the smart economy, and maybe suggest what the federal government could do to assist companies trying to grow in this industry?

**Mr. James MacKay:** Thanks for the question.

There definitely are some challenges being based in a community of 9,000 and working with cities such as San Francisco, but also with towns the same size as mine, New Glasgow, with 9,000 people.

The big thing for us really is funding, whether it comes out of the pockets of privately held companies or it's pushed for by the municipal level we're with and talking to. The challenge for the municipalities is always the funding. They may want to be "smart", but they don't know where to get the money to do that.

I think if the federal government did help and did promote green initiatives—and I know that's certainly a buzzword these days—and green technology, it would not only help with the smart communities but also help with the environment. You'd be killing two birds with one stone. When you have a unique product like mine that is very smart and connected, and also very green, it does save municipalities money.

If the government could help fund these communities with these types of products, they would definitely make some additional revenue.

**Mr. Sean Fraser:** Is this potentially a fund that a municipality or community organization could apply to and say, "Look, we have a bright idea, but we don't know how to get it off the ground"? Is that the model you think would work?

**Mr. James MacKay:** I think so, and I think a lot of it is education. I think a lot of the smaller cities don't think they can be smart, and really, it's the contrary. Maybe "smart city" is the wrong term; maybe it should be "smart communities". If we are talking about our local community, New Glasgow, I don't think it would even suggest that it could be, but I think it could very easily become a very smart community.

I do like starting with parking, because that generates revenues. The additional revenues being found from these smart metres and the efficiencies found can then be used to fund additional smart pieces of that puzzle.

**Mr. Sean Fraser:** If we're going to be investing in these kinds of things, would you suggest that we start with any kind of revenue-generating infrastructure, whether it's parking or transit, or even affordable housing units that bring in revenue?

**Mr. James MacKay:** I do. I think it's important to at least start the ball rolling, because I do see that the blocker typically is the revenue piece, so if a city can generate revenue right off the bat, that ball starts rolling, and that snowball starts getting bigger to help fund additional pieces.

**Mr. Sean Fraser:** I know you mentioned, in response to Monsieur Aubin's question, the potential to jump on electric vehicle chargers. I see global trends moving that way. I see that last year the Netherlands mandated that by a certain year there would be no more gas vehicles.

Is there something the federal government can do to help spur research and development to ensure that the innovators in our communities are taking advantage of these global trends?

• (1145)

**Mr. James MacKay:** I think so, absolutely. Any funding that a privately held company such as my own could receive to promote Canadian business and promote Canadian technology being used in Canada would be fantastic.

I do business all over the world, and I see trends all over the world. The Government of Canada has the ability, with the companies it has in this country, to harness and utilize Canadian-built and Canadian-made and also to promote and put in initiatives to help municipalities use Canadian products.

**Mr. Sean Fraser:** Excellent.

Mr. Lazenby, I just want to touch on the need to build fibre infrastructure. Is the right way to go about this for the federal government just to do it directly? Should we be creating funds that municipalities can apply to? What's the best mechanism to actually get the infrastructure that you have mentioned into place?

**Mr. Bruce Lazenby:** I think it's the regulatory issue. If we look at some of the smartest cities in the world, none of them have had their infrastructure built by the private sector. None of the Bells and Teluses and the comparables of the world have been able to put in sufficient bandwidth to make a city smart, because it doesn't work out for them financially. It's not because they are bad guys; it's just that their business model doesn't allow them to make those kinds of investments.

Just as we took the independent water and independent road out of the hands of the private sector, I think we have that kind of

opportunity here. I think your mechanism for doing that is probably the CRTC where they can encourage that kind of behaviour.

Nobody wants to have to go to court to try to do the right thing, but that seems to be where we are now. In St. Louis, Chattanooga, Barcelona, and other cities where they have done this, it has had to be led through government regulatory freedom, if you like, to set it aside.

I think now is the time for that too, because if we look at the larger organizations, the Bells and the Teluses, they have stopped making money from the fibre and have started making money on content. So I think they are ready to have that conversation now, but somebody needs to take the leadership, and, frankly, I think your body is the best placed.

**Mr. Sean Fraser:** That's it for my time. Thank you.

[*Translation*]

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much.

I now give the floor to Mr. Badawey for six minutes.

[*English*]

**Mr. Vance Badawey (Niagara Centre, Lib.):** Thank you, Mr. Chairman.

I want to go to where Mr. Fraser left off and Mr. Rayes was discussing with respect to funding. This is a question for all of you.

I come from the municipal sector in a previous life. I understand the challenges that we have trying to play catch-up with our infrastructure—waterways, water especially, but also roads and facilities and things of that nature—and that our asset management plans continuously squeeze our existing budgets.

The gas tax funding has always been used to play catch-up for those different pieces of infrastructure. Now we're talking about existing and incremental infrastructure like digital, for example. A funding source in that regard was mentioned earlier.

My question for you is twofold. Based on the \$186 billion that we've announced—and we're going to be investing that money in that very infrastructure—I'd like to know if it would be appropriate to do one of two things. One is simply to enhance the gas tax fund—not only the amounts, of course, but also the other pieces of infrastructure it can attach itself to. Two is to have a dedicated fund. We could call it a community improvement fund, a community improvement growth fund, or whatever you want. It would be a separate dedicated fund that would attach itself to existing and incremental work.

**Mr. Bruce Lazenby:** I can start if you like.

I drive a beautiful, 6-cylinder, 300 horsepower vehicle, which burns more gas than it should. Should I pay more tax than I am for that? Yes. We all know it's not good for the economy, and I should be paying more. I remember going to Europe for the first time 20 years ago and seeing what they were paying in gas compared to what we were paying. We haven't caught up. I think it makes sense.

Maybe the answer to your question is both. There should be some funding there. When I talk about urbanization, what has happened is that because the urban centres have become larger and more focused, they are the closest to most of the taxpayers, yet they are the least well funded. Most of the funding goes into the federal government. Then, it goes down to the provincial governments, and then it goes down to the cities. Therefore, the people who have the most direct contact and influence with the average citizen are at the bottom of the pecking order. Anything we can do to provide them some funding is good.

The second thing we can do with another fund is to make it competitive—although that's very un-Canadian—and have people apply for it. Therefore, if Laval, Victoriaville, or Ottawa has an idea, the city can submit that to the fund and it can bid on trying to provide the right answer. Then there can be some adjudication that says this is a better idea than that one. You get \$100 million; you don't.

•(1150)

**Mr. Vance Badawey:** Gentlemen, those of you who are on video, do you agree?

**Mr. Martin Lessard:** If I may, I'll continue in French if you don't mind.

[*Translation*]

Yes, I agree with Mr. Lazenby. I think that the money set aside for that should go to municipalities, and that they should be allowed to decide what they will do with it. The decisions should be consistent with certain parameters, of course, in the sense that the municipalities would be forced to work on developing a smart city.

However, the idea of submitting projects whose relevance would be assessed by the federal government is not at all in line with how we see municipal autonomy, at least in Quebec.

[*English*]

**Mr. Vance Badawey:** I appreciate that answer because, again, coming from the municipal sector, where I have been for the past 14 years, I fully recognize that municipalities know best even though the federal and provincial governments do provide funding for different infrastructure projects and programs. The municipalities, through their asset management plans and strategies, best know how to distribute those dollars.

We're going to be listening to the PBO in a bit and some of the challenges that we have with trying to dole out those dollars, both in the past with the previous government as well as the current government, with respect to performance measures.

With that, those performance measures would obviously be dependent on the outcomes and indicators that you, the municipalities, establish.

That said, do you find that through your asset management plans and through your established outcomes, that that would be the best

model to put in place for performance measures as we distribute these dollars throughout the nation?

Any one of you can start.

**Mr. Martin Lessard:** From my point of view, yes.

**Mr. Vance Badawey:** Are there any other comments?

Bruce, did you have any other comments?

**Mr. Bruce Lazenby:** Yes, I agree that municipalities know best, but there's a difference between fair and equal. The equal thing to do is not necessarily the fair thing to do. In this case, the guys with the best ideas would get the most funding.

So, yes, do provide additional funding and let municipalities do smart things with it. However, when it comes to major projects, set up an \$800 million fund. People can come in and make bids on that, and may the best man win.

**Mr. Vance Badawey:** And with the best outcomes, with the best returns on those dollars.

**Mr. Bruce Lazenby:** Absolutely.

**Mr. Vance Badawey:** Okay.

Now, that said, obviously we have to report back to the federal and provincial governments so that we can see where those outcomes are very strategic, especially in phase two, when we start looking at transportation-related investments based on the economy and, of course, creating work here in Canada.

**Mr. Bruce Lazenby:** Yes.

[*Translation*]

**The Vice-Chair (Mr. Luc Berthold):** Only 30 seconds remain, Mr. Lazenby.

[*English*]

**Mr. Bruce Lazenby:** We have that model. We have cities that are bidding for... In the case of Ottawa, it's a light-rail project. The federal government has contributed money towards that; thank you very much. Do they have specific outcomes they have to meet? Absolutely. I don't think anyone would feel it was an obligation.

**Mr. Vance Badawey:** It's therefore where you'll get your performance measures from.

**Mr. Bruce Lazenby:** Right.

**Mr. Vance Badawey:** Great.

Thank you.

[*Translation*]

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Badawey.

I now give the floor to Ms. Block for six minutes.

[English]

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Thank you very much. I'll be sharing my time with my colleague.

I want to pick up on a couple of observations that were made early on in testimony.

Mr. Lazenby, you talked about increased urbanization, and you referenced it again. We tend to think about this happening more in developing nations, but we see this right here in Canada. I want to follow up on that. Is that necessarily the best thing to be happening in a country the size of Canada? Is that driven by the policies of a government, or are government policies following the population? I think that's a good debate that we need to have.

We talk about small, medium, and large communities, and I appreciate Mr. MacKay's observation that we're not talking about smart cities, but smart communities. There's perhaps a regional focus that needs to take place when we talk about smart communities, because small communities can't do it on their own. There is an interdependence here between urban and rural Canada.

I'm wondering if you could speak to our attending to not only smart cities but also having a smart rural component to what we are talking about. Then I'd really like you to talk more about government regulatory freedom, because to me that sounds like an oxymoron.

• (1155)

**Mr. Bruce Lazenby:** I think that trying to engineer the desires of the population is a really slippery slope. Regrettably, we're now experiencing the result of that with the community schools and some of the programs we had in northern Canada. That attempt to engineer society, to do something it didn't want to do, didn't work out so well, so I think that trying to do that again would be a bad idea.

People will go where they want to go. All we can do then is to try to accommodate that as best we can. If you choose to live in New Glasgow for some good reasons, then let's try to make that community able to support that. Do we want to see the hollowing out of all of rural Canada into municipalities? I don't think so. There is some tweaking around the edges, but the reality is that this is where people are going, especially young people. That's where they choose to be. I think if we try to reverse-engineer that somehow, we'll be setting ourselves up for a lot of unintended consequences that might not work out for us.

**Mrs. Kelly Block:** I want to follow up on that, because I'm not sure that's what I was suggesting.

**Mr. Bruce Lazenby:** Sorry.

**Mrs. Kelly Block:** I think my question was around how you encourage a regional approach to the whole concept of smart communities.

**Mr. Bruce Lazenby:** Right.

There have been lots of initiatives. This government currently has a plan to put more bandwidth into rural communities. The challenge with that is simply the expense. I was in India recently, working with a company that is installing 25,000 kilometres of high-speed fiber optic cable in the ground to connect 80% of the Indian population to 4G LTE. That's better than we have, and this is India. But they also have 1.3 billion people in a country a fifth the size of what we have. I

think we could blow our brains out trying to get high-speed bandwidth into the final ends of the communities. Speaking as a business guy, from the point of view of return on investment, I think it would be so expensive it probably wouldn't make sense.

As far as the communities are concerned here, we need to beef them up. This is a globally competitive marketplace. As Karen knows, the unemployment rate in the technology sector in Ottawa right now is 1.0%. Everybody's hiring. There is global competition for us in attracting people from all over the world. The most innovative people in the world are the ones who create jobs—the Tobi Lütkes of the world, from Shopify.

I often say there are two types of immigrants—those who take jobs and those who make jobs. The ones who make jobs are the ones we want to come here. Given the current situation south of the border, we used to be number two in the world for places people wanted to go. Now we're number one. We have an opportunity.

Where do the most innovative people want to live? They want to live in the most innovative cities. To the extent that we can be that, and make those kinds of investments, I think we'll be attracting the kind of talent that will continue to keep Canada one of the best countries in the world.

**Mrs. Kelly Block:** Okay.

[Translation]

**The Vice-Chair (Mr. Luc Berthold):** Mr. Rayes, go ahead.

**Mr. Alain Rayes:** Thank you, Mr. Chair.

I want to thank my colleague for the time she is giving me.

Mr. Lessard, I want to tie back to what was just said. You are the managing director of a central municipality in a region, in an RCM. I know that the Bécancour RCM, which is not very far from yours, has a project to connect all its municipalities. You are also working on something.

How could that be done directly by the municipal world if the government agreed to decentralize the money in order to help move the project forward? Would there be a potential solution?

**The Vice-Chair (Mr. Luc Berthold):** Mr. Lessard, I just want to let you know that you have 35 seconds to answer.

**Mr. Martin Lessard:** So I will answer by simply saying that the beauty of the thing is that the municipalities already have a number of powers needed to propose projects. One of those powers is to conclude intermunicipal agreements. Obviously, they can band together. In addition, if a government program happened to seek to enhance those project clusters through some sort of criteria, it would be in the realm of possibility. So we have to work through intermunicipal agreements.

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Lessard.

Mr. Sikand, unfortunately, I won't be able to let you ask your question, as time is running out.

I want to thank everyone for their testimony.

This completes our study on smart cities and communities.

We will suspend the meeting for a few moments, so that the witnesses can give up their seats to the next group of witnesses.

I ask that the committee members be fairly diligent, since we have another nice meeting with the people from the Office of the Parliamentary Budget Officer right after.

• (1155) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1200)

**The Vice-Chair (Mr. Luc Berthold):** Good afternoon, everyone. I call this meeting back to order.

Pursuant to Standing Order 108(2), we are now beginning our briefing on the report titled “Canada's New Infrastructure Plan: 1st Report to Parliament - Following the Money”, which was published on February 2, 2017.

We are very pleased to welcome Jean-Denis Fréchette, Parliamentary Budget Officer.

Good afternoon, Mr. Fréchette.

He is joined by Mostafa Askari, Assistant Parliamentary Budget Officer, Peter Weltman, Senior Director, Costing and Program Analysis, and Jason Jacques, Director, Economic and Fiscal Analysis.

You are all from the Office of the Parliamentary Budget Officer. Once again, on behalf of the committee members, thank you very much for accepting our invitation.

Mr. Fréchette, you will now have up to 10 minutes to make your presentation.

• (1205)

**Mr. Jean-Denis Fréchette (Parliamentary Budget Officer, Library of Parliament):** Thank you, Mr. Chair. I will need about two minutes. I know that the members of your committee like to ask questions.

I want to thank you again for inviting the team of the Parliamentary Budget Officer to appear before you to discuss our “1st Report to Parliament on Canada's New Infrastructure Plan - Following the Money”.

[*English*]

As per its title, this PBO report on following the money is the first in a series of reports on infrastructure that we plan to publish in conjunction with our regular reports, such as the “Economic and Fiscal Monitor” and the biannual “Economic and Fiscal Outlook”. We have also prepared a summary table for your committee, based on our expectations of the progress by Canada's new infrastructure plan and its potential economic impact.

As members of Parliament, my colleagues and I are quite aware that the regional aspect of infrastructure spending is, as it should be, important to you. Although we monitor the provincial share of

projects, the main focus of our reports on infrastructure is to provide transparency and better clarity on how funds allocated under the new infrastructure plan are being distributed across a variety of locations, programs, and projects. Depending on the availability of data on the nature and timing of these projects, this should allow Parliament to better understand the outcomes and risks associated with the new infrastructure plan. Therefore, it would be in a better position to hold the government accountable.

[*Translation*]

It will be challenging for parliamentarians to monitor the \$12 billion in infrastructure spending, since this funding will be allocated over two years and delivered by 31 departments and agencies. That is why, pursuant to our legislative mandate, we will track these investments.

My colleagues and I would now be happy to answer any questions.

Thank you, Mr. Chair.

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Fréchette.

I want you to know that the committee is very grateful to you for leaving a lot of time for parliamentarians to ask their questions.

We will begin right away with Mr. Rayes.

You have six minutes, Mr. Rayes.

**Mr. Alain Rayes:** Thank you, Mr. Chair.

I want to thank all the witnesses, especially the Parliamentary Budget Officer, for taking the time to meet with us.

This is an issue my team and I are following closely. When your report was published, a number of the concerns we had when we read the data as it became available were confirmed.

In the table you provided, you did indicate that the cost of the program was \$13.9 billion and that \$3.9 billion of that total has been spent. According to your forecasts in the second table, \$2.7 billion will actually have been spent in this fiscal year.

What would you say explains the difference between what the government had announced and the results you have arrived at through your research?

**Mr. Jean-Denis Fréchette:** Thank you for the question.

Indeed, we are not talking about \$12 billion, since the amount of \$13.8 billion obviously includes money given to the Canadian Mortgage and Housing Corporation for housing-related matters. That is for all infrastructure. That is why, in my presentation, I talked about \$12 billion over two years. We have to consider the amount of \$1.3 billion, in addition to the \$700 million announced in the latest update.

You did understand the data in the table. First, the announcement of \$3.9 billion was made. To make our forecasts in April, we calculated the potential repercussions. When we redid our calculations in February, we realized that not all that money will be spent and, therefore, that the economic impact will not be what we anticipated. We were a bit more pessimistic in February.

I should point out that supplementary estimates (C), published last week, where we learned that \$820 million set aside for infrastructure would be frozen, confirmed that not all the money would be spent this year. But that does not mean it will not be spent within the two-year period; the second year must also be taken into account.

My colleague Mr. Jacques, who is here, often talks about skyrocketing expenses incurred at some point during the period. Former RCM mayors and wardens who are in the room are well aware of what happens.

**Mr. Alain Rayes:** Great.

When you talk about this, you also say that you have not found a mechanism to track that money. Investing in infrastructure is not a bad thing in itself, but I think that the government is extremely ambitious. In a context where we are hearing about all those amounts that will be carried over to the next fiscal year, how can we be reassured as taxpayers' elected representatives? We are handling their money, which they worked hard to earn and they put in our hands. Can we have confidence in this plan? The projected budget for the next year is already very ambitious, in addition to everything that is being added. Moreover, you are telling me that there is no mechanism in place to track the money.

• (1210)

**Mr. Jean-Denis Fréchette:** I will give my colleague Mr. Weltman 15 seconds to think about it.

I will simply say that that is what we stated in the report: there is indeed no mechanism. I know that when Minister Sohi appeared before your committee about two weeks ago, the people from his office said that an accountability framework was going to be put in place, and that that would also make it possible to track these budgets.

I don't know if Mr. Weltman wants to add something to that.

**Mr. Peter Weltman (Senior Director, Costing and Program Analysis, Office of the Parliamentary Budget Officer, Library of Parliament):** Yes, thank you.

Infrastructure Canada has to review the data every six months, and so in theory we are going to follow the progress of the projects. For the other departments we have asked for revised data, and at this time we publish what exists within government regarding the projects and their progress. The other departments do not usually issue monthly or quarterly reports. They generally publish an annual report at the end of the year.

**Mr. Alain Rayes:** You know, it will soon be two years since these people have been there, and we are told that they will be publishing a report. As representatives of the opposition, we have reason to be very concerned.

**Mr. Peter Weltman:** And that is why we are following up on this.

**Mr. Alain Rayes:** You are quite right to do so, and I congratulate you for that work. I think you have shed some light on certain things. The fact that this has to be done by a neutral group that is not partisan like us clearly points to a big problem. Billions of dollars have to be invested.

This leads me to my second question.

We were contacted by elected representatives from smaller and medium-sized municipalities. Your report indicates that the vast majority of the sums that will be invested will be in more populated areas. In fact, if we look at this from the political point of view, we can see clearly that Liberals are the members in those areas, in large centres like Montreal, Toronto and Vancouver particularly. The expenses you have set out are in these large centres for the most part.

Following your analysis, do you have the impression that that could change, or is this a firm trend at this time?

**Mr. Jean-Denis Fréchette:** My first neutral and indeed non-partisan answer is that the first phase focused on public transit and updating infrastructure such as sewer and water treatment systems. In that context of course the larger municipalities will be deriving the greatest benefit. In the longer term, we will see what develops. Of course, a municipality of 65,000 residents like Victoriaville or even Richmond, my city of origin, does not have the same public transport requirements. So there will be less spending in these places.

**The Vice-Chair (Mr. Luc Berthold):** Thank you very much, Mr. Fréchette.

Mr. Rayes, your speaking time has elapsed.

I now yield the floor to Mr. Hardie for six minutes.

[English]

**Mr. Ken Hardie (Fleetwood—Port Kells, Lib.):** Thank you, Mr. Chair.

First, I'd like to congratulate the PBO. Long before I entertained any thoughts about getting involved as I am now, I used to follow your work. It always "lifted the green curtain", as they'd say in *The Wizard of Oz*, and shed light on what was going on. I could see from those earlier reports that there would be times that people who were sitting where I'm sitting would quite disagree with the way you analyzed things or with the results you came up with. They were always illuminating, and they certainly sparked some conversation and discussion, always with the idea of upping the game.

Now that I've been pleasant—

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

**Mr. Ken Hardie:** I think one of the questions that we've been putting to a variety of our guests here is that we're looking at an enormous outflow of money, eventually, into infrastructure. Certainly, in my background in the public sector with the transportation agency in metro Vancouver and other places, we were always struggling to come up with the right metrics, the right things to measure, to show that we were getting value for dollars. Based on the work you've done so far, which has been relatively limited in scope, do you have any advice that you'd give us, as a committee, if we were putting together recommendations as to the sorts of things that government should measure and monitor in order to try to at least demonstrate or aim for value for dollars in these investments?

• (1215)

**Mr. Jean-Denis Fréchette:** Thank you for the question, and thank you for the good words.

The PBO, as per its mandate, doesn't make recommendations per se, so it's sometimes difficult. In our reports, we just say that parliamentarians could ask this or that question, or could follow an issue more carefully.

I don't know if Mostafa wants to add something on this....

**Mr. Mostafa Askari (Assistant Parliamentary Budget Officer, Office of the Parliamentary Budget Officer, Library of Parliament):** Sure.

The point you're raising is very important, and we raised it in our report. Typically, for any program, the government now has a performance measurement framework. Based on that framework and the targets they have identified, they follow the money to see whether it meets those targets. In this case, unfortunately, we haven't yet seen the performance framework for the infrastructure investment the government has proposed. That's something that delays our report. It is really the job of the government to decide what those targets are and how it's going to measure performance against those targets.

Once those are in place, then we can, as the PBO, look at those and provide an assessment as to whether the objectives have been achieved, and how the government assesses those things.

**Mr. Ken Hardie:** It might be illuminating for government if you could also provide some advice as to the sorts of things that need to be measured, because it's all about public confidence and trying to demonstrate to the public that we're doing the right things in the right way.

It occurs to me that one of the key issues that needs to be in place for us to do our job and for you to do your job is the proper framework for data collection. What do you collect? How do you collect it? Should it be across the piece, through all departments and through all ministries? Can you comment on that?

**Mr. Jean-Denis Fréchette:** Yes, and Jason will want to add something.

For example, as Peter mentioned, we contacted the 31 departments and they provided the information. All the information was not on our Internet site or in the report, just because some departments said that they would provide a total, the aggregate number of the projects and the value of the projects, not the individual projects that were not yet to be published.

Jason.

**Mr. Jason Jacques (Director, Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer, Library of Parliament):** The only other thing I would add to what Mostafa and Peter mentioned is that when it comes to the Infrastructure Canada programs, the government, within the MOUs it signs with the provincial governments, does have framework language with respect to tracking performance of the investments and outcomes. That notwithstanding, when one looks at the performance metrics tracked in detail across the country, by and large, when you look at larger municipalities and other municipalities across the country, they do a much better job at this. That's because those municipalities and provincial governments are responsible for actually administering and rolling out the spending. Roughly speaking, public sector spending on infrastructure across the country is around \$80 billion a

year, of which \$70 billion is being spent or administered by the provincial or municipal governments.

You don't need to go any further than looking beyond the budgets of, say, Vancouver, Toronto, or Calgary to identify where they've linked up the dollars flowing through the system alongside the performance impacts and the results that are being achieved.

**Mr. Ken Hardie:** If I may, I will interrupt you, because I have one more question.

There are clearly differences between, say, the first run of the infrastructure spending, which included state-of-good-repair upgrades to existing infrastructure, and the next run, which will focus on things that are going to take a while to build.

When we took office, pushing a year and a half ago now, we inherited over \$800 million in programs that had been announced by the previous government but had not yet been approved. Depending on the nature of the project, such as building a new transit line, sometimes it's a very long-tailed project. Is it fair to say, "Here are the monies allocated and here's the money spent" and then try to even that up on a project with a very long tail, when traditionally the federal money is the last to go out the door?

• (1220)

[Translation]

**The Vice-Chair (Mr. Luc Berthold):** Thank you, Mr. Hardie. Since your time is up, I hope you will save the question so that the witnesses can answer it later.

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

**Mr. Robert Aubin:** Thank you, Mr. Chair.

Gentlemen, thank you for being here.

I must admit that I stopped rather quickly when I read your report, because I was surprised right from the first page. After the good news in the first paragraphs indicating that you were going to help us to follow this major investment program, I read this:

The government has provided no performance measurement framework with which to evaluate the NIP's performance [...]

The next paragraph says this:

However, except for Infrastructure Canada, none of the departments has published a list of funded projects.

I understand, following the question asked by Mr. Hardie, that you have received aggregate information that has not been broken down.

Is there a transparency problem with regard to monitoring this major infrastructure program?

**Mr. Jean-Denis Fréchette:** Thank you for the question.

It may not be a problem of transparency so much as a problem with action, I believe, on the part of certain departments. Mr. Weltman mentioned this. Certain departments are not used to reporting as efficiently as Infrastructure Canada, which has had a database since 2002 and reports on all projects as they proceed. In fact, I must commend them for putting in place this database.

We were told that certain departments were in the process of doing this and that is why we regularly continue to send these requests. For instance, Indigenous and Northern Affairs Canada can provide aggregate data, as you pointed out, but for the time being, it cannot necessarily provide data broken down by reserve and so on.

Is there a transparency problem? I feel it is more a problem with communication and information that will be disclosed subsequently. All of this is relatively recent. We will see later if there is really a transparency issue.

**Mr. Robert Aubin:** I still get the sense that we had exactly the same exchanges, with very few differences, with the previous government. It seems to me that the culture is not emerging very quickly on that side.

On page 4 of the report, you refer to the Canada Infrastructure Bank and two things drew my attention.

First, I still have some serious reservations on the very notion of this bank. In my opinion, it is going to make us pay more for infrastructures that could be funded directly by the government.

In addition, you say that “the federal government would eventually share some of the risk inherent in the bank's investments”. Not only will we mobilize \$15 billion that could have been allocated directly to infrastructure, and transfer this money to the bank to create leverage so as to attract private capital, but we would also share part of the risk and pay higher interest, because we would have to pay 7% to 9% to those who will contribute to funding this.

Is this really the best way to finance updating our infrastructures?

**Mr. Jean-Denis Fréchette:** Since it was the government that decided to create this bank, I cannot comment.

There are risks. In this regard, you are quite right. The Muskrat Falls example was mentioned. The loan guarantees that were given were one of the risks. However, if you look carefully at the figure regarding loan guarantees, you will see that the government's risk regarding the \$490 billion loan guarantees...

**Mr. Robert Aubin:** An amount of \$312 million was provisioned for loan guarantees. That was my next question.

**Mr. Jean-Denis Fréchette:** You see, we try to see the questions coming.

**Mr. Robert Aubin:** You have succeeded.

**Mr. Jean-Denis Fréchette:** That is why we included that information in the report. The risk exists and there will always be some. That is true of any government loan. It is true when governments want to attract loans. The Montreal REM is a good illustration of the share of risk a provincial government can assume.

I don't know if I answered your question.

**Mr. Robert Aubin:** My question was more specific. We are looking at a \$312-million provision for \$490 billion in loan guarantees.

Is that a reasonable proportion?

**Mr. Peter Weltman:** I can only answer one thing which is that the Auditor General is the person who approves this project. There are all sorts of regulations that govern that approval.

**Mr. Robert Aubin:** Very well.

On page 12 of the same report, you talk about the correlation or proportionality between the investment in infrastructure programs and the density of population in the provinces and territories, and this seemed entirely coherent to me. In fact, I already put the question to the minister. However, there is one element I have trouble understanding. The report refers to 12% for Quebec, and I have trouble seeing how it would obtain investments proportional to its population, since that represents approximately 23%. However, for other provinces the ratio between the funded projects and the part of the Canadian population they represent leads to an equivalency, if not a considerable surplus.

• (1225)

**Mr. Jean-Denis Fréchette:** It is a table, a pie chart that will change with time. Indeed, the proportions will change regularly over the next months. You also have to note that the data in this table go back to January for Infrastructure Canada and to October for the other departments. Obviously, Quebec's part of the pie chart could become bigger.

In addition, although the amounts have been approved, certain provinces tend to ask the federal government for money later in the year, to improve their tax position. That is certainly the case for Quebec. It is possible that the size of Quebec's piece of the pie chart reflects that situation.

**Mr. Robert Aubin:** Thank you.

It seems that my time is up.

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** Thank you very much, Monsieur Aubin.

Mr. Fraser.

**Mr. Sean Fraser:** Thank you very much for being here today.

I'd like to begin, like Mr. Hardie, by expressing my profound respect for the PBO. Having worked with an access to information organization at one point in time, I think the work you do is a key pillar to an effective democracy.

There is a narrative that comes, rightly or wrongly, out of your report. When I speak to people in my community they might fear that although the federal government is making investments in infrastructure, the job returns may not be there.

Personally, I think in my community there is a different experience from the potential narrative that the report creates. So just for the sake of clarity for the public, the report deals expressly with phase-one infrastructure, not with other projects like fisheries and oceans and small craft harbours, or post-secondary education infrastructure. Is that correct?

**Mr. Jean-Denis Fréchette:** That's correct.

**Mr. Sean Fraser:** Perfect.



Of the phase one projects that we are dealing with, which may not yet be under construction—some of them may very well be in the engineering or design phase right now—could you offer any insight or breakdown between what's under construction and what's being worked on in the design phase?

**Mr. Peter Weltman:** I'll back up a little bit.

**Mr. Sean Fraser:** Certainly.

**Mr. Peter Weltman:** In regard to your first point, some of the monies that have been allocated in this infrastructure program will go to projects such as small craft harbour repair and those sorts of things, through Fisheries and Oceans. You'll see in the report that they have a chunk of money. Some of those kinds of projects are there.

We will be in better shape to understand the progress of the projects with the next report that comes out. We're asking specifically about project progress. Right now what we have in the database is projects, the identified start times, and the identified end times, and we're asking for updates against those particular milestones.

We'll see what we get back. Then we'll be in a better shape to start to assess.

For understanding the phases of the projects, we may be able to get at that with the Infrastructure Canada data. I would have to work with them to see whether they're collecting that sort of thing. It's going to be a manual process. I'll have to ask each department, to see whether they collect that sort of information.

**Mr. Sean Fraser:** On the issue of milestones, which I think Mr. Hardie started getting at, some kinds of projects, such as public transit—buying a bus or repairing an existing one, for example—don't necessarily have project timelines like building new municipal water pipes does. How does the purchase of a vehicle with infrastructure money factor into the report?

**Mr. Peter Weltman:** Well, in a previous piece of work we did, back in 2009, we asked for project progress. We're asking for that again, and it will really be up to the project manager or the project proponent to determine what phase the project is at relative to.... Is the buying of the bus 100% of the project, or is it 10%?

We're very much dependent upon the data that's provided to us from the project proponents. That's really as far as we can go on that.

**Mr. Sean Fraser:** On that issue—and I think this is where Mr. Hardie left off, explicitly—is it possible that some of the projects are not showing up as being well under way in the report as a result of an accounting practice, essentially, whereby the federal money could be, I think he said, the last out the door because of a reimbursement upon completion provision, or something to that effect?

**Mr. Peter Weltman:** The report that we produced a couple of weeks ago was fairly explicit in stating that we were measuring “projects identified”, as opposed to “money spent”, for exactly that reason. When a project is identified and a contract or terms and conditions are agreed to and there's a transfer agreement in place with the federal government, work can start. It's effectively like a letter of credit. It doesn't mean that nothing happens until the money comes back.

●(1230)

**Mr. Sean Fraser:** On that note, then, I think Infrastructure Canada's website indicates that there are 700 or more projects with an identified construction start date that has passed as of today. There's really no information, you're telling me right now, to say whether that is true or not true. You're simply basing it on what the allocation is, not on what's actually happening on the ground today.

Is that fair?

**Mr. Peter Weltman:** That is so right now. Then hopefully, as I said before, as we produce revised reports, we'll be able to get some indication—again, we are data dependent—on what is happening on the ground.

**Mr. Sean Fraser:** Is it all going to come back to the project proponents' providing this information, or is it from Infrastructure Canada?

**Mr. Peter Weltman:** For the other 30 departments, it will be the departments themselves. For Infrastructure Canada, it will be whatever they can get out of their project proponents.

We won't go directly to the proponents yet. We did that last time, but we're not planning yet to do that.

**Mr. Sean Fraser:** Thanks very much. I think that's helpful. I'll look forward to the next report.

**The Chair:** Mr. Iacono.

**Mr. Angelo Iacono:** *Merci* .

Thank you for being here today.

Of all the challenges and problems exposed during the previous government's infrastructure spending and programming, is there any one lesson that is most important for us to keep in mind as we go forward?

**Mr. Mostafa Askari:** That's a tough question.

As Jean-Denis mentioned, we normally do not make recommendations on policy issues, but one thing we have noticed is that it would be much easier for both Parliament and others who are looking at this if the government provided regular reports on the progress of this program specifically. I think that would be very helpful, because they have all the detailed information concerning who's getting the money, who's spending it, and how much progress they have made. It would be extremely useful to have their point of view as to how things are evolving and how much success they have had in those projects.

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

I'll be giving the rest of my time to my colleague Vance.

**The Chair:** Mr. Badawey.

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

I have a few questions with respect to performance measures. I asked the municipalities earlier about their being expected, along with the province, to provide us with their outcomes or indicators and, therefore, to establish performance measures. That's something I'll be pushing for.

Do you think that would be the obvious route to take, to work with our partners in establishing their outcomes, and establishing, based on those outcomes, the indicators that would drive that, and then, of course, from there with their asset management plans etc., establish proper performance measures?

**Mr. Mostafa Askari:** Certainly that would be very useful from that end. I guess, on the other hand, the federal government is spending the money, so they have to have their own measurement and performance framework to assess how their money is being spent, what the outcomes are, and whether they can achieve the targets from that.

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

My second question is with respect to page 11 of the report, figure 1-4, on the share of projects by province by project value. I'm not sure who it was, but one of you gentlemen mentioned earlier that big cities are obviously going to have more value attached to them because they have bigger projects, especially when it comes to transit.

You state that Infrastructure Canada does not provide lists of approved projects. My question is, was there an opportunity to dig a bit deeper? When I look at these numbers, I do recognize that the percentages in terms of value are specified, but my question is with respect to the actual projects that are being delivered throughout the provinces—urban versus rural.

Again, I'm just guessing. When I look at these percentages and the value attached to them, if I were to think a step further and consider the actual number of projects being distributed, rural versus urban, I'm seeing more being delivered to rural areas. Is that true?

**Mr. Peter Weltman:** Yes. There's a chart that we didn't include. Again, this is a work in progress. If you look at the distribution by number of projects, it's fairly uniform. It lines up pretty closely to population as well. It looks far more uniform. Again, as Jean-Denis mentioned earlier, this is an early snapshot that will undoubtedly change with the next report.

•(1235)

**Mr. Vance Badawey:** As we move out from phase one into phase two, are we going to see this change dramatically?

**Mr. Peter Weltman:** I think, even as we get more current data on phase one, you will see this change dramatically as well.

**Mr. Vance Badawey:** You say that very few projects are under construction, but according to Infrastructure Canada's own website, there are more than 700 with anticipated construction start dates that have already passed. Isn't this more of a reporting issue from municipalities and provinces than a lack of projects under way?

**Mr. Peter Weltman:** I think it's two-fold.

First, we only looked at projects funded under the new budget 2016 plan: waste water and public transit. We didn't look at the other legacy programs administered by Infrastructure Canada. Some of that 700 number includes a lot of these legacy programs. The reason for that, again, is that we were trying to segregate budget 2016, the new infrastructure plan, versus some of the other stuff.

Secondly, as Infrastructure Canada gets more current reporting from provinces and municipalities, we'll be in a better position to see

what's actually started on time. That's what we're going to do, too, with our revised report.

**Mr. Vance Badawey:** Okay.

This is my last question.

I hear that the Province of Ontario, for example, is using an allocation-based disbursement for its cleanwater and wastewater funding. Were you told this? Why wasn't it noted here?

**Mr. Peter Weltman:** Sorry? Ontario is using an allocation?

**Mr. Vance Badawey:** It's an allocation-based disbursement for cleanwater and wastewater funding. I'm just wondering why it wasn't noted in here that that type of disbursement was being used versus application-based funding.

**Mr. Peter Weltman:** We were looking at the federal level. We didn't go to the provinces and ask them how they were distributing the money to municipalities. We simply looked at Infrastructure Canada and how their program was set up vis-à-vis the provinces.

**Mr. Vance Badawey:** Therefore, when you look at the performance measures, a lot of it is dependent on the provinces as well.

**Mr. Peter Weltman:** Oh, sure. Sure it is.

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

**The Chair:** Mr. Rayes.

[*Translation*]

**Mr. Alain Rayes:** Thank you, Madam Chair.

Mr. Fréchette, two things were mentioned earlier that concern me, that is to say the amounts of money that have not been spent, and the lack of performance measurement mechanisms, or monitoring of the projects. Mr. Hardie asked you if you had any recommendations to make in this regard.

My question is extremely simple: is it normal that we have to tell a government, or a private organization or a municipality, to give itself a tool that will allow it to monitor its projects? This is said to be an ambitious plan, and the government wants to invest in the area of infrastructure. Given that context, should those performance measures not be there as a matter of course? We expect that officials will have in place a grid or some type of follow-up software. This would allow you to follow the audits and sound the alarm bell if need be.

**Mr. Jean-Denis Fréchette:** Concerning accountability, I would not say that this is normal, but it is almost a tradition. For several years now it has been recognized that the federal government provides funds. I think that other witnesses have already said as much. The federal level provides funds, and a partnership is formed with the provinces and municipalities afterwards.

As parliamentarians, you are the ones who approve the funds. Given that fact, you should always ask for reports to find out where the money is going. That is what we would say to you, without making a formal recommendation.

At what level should that be done? I will go back briefly to previous questions. For our part, we focus mostly on the macroeconomic level, as you can see by looking at our table. We do not go into details regarding efficiency and productivity. We will do so in the second phase of the infrastructure plan, which aims to improve productivity in Canada. At that time, it will be even more important that there be accountability so that you can ensure that you are getting the most for our money. However, this will be done through an audit rather than through a review by the Parliamentary Budget Officer.

**Mr. Alain Rayes:** I am by ricochet going to talk about the Canada Infrastructure Bank, which was a surprise this year.

A sum of \$15 billion had already been set aside to support the municipalities in their infrastructure projects, and then it was transferred to this infrastructure bank. In your report, you inform us that this bank will be subject to somewhat less direct parliamentary monitoring.

When the minister and his acolytes came here, I asked them what the selection criteria would be for community projects. Mr. Aubin also emphasized that aspect. One of the minister's acolytes answered that the choices would be based on performance, that is to say that they would determine if the project was of interest to the investors. As a legislator and as a member of Parliament, I can tell you that that aspect bothers me particularly.

I asked a second question to know who would be making the decision to accept or reject a project in the context of this infrastructure bank, a body that is parallel to government. The reply was that they had not yet looked at that aspect and were working on it.

The creation of the Infrastructure Bank was announced, and the fact that \$15 billion would be transferred to it. And yet the Liberals cannot tell us today after being in power for two years who will be responsible for accountability over these funds. Does this mean that the elected representatives will lose control of this money? The government already has full control of the infrastructure budget, and yet there are no accountability measures in place.

Given all that, is it normal to worry about the infrastructure bank that the government will create?

• (1240)

**Mr. Jean-Denis Fréchette:** It is difficult to answer that question, because we don't yet have all of the information about how the infrastructure bank will function. The only thing that is certain is that it will not be based in Victoriaville.

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

**Mr. Alain Rayes:** No. I think people are fighting to have it either in Montreal or Toronto.

**Mr. Jean-Denis Fréchette:** Yes.

That said, we still do not know all of the modalities regarding how the bank will work. Everyone expects an announcement in the next budget specifying how the Canada Infrastructure Bank will function.

To answer your question, I must say that whether we are talking about a bank or a program, and no matter which party is in power,

accountability is always important for parliamentarians. They are the ones who vet the funds that come from taxpayers' money.

You are all parliamentarians. In my statement I said that accountability was very important for you at regional and local levels, which is very understandable. I said the same thing in the other place, to the senators, who also represent the regions. It is important that there be accountability at that level as well.

It is also important for us, but it is not at the core of our examination. If the government states that it will create 50,000 jobs but we estimate that it will only create 33,000, that is where we have an important role to play.

**Mr. Alain Rayes:** In light of what the minister and his acolytes answered when they came before the committee, will the Canada Infrastructure Bank be a part of the various follow-up reports you are going to prepare next year? Will we be apprised of your overall perspective on this file?

Our party is very concerned about the money that was supposed to go to the infrastructure fund for the municipalities. We are told that it will have to generate a yield.

I relate this to small and medium-sized municipalities. I asked the minister to name a single project that could be financed in a small or medium municipality through the Canada Infrastructure Bank. I can understand that the minister may not know the file from stem to stern, but none of his officials was able to name one single project.

[English]

**The Chair:** Sorry, you're way over time. Just give a short answer to a long question.

[Translation]

**Mr. Alain Rayes:** You can answer with yes or no.

**Mr. Jean-Denis Fréchette:** We are going to try to monitor the money that will come out of the Canada Infrastructure Bank.

**Mr. Alain Rayes:** Thank you.

[English]

**The Chair:** Thank you.

Mr. Hardie.

**Mr. Ken Hardie:** Thank you, Madam Chair. I'll be splitting my time with Mr. Fraser.

You follow the money. That's how you titled the report. But in my old days, in a transit project, we would look at other factors: the social factors, environmental factors, the quality of life, and how the project synchronized with the rest of the system. Sometimes measuring only how useful the dollars have been and what results they've generated doesn't really tell the whole story. It occurs to me that one of two things would have to happen. Either your mandate could be expanded to look at those non-monetary issues or we need another body like you to do that.

Do you have any thoughts on that?

I'm sorry, that was....

**Voices:** Oh, oh!

**Mr. Jean-Denis Fréchette:** It's a good question. You're raising the analysis that we do with our multiplier, because that's what we do implicitly with this.

Looking at all the other impacts is more difficult; it's often done after the fact or after the project is completed.

I don't know. Somewhere in the other place, again, we raised the issue about GBA analysis of these infrastructure projects, which is very difficult. So maybe in another life or something like that....

I don't know if Mostafa wants to add something.

• (1245)

**Mr. Mostafa Askari:** As you mentioned, it's our mandate. We are a budget office. So we follow the money to the extent that it has economic and fiscal implications, and that's really where we are at. We don't follow money like the Auditor General in terms of whether money has been properly spent or not, but our main objective is to look at the economic and fiscal implications of government programs. That's our mandate. If our mandate is changed by Parliament to include other things, then we would certainly have to provide that information as well.

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

I'll turn my time over now to Mr. Fraser.

**Mr. Sean Fraser:** On the reporting or accounting practices, are there great variances between the different provinces or municipalities from project to project right now?

**Mr. Mostafa Askari:** Not that we know of, no. We don't really know exactly how it goes.

**Mr. Jean-Denis Fréchette:** Do you mean in terms of reporting the money that they receive from the federal government?

**Mr. Sean Fraser:** Either reporting or in terms of the time at which the money is received....

**Mr. Jean-Denis Fréchette:** It is known that some provinces, as I mentioned before—and certainly in the case of Quebec—tend to wait until the end of their fiscal year. That pattern has been seen previously with other projects.

**Mr. Sean Fraser:** Sure.

**Mr. Jean-Denis Fréchette:** For other provinces, they probably have the same kinds of practices. The Auditor General looked at this in the past and found some kind of a pattern that can be explained. There's a lot of seasonality in these infrastructure projects, as you know. You're coming from municipalities, and you know how it can take time. That's why I used the words "*dépenses vertigineuses*" before. Eventually the summer comes, the spring comes, and all of a sudden you have a lot of money being reported by provinces.

**Mr. Sean Fraser:** Would it be helpful if there were some kind of effort to harmonize different practices, or maybe to say that we're going to go universally to a milestone-based or receipt-based payment time, so we don't end up with the perception that in Quebec, they may not be getting their fair share when that may or may not be the case?

**Mr. Jean-Denis Fréchette:** I suspect that Infrastructure Canada and the federal government do not necessarily want to impose some kind of accounting practice on a province. I think that's what the DM of Infrastructure Canada said in response to this committee a couple

of weeks ago when he said that every other week he is in contact with provinces to have some reports back. I don't know exactly the mechanism he's using, but he certainly mentioned that on the record.

**Mr. Sean Fraser:** So, without imposing that kind of a condition on a project partner, is it going to be difficult to have certainty in the information at any given point in time?

Okay, I'll take your thought as a maybe.

**Mr. Jean-Denis Fréchette:** Following the money until the end of a project may be difficult.

**Mr. Sean Fraser:** Sure.

Just in terms of increasing the maximum public accountability to Canadians, is there a certain kind of payment scheme, whether it is milestone-based or receipt-based, that makes it easier for the parliamentary budget officer to communicate to the public what's going on with the federal money?

**Mr. Peter Weltman:** A receipt-based approach is not terribly useful from our point of view. It's not a question I've been asked, and it's a very good one. A milestone basis might make some sense, because then we would anticipate a certain amount of work being done by that point.

Of course, then, we require standard measures and milestones right across the system, and that's a different discussion.

**Mr. Sean Fraser:** Sure, but that would help you highlight more clearly for Canadians, say, how many jobs have been created, on how many projects, at any given point in time. Is that fair?

**Mr. Peter Weltman:** Given the short time I've been thinking about it, for the last 10 seconds, I'd say sure, probably any information right now is better than no information.

**Mr. Sean Fraser:** Perfect. Thank you.

**Mr. Jean-Denis Fréchette:** May I turn to Jason, quickly? He's the accountant at the table.

**Mr. Jason Jacques:** I think the only other point that I would raise is just by way of context. There are 15 of us, and there are close to 260,000 people who work for the federal public service of Canada. In terms of the information that you're looking for and you're suggesting should be collected on a standardized basis, one would imagine that the federal public service is actually collecting that information—or at least part of it—to present to the cabinet members, so they're in a good position to opine upon phase two and ensure that it's constructed effectively.

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

Ms. Block for five minutes.

**Mrs. Kelly Block:** Thank you very much, Madam Chair. If there's time, I'll be sharing it with my colleague.

I note that in your opening comments you suggested that it would be challenging for parliamentarians to monitor the \$12 billion in infrastructure spending, given that it is being allocated over two years and delivered by 30-plus departments and agencies. I'm wondering if you could comment on whether this is a different model than existed prior to this Parliament, where the money is going to be disbursed over a long period of time and throughout a number of departments.

•(1250)

**Mr. Peter Weltman:** Is it a different model? I don't think so. For the infrastructure components, especially that being delivered by Infrastructure Canada, no, it's pretty much the same. What you're seeing in this budget, from the departmental point of view, is a lot of capital asset refurbishment and replacement money being deemed as part of the infrastructure plan. There are a lot of ongoing projects—certainly with Indigenous and Northern Affairs Canada, such as the education and water programs—that have been around for a long time, and they've been classified this time around as part of an infrastructure program. I think that's where the difference lies. It's just how the programs are being presented this time around.

**Mrs. Kelly Block:** Okay. Does it make sense, then, that the Minister of Infrastructure would be reviewing all of that under his mandate as infrastructure?

**Mr. Peter Weltman:** The Minister of Infrastructure is responsible for his department, and if you're looking for somebody to review the whole program, yes, somebody might want to, but so far we've been asked by Parliament to provide that sort of update.

**Mrs. Kelly Block:** Right. I understand the role of the parliamentary budget officer and recognize that you provide that objective view of how money is currently being spent by the Government of Canada, and I'm wondering: I know that this report that we are looking at doesn't include the infrastructure bank. As you've noted, there are a lot of questions around how that's going to be structured.

Given the role that you play currently, and some of the observations you've made about the difficulty of following the money when there are different kinds of lending structures in place, what do you envision your mandate to be when it comes to monitoring the infrastructure bank, given the funding model that's being proposed?

**Mr. Jean-Denis Fréchette:** I'll just take 10 seconds and then I'll let Mostafa speak.

As you know, our mandate is under review by the government. The government indicated that they will review our mandate and provide more resources, not only in total but also in terms of costing and so on. Our mandate could change in that kind of direction.

I want to say something about infrastructure. We sometimes look at a large project. The Champlain Bridge is a good example of where we did an analysis of an infrastructure project by the federal government, to predict the revenue generated by that bridge if there were a toll on it. This is an indication, but it's a \$4-billion project. We cannot do costing or analysis of the revenue generated by some small project of \$200,000 in a small municipality.

Do you want to add something to that?

**Mr. Mostafa Askari:** I would just clarify that in terms of our mandate, under our legislation we are not entitled to request information from crown corporations. If the bank is a crown corporation, we cannot request information from it and would not be under any obligation to provide information to us on its activity. We could provide an assessment, but we would have to do that based on the public information that exists.

**Mrs. Kelly Block:** Right, so then following the money, or even the risk, would be difficult.

**The Chair:** Your time is up, Ms. Block.

**Mr. Mostafa Askari:** It would be more difficult, certainly.

**The Chair:** Mr. Aubin, go ahead for three minutes.

[*Translation*]

**Mr. Robert Aubin:** Thank you, Madam Chair.

Earlier I did understand that the money that was not spent this year in the first phase of the project was not lost nor returned to the public treasury, but that it could be carried over to the second year of the project. However, the 0.2% projected growth in the GDP for the first year of this program was to be attributable to those investments.

Am I wrong to say that there is no chance that that target will be reached, given the real amounts that were invested during the first year?

•(1255)

**Mr. Jean-Denis Fréchette:** As you can see in the table, the funds that were set aside, as we learned last week, are not necessarily included, but they are in fact taken into consideration. If the trend holds and if the Parliamentary Budget Officer's analyses are correct, GDP growth in 2016-2017 will not reach 0.2%, but rather 0.11%, which is where we are at now. We are a bit more optimistic for the future. This confirms our forecasts from last week, which were that the \$830 million for Infrastructure Canada that were set aside for 2016-2017 will probably be reused later.

**Mr. Robert Aubin:** Thank you.

This takes me to the second year of the program. There is no guarantee that we will recover in the second year what has not been saved in the first year simply because sums are being transferred.

No later than this morning, I spoke with some mayors of municipalities who said that when you miss a certain number of construction seasons, the actual effect is an increase in costs for the same infrastructure, because entrepreneurs have a great deal of choice.

Should the 0.4% target for the second year be increased, since there will be more money in the second year, or do I understand that this transfer of amounts to the second year will have no impact on GDP growth?

**Mr. Jean-Denis Fréchette:** Our presentation is somewhat more optimistic for the second year. That is why we said that we were going to track the money and ask for reports. When I mentioned reports, I was speaking about them in conjunction with other reports. Not only will we track the money for the infrastructure, but we will also update our fiscal and economic analysis regularly, and it will contain a section on the status of the infrastructure projects. So in theory, four times a year we expect to be presenting a report containing figures that will help parliamentarians monitor the development of the program.

**Mr. Robert Aubin:** Thank you.

[*English*]

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

Thank you to all our witnesses. Our time is up.

Clearly, everyone has a lot of questions for you. No doubt, we'll ask you to come back at some point in the future.

Thank you very much to our witnesses.

Thank you, Mr. Berthold, my vice-chair, for doing such a great job with the first part of the meeting.

The meeting is adjourned.

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