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Chair: Mr. Vance Badawey



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• (1540)

[English]

The Chair (Mr. Vance Badawey (Niagara Centre, Lib.)): I am going to call this meeting to order.

I would like to welcome all of you to meeting number 22 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. So that you are all aware, the webcast will always show the person speaking [*Technical difficulty—Editor*].

To ensure an orderly meeting, I would like to outline a few points to follow. First off, members and witnesses may speak in the official language of their choice. Interpretation services are in fact available for this meeting. You have the choice, at the bottom of your screen, of floor, English or French.

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

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

I remind you that all comments by members and witnesses should be addressed through the chair. When you are not speaking, your mike should be on mute. With regard to a speakers list, the committee clerk and I will do our very best, as always, to maintain the order of speaking for all members, whether they are participating virtually or in person.

I also want to remind everyone that when you see the hand go up from my end, it's the one-minute warning. Of course, with that, once the one minute is done, I will lower the hand and expect you folks to complete your statements, questions or comments.

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

It's my pleasure to welcome and introduce our witnesses today.

First off, from the Canada Infrastructure Bank, we have Ehren Cory, the chief executive officer; and John Casola, the chief investment officer.

For the second hour, we're going to have, from the PBO—the Parliamentary Budget Office—Yves Giroux, Parliamentary Budget Officer, and Nora Nahornick, economic analyst.

With that, we'll start off with Mr. Cory.

You can start us off for five minutes. The floor is yours.

Mr. Ehren Cory (Chief Executive Officer, Canada Infrastructure Bank): Thank you very much, Mr. Chair.

As you say, I'm Ehren Cory. I am the chief executive officer of the Canada Infrastructure Bank. I really thank you for the opportunity to appear today.

I am meant to be joined by my colleague John Casola, as you mentioned, Mr. Chair. I believe John continues to have technical difficulties. Hopefully, he will join me.

John is our chief investment officer. Together, our intention is to provide you with an update on our work and an outlook on the CIB, in particular our potential to contribute to Canada's economic recovery and long-term sustainability.

• (1545)

[Translation]

We share with the committee the consistent objective of investing in Canada's infrastructure and modernizing it, so that Canadians can benefit from it. We believe that the Canada Infrastructure Bank, or CIB, is an important and innovative tool, and that it can help address the infrastructure deficit in Canada.

[English]

Mr. Maninder Sidhu (Brampton East, Lib.): Point of order, Mr. Chair. I'm getting the translation at the same sound as Mr. Cory.

The Chair: Thank you, Mr. Sidhu.

Mr. Clerk, can we check on that, please? Thank you.

Mr. Ehren Cory: Shall I continue, Mr. Chair?

The Chair: Sure. Go ahead.

Mr. Ehren Cory: In my opening, I'd like to highlight five things for you today.

First, I'd like to talk about the significant pipeline of investments the CIB is currently working on, which will deliver results.

The \$10-billion growth [*Technical difficulty—Editor*] was an inflection point for the CIB, and since then our momentum has grown. We announced the \$407-million investment in the Alberta irrigation project, which will kick-start the largest agricultural irrigation expansion in the history of the province. The project will result in up to 6,800 direct and indirect permanent jobs and up to 1,280 construction jobs. It will also open an estimated 200,000 acres of more productive agricultural land.

We also announced the Oneida battery energy storage project, which will be the largest battery storage project in Canada and among the largest in the world. It is a partnership between an innovative Canadian company and the Six Nations of the Grand River Development Corporation. It is another project we are very excited about.

Finally, our first zero-emission bus investment has been finalized, and we will be announcing it in co-operation with our partner in the coming weeks. This is another important step in delivering outcomes.

In addition to these three new projects, we are in detailed negotiations for, and have confidence in, a critical mass of additional projects coming by Canada Day, and in many cases sooner. In fact, we believe eight additional projects can and will be approved and announced in the coming three months.

We estimate that from the time we launched the growth plan last October to Canada Day of this year, new CIB investment commitments will total \$2.5 billion. When these investments are added to the previous investment in the REM project in Quebec, this portfolio will have \$3.8 billion in CIB investment in total, with approximately \$5.8 billion in private and institutional capital for these projects. This private and institutional capital comes from pensioners who are part of organizations like the Caisse and farmers who are part of irrigation districts. These pension funds, private companies, first nations, broadband service providers and building owners are all non-governmental investment partners working closely with the CIB to deliver new infrastructure, as intended by the CIB Act.

We will have investments in all of our priority sectors and all five pillars of the growth plan by this summer, while continuing in parallel, of course, to work diligently to advance the longer-term transformational nation-building projects that the CIB is engaged in with our partners.

Second, we are doing more than just projects. Beyond the individual projects I've outlined, last week we announced our new indigenous community infrastructure initiative. We expect this will create a significant number of new project opportunities and have benefits with and for indigenous communities and partners at the scale of infrastructure they need to make their communities more successful. Similarly, our initiatives for zero-emission buses, as well as our building retrofits program, are open for business and being well received, and we will see new investments as a result.

We launched our unsolicited proposals framework, the first of its kind in Canada. All this was done in the last three months.

Third is our focus on outcomes. Delivering new infrastructure is about getting projects built and dollars invested. However, new infrastructure is also a means to an end. Investment in construction

leads to connecting more people's homes and businesses to broadband, producing and using cleaner electricity, living and working in energy-efficient buildings, exporting crops produced on better irrigated land and increasing transit ridership on zero-emission buses and transit systems. Our investments process and due diligence are informed by the goal of not only investing money in new projects and getting new infrastructure built, but achieving tangible outcomes for Canadians.

Fourth, we are working to reduce the infrastructure gap through partnering. Nearly every country in the world faces a significant infrastructure gap. Increasingly, not only Canada but other countries, including the U.S. and the U.K., have announced intentions to renew their investment infrastructure with institutions like infrastructure banks similar to the CIB. This is important to have in context.

Certainly, governments could increase budgets and provide traditional grant funding, but that has fiscal limits and that approach doesn't always achieve performance results or transfer risks in the real world. There is a limit to it. On the other hand, many infrastructure projects get built on purely commercial terms because there is private sector investment to do that. Government can expect to have the private sector do more of this on its own, but that does not necessarily address the importance or shape the kind of public infrastructure that serves the public good.

That is why the CIB presents a third way. To be clear, the CIB does not provide grants and does not invest when the private sector can do so alone. The CIB is instead a credible made-in-Canada way of doing things to stretch public dollars further and attract private capital to get more infrastructure built for the benefit of Canadians.

- (1550)

In practical terms, the CIB can finance projects at lower rates, absorb some risks that are impediments to projects happening, catalyze private sector investments and performance to deliver projects, and get our capital back when our long-term low-interest loans are repaid. And we can also take equity positions and invest in other ways.

Simply put, the CIB is another alternative in the tool kit, and often a better one, especially in large-scale revenue-generating projects.

A key element of the CIB is our collaboration with governments at all levels, including provinces, territories and municipalities, as well as indigenous communities.

Finally, I would like to be clear that [*Technical difficulty—Editor*] the CIB has no mandate at all to sell private assets.

My fifth and final point is that we're in a new phase at the CIB, with new leadership and clear direction. The CIB is well positioned to play a meaningful role [*Technical difficulty—Editor*] deficit. I was pleased and humbled to join the organization a few months ago. We have a strong leadership at the board, which has responsibility in investment decisions. We have an excellent team of investment and finance professionals in place. In addition to the leadership at the CIB, we have a clear understanding of the policy priorities that the government and the Minister of Infrastructure and Communities have for us and their expectations and urgency for us.

The Chair: Thank you, Mr. Cory.

Mr. Ehren Cory: Thank you.

The Chair: We're now going to move onto Mr. Casola.

Mr. Casola, do you have any additional comments?

Mr. John Casola (Chief Investment Officer, Canada Infrastructure Bank): I have nothing to add to what Ehren said. Thank you.

The Chair: Wonderful. Thank you.

And thank you, Mr. Cory.

We're now going to move forward with our speakers list. For the first round, we have six minutes each. First up, we have Mr. Scheer.

Mr. Scheer, the floor is yours.

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

I'd like to welcome our guests and thank them very much for their presentations. As they will know, this committee is undertaking this study to find out what exactly has prevented the Canada Infrastructure Bank from getting any projects completed in the almost four years since its inception.

I just have a few questions to start off with.

Earlier in 2020, the former chair of the CIB, Michael Sabia, told Canadians that they could expect a return of \$2 for every \$1 of taxpayers' money: \$2 in private sector investment for every \$1 of taxpayers' money invested. Is that still the mandate of the Canada Infrastructure Bank?

Mr. Ehren Cory: Yes, in general, our goal is absolutely to crowd in private investment, and that ratio of 2:1 is approximately what we're seeing. As I mentioned, if you take our total portfolio—from the REM project to the announced projects that I mentioned in the growth plan since October, as well as the ones that are in final negotiation term sheets and approval, so deals that are close to announcement and will be in the coming weeks—that totals to about \$3.8 billion of CIB investment and about \$6 billion in private and institutional.

It's tracking somewhere close to that 2:1 ratio. Yes, that's correct.

Hon. Andrew Scheer: We only have what has been committed to date to evaluate. We've heard from the bank before promises of projects coming, and the bank has undergone a couple of rejigs and major shifts in both its corporate plan and in its overall management, so we can't really look at what may or may not come, because so far the track record has been pretty poor up until now.

The Parliamentary Budget Officer released a finding today that their impact has been no private sector investment committed to date, including the projects you mentioned. How much private sector investment, private sector dollars, has been invested in the Alberta irrigation project to date?

• (1555)

Mr. Ehren Cory: First, if I may, I'd love to address the comment about progress, and then I absolutely will talk about the Alberta irrigation project, if that's all right. I think it's important just to set the stage. I know this has been a discussion with other witnesses, so I just want to recap. I think it's been a really good discussion you've had as a committee.

Certainly, there are long-term infrastructure projects that take years to go from engineering, feasibility, environmental approvals, procurement and development. We know this to be the case. As an investor in those projects, we can only invest at the pace that those projects move. Some of the MOUs we've signed are for projects of that nature. That, I think, is important. It's important to note that many infrastructure projects do take long term to develop, especially transformational nation-building ones, interprovincial transmission, major transit projects. Certainly you would look at a project like many of the bridges, or transit projects, and they take years. It's important that—

Hon. Andrew Scheer: Mr. Cory, I understand that; we've heard that from the minister as well. The reason I have to interrupt is that we only have limited time and I have a series of questions.

Specifically with the irrigation project, can you tell the committee how much private sector money to date has been invested in that, how much partnership from the private sector has been produced by the bank's involvement?

Mr. Ehren Cory: Of course. Thank you, Mr. Chair.

I would just end my comment about long-term projects by saying that the growth plan, conversely, is designed to trigger short-term projects, deliver real economic impact and aid in both economic recovery and infrastructure.

That is why, Mr. Chair, we actually have a building track record now of real, tangible projects, not just Alberta irrigation and Oneida, but our first bus deal and our first energy retrofit project, to be announced next week.

The Chair: Do you have a response to Mr. Scheer's question, please?

Mr. Ehren Cory: Of course.

With regard to Mr. Scheer's question, the Alberta irrigation project is a three-way investment between ourselves, at about half of the capital, \$400 million; the Government of Alberta, which has provided funding for that project; and the eight irrigation districts of Alberta, which have provided funding to the tune of \$163 million. That represents, through—

Hon. Andrew Scheer: Are those municipal governments?

Mr. Ehren Cory: No, those are independent irrigation districts. They are owned collectively by the major irrigators, and Mr. Casola can speak more to the deal structure if we need to.

Those represent, to us, non-governmental sources of funding that are not traditional grant funding. It's going to be paid back, of course, through the increased yield and increased arable lands that are opened up and the production of that land. It's about new revenues that will pay for that through the irrigation districts. That is absolutely, in our mind, a form of private capital that is separate and apart from traditional grants.

Hon. Andrew Scheer: In your mind, are public pension plans non-government private sources of investment?

Mr. Ehren Cory: Yes, they are. Certainly the work on the REM project, which has a large institutional investor involved in it, represents pensioners from across—

Hon. Andrew Scheer: That's the Quebec public pension plan.

Mr. Ehren Cory: Correct. That's the Caisse de dépôt. They represent pensioners from across the province—millions of pensioners. They also draw on other institutional funders in partnership. So yes, that again represents non-governmental, non-grant funding, in my mind.

Hon. Andrew Scheer: I think I only have time for one more quick question.

The Parliamentary Budget Officer report states that the REM project lost \$87.5 million last year. Are Canadian taxpayers on the hook for that through the Canada Infrastructure Bank, or are Quebec pensioners on the hook for that through the Caisse's investment?

Mr. Ehren Cory: If I could clarify, obviously when we make a loan to a project, we always need to be tracking the expected outcomes of that project and our repayment. As any investor does, you always create an allowance for potential risks as they occur. That is not a loss.... It is not a loss that is crystallized, but it is an allowance one must make. Certainly COVID has played a role in the progress of that project, and that creates uncertainty around timing of opening, and ridership eventually, so as a prudent investor—

Hon. Andrew Scheer: That's not a loss?

The Chair: Thank you, Mr. Cory.

Thank you, Mr. Scheer.

Mr. Ehren Cory: Thank you, Mr. Chair.

The Chair: We're now going to move on to the Liberals, and we have Mr. Sidhu.

Mr. Sidhu, the floor is yours for six minutes.

Mr. Maninder Sidhu: Thank you, Mr. Chair.

First of all, thank you to our witnesses, Mr. Cory and Mr. Casola, for taking the time to be with us here today.

Several witnesses have touched on the Canada Infrastructure Bank's potential to create a market for much-needed investments in infrastructure that will play a crucial role in helping to combat climate change and make our country greener.

Our new initiative, which is very exciting, is committing \$1.5 billion in the next few years to fund zero-emission buses and their charging infrastructure, which I know residents of Brampton would love. This new commitment was very well received here in Brampton. Transit investments are always welcome in Brampton, such as the federal government's \$45-million investment into Brampton Transit, which is the largest federal investment for Brampton Transit in over 10 years.

Mr. Cory, do you think this kind of acceleration in the rollout of zero-emission buses would be happening without the CIB's involvement?

● (1600)

Mr. Ehren Cory: Thank you for the question.

The challenge in many types of infrastructure—and zero-emission buses are a wonderful example—is that there is a revenue source. In this case, it's the savings that are generated over time as you switch from diesel to electricity. I could say the same thing about our building retrofits program. It is similarly a way to try to retrofit buildings, make them more energy-efficient and over the long term create savings.

The problem with those types of projects is that the payback period is long and it's quite uncertain. It depends on the technology, on the speed of conversion, the reliability. So there are technological challenges. There are also commercial and market factors, what happens to the future price of both diesel and electricity, just to give an example.

What happens is that the private sector alone doesn't actually make those investments, even though they might over the long, long run be ROI-positive. The bridge that the bank fills.... To answer your question as asked, yes, I think the CIB plays a critical bridging role to making those projects happen by taking on some of the upfront risk and sharing in it with the private sector—not taking it on alone but sharing it together. That also drives investment and allows us to make projects happen certainly much faster than they would have, and many that wouldn't happen at all under purely commercial terms.

Mr. Maninder Sidhu: Thank you for that, Mr. Cory.

We're all excited to hear about electric buses and the announcements that are coming up.

Mr. Chair, can I split my time with Mr. Fillmore?

The Chair: Absolutely.

Mr. Fillmore, go ahead.

Mr. Andy Fillmore (Halifax, Lib.): Thanks, Chair, and thank you, Mr. Sidhu.

Mr. Cory, in this morning's web post, the PBO said that the CIB has not leveraged any outside investment and is only being funded by different levels of government.

I don't agree with that characterization. It sounds like you may also have a different interpretation. Would you want to talk a bit more about what the CIB has done in the past and what it's continuing to do to attract institutional and private investment to get more infrastructure projects funded and built across the country?

Mr. Ehren Cory: I appreciate the question. I think it's important for us that.... When we look at each of our projects, we think of the funding coming fundamentally from three sources. There's the traditional government-funded grant and subsidy world. Much infrastructure gets built that way, as well as many elements of social infrastructure. That's really important. That's always going to be the bedrock to how we get a lot of important infrastructure built. At the other end of the spectrum, there is truly commercial capital, but there's this important gap in the middle, and that's what the CIB is meant to fill.

To answer the member's question, yes, absolutely, we think of each of our projects as having money from each of those three streams. I talked about Alberta irrigation as an example, having \$400 million from us, \$250 million or just shy of that from the Alberta government, and then \$163 million of non-governmental funding from irrigation districts.

I would say the same thing with regard to REM. There was \$1.3 billion from us. There was a \$1.8-billion contribution from the Government of Quebec, and there was \$3.2 billion that came from the Caisse, from an institutional non-governmental investor.

Mr. Andy Fillmore: In the seconds we have left, is there anything different that the CIB is doing going forward to draw out those kinds of investors, those institutional and private investors? Is it doing anything differently than previously?

Mr. Ehren Cory: One thing that certainly has evolved for us is how to get that contribution over time. Let me give you one example. On zero-emission buses, we're working with municipalities, which would be our biggest partners on those projects. The member mentioned Brampton, for instance, where a municipality wants to convert its fleet away from diesel to electric, or some other non-emitting bus, and build a charging infrastructure. Up front, that might be significantly funded by grant money, traditionally, both federal and from the municipality itself, and from a loan from the CIB. Over time, once the buses are purchased, on the road, and the savings case is proven, we might actually then draw in additional private capital partway through.

This is called syndication. It's the kind of thing we're now looking at. It's not only about how much you can bring in up front, but over the life of the asset.

• (1605)

The Chair: Mr. Fillmore, you have time for one more quick question.

Mr. Andy Fillmore: I'll cede my time back to Mr. Sidhu.

The Chair: Mr. Sidhu, the floor is yours.

Mr. Maninder Sidhu: Thank you for that, Mr. Fillmore.

I'm glad you mentioned Brampton. Mayor Patrick Brown is very excited about this program as well, so I wanted to throw a plug in there for that. It's really exciting.

I only have 10 seconds left, so I won't be able to ask my next question, as it's very in-depth, but thank you so much for your time.

The Chair: Thank you, Mr. Sidhu, Mr. Fillmore and Mr. Cory.

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

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

[*Translation*]

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

Mr. Cory, as soon as the Canada Infrastructure Bank invests a single dollar in a private project—be it as a loan or other—that project becomes a project of the Government of Canada, since the Canada Infrastructure Bank is a Crown corporation. That exempts it from having to comply with Quebec's environmental legislation and having to respect municipal regulations, for example.

Do you think that's a good thing? Do you commit to never bypassing Quebec's laws and municipal regulations?

[*English*]

Mr. Ehren Cory: It's critically important to start from the core. The projects we do are almost entirely in partnership with provincial, municipal and territorial governments or first nations and indigenous peoples, so there is some other level in almost all of the cases with our projects. Certainly, every one of our projects needs to happen in a real jurisdiction, and under the rules of that jurisdiction.

The federal government, as all of you on the committee know, and I don't need to repeat the statute, owns very little of the infrastructure in our country.

[*Translation*]

Mr. Xavier Barsalou-Duval: Thank you.

I understand what you are telling me. As you work a lot with municipalities and the provincial government, you don't think that will happen, but you are still not making a commitment.

In 2019, the Commissioner of Official Languages revealed that the Canada Infrastructure Bank had been unable to communicate or provide its services in both official languages since its creation. Following the investigation, your organization committed to implementing a clear action plan to ensure that official language obligations would be met.

Are you now able to provide all your services in French?

[English]

The Chair: Mr. Cory.

Mr. Ehren Cory: Thank you, Mr. Chair.

[Translation]

Thank you for the question, Mr. Barsalou-Duval.

[English]

It is critically important to the bank. We have to confirm we have followed and implemented the recommendations to ensure that all services are provided in both official languages. Clearly, we work across the country and we work in the language of our partners. For some of our current investments, French is the primary language. All of our administrative functions and all of our engagement with the public are available in both languages.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

In 2019, an article published in *Le Journal de Montréal* reported that your organization did not require knowledge of French in its hiring process.

Is that still the case?

[English]

Mr. Ehren Cory: Our goal is to ensure that we can provide all of our services in both official languages. That's critical.

At the individual employee level, there are wide variants in French capabilities, but as an organization we are absolutely committed to providing all of our services in both official languages.

[Translation]

Mr. Xavier Barsalou-Duval: How many employees does the Canada Infrastructure Bank have?

Mr. Ehren Cory: It currently has nearly 80 employees.

Mr. Xavier Barsalou-Duval: How many employees speak French?

[English]

Mr. Ehren Cory: I'm afraid I don't have the stat for you. I'll have to get back to you.

[Translation]

Mr. Xavier Barsalou-Duval: I would appreciate that very much.

In an interview you recently gave, you said that, owing to the current low interest rates because of the pandemic, you had to get involved in riskier projects, as private sector investors can obtain loans at low interest rates.

In a way, those investors no longer see the need to use the Canada Infrastructure Bank. We are actually seeing that they already did not see the use of doing so, as we have learned from the Parliamentary Budget Officer that all the projects you are involved in are related to investments targeting institutions, such as municipalities, the provincial government and pension funds, and that there are no private investments. In any case, private investors were already not turning to you.

You also said you had to take more risks to attract private sector investments. Do you plan to gamble with taxpayers' money?

• (1610)

[English]

Mr. Ehren Cory: I think that's a very important point.

The point in my previous comments, which I think is important, is that low-cost financing alone is not the bottleneck to getting projects done. Instead, it's about long-term, stable, low-cost financing, coupled with smart risk taking.

To the member's question, I think it is important. You have to go back. What's the bottleneck? Why are projects not built today? It's not because of access to capital; financing is plentiful. Many projects still don't get done, and that's one of the great conundrums that we face in the world: There's all this capital and yet this huge infrastructure deficit. Why don't the two ever meet? The answer is that projects often have really long time horizons and come with quite a bit of risk.

The point is that the CIB is meant to be engaged as the bridge to take on a share of that risk and provide a tranche of low-cost capital, and by doing so make projects financeable with private sector partners.

The Chair: Thank you, Mr. Cory, and thank you, Mr. Barsalou-Duval.

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

Mr. Bachrach, the floor is yours for six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you very much, Mr. Chair, and thank you, Mr. Cory, for appearing today before the committee.

Mr. Cory, I read the Parliamentary Budget Officer's report this morning with great concern. This reads to me like a pretty stunning indictment of the Canada Infrastructure Bank to date. These are some of the things mentioned in that report.

The bank is now on its third chair and its second CEO. It has paid millions of dollars in severance—we're not quite sure for what, because it couldn't have been for performance.

It has only invested \$1.23 billion [*Technical difficulty—Editor*] out the door. That's only 3.5% of the 10-year investment target for the bank, so it's way behind. Of the 420 applications [*Technical difficulty—Editor*] 45% of them were rejected because they didn't fit the bank's mandate. This raises huge questions.

Of course, what's making headlines this morning is the fact that the bank hasn't delivered on what was really its biggest promise [*Technical difficulty—Editor*] much-lauded private investment. We had the Prime Minister saying, “the infrastructure bank will allow us to create new historic investments in infrastructure that go well beyond what we are putting on the table.” But of course, it hasn't. This is an utter failure by the very terms of success set by the bank itself and by the minister.

The other thing that's very concerning is the way the bank has defined success. We've heard from all kinds of witnesses who have pointed out that the ideological fixation with leveraging private capital is deeply problematic. The Canada Infrastructure Bank has promised private investors returns of somewhere in the neighbourhood of 7% to 9%. The question is, where does that return come from? Well, it comes from communities; it comes from citizens. The costs for those projects are higher because of the profits that have to go to the private investors, and that's simply not in the public interest. We've heard that again and again.

The fact is that the Liberals have spent considerable time and money trying to make this model work, and what the PBO's report today shows is that it's been an utter failure.

Obviously, you've only been on the job for a few months, so you can't shoulder too much of the blame for this failure, but my question for you is, how did we get here? How did we get to the point where four years in, the bank has so little to show for itself?

Mr. Ehren Cory: Thank you for the question.

I don't accept the premise that we have so little to show, and I'd like to talk about why I say that. In a moment, I will ask John to talk about our investment funnel. I think it's really important.

The PBO—and we will continue to engage with them—has taken a good look at our funnel. I'd like to give you a bit more context for it. I think it's very important to understand.

To your question, first, I think we define success exactly as this committee would want us to. I'm absolutely clear about this. We have one and only one definition of success—to get more infrastructure built faster than it would have been otherwise, to the benefit of Canadians. It's very simple.

We do that with outcomes in mind, four in particular. I mentioned them in my opening remarks, but I'll summarize again: one, reduction in greenhouse gas emissions and movement to a net-zero economy; two, improved connectivity for Canadians, both transit and broadband; three, accelerated economic growth in jobs, creating a path of GDP, like our investment in irrigation and trade infrastructure; and four, investment in participation of and in benefit to indigenous communities.

That's our frame, and that's how we measure results.

I do think we're in a different era. That is true. I think it's really important for the bank—and this has been my push since I joined—that we think in multiple time horizons. There are those transformational, long-term projects that the bank has been engaged in. REM was one of those out the door. As you know, there are a dozen or so other MOUs that are long-term, really important projects. They'll happen, but they do take a while.

The growth plan we launched in October, and certainly my push since becoming the CEO, has been to also focus on the nearer-term types of opportunities—the investment in buses in Brampton, the investment in building retrofits or irrigation projects—that can actually go from a conversation to due diligence, negotiation, term sheet and money out the door in a 12-month cycle.

That's what you're seeing from us. As I've talked about today, we've made three of those actual commitments, with signed term sheets that have gone through our board. It's not just the Alberta irrigation project; it's also Oneida, and we also have a bus deal. Those aren't speculative or prospective; those are real, and we have an additional eight for which we have drafts of term sheets. I've already gone to my board on some of them, so they will happen.

I understand the sense of wanting to see it to believe it, but I'm here to tell you that we have real projects in the pipeline. That puts us in a very different place.

Now, we do continue to advance those longer-term things, but we are also much more active on immediate investments.

If I could, I'll just get John to talk a little bit more about the funnel—

• (1615)

Mr. Taylor Bachrach: Mr. Cory, we have very limited time, so I'd like to ask you my next question, which is a follow-up.

I'm not sure I totally understood what you've just told me. My question was, how did we get here four years in, where the bank has utterly failed to deliver on its promises? I think I heard you say it hasn't been a failure.

Do you feel that, at this point, the Canada Infrastructure Bank has been a success?

Mr. Ehren Cory: I feel we are on the right track, and I feel the Canada Infrastructure Bank remains an incredibly important part. We're just one tool in the tool kit, but a really important part of how we're going to get more infrastructure built to the benefit of Canadians.

I think the work we've done today does lay the groundwork for that, and it's really important to acknowledge that it has been critical to the long-term success of transit, transmission and clean power projects across the country. So despite—

The Chair: Mr. Cory, if you want to get some of that in, you can do it in an answer to another question.

We're now going to move on to our second round.

We have Mrs. Kusie for six minutes.

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

Thank you very much to both of our witnesses for being here today.

Before I move to questioning, Chair, I'm going to start with moving my motion, which I put on notice on Wednesday, March 10. I think it's very timely, given the activity last week relative to flight PS752 and the Liberal government coming out, as they should, so strongly against the report issued by the Iranian government indicating that, according to their report, they believe it was human error.

I'm very happy to see both Minister Alghabra and Minister Garneau stand up for the 176 individuals who perished on board, including 55 Canadian citizens and 30 permanent residents.

I think further in support, taking the team Canada approach as we like to do, it does merit a study here at the committee, and that is the reason I put forward the notice of motion. Given the activity that took place last week, with the Iranian government issuing...their civil aviation authority blaming human error, and the dismissal of this information by both the transport minister and the foreign affairs minister, I certainly think we owe it to the victims' families, as well as to our beliefs here in Canada of justice, human rights, the rule of law, democracy—I could go on, but certainly standing up for justice abroad—to undertake this study.

At this time, Chair, I will read the motion into the record again, and I would ask, please, that we go to discussion and a vote today.

The motion is as follows, as given notice of on Wednesday, March 10, 2021:

That the Standing Committee on Transport, Infrastructure and Communities undertake a study of no less than five meetings on the government's response to the Ukraine International Airlines Flight 752 tragedy and that the committee report its findings and recommendations to the House.

Thank you, Chair.

• (1620)

The Chair: Thank you, Mrs. Kusie.

Do we have questions or comments on this?

Ms. Jaczek, you have the floor.

Ms. Helena Jaczek (Markham—Stouffville, Lib.): Thank you very much, Mr. Chair.

I certainly understand where Mrs. Kusie is coming from. Several Iranian Canadians in my riding perished in the catastrophic misadventure with the downing of that flight. I think we understand that

this is the transport, infrastructure and communities committee, and I would really like to see an emphasis on the safer skies agreement, should we look at this particular study. We know that Canada is taking a leadership role in that agreement—where there is conflict and what protocols should look like.

I would be interested in that aspect because, overall, I feel it is much more a foreign affairs issue. Obviously, both ministries would have an interest, but if we could put the emphasis on that, I'm wondering if we need as many meetings as you're suggesting. I would have thought maybe two would suffice, quite honestly, because we have so many studies lined up already that we have determined need to be looked at.

I just want to offer those comments.

The Chair: Thank you, Ms. Jaczek.

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

Mr. Fillmore, you have the floor.

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

I am interested to hear what our colleagues have to say about this as we talk about the motion.

I would say that I agree with Ms. Jaczek. This seems to be, on its face, more of a foreign affairs issue than a transport one, quite frankly. I think a lot of the information surrounding this case either is likely to be classified or has not been shared by Iran, which may mean that a study would be of limited use anyway.

I would say that, with regard to the point about the safer skies, Canada is leading our international efforts to forge a safer skies agreement that is going to create new protocols on how we manage airspace in conflict zones, and that could be worthy of a study, I think. It's not clear, if we were to proceed, that it would require five meetings. Again, the incoming information is going to be fairly limited.

As is always the case, we have a number of studies that are waiting to be dealt with, which we've already said we want to get to—more than we can realistically complete over the next year.

On a personal note, I would say that many Canadians were touched by this disaster. In fact, my own father's dentist was in this terrible tragedy, so it does reach a lot of people.

I am interested to hear more about what our colleagues have to say on this matter.

Thank you.

The Chair: Thank you, Mr. Fillmore.

Are there any further comments or questions?

Mr. Rogers.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Mr. Chair, I think Ms. Jaczek and Mr. Fillmore captured most of the points I wanted to make.

I understand, of course, that this is a very sensitive and difficult topic—my deepest condolences to all the people who were impacted by this particular tragedy.

I just wonder if there are other committees studying this, and whether or not it should be in a different committee, like foreign affairs.

Number one, if we were to proceed, what do we drop from our list of studies that we've already agreed on?

Number two, if we do decide to move forward, I'd suggest, like Ms. Jaczek, that we certainly reduce the number of meetings we could do so that we can get some of our other studies completed as well.

Thank you.

• (1625)

The Chair: Thank you, Mr. Rogers.

Mrs. Kusie.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

I certainly recognize the comments of my colleagues indicating that other committees would have an interest in it, but I would like to specifically point out the supplementary mandate letter to Minister Alghabra, delivered by the Prime Minister on January 15, 2021, where it explains very clearly:

Work with the Minister of Foreign Affairs to implement recommendations and lessons learned from the report of the Special Advisor for Canada's ongoing response to the Ukraine International Airlines tragedy, including commemorating the lives of the victims and supporting their families, pursuing truth and accountability from Iran, and preventing future disasters through the Safer Skies Initiative.

Of course, Member Jaczek indicated that.

It continues, "You will be supported in this work..." and it goes on.

Certainly, the supplementary mandate letters are very clear. They are directives from the Prime Minister, the highest office in this country, and I am certain that Minister Alghabra would like to fulfill his mandate. I genuinely believe that our study would help him in fulfilling this mandate.

The Chair: Thank you, Mrs. Kusie.

Are there any further questions or comments?

Mr. El-Khoury.

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

I believe [*Technical difficulty—Editor*] due to the congested agenda. I don't know if Mrs. Kusie will be open to reducing the number of meetings.

In addition to that, I would like to hear what our colleagues from the NDP and the Bloc think about that.

Thank you.

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

Mr. Barsalou-Duval.

[*Translation*]

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

I somewhat share the opinions expressed by most of the colleagues around the table. I think this is a sensitive and important topic, since lives are at stake. As for whether this issue could have been handled by the Standing Committee on Foreign Affairs and International Development, that is a good question. I don't know whether that committee has looked into this, but I would like to know.

The number of meetings could be high. This committee has many topics on its agenda. It may be necessary to hold a subcommittee meeting to plan meetings, including the next one, which will be held after our current study. Our work is starting to progress in terms of the studies on the agenda.

At first glance, I don't have anything against my colleague's proposal, but for the time being, I am unsure I can commit and vote. I would rather propose that this be submitted and that we come back to it soon in subcommittee. I don't know whether the chair has planned something in that direction. This way, we could really determine what direction we want to take.

[*English*]

The Chair: Thank you, Mr. Barsalou-Duval.

Mr. Bachrach.

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

I certainly support the direction of the motion. I would echo some of the comments from the other members regarding focusing on the aspects that are most relevant to this committee. I think Mrs. Kusie makes an excellent point, that it is the Minister of Transport who has been tasked with this topic and that it would behoove the committee to look into it.

In terms of the number of meetings, I would go with the will of the group, but it seems like a relatively reasonable number. I think we can deal with it today and move on to other topics and still hear from our witnesses.

• (1630)

The Chair: Thank you, Mr. Bachrach.

Mr. Fillmore.

Mr. Andy Fillmore: Thank you, Chair.

It's good to hear some of the other points of view. I'm not sure if the members will be ready to vote on this today, but maybe one thing we can do to move us closer, anyway, or a little further down the road, is to propose an amendment on the number of meetings.

I'd like to propose that we amend the number of meetings from five down to two and see how that sits with our colleagues.

The Chair: Thank you, Mr. Fillmore.

We have an amendment. Are there any questions or comments on the amendment?

(Amendment agreed to: yeas 11; nays 0 [*See Minutes of Proceedings*])

(Motion as amended agreed to: yeas 11; nays 0)

The Chair: Thank you, Mr. Clerk, and thank you, members.

We'll go back to Mrs. Kusie.

Mrs. Kusie, you have the floor.

Mrs. Stephanie Kusie: Thank you, Chair.

Thank you very much to the committee members for being open to this motion. I believe the victims' families as well as Canadians will appreciate that we agreed to study this. Thank you very much.

I will pass my time to Mr. Scheer.

Thank you very much, Chair.

The Chair: Thank you, Mrs. Kusie.

We're now going to move to Ms. Jaczek.

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

Hon. Andrew Scheer: On a point of order, Mr. Chair, I just want to clarify that Mrs. Kusie said she was going to pass her time to me. Am I to understand that she was out of time?

The Chair: Actually, no, Mr. Scheer. You are correct. You do have three minutes and 10 seconds. Go ahead.

Hon. Andrew Scheer: Okay. Thank you very much, Mr. Chair.

The Chair: My apologies.

Hon. Andrew Scheer: No, not at all. I totally understand.

I just want to go back to Mr. Cory, if I may.

You indicated that one of the examples of private sector investment is the Alberta irrigation districts. Where do the Alberta irrigation districts get their funding from?

Mr. Ehren Cory: I'm actually going to ask Mr. Casola to talk a little bit more about the structure of the agreement.

Mr. John Casola: Thank you.

The irrigation districts are made up of farmers. They charge fees on the acres of irrigable land that they have that makes up part of the irrigation district. To be absolutely clear, there's no government money that funds the irrigation districts. It is all paid for by the farmers who make up the geographies that are in those districts.

Hon. Andrew Scheer: The irrigation districts were created by an act of provincial parliament, though. Is that not correct?

Mr. John Casola: That's correct. That's my understanding, but the funding all comes from the hard-working farmers of Alberta. That's where the money comes from.

Hon. Andrew Scheer: So there's no funding that comes from the Alberta government to the irrigation districts. Is that your position?

Mr. John Casola: That's our understanding.

Hon. Andrew Scheer: Okay.

I'm just looking at a headline here from Alberta Farmer Express, which says, "Irrigation districts say they're grateful for provincial funding." There are dozens and dozens of announcements about the Government of Alberta providing funding to irrigation projects by providing taxpayers' money directly to the irrigation districts. The irrigation districts are created by an act of provincial parliament.

In your mind, does the irrigation district meet the test for being a private sector entity?

• (1635)

Mr. John Casola: It does, with flying colours. The money that the Alberta government provides is on a project-by-project basis, and they tended to do small projects until our arrival. Our arrival and the structure that we put in place allowed for the largest irrigation project in the history of Alberta, and the \$163 million comes from the farmers of Alberta.

Mr. Ehren Cory: To be clear, if I may just add, there is, of course, also Government of Alberta funding provided to that project, the three parties to that being the eight irrigation districts, the Government of Alberta and the CIB.

Hon. Andrew Scheer: Mr. Cory, I think you said that the amount of funding was \$150 million. Is that right?

Mr. Ehren Cory: From the irrigation districts themselves, it was \$163 million.

Hon. Andrew Scheer: So that was \$163 million, and the contribution from the bank was \$400 million?

Mr. Ehren Cory: That's correct.

Hon. Andrew Scheer: Does that meet the test of a two-to-one return on investment? I'm not willing to concede that that's a private sector entity. I mean, you have something that is a creature of a provincial government, that is created by an act of provincial parliament, that receives money for funding its operations and its investments from the provincial taxpayer. Certainly the Parliamentary Budget Officer doesn't seem to agree that this counts as private sector money.

What we were led to believe when the Prime Minister came back from the fanciest cocktail circuit you could ever imagine, that of the uber-rich, the 1% of the 1%, was that he had been convinced that if he were to create this infrastructure bank, these private sector entities from all over the world would just trip over themselves to put their cash, their investors' cash, into these projects.

So far, the only two projects you can point to that have private sector money are the REM project in Montreal, which is using Quebec pensioners' contributions, the funds that Quebec pensioners have been mandated to pay through their payroll deductions, and the irrigation project, which is being funded by the irrigation districts, which, as I mentioned, are creations of the provincial government itself. Those are the only two projects.

Where are the independent private sector hedge funds, the private sector mutual funds, the private sector banks, the private sector capital that this government promised when it made the announcements for this corporate plan? Your own mandate states that you were going to be leveraging two to one. In the October 2016 economic statement, former finance minister Bill Morneau said that it could be as high as four to one, and it's just not there: \$163 million to \$400 million is not two to one.

The Chair: Thank you, Mr. Scheer.

Mr. Cory, hopefully you will be able to get in an answer to that within the answer to a future question.

With that, I'm going to move to Ms. Jaczek.

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

Ms. Helena Jaczek: Thank you very much, Chair.

In fact, why don't you respond, Mr. Cory, to Mr. Scheer's point related to hedge funds and all that other opportunity for capital?

Mr. Ehren Cory: Yes, of course. Thank you.

Pools of capital.... The member mentioned mutual funds and pension funds. All of it ultimately, of course, is the money of individuals, of individual investors, people who invest in their pensions, who save money. Pension funds are no different, you know. We have some of the largest and most sophisticated pension funds in the world here in Canada, and they invest in infrastructure all over the world. Historically, they haven't done much of it in Canada, whether that's Teachers' here in Ontario, CPP or AimCo out west.

These are large pension funds. They represent private pools of capital—yes, absolutely—and they are investing that money on behalf of their members, just like a hedge fund is investing money eventually on behalf of individual investors. Absolutely, just to the foundational, definitional question, to us those are pools of private capital.

Second, I would mention a third example that didn't get cited. We talked about our Oneida battery storage project. It's a different one. I mention this only to say that those are three different projects with three different kinds of non-government capital. I want to stress the words "non-government capital". With Oneida battery storage, it's actually a private entrepreneurial company called NRStor. They have shareholders. They're a private company with owners. They're investing their equity. They're also partnered with a first nation [*Technical difficulty—Editor*] from other pools of capital—pension funds, etc. That's a third project.

All three of those, in our mind, do meet the test, as John said. Those are different forms of non-government money. They're not getting paid for from grants or subsidies. They're getting paid for,

instead, by other pools of capital, and those pools of capital are getting paid back by the revenues of the project. That's critical—it's not getting paid back by taxpayers.

Whether it's the savings from converting diesel buses to electric or the energy in the Oneida battery storage project, the idea is that we'll be able to sell that power to the grid, displace gas and instead take the renewable energy. That project is in Ontario. It's going to take renewable energy when it is created, store it in batteries and then sell it back to the grid. That's what's going to pay back those investors. That's what's going to pay back the CIB as well.

• (1640)

Ms. Helena Jaczek: Thank you, Mr. Cory.

Perhaps I can get to what I would really like to ask about. It does relate in essence to the definitions of private and privatization. We've had a number of witnesses here before the committee, and I think their greatest fear was that in some way the CIB was mandating privatization of the asset. In other words, once the investment has been made, there is a public asset.

Again, you mentioned this in your opening statement, but could you just clarify for us? Is there any mandate at the CIB to allow this infrastructure investment to become privately owned?

Mr. Ehren Cory: This is an important question. It is often a source of confusion.

It is crystal clear: We have no mandate whatsoever to privatize public assets. We work with the owners of those assets to deliver, and we're actually....

The goal of engaging private capital is to do two things. It's to grow the pie of money we have to pay for these projects—because we all have to admit that there's a limit to what we can do from purely tax-based, traditional grant funding. We're trying to grow that pie. Number two, we're trying to grow that pie in ways that create a good alignment of incentives, so that if you have a private sector partner, they have every incentive in the world to build it well and run it well over the long term.

Of course, I've had the privilege of working with the member. I was previously at Infrastructure Ontario. The Ontario program is a good example of this. Hospitals, colleges and universities, courts and a whole bunch of public infrastructure has been built using some form of P3 and without any privatization of any of those assets or the services delivery.

Now, as the CIB—to step back—we're very agnostic on the type of project. We can work in the context of the Ontario-style P3. We can work with other public sector owners. We work with municipalities directly. Let alone to privatize, we also have no edict or mandate that it must be a P3 or not. That's not even in our consideration set.

For us, it's all about revenue-generating assets that draw in private capital to take on some of the risk in this and to provide some of the upfront capital and get more built that way.

Ms. Helena Jaczek: Thank you.

Certainly from your experience at Infrastructure Ontario, I know that you're really familiar with the length of time that it takes to put these projects together. Again, I think some of the criticisms that we've been hearing do relate to the length of time. Can you just quickly give us what you normally expect as a sort of project timeline?

The Chair: Thank you, Ms. Jaczek.

Once again, Mr. Cory, you can try to get that into a subsequent answer.

We're now going to move on to Mr. Barsalou-Duval for two and a half minutes, and that will do it for this first hour.

Mr. Barsalou-Duval, the floor is yours.

[*Translation*]

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

Mr. Cory, when I asked you earlier how many employees of the Canada Infrastructure Bank spoke French, you told me you did not know. I must say that this surprised me a bit, as the bank employs only 80 people. It seems to me that this is not a lot and that you should be able to give an approximate number. It's not as if the bank employed 5,000, 25,000 or 100,000 people. We would appreciate it if you could clarify this for us. I think it is important to Quebecers.

In addition, people were promised that, after the bank was created, money from the private sector would be flowing in. Many of us feared there would be a wave of privatization. That wave has not taken place so far because the private sector has not invested any money. As the Parliamentary Budget Officer says [*Technical difficulty—Editor*], projects are carried out in partnership with public organizations. Your promises have not materialized, as the private sector has not invested any money.

What is even worse is that disbursements have not followed the promises. We were told that \$35 billion would be invested in infrastructure projects. However, that money has not been invested so far. Almost no projects have been announced and almost no one wants to do business with the Canada Infrastructure Bank. We thought that you would perhaps try to catch up. Three people have come and gone as chairs of the board of directors or within the bank's leadership. So I understand there being instability and difficulty in being effective.

The Parliamentary Budget Officer's latest document tells us that 90% less has been invested than anticipated in the first nine months

of 2020-21. So the situation is not improving, and things are not accelerating.

Do you find it difficult to justify the Canada Infrastructure Bank's existence?

• (1645)

[*English*]

Mr. Ehren Cory: Thank you, Mr. Chair. I'll tackle a few things quickly.

First, I appreciate the member's question.

Let me be very clear on people. As of today, we have precisely 74 employees at the bank. I rounded it to 80 employees, but we have 74 employees. About 30% of them, 23 employees, are qualified as fully bilingual. That includes a team we have based in Montreal. We have folks in Montreal, Toronto and Calgary. In Montreal, we have a dedicated team who work on investments in the province. Those are our bilingual statistics, so thank you for the chance to answer that question.

On our activity, I would only say to the member that I joined the organization four months ago because I believe very much in the opportunity to be part of the way that we close the long-term infrastructure gap. As I said, we're not at all the only country in the world to move in this direction. A number of leading jurisdictions think there is a way to expand the universe of infrastructure projects.

In terms of the Government of Canada, it is actually something that has been tried before and something that I believe in the long-term potential of. I think we're absolutely headed in the right direction. I'm really proud of the progress we have made in the last few months since I joined.

To answer Ms. Jaczek's question of a few moments ago, the growth plan is our attempt at doing some of the shorter-term, more pragmatic investments that go from idea to dollars out the door quickly. That's track one. For track two, we have our longer-term, more substantial, transformational type of projects that we also continue to pursue.

The Chair: Thank you, Mr. Cory; and thank you, Mr. Barsalou-Duval.

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

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

I would like to bring forward the motion that I believe I've provided notice of in both official languages through the clerk.

The Chair: Go ahead, Mr. Bachrach.

Mr. Taylor Bachrach: The motion reads as follows:

That the Committee request the Canada Infrastructure Bank file all documents detailing the bonus policies and payment of bonuses to executives and the board of directors since the bank's inception.

The Chair: Thank you, Mr. Bachrach.

Are there any questions or comments on that motion?

I see no questions.

Mr. Clerk, would you like to call the vote?

Mr. Andy Fillmore: Mr. Chair, I'm sorry. Could I make a comment?

The Chair: Go ahead, Mr. Fillmore.

Mr. Andy Fillmore: Would it be okay to hear the motion one more time? I want to make sure that we all absorb it.

Mr. Taylor Bachrach: It has been emailed around to everyone.

Mr. Andy Fillmore: I'm sorry, but I have three screens and a pile of paper here. Perhaps you could read it.

Mr. Taylor Bachrach: Through you, Mr. Chair, to Mr. Fillmore, the motion reads:

That the Committee request the Canada Infrastructure Bank file all documents detailing the bonus policies and payment of bonuses to executives and the board of directors since the bank's inception.

Mr. Andy Fillmore: Okay. We may as well get into some discussion, I guess, on the motion here, if that's fine with you, Mr. Chair.

The Chair: Go ahead, Mr. Fillmore.

Mr. Andy Fillmore: I'm just wondering what kinds of documents Mr. Bachrach is seeking. To get to the heart of the matter, the motion is a little obscure as to the intent, I think. Maybe he could talk a bit more about what he's hoping to get out of this.

Mr. Taylor Bachrach: Thank you, Mr. Fillmore, for the question.

There are two things that I would like to receive and have tabled with the committee.

We just received the PBO report, which shows the utter failure of the Canada Infrastructure Bank to deliver on any of its promises. We understand there are millions of dollars that have been paid to executives and to others who are no longer with the organization. I think the Canadian public deserves to know where those dollars went and how many of those dollars were performance bonuses for performance that didn't exist.

The two kinds of documents are, first of all, any policies around performance bonuses. Most organizations that provide performance bonuses have some sort of policies guiding those bonuses. I think it would be very interesting for the committee to know what those policies are. The second is any documents detailing whether or not performance bonuses were provided to the outgoing personnel involved in the Canada Infrastructure Bank.

I think Mr. Fillmore understands the concern of Canadians, and certainly of many members of this committee, which is that you have an organization that's created.... Four years down the road, it's not delivering on its mandate, and it has gone through all of these leadership positions. We're on the third chair and the second CEO, and the people who are no longer with the organization, on leaving, left with compensation. We should know why. Frankly, I don't think the performance of the bank, to date, has warranted bonuses, and I think many Canadians would share that view.

That's more than I intended to comment on, Mr. Chair, but I hope that helps Mr. Fillmore understand where we're coming from.

• (1650)

The Chair: Thank you, Mr. Bachrach.

Mr. Fillmore.

Mr. Andy Fillmore: Thank you.

There are a couple of things here, Mr. Chair.

The first is that items like bonuses and salaries are all a matter of public record. They either have been or will be published in the annual report of the CIB. Last year's is out, and next year's will come out in due time.

I'm still struck by how some members of our committee just aren't embracing, I feel, the nature of large, complex infrastructure projects. The Trans-Canada Railroad took more than five years to complete. By the measure of Mr. Bachrach's motion, the Trans-Canada Railroad was a failure. Some very colourful adjectives were being employed there to describe what a serious failure we're facing here.

It's not a failure at all. As we've heard from Mr. Cory, these infrastructure projects are complex, and they have very long timelines. They involve multiple jurisdictions, often between provinces, and there is a question of the risk that's involved in terms of long-term capital. Of course, that's exactly why the CIB exists—to help mitigate that long-term risk.

I agree with Mr. Cory's assessment that we're exactly on track. I feel like I'm on a bit of a soapbox here, as the committee's resident city planner, but this is what infrastructure is: complex, time-consuming, with long periods of planning, long execution, and after that long periods of maintenance and operation.

However, I do believe that everything Mr. Bachrach is asking for is on public record. This is a redundant motion. This stuff is all available.

The Chair: Thank you, Mr. Fillmore.

I have Mr. Rogers, Mr. El-Khoury, Mr. Barsalou-Duval, Mr. Scheer, and then I'll go back to Mr. Bachrach.

Mr. Rogers, go ahead.

Mr. Churence Rogers: Mr. Chair, I was going to make a couple of comments, but Mr. Fillmore just covered them. I thought this was public [*Technical difficulty—Editor*]. I'm not sure why we'd be looking for information that is readily available.

The Chair: Thank you, Mr. Rogers.

Mr. El-Khoury.

[*Translation*]

Mr. Fayçal El-Khoury: Thank you, Mr. Chair.

I don't know whether we intend to become chartered accountants for the Canada Infrastructure Bank. All this information is public. It would rather be up to another committee to make those verifications. I think this is the purview of the Standing Committee on Finance, which considers these issues in depth.

[*English*]

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

Mr. Barsalou-Duval.

[*Translation*]

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

I would like to let my colleague who just spoke know that, if he is looking for a chartered accountant, I am one.

Had someone else not moved the motion, I would have done it myself. There is a culture of secrecy concerning the salaries and bonuses at the Canada Infrastructure Bank, which is not actually achieving any results. Canadians have serious doubts and concerns in that regard. I am hearing a lot of comments to that effect. People are outraged to see the extent to which this organization lacks transparency, despite using public funding and despite its employees being paid through our taxes.

Even publicly traded companies disclose more information than the Canada Infrastructure Bank, which is a public organization. I see absolutely no reason to oppose the adopting of this motion. It is difficult for me to understand the many comments from my Liberal colleagues. Are they against transparency? Are they against obtaining information to which all Canadians should already have had access?

• (1655)

[*English*]

The Chair: Thank you, Mr. Barsalou-Duval.

Mr. Scheer.

Hon. Andrew Scheer: I appreciate where Mr. Fillmore is coming from, but it's also quite clear that we've heard from many witnesses that there are many projects that are not getting built, the types of projects that don't take four, five, six or seven years, but which could normally be completed in the normal time frame of less than three years.

The bank has been up and running for almost four years now. If the bank were to come to this committee.... If Mr. Cory were to come to this committee and say, "We're planning on building another trans-Canada railway" or "We're going to build a railway up to Churchill, Manitoba" or "We're going to twin the track in some places", we could all understand that, and yes, that would take a great deal of time. However, you could also see visible stages being completed.

The mandate of this bank was that it was going to unleash private sector investment. That is not happening. The mandate of this bank was that it was going to complete projects that otherwise would not get built. That is not happening.

We have a situation where the bank itself is reporting over \$100 million in operating losses in the last year, combined with an \$87-million loss on the REM project in Montreal, or perhaps that \$100 million captures the \$87 million.

The point here is that we have bonuses and payouts to people involved with this bank who have not met expectations. A bonus is reserved for someone who has exceeded expectations. That is in the Treasury Board guidelines. They talk about performance reviews and evaluations. Senior civil servants who score very high on those are given a performance award for going above and beyond.

When a bank has zero projects completed in almost four years, I think this committee deserves to know the basis on which those bonuses were paid out.

The Chair: Thank you, Mr. Scheer.

I will go to Mr. Bachrach first, and then to Ms. Jaczek and Mr. Sidhu.

Mr. Bachrach, go ahead.

Mr. Taylor Bachrach: My colleagues have laid out many of the arguments in favour of this motion, but really, the information we have to date about executive compensation at the bank and these severance or bonus arrangements has come through access to information requests, not the bank's own disclosure. There's this \$3.8 million. We don't know how many people have received compensation and under what terms, or what policies guide performance bonuses.

What we've heard today at committee are really two stories. We're hearing a story from Mr. Cory that the bank is on track, that it's a stunning success. This model is going to be tremendous in the future. Then we read the PBO's report, which paints such a starkly different picture.

If the bank indeed feels that it's being successful and it's on track, and if it is rewarding its executives with performance bonuses before letting them go, it's strange that they keep leaving. Usually, if you're successful, you would keep the same people in place. Canadians deserve to know exactly what's going on here, because it doesn't add up.

The Chair: Thank you, Mr. Bachrach.

Ms. Jaczek.

Ms. Helena Jaczek: Thank you, Chair.

I think probably a lot of this information is available in annual reports. The way I'm hearing Mr. Bachrach is that he wants an up-to-date statement of any payments that have been made out since, perhaps, the last annual report would have detailed them.

I can understand where he's coming from. It strikes me as somewhat redundant, and we have so much else to do. It's something that has taken time from our witnesses today, but clearly the idea of some transparency is not something I would be opposed to.

• (1700)

The Chair: Thank you, Ms. Jaczek.

Mr. Sidhu.

Mr. Maninder Sidhu: Thank you, Mr. Chair.

Transparency is always important, but I know—I just did a simple Google search—that much of this is online. The bank files annual reports; it's all public information. Public tax dollars are being used, so I think transparency is key, but it's on the Internet.

I don't know what's behind this, but I think we have many more studies of interest to so many members across Canada that would be a more beneficial use of our time. I wanted, though, to put this forward, that a lot of this information is online.

The Chair: Thank you, Mr. Sidhu.

Mr. Fillmore.

Mr. Andy Fillmore: Thanks, Chair.

We have witnesses waiting. In fact, the PBO is here at the request of the Bloc and the NDP. There are important things to hear from these witnesses. We've already heard, from the last motion, that we have too much on our docket as it is—too many studies, too many things to do here. I feel this is a bit of a waste of time.

However, I heard Mr. Bachrach talk about transparency, and he opined that he thought maybe the Liberal members were trying to block some [*Technical difficulty—Editor*].

To prove that, in support of the transparency that we live by and will continue to express, I'll support the motion, but with an objection that we're just wasting time here.

That's all I wanted to say.

The Chair: Thank you, Mr. Fillmore.

Are there further questions?

(Motion agreed to: yeas 11; nays 0)

The Chair: Thank you, members, and thank you, Mr. Clerk.

Now we're going to go back to Mr. Bachrach.

Mr. Bachrach, the floor is yours for just over a minute and a half.

Mr. Taylor Bachrach: Thank you, Mr. Chair, and thank you, Mr. Cory, for your patience.

Mr. Cory, in the earlier round of questioning you indicated that the bank was on track. To me, that indicates that the bank is where it wanted to be at this juncture in time.

Is that really what you're trying to tell us, that four years in, the bank is exactly where it intended to be, where it wanted to be—that it's on track?

Mr. Ehren Cory: I think my earlier comment was that I think we are headed in the right direction. What I mean by that is that a lot of early groundwork was necessary for priming the pump on projects, creating a real funnel and pipeline of projects.

As I said, we're not going to have time to do it, probably, but we have now, I think, a really great set of investments, from nation-building transit across multiple provinces to transmission lines that connect provinces, trade corridors that connect us both within Canada and outside, but also a whole number of pragmatic, shorter-term projects that will lead to real investment and that have started to do so. I've started to articulate to you and the rest of the committee today, Mr. Chair, some of those projects.

So I feel we're headed on the right track. Since I joined, the focus—

Mr. Taylor Bachrach: Mr. Cory, let me ask you one more quick question. I know our time is really short.

The Chair: Go ahead, Mr. Bachrach.

Mr. Taylor Bachrach: Mr. Chair, can I fit in one more quick question?

The Chair: Yes, you can.

Mr. Taylor Bachrach: Mr. Cory, we recently had Professor Heather Whiteside at the committee. She quoted you as saying that in your role as CEO, you were going to “start with the market and work backwards”. When it comes to public infrastructure, this seems to me to be backwards. Isn't it more appropriate to start with the communities that need the infrastructure and then look at how those projects can be funded?

What did you mean by “start with the market and work backwards”?

Mr. Ehren Cory: I really appreciate the question. Of course I think that infrastructure needs to start with communities, and so I thank the member for the question. Unfortunately, many communities have infrastructure projects that they have been desperately in need of and that have not happened for decades, in many cases.

My comment was really about market sounding. One of the lessons I certainly learned in my time in Ontario is the value of conducting rounds of market sounding, going out and talking to constructors and investors and the people who might actually help make a project work to better understand what the bottleneck is. What's the risk they are concerned about? What's the financial, commercial or technological barrier that we're trying to overcome?

By doing that, we can structure the CIB's role in a way that does crowd in that investment and gets the project done.

That was what I was referring to, and I appreciate the question.

● (1705)

The Chair: Thank you, gentlemen.

Mr. Bachrach, thank you as well.

Mr. Casola and Mr. Cory, we are very appreciative of your time today. I apologize for some of the delays that resulted from the motions. However, that's part of committee work.

With that, I am going to excuse both of you. Once again, thank you for your time today.

We're going to take a two-minute suspension to allow our next set of witnesses to go through sound checks, and we can go from there.

Mr. Ehren Cory: Thank you, Mr. Chair.

• (1705) _____ (Pause) _____

• (1705)

The Chair: We're going to reconvene.

Members, we have two witnesses who are coming to us from the PBO.

We have Ms. Nahornick. Welcome. It's good to have you out.

We also have Mr. Giroux. It's great to have you out today as well.

To both of you, I appreciate your time.

With that, I'm going to give you five minutes to make your presentation. I'm not sure who wants to present. I will give both of you the opportunity if you so prefer.

Mr. Giroux, we will start off with you, for five minutes.

[*Translation*]

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Mr. Chair.

Good afternoon, Mr. Chair and members of the committee.

Thank you for the invitation to appear before you today. We are pleased to be here to discuss my office's work as part of your ongoing study of the Canada Infrastructure Bank.

With me today I have Nora Nahornick, the author of our two most recent infrastructure reports.

The Office of the Parliamentary Budget Officer, or the OPBO, gained prominence when the government committed \$81 billion to infrastructure investments in the fall of 2016. Since then, the investing in Canada plan has grown to \$187 billion spread over 12 years, including \$35 billion in start-up funding for the Canada Infrastructure Bank.

The OPBO has published five reports on infrastructure spending since February 2017. In these reports, we have quantified successive delays in infrastructure spending, estimated additional economic growth from infrastructure spending and foregone economic activity associated with those delays, and shown that the investing in Canada plan has contributed to increases in capital spending for municipal, but not for provincial governments.

[*English*]

Four years into the federal government's infrastructure expansion, we're unable to provide parliamentarians with a full status update because the government has not kept track of information on all funded projects.

The PBO determined in 2018 that the complete plan for infrastructure did not exist. Since 2017, we have repeatedly identified reporting gaps in tracking the inventory of infrastructure projects, and the government has been unable to provide my office with the complete project data for four years.

Today we published a blog post demonstrating that spending by the Canada Infrastructure Bank has also not kept pace with plans. The bank has committed to 13 projects, but has finalized investments on only two. Roughly 3% of its \$35 billion in capital has

been disbursed. The bank has received hundreds of project proposals, but many are screened out because they don't fit within the government's targeted sectors: transit, green, clean power, broadband, and trade and transportation.

Finally, while the bank is mandated to leverage funding from private sector partners, it has yet to do so. CIB projects funded so far have been supported by federal, provincial and municipal levels of government exclusively.

Additional analysis on the Canada Infrastructure Bank is under way, and we plan to publish our work later this spring.

This afternoon we would be pleased to respond to questions you may have regarding our work on the Canada Infrastructure Bank and federal infrastructure spending in general.

Thank you, Mr. Chair.

• (1710)

The Chair: Thank you, Mr. Giroux.

We're now going to move on to our second round of questions. We're going to start with the Conservatives.

Mr. Scheer, you're on the floor for six minutes.

Hon. Andrew Scheer: Thank you very much, Mr. Giroux.

[*Translation*]

We are happy to have you with us today.

[*English*]

I just wanted to clarify something. I heard your opening remarks and I just want to make sure I understand this.

Are you saying that even after flagging to the government that you were unable to track all the projects that they claimed to have initiated, the government still hasn't been able to provide you with that documentation?

Mr. Yves Giroux: Yes.

We've asked the government repeatedly to provide us with that information. As we asked for details, more information that was missing progressively came to light. We are still missing information about [*Technical Difficulty—Editor*] to 9,000 projects out of the 53,000.

Hon. Andrew Scheer: Thank you very much.

When you say that the spending has not led to an increase in provincial spending, am I correct in understanding that what you're saying is that the federal spending is displacing provincial spending?

It's not leading to more projects. It's just that the federal government is assuming more of the cost for itself.

Mr. Yves Giroux: Yes. That is exactly it.

We found that, generally speaking, federal infrastructure transfers increased. For example, it increased by \$1 billion in 2018-19, but overall provincial infrastructure spending decreased by \$733 million. Federal spending seems to have displaced at least a portion of provincial spending.

Hon. Andrew Scheer: I see. Thank you very much for that.

Before I move on to questions about your blog post today—I think it was very timely and I would like to get onto that—can you also speak to the percentage of infrastructure spending the federal government has lapsed every year? Can you give the committee some idea of what kind of numbers we're talking about in terms of dollars not being spent?

Mr. Yves Giroux: I'm sure Nora can provide better information than I can.

The Chair: Ms. Nahornick, please go ahead.

Ms. Nora Nahornick (Economic Analyst, Office of the Parliamentary Budget Officer): Absolutely.

If we compare it to budget 2019, we're looking at about a \$2-billion lapse. However, there's been a delay in spending since the end of [Technical Difficulty—Editor]. If we look at budget 2016, we're looking at an \$8 billion lapse.

The Chair: Thank you, Ms. Nahornick.

Go ahead, Mr. Scheer.

Hon. Andrew Scheer: That's a significant amount. You can almost view that as a cut in infrastructure, because it's money not being spent and not going to much-needed projects. That sounds like a very significant amount of money being cut from the infrastructure funding envelope.

If I could now turn to the blog post today, we just heard testimony from Mr. Cory from the CIB. He maintains there is private sector money being committed to these projects. Specifically, he pointed to the REM project in Montreal and the Alberta irrigation project.

Would you like to explain how it is that you stated in your post that there is no private sector investment when Mr. Cory claims there is?

• (1715)

Mr. Yves Giroux: We looked at the projects. We got information from the banks themselves. We also looked at Statistics Canada's definition of "government entities", and based on the funding for which there have been contracts signed, the two that you are referring to—*Réseau express métropolitain* and the Alberta irrigation project—are funded by government entities as defined by Statistics Canada.

Unless Statistics Canada got confused in their definition of government, we consider that there is no private sector involvement in these two projects.

Hon. Andrew Scheer: I think you just made a very important point, Mr. Giroux. You're telling me that the government itself defines private sector entities a certain way and defines government entities a certain way. According to the government's own definition, the investments in those two projects do not contain any private sector investment. Am I correct in summarizing it that way?

Mr. Yves Giroux: That's a very accurate summary.

Hon. Andrew Scheer: When the government itself, by its own definition, is not obtaining private sector investment in those two projects and when you look at the other projects—I've been through the project list myself on the infrastructure bank's website—you see that much of the bank's involvement is classified as advisory services or project facilitation.

Is there a way to quantify the private sector investment that this leverages, when they are involved not in terms of reducing risk or underwriting the project, but simply providing consulting services?

Mr. Yves Giroux: Unfortunately, it's very difficult to quantify private sector involvement, because we had to rely on publicly available data. There's no evidence of significant private sector involvement, at least in the funding of these projects. There may be in some of the advisory services, but again, there is insufficient data to [Technical Difficulty—Editor] private sector involvement.

The Chair: Mr. Scheer, do you have a quick question?

Hon. Andrew Scheer: Yes. Based on the way the bank is funding these entities now, would it be safe to say that the bank has become just another traditional funding envelope, that there is no innovative financing structure here because the private sector involvement isn't coming in? Is it just like any other government envelope of grants?

Mr. Yves Giroux: Based on the first four years of operations of the bank, or almost four years, it would certainly seem that it behaves like a traditional government entity in providing grants or loans or whatever type of financing that is typical of government institutions without leveraging private sector involvement.

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

We'll now go on to the Liberals.

Mr. Fillmore, the floor is yours.

Mr. Andy Fillmore: Thank you very much, Chair, and thank you, Mr. Giroux, for being here with us today.

Mr. Giroux, I want to ask you about your puzzling blog today. It was puzzling not only because of its timing. As Mr. Scheer said, it was very timely. It's odd that it's on the same day as your appearance here. It would have been a day that perhaps Mr. Scheer would have chosen himself. It was puzzling, moreover, in its—

Hon. Andrew Scheer: Mr. Chair, on a point of order, I hope Mr. Fillmore is not impugning the Parliamentary Budget Officer, an independent officer of Parliament. I just want to raise my objection to that. I found it very unethical.

The Chair: Thank you, Mr. Scheer.

Go ahead, Mr. Fillmore.

Mr. Andy Fillmore: Thank you. I was just noting Mr. Scheer's appreciation for the day.

Coming back to the blog post, what's puzzling to me about it is that it characterizes the CIB's two investments to date as being funded exclusively by government. That seems like a very odd conclusion. It makes it sound as though these projects are made up of just CIB money and government grants.

The money that CDPQ, *la caisse*, put into the REM project doesn't belong to any level of government. It belongs to the Quebec pensioners who worked very hard to earn it and who will benefit from the returns on this investment.

To me, it seems as though the CDPQ, a pension fund that is one of the largest infrastructure investors in the world, would certainly count as an institutional investor, and having Canadian pension funds invest more in Canadian infrastructure projects is exactly the type of activity that we want the CIB to be fostering.

Further, in Alberta, the irrigation districts contributed, as we heard earlier, \$163 million to that project. Those irrigation districts are funded by the private farmers whose farms are served by the district, so I wonder how you see those projects as being funded exclusively by government.

• (1720)

Mr. Yves Giroux: We use the definition that's used by Statistics Canada to define a government entity. There is no doubt that the Caisse de dépôt uses the funds entrusted to it by future pensioners in Quebec and is mandated to make these funds fructify or generate revenues, but it is still a government entity, at least in the eyes of Statistics Canada, and in that sense we don't consider it as a private sector entity.

I don't think anybody in Quebec, certainly, would dispute the fact that the Caisse de dépôt is a government creature. In that sense, that's why we say that the bank has not leveraged private sector funding, because at least for these two projects, it's in partnership with government entities. Even though the funds may be entrusted to them by hard-working Canadians, it is still controlled by the government. That's why we say this is not private sector involvement.

Mr. Andy Fillmore: It seems to me that this question of nomenclature is leading to reporting that's inaccurate. I mean, this is about institutional investors and private sector investors. That's the intention. That's the yardstick by which we measure the success of the CIB. You're just wiping away one element of that yardstick by saying that institutional investors do not contribute to the success of the CIB. I'd suggest there's a little bit more work to be done on the nomenclature and definitions here that need to correlate back to the stated intention of the CIB.

Now, we heard it characterized that lapsed funds are akin to cuts. Of course that's not true. Lapsed funds are not cuts; they're simply lapsed. The money remains in the bank for future use, for projects as they come along, as the bank builds up steam, which we discussed in the first hour of today's meeting. These projects are large, complex beasts that exist over many years and across multiple ju-

risdictions. They have to exist under multiple jurisdictions of legislation and multiple levels of expectation from different stakeholders. They're complex. That's what infrastructure is, so lapsed funds are not cuts.

Of course, usually when we talk about cuts on this committee, it would be the cuts that Mr. Scheer ran on, the \$18 billion of cuts to infrastructure investment into Canadian communities, cuts that of course Canadians refuted. They in fact supported our platform to create the CIB.

If I have a minute left, I'd like to hear Mr. Giroux's reaction to Ehren Cory's characterization of the bottleneck not being about access to capital but about the higher risk that's associated with these complex, long-term projects, and his characterization that this is why the CIB needs to get in there to help them mitigate that risk.

Mr. Yves Giroux: Let me first talk about lapses.

Generally speaking, governments are funded by appropriations that work on an annual basis. If any department doesn't spend its allocated funding in a year, it usually lapses. It doesn't get spent. That is unless the government re-profiles that and makes the conscious decision to take the unused amounts and re-profile them to put them into subsequent years. In that sense, you could say that lapsing can amount to a cut in the absence of any subsequent decision to re-profile, which the government has indeed decided to do in the case of infrastructure projects. It has [*Technical difficulty—Editor*] lapsed at the end of any given year.

With respect to the bottleneck, I don't think I'm the best person to talk about the bottleneck. While we did do that blog post on the bank, we have not studied in wide detail the reasons for delays and how infrastructure projects work, generally speaking. It's widely understood that infrastructure projects span several years, but an institution like the bank is probably fully aware of that and in our opinion should probably be able to plan accordingly.

The Chair: Thank you, Mr. Giroux and Mr. Fillmore.

We will now go to the Bloc Québécois.

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

• (1725)

[*Translation*]

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

In the document titled “Status Report on Phase 1 of the New Infrastructure Plan”, which you published in 2018, you pointed out significant discrepancies per capita. The report mentioned that investments in infrastructure represented on average \$703 per capita nationally, but that they accounted for only \$97 per capita in Quebec.

What are the concrete consequences of that investment gap for the economy and for Canadians?

Mr. Yves Giroux: The cause of those disparities must first be taken into consideration. Are they caused by different needs? The disparities may be explained by needs and readiness varying from one province to another.

However, if the needs are essentially the same from one province to another, but there are discrepancies in per capita funding, that leads to underinvestment in certain regions or yet, although this is unlikely, to overinvestment. Underinvestment means that needs are not being met in certain regions—in other words, they are receiving less money per capita. So needs would not be met in certain sectors, such as public transit and roads. All projects funded through those programs are affected.

Mr. Xavier Barsalou-Duval: Thank you.

To my mind, the difference between \$703 and \$97 per capita is pretty large. On average, investments made across the country are seven times larger than in Quebec, according to those 2018 documents.

Do you think this difference is significant and may have important consequences?

Mr. Yves Giroux: Yes, it is a discrepancy that can be telling, but we should still take it with a grain of salt, as the program is only at its beginnings and the time frame is about a dozen years. It is possible, and even probable, that such discrepancies are related to the time frames of certain projects, especially in the smaller provinces that have benefited from investments a bit earlier than the larger provinces. We obviously have to look at annual profits, but the moving averages over several years are a more important indicator to ensure that no imbalances occur.

Mr. Xavier Barsalou-Duval: Earlier, you said you could not obtain information on a large number of infrastructure projects authorized by the federal government. You finally obtained a bit more information on certain projects. This has been talked about for years.

As far as I understand, it is apparently still impossible to obtain information on a certain number of projects, or between 800,000 and 900,000 of them. What are we talking about in terms of dollars?

Mr. Yves Giroux: Perhaps I misspoke. I was rather talking about 8,500 to 9,000 projects for which we don't have all the information. I cannot give you the value of those projects off the top of my head.

Ms. Nahornick could perhaps give you information on that.

[English]

Nora, do you know the...?

Ms. Nora Nahornick: As Mr. Giroux mentioned, when we did our report, we could identify that there were 8,556 projects with CMHC, which we were told about but for which we didn't receive an associated project list.

We did mention in our latest report that we did receive 12,000 from the gas tax fund, and we can also say that we didn't receive any project lists under legacy projects when we filed our report.

It's difficult to be able to tell you that there were x dollars spent from a specific department. We don't have a list to tell you the value of the associated amount.

[Translation]

Mr. Xavier Barsalou-Duval: What does this mean in concrete terms?

There are thousands of projects for which no federal documentation is available.

I am trying to understand the problem. Does this mean there is no accountability? Is the problem a lack of will on the bank's part to share the information with you or has the information been lost? Is the point to prevent the assessment of the work's effectiveness? Is incompetence to blame?

• (1730)

Mr. Yves Giroux: I would not want to impute intent to the Canada Infrastructure Bank's employees.

I don't think there is malicious intent. I think the problem is rather the fact that there had never had been intent to gather all the information on all infrastructure projects in a single place. Given that there are many projects, the department has been unable to or is still unable to obtain information on all the projects. As a result, it is very difficult to determine whether all the funds—\$187 billion—will be spent and when.

Mr. Xavier Barsalou-Duval: It is still worrisome to see that there is such a large number of projects that will be authorized and funded by the department, while the department has no trace of them. It is difficult to conceive from an administrator's point of view.

The Canada Infrastructure Bank has existed for nearly four years. So far, it has supported 13 projects and disbursed \$1.7 billion, but it is difficult to obtain information on the spending.

According to you, based on the annual reports you have read, is this institution properly managed when it comes to its administrative expenses compared with what is declared?

[English]

The Chair: Thank you, Mr. Barsalou-Duval.

Thank you, Mr. Giroux.

We're going to have to move on to our last speaker.

Maybe, Mr. Giroux, you can get that answer into the dialogue you're going to have with Mr. Bachrach.

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

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

Thank you, Mr. Giroux, for being with us today.

We heard from Mr. Cory that, in his view, the Canada Infrastructure Bank is on track when it comes to the goals that it set for itself and the progress that it had hoped to achieve. Is that consistent with the conclusions you came to as a result of your work?

Mr. Yves Giroux: Quite the opposite. Based on the information we were provided by the Canada Infrastructure Bank, we came to the exact opposite assessment.

Mr. Taylor Bachrach: In terms of value for money, we've heard about the executive turnover at the Canada Infrastructure Bank. We've heard about performance bonuses and all sorts of other high levels of compensation. I guess the question is, are Canadians getting good value for money when it comes to the Canada Infrastructure Bank, in your view?

Mr. Yves Giroux: It's very difficult for me to assess that question, because that's all in the eye of the beholder. But in terms of comparison, I can compare my office's budget to the bank's. The bank's operating expenditures are about \$41 million or \$42 million this year for 74 employees, if I heard correctly. My office has a little more than half that, so 40 employees, and we have a budget of around \$7 million. That's all I can say.

Mr. Taylor Bachrach: It's expensive. I'll take that as your point.

Mr. Giroux, I wanted to ask you a question about transparency. We've heard a lot of questions around the difficulty you've had getting information from the government about infrastructure projects. Is the Canada Infrastructure Bank more or less transparent when it comes to providing that kind of information to Canadians and giving Canadians a really clear view of what's going on with their public investments?

Mr. Yves Giroux: We asked for information from the Canada Infrastructure Bank about their projects, their portfolio and so on. We were provided with information that's almost exclusively already public. They cited confidential information of a commercial nature, but our office is entitled to receive confidential information. We can keep that to ourselves and use it to provide reports to parliamentarians without divulging any confidential information.

Based on that, they're probably less transparent than the Department of Infrastructure, with which we deal on a regular basis.

Mr. Taylor Bachrach: Mr. Giroux, I live in a community of a little more than 5,000 people, and I represent a region that is predominately made up of small communities. I was concerned to read that you mentioned that insufficient size was a common reason that projects were rejected by the Canada Infrastructure Bank. Does the Canada Infrastructure Bank adequately address the needs of smaller communities in Canada when it comes to [*Technical difficulty—Editor*]?

• (1735)

Mr. Yves Giroux: That's a good question, to which, unfortunately, I don't have any answers because we didn't look at many of their projects. We looked at the projects for which they provided us information, and these are projects that are mostly in the public domain.

Mr. Taylor Bachrach: Mr. Giroux, you found that more than half of the projects that were rejected by the Canada Infrastructure Bank were rejected because they fell outside the bank's mandate. I'm familiar with funding programs being oversubscribed, but it seems like a really high percentage of projects entirely missed the mark in terms of the organization they were applying to. Does that seem unusually high to you, the percentage that were rejected because they were inconsistent with the mandate of the bank?

Mr. Yves Giroux: Again, it's a difficult question to answer.

As I mentioned in my opening remarks, we will be doing a more fulsome study of the bank, and we will be using benchmarking in that report with other institutions and other programs of a similar nature. So hopefully by that time, we will be able to provide you with a better answer as to whether it's unusual or totally normal to have that high rejection rate.

Mr. Taylor Bachrach: Mr. Giroux, in recent months, the government has doubled down on the infrastructure bank as a model for meeting infrastructure needs, and it has announced this \$10-billion growth plan funded through the bank. Based on what you found in terms of the bank not being on track, do you believe the bank constitutes the best mechanism for delivering this funding? Is it wise to keep doubling down and putting more and more money into this mechanism that has failed to produce results?

Mr. Yves Giroux: You're putting me in the hot seat.

What we did was look at past projects, essentially, that are currently in the pipeline, and the bank provided us with information that's in the public domain. So it's looking at the past, and the past is summarized in our blog post.

To say it is failing would be a bit of a stretch. With the new CEO, there's hope that things will change and the bank's mandate will be fully delivered with a new CEO and a new approach. But if we judge that based on past performance, there is certainly room for improvement.

Mr. Taylor Bachrach: I imagine I'm running out of time.

Mr. Giroux, I wonder if I could ask you what some of the common rationales were for projects being rejected by the bank past the initial screening. Were those projects rejected because they failed to meet certain public interest criteria, or were there projects that were rejected because they failed to meet the criteria and the objectives of the private investment that the bank was trying to involve in those projects?

Mr. Yves Giroux: The top three reasons for projects not being pursued are these: falling outside of the mandate because they're an ineligible sector and not part of the five or six sectors that are part of the bank's mandate; insufficient size, I assume because it's too small; and lack of scalability.

The Chair: Thank you, Mr. Bachrach.

Thank you, Mr. Giroux and Ms. Nahornick. I appreciate your time today.

I have to say this, because it's been bothering me since the question was asked. I would like some more clarification on the class in which you're placing pension funds as a public entity. I haven't heard, in my experience of 24 years in public office, of public entities being able to invest in government securities, investment-grade bonds and blue-chip stocks, and now, investing in different asset classes such as private equity, real estate infrastructure and securities.

I'm very curious and interested in finding that proper definition sometime in the very near future. Mr. Giroux, if you don't mind, I'd like to set up a call with you to come to some conclusion on that. I don't agree with the conclusions that were brought forward today by you. I'd like to get to the bottom of that, so that way we can bring some information back to committee with respect to that definition on pension funds.

With that, members, I want to take this opportunity to thank all of you and of course all of the witnesses we had both in the first and second hour. We look forward to Thursday's meeting.

With that, I'll take this opportunity to adjourn this meeting.

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