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Chair

Mr. Mervin Tweed

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• (0905)

[English]

The Chair (Mr. Mervin Tweed (Brandon—Souris, CPC)): Thank you, and good morning, everyone. Welcome to the eighth meeting of the Standing Committee on Transport, Infrastructure and Communities

Concerning the orders of the day, we're very pleased to have the minister appearing before us to discuss Canada's infrastructure program, the Building Canada plan.

Joining us today, from the Department of Transport, we have Mr. Louis Ranger, deputy minister; David Cluff, assistant deputy minister; Carol Beal, assistant deputy minister; John Forster, assistant deputy minister; and the star of the show, our Minister of Transport, Infrastructure and Communities, Mr. Cannon.

Minister, welcome. It's a pleasure to have you here today. Please proceed.

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities): Thank you very much, Chairman and colleagues.

[Translation]

Mr. Chairman, honourable colleagues, my officials and I appreciate this opportunity to come to this committee to provide information on Building Canada, the Government of Canada's infrastructure plan.

As the members of this committee know, on November 6, the Prime Minister launched the \$33 billion Building Canada infrastructure plan. This plan is the most comprehensive of its kind in Canada's history. It provides stable and predictable funding for the longest period of time ever committed to by any federal government over the past 50 years.

[English]

This plan is strategic, comprehensive, and responsive to the needs of provinces, territories, and the municipal sector.

Specifically, this plan includes \$17.6 billion in base funding for municipalities until 2014, including a full goods and services tax rebate, and \$11.8 billion through the gas tax fund. Per year, it provides \$25 million, over seven years, in base funding to provide provinces and territories an additional \$175 million for each jurisdiction. It provides \$8.8 billion for the new Building Canada fund, which will be applied to major projects as well as projects in smaller communities with less than 100,000 in population. As well, \$2.1 billion will be provided for the new gateways and border

crossings fund to improve the flow of goods between Canada and the world; \$1.25 billion for the new national fund for public-private partnerships; and \$1 billion for the Asia-Pacific gateway and corridor initiative.

Building Canada will target five national priorities: safe drinking water, efficient sewage treatment, efficient public transit, safe roads, and green energy. For example, this plan will support a growing economy by providing funding for borders and gateways, for short-line rails, broadband, and regional and local airports.

[Translation]

And, Mr. Chairman and honourable colleagues, the plan will support stronger and more cohesive communities by investing in roads and bridges as well as regionally significant sport and cultural infrastructure. These are all areas that matter to provinces, territories and municipalities. Indeed, these are areas that matter to Canadians.

When we first came into office in 2006, we began extensive consultations with provinces, territories and the municipal sector. Our plan reflects what we heard that summer.

[English]

We've come a long way since those consultations. We now have a plan and our money is on the table. In order to get that money flowing to municipalities, provinces, and territories, they need to step up to the plate and sign framework agreements with us under the Building Canada plan.

Already we've signed agreements with British Columbia, Nova Scotia, and New Brunswick. These agreements lay the foundation for cooperation, for collaborative relationships between Canada and the provinces and territories, so that we can collectively manage public infrastructure priorities and issues. We look forward to signing more agreements with other provinces and territories in the near future.

Now, in the meantime, this government has already moved forward and made clear commitments to particular projects across the country. For example, as part of the framework agreement with British Columbia, we announced a commitment of up to \$64.2 million towards additional improvements of the Trans-Canada Highway through the Kicking Horse Pass canyon.

[Translation]

For example, this government, together with the Government of Quebec, announced a commitment of up to \$13 million to the Montreal Museum of Fine Arts and another commitment of up to \$40 million to the Quartier des spectacles.

[English]

Also, together with the Government of Alberta, we announced a commitment of up to \$15 million to the Kinnear Centre for Creativity and Innovation at the Banff Centre, as well as up to \$40 million for the Centre of Sports Excellence in Calgary.

Also, in March of this year, the Prime Minister announced close to \$1 billion for FLOW, a transportation action plan for the greater Toronto area. FLOW involves concrete projects designed to reduce traffic congestion, improve the environment, and increase economic growth in one of the fastest-growing areas in the country.

• (0910)

[Translation]

In addition, in March 2006, the Prime Minister announced our commitments to the clean-up of Saint John Harbour and to highways across the province of New Brunswick. As you can see, we've already started taking action and we are moving forward.

As my honourable colleagues know, the federal government alone cannot address all the issues and needs related to infrastructure in this country. Although, in reading the papers these days, one would think this should be the case.

Our approach in developing Building Canada highlights the extent of federal involvement and confirms our respect for jurisdiction, as well as our commitment to working collaboratively on issues.

[English]

That means that we all must—the Government of Canada, provinces, territories, municipal sector, and industry—work together to meet this country's infrastructure challenge. I'm pleased to report that we've already started the work cooperatively and collaboratively.

For example, we're working with the provinces and other key stakeholders to develop strategies to take advantage of Canada's international gateways and trade corridors. While the Asia-Pacific gateway and corridor initiative was first, we now have signed two memorandums of understanding—one with Ontario and one with Quebec—and another one with the Atlantic provinces. These MOUs must provide analytical frameworks for the development of continental and Atlantic gateway strategies that will help us meet the challenges of globalization and support Canada's economic prosperity and global competitiveness.

These collaborative initiatives, in addition to the framework agreements, are clear examples of partnership and collaboration, and I'm sure you will see more of this type of cooperation as time goes by.

[Translation]

But we must also recognize that governments alone cannot meet the demand. We need to consider alternative funding for our infrastructure. Private capital and expertise can help bridge the gaps and make a significant contribution to building infrastructure.

As a result, the use of public-private partnerships—or P3s as they've come to be known—has been expanding rapidly around the world. Canada has made some progress in the use of P3s with the development of some high-profile projects, but more needs to be done. That is why this government is taking a leadership role in

developing P3 opportunities through its \$1.25 billion Public-Private Partnerships Fund as part of the Building Canada plan.

[English]

The government is also working on the creation of a new public-private partnership office that will facilitate a broader use of P3s in infrastructure projects. As well, we are encouraging the development and use of P3s' best practices by requiring that all projects seeking \$50 million or more in federal contribution under the Building Canada plan and Building Canada fund, or the gateways and infrastructure crossing fund, consider whether P3s are a possibility and whether they're feasible. I'm currently working with my colleague, the Minister of Finance, on the development of the P3 office and P3 fund. So stay tuned for more news on that front.

The public infrastructure challenges facing Canada are significant. Through the long-term and predictable funding commitment under the Building Canada plan, the federal government has taken steps to address these challenges and ensure that our economy is stronger, our environment is cleaner, our country is prepared for current and future growth, and we can compete internationally.

[Translation]

Our plan is strong and our commitment to public infrastructure and to municipalities is clear. Over half of the \$33 billion in funding available is aimed directly at municipalities. That's a minimum of \$17.6 billion over seven years, in predictable funding plus a significant support through the targeted funds. In my books, that's a lot of money. This plan is innovative. It provides predictable funding over a longer period than that proposed by any previous federal government.

[English]

While there are no easy answers or quick fixes, I think it's clear that broad-based cooperation that is based on a plan is the best way to improve infrastructure and to ensure that citizens live in strong and safe and prosperous communities that we'll aspire to build together.

Thank you, Chair. Thank you, colleagues.

• (0915)

The Chair: Thank you, Mr. Minister.

I'm just going to advise my colleagues of the committee that because of the time restraints, I am going to keep it pretty tight to the seven minutes.

Mr. Zed.

Mr. Paul Zed (Saint John, Lib.): Thank you very much, Chair.

Minister, welcome. I'm pleased to see you here in the Christmas spirit.

While we accept and agree that there is \$33 billion on the table, my premise would be that a great deal of the money that you claim is new money is in fact regifted money that was allocated, announced, committed to by the 2005 budget of the Paul Martin government.

Having said that, I was wondering, sir, whether or not you and I could spend a few of the minutes allocated to me to go through your budget numbers. Of the \$8.8 billion in the Building Canada fund proper, \$7.5 billion of it was in fact generated by cutting the funds that were announced in the 2005 Liberal budget. In total, according to the math that I have, there is only \$3.6 billion over seven years that could be considered new money: \$2.3 billion comes through equal jurisdictional funding; \$1.3 billion comes to top up the Building Canada fund. Spread over seven years, this means a little more than \$500 million annually that can be considered new money.

So not all of that money, according to the way I've listened to your opening statements and evaluated your budgets, will go directly to cities. How can you justify calling the \$33 billion plan a plan? Isn't it just regifting, sir?

Hon. Lawrence Cannon: I thank you for your question.

Let me say at the outset, colleague, that I was rather taken by this famous announcement that the Liberal Party made—I guess it was two weeks ago—in creating an urban caucus. All of a sudden the opposition parties have discovered the importance of cities and communities across the country.

He's right to point out that there are some problems in his comprehension of Paul Martin's budget in 2005. They intended to do something but indeed they did nothing. They intended to put more money into it but indeed they did nothing. There was no budget implementation. This is a farce. It is a complete farce.

Over the course of the campaign my colleague the Minister of Finance and our party committed to help municipalities and committed to continue the transfer of gas tax. When we came into power, we decided that we were going to invest massively in that, and we did invest massively in that. We've also added on additional amounts of money in budget 2007. It brings it to a grand total of \$33 billion.

You know, if somebody has to get their math correct, I think it's our colleagues from the opposition. They need to get their math correct.

Mr. Paul Zed: Mr. Chair, perhaps I could ask you—

Hon. Lawrence Cannon: If somebody can come and tell me here's the budget implementation bill—

Mr. Paul Zed: Okay, thank you, sir.

Hon. Lawrence Cannon: —that Ralph Goodale passed—

Mr. Paul Zed: I'm asking the questions, and Mr. Cannon, I'd really ask you—

Hon. Lawrence Cannon: I'll be open to it, and if I can answer, if I can answer without being interrupted, Mr. Chair—

The Chair: Order, please.

Hon. Lawrence Cannon: It might be a good opportunity. But I think, you know, when we sit down and we discover all of a sudden that urban Canada has needs—I can remember, Mr. Chair—

Mr. Paul Zed: I have some questions. I'm not looking for a speech.

Hon. Lawrence Cannon: I haven't finished.

I can remember, Mr. Chair—

Mr. Paul Zed: Point of order.

The Chair: Order, please.

Hon. Lawrence Cannon: —when that party was fighting with municipalities across the country to be able to put the gas tax forward, and they weren't able to do it.

The Chair: Mr. Zed, on a point of order.

Mr. Paul Zed: I'm hoping to have a constructive dialogue, not an exchange of speeches. The House of Commons might be a great place for that, but we want to get to some statistics.

I have a very detailed opportunity, and I hope the minister will share what I know is the important time of members to deal with that, rather than ragging the puck and using up my time. It's my time to ask important questions on behalf of Canadian cities that disagree with him.

● (0920)

The Chair: That is not a point of order, but I would ask that the questions and answers be specific to the topic we're dealing with today.

Mr. Paul Zed: Thank you.

I asked the minister a very specific question, so let me perhaps put on the record a series of specific questions.

I want to take this time to work you through the funds, Minister.

On page 167 of your budget in 2007 there is a \$37-billion allocation for infrastructure. Is that correct?

Hon. Lawrence Cannon: Yes. It's \$33 billion plus the additional \$4 billion, which is \$37 billion. It was left over from—

Mr. Paul Zed: Thank you.

Hon. Lawrence Cannon: Let me finish.

Mr. Paul Zed: I know what it is.

Hon. Lawrence Cannon: I know you're impatient.

Mr. Paul Zed: I'm not impatient.

Hon. Lawrence Cannon: If you want the information we'll give it to you. We're here to be able to exchange in a very reasonable fashion. You were talking before about mathematics, and I'm giving you the numbers. I can even leave you this table—

Mr. Paul Zed: I have the table.

Hon. Lawrence Cannon: —so you'll be able to read it, like me.

Mr. Paul Zed: I have the table. I just need a yes or a no.

You've been quoting \$33 billion in the House. The difference between the \$37 billion and the \$33 billion is the \$4 billion from the Liberal government infrastructure initiatives—municipal rural infrastructure, infrastructure Canada, Canada's strategic infrastructure, border infrastructure, and public capital transit trust. Is that correct?

Hon. Lawrence Cannon: You know, it's the money you guys didn't spend.

Mr. Paul Zed: I'll take that as a yes.

However, the \$4 billion in these infrastructure funds is not the only Liberal money, as you call it, that is in the Conservative budget documents that are outlined in the Building Canada fund. Of the \$33 billion that you quote, there are three line items from your budget documents that replicate, curiously enough, Liberal announcements and Liberal programs you voted against: the gas tax of \$11.8 billion over seven years; the GST rebate of \$5.8 billion over seven years; and the Asia-Pacific gateway initial funding of \$570 million over seven years.

Is it true that not one penny of the \$18.1 billion is new money?

Hon. Lawrence Cannon: No, that's not true. My colleague is trying to fudge the information. Indeed, the previous government committed to the gas tax—and surely he will be in agreement with me—until 2010. Then we added \$2 billion a year for the next four years, so that is an additional \$8 billion coupled with the remainder. You have to remember that we committed to continue the gas tax. Therefore the amount of \$11.8 billion is there.

The Chair: Mr. Laframboise.

Mr. Paul Zed: Thank you, Mr. Chairman.

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you for being here, Minister.

I agree with you that I advised Minister Godfrey in the same way at the time: you don't play with the cities, that is to say that you don't just take an interest in the cities because you want to win votes. That's what the Liberals wanted to do, but they poorly analyzed the situation, and—you're right—they didn't add any money.

However, my problem—and you say it in your presentation—is that half of the \$33 billion will go to the cities. Except that, as you now know, the needs of the cities amount to \$123 billion just to repair their existing infrastructure. You announced, and that's good, that there could be new cultural and sport infrastructure. You even talk about regional and local airports in your brief.

I'm trying to understand. Where do you get the money? There's only \$33 billion, and \$17.6 billion is allocated to rebuilding infrastructure. Where do you get the money for new infrastructure? You're probably signing an agreement with Quebec? That's what I understood, Minister. Is that correct?

Hon. Lawrence Cannon: In fact, Mr. Laframboise, thank you for your shrewd comments on the Liberals' intentions. I share your opinion.

When we arrived in power, I met with the members of the Federation of Canadian Municipalities. At that time, the apprehended infrastructure deficit was \$60 billion. So we built a program around objectives that it requested of us. They asked us for predictable, long-term funding, and they asked us for flexibility.

The components of the Building Canada program contained these objectives. There is the gasoline tax, extended to seven years, which allows for better planning of financial needs. There's the flexibility that Quebec and the other provinces demanded, that is to say \$25 million a year for the next seven years, or \$175 million. There's also an equal partnership. For example, if Quebec decides to invest

in the rebuilding and rehabilitation of its roads and bridges across the province, it is free to use those funds to do so.

• (0925)

Mr. Mario Laframboise: That will be in the agreement, Minister?

Hon. Lawrence Cannon: That will be part of the agreement.

Mr. Mario Laframboise: As for the decision whether to give priority to bridges, airports or new cultural or sport infrastructure, will Quebec be negotiating the agreement with you?

Hon. Lawrence Cannon: Unlike the other provinces—as you know as a result of your professional past—Quebec sets its priorities respecting the small communities and informs the federal government of them.

Instead of being for municipalities of 250,000 inhabitants, the program is now aimed at municipalities of 100,000 inhabitants so as to be much more realistic about the scope and necessity of providing small Quebec and Canadian communities with reasonable amounts and a fund from which they can draw. It's Quebec that decides on that.

In addition, the deputy Prime Minister of the Government of Canada has determined that we should have clean water and a water supply and sewer system and that we should purify our water.

We can do it thanks to this.

Mr. Mario Laframboise: The old programs—

Hon. Lawrence Cannon: We extend it as it is. We don't change it. We respect the sovereignty of the municipalities in their choice of priorities. It's not the federal government's role to set them.

More generally, we worked on priorities with which the Federation of Canadian Municipalities was in agreement, that is to say urban transit, water purification, clean water and the road system.

So there are categories that, in my humble opinion, essentially reflect the needs defined by both the municipalities and the provinces.

Mr. Mario Laframboise: If the regional airports need it, and if Quebec doesn't give them priority, there won't be any money for them in this agreement.

Hon. Lawrence Cannon: That's correct. For example, I repeat to the mayor of Drummondville or the mayor of Trois-Rivières that we have expanded our program to encourage or allow major projects to be carried out for the smaller communities. So that means that, if Trois-Rivières wanted to redo, expand or extend the runway, each of the three levels of government could pay one-third of that.

Mr. Mario Laframboise: So Quebec will have to include that in the agreement.

Hon. Lawrence Cannon: Yes.

Mr. Mario Laframboise: If Quebec doesn't include airports in the agreement, that means that—

Hon. Lawrence Cannon: Through these components, Quebec will decide whether or not to encourage them. You're right in that sense.

Mr. Mario Laframboise: We unanimously passed a motion on extending the gas tax on the Liberals' opposition day.

Do you intend to extend the gas tax rebate? I believe that rebate is currently planned for seven years. Do you plan to extend it indefinitely?

Hon. Lawrence Cannon: Mr. Laframboise, I believe the will of all parliamentarians was clear.

It is obviously up to the Minister of Finance to do what he has to do, but I think it's clear. It is a mean government that will take the reins of power and decide in 2014 that the gasoline tax will no longer be a source of revenue for the municipalities.

Mr. Mario Laframboise: Are the announcements that you've made concerning, among other things, the Museum of Fine Arts and the Quartier des spectacles part of the \$8.8 billion of Quebec's share? Does that mean that that will have to be included in the next agreement? I know it will be because Quebec has said yes. That would already be part of Quebec's share. That will be subtracted from what you're going—

Hon. Lawrence Cannon: That's correct.

Mr. Mario Laframboise: In Quebec's case, we are indeed talking about \$2 billion over seven years from this fund?

• (0930)

Hon. Lawrence Cannon: The contribution under the Building Canada Infrastructure Fund is nearly \$2 billion, that is to say \$1.9 billion plus \$175 million. There are also amounts that are part of the old—

Mr. Mario Laframboise: So, if it's spread over seven years, the amount is divided.

Hon. Lawrence Cannon: Over seven years, it's \$4,897,000 with the gasoline tax.

Mr. Mario Laframboise: The contribution under Building Canada totals \$1.9 billion, which you divide by seven years.

Can everything be spent in the first year, or does that amount have to be divided?

Hon. Lawrence Cannon: It can't all be spent in the first year.

Mr. Mario Laframboise: You're preparing for an election, so you can make some announcements.

Hon. Lawrence Cannon: The problem is that the deputy minister couldn't rightly do so. That wouldn't be feasible. There's the issue of supply and demand. You know very well, since you've experienced it, that, in calls for tenders, you often discover when you open the bids that the amounts are much higher. We're having trouble responding to that.

[English]

The Chair: We'll go to Mr. Masse.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Mr. Minister, for being here.

Mr. Minister, when will the office of public-private partnership be up and running?

Hon. Lawrence Cannon: I would suspect that it will be in a couple of weeks. If not, it will probably be in the new year, in the beginning of the new year.

Mr. Brian Masse: When will it be evaluating projects?

Hon. Lawrence Cannon: They should be doing it in that period of time, on—

Mr. Brian Masse: Will they actually be able, within the first week, to start evaluating P3 projects?

Hon. Lawrence Cannon: Yes, hopefully.

Just a second now. It will be in the first quarter of the new year.

Mr. Brian Masse: Okay, that's fair.

Mr. Minister, you'll be surprised that I want to ask a question about the Windsor-Detroit border, shocking as that might be.

You've been out for two years peddling the Windsor-Detroit border as a public-private partnership. What study have you done or has your department done on a P3 specific to this most important border crossing? And would you be willing to table that study, if there is one?

Hon. Lawrence Cannon: I'll let the deputy minister respond to that. He's been more active on that file.

Mr. Brian Masse: With all due respect, I'd prefer to have you respond to that. That's very specific.

Hon. Lawrence Cannon: No, but in terms of the study, Mr. Masse, it will take a second, because it's a long process.

Mr. Brian Masse: Okay, thank you.

Mr. Louis Ranger (Deputy Minister, Department of Transport): It's all part of the environmental assessment process. We've been conducting—

Mr. Brian Masse: I'm not asking about the environmental assessment. Have you studied a P3, in a specific study, yes or no?

Mr. Louis Ranger: Definitely, most definitely.

Mr. Brian Masse: Okay. Would you be willing to table that study so Parliament could see that study?

Mr. Louis Ranger: We could share with you the various components of what we would bring to the table as a P3 in the form of an environmental assessment, in the form of geo-technical studies, in the form of what we bring in terms of land assembly—

Hon. Lawrence Cannon: Mr. Masse, I guess within the new year we will be seeking information.

Is that correct, Deputy?

Mr. Louis Ranger: That's right.

Hon. Lawrence Cannon: On the basis of the information we'll be seeking, there will be information that will be there, and I'll make that public.

Mr. Brian Masse: I appreciate that, and I'll be looking for it.

Here's my concern, Mr. Minister. You've been out there advocating a P3 for the Windsor-Detroit border, which is different from the Samia experience, where there's special legislation and taxpayers don't have to come with funds; they do it through a cooperative binational process. And it's different from Fort Erie. It's different from Niagara Falls. It's different from everything, historically, for the most part, in Canada, in terms of our international borders and crossings.

Twice you've been out at the meeting for the Canadian Council for Public-Private Partnerships, and you've been out basically hoisting Windsor as an example. But in your remarks today, you say specifically, with respect to the gateways and border crossings fund, to consider whether a P3 option is feasible. I guess my concern is how you come to the conclusion that this should be a P3 project. Today you say that there's going to be a process to determine whether it's feasible, but you've already determined that it's going to be a P3.

Hon. Lawrence Cannon: No, the process is a little more elaborate than that. We will be, in the early new year, gathering the information and we will be going to requests for interest. Then we'll be able to make, I would suspect, a final determination. From the indications we have had up to now, Mr. Masse, it's an interesting avenue to pursue, and we want to be able to pursue it. But at the end of the day, if it's determined that it isn't in the public interest or it's not something that's going to fly correctly, I can assure you that we are not going to go forward with a process that is not a good process.

It's our belief, up to now, from the information that's been gathered and from the indications we're getting from everybody, that that's the case. But there will be, at a given stage in time, a go or a no-go. We're going to get to that.

• (0935)

Mr. Brian Masse: Why have you departed from, for example, the Blue Water experience? Maybe you can provide that. Why is it you have decided to depart from that historic, successful venture that hasn't cost public taxpayers and that has lower fares than in many other spots? Why are you departing from that? Is it based upon ideology? Is it based upon serious research? What is the reason you're departing from a practice historic to Canada?

Hon. Lawrence Cannon: I'll let the deputy take that.

Mr. Louis Ranger: All the conditions converge to a P3. It's a structure where you can control access. The volume is there.

Three weeks ago there was a conference in Toronto, and we held a session for two hours with the best minds in Canada in terms of experts in P3. Everybody agrees, all the conditions are met—

Mr. Brian Masse: Would you be willing to table who was at that meeting?

Mr. Louis Ranger: This was at the annual meeting of the Canadian Council for Public-Private Partnerships. There was a session for two hours.

I can share the—

Mr. Brian Masse: With all due respect, you're going to the Canadian Council for Public-Private Partnerships, so of course they're going to have a big hurrah for you.

My concern is whether or not this government has done its due diligence to study whether or not the most important border crossing, which you're hoisting up on the P3 platform for at least two years prior, runs counter to the minister's statements here today that there would be a due diligence process to see whether it's viable or not. You've been putting that out there.

So what's driving this? Has there been hard research done to determine whether this crossing, the most important one for our economy, is actually going to be more successful, have lower toll rates, and be more accountable as a private entity? Because that's not the case with the current private operator. It basically holds much of our economy right now at risk.

Hon. Lawrence Cannon: I'll tell you that we're looking at this process because the preliminary indications we have are to the effect that because of the volume, because of the size and the scope, because of what we believe to be not only a passing interest but a much more tangible interest, we are going down that route.

I will share with you the information that we have when we get to the requests of interest. We want to see who is going to be interested in doing something there.

The P3 process, as I mentioned, is a process. It's not something where the deputy gets up in the morning and says "Okay, fine, I woke up this morning at 6:30, and I believe this is the way we're going to go." It is a process that, step by step, will lead us to a final determination.

If we're down that route today and we're in that process, it's because we do have sufficient information that leads us to believe it is the right course of action to take—at the very least to analyze, to be able to look at, and to be able to make a determination.

We feel—

Mr. Brian Masse: But in fact your press release says that you're—

Hon. Lawrence Cannon: Mr. Masse, we feel that in this process....

I'm more than willing to table a process that will indicate, step A through step Z, what has to be done to be able to determine it.

Mr. Brian Masse: I sincerely appreciate that—

Hon. Lawrence Cannon: Thank you, Mr. Masse.

Mr. Brian Masse: —and I take that to.... But your press release says you were in Toronto today "to seek a partnership with the private sector in the building of a new Windsor border crossing". So your press release indicates that you are actually out seeking that, yet your comments today say it's going to be going through some vetted process. I'm concerned about that contradiction.

The Chair: Thank you, Mr. Masse.

I have to go to Mr. Watson, please.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

Thank you to the minister and the officials for being here today.

I'll make a segue here and say that in terms of the comparison with the Ambassador Bridge, of course the Ambassador Bridge is not a P3, it's a private monopoly.

As well, there are several different models for P3s. There is no one single P3-type model. So one may actually prove successful when we get to the end of that process.

Minister, I want to start with some of the rationale behind Building Canada. Can you take us down the road of what kind of consultations occurred? What types of stakeholders did you talk to in formulating the Building Canada plan? Let's start there.

• (0940)

Hon. Lawrence Cannon: Thank you, Mr. Watson, for your question.

Maybe I can give a quick response to Mr. Masse on the last part. I wasn't able to answer that, because I didn't have a chance, but I would just point out that the market is going to determine whether or not there is a viability here; and that's the process I'm trying to explain to him. If the market says no, we reject it, it's going to be rejected, but we have strong indications that the market will be interested in this kind of an approach. It is a creative approach.

When you look at Building Canada, it's \$33 billion. When you add on what we believe to be a proper estimation, that's \$33 billion, plus the provinces announced some money, plus the municipalities did, plus we'll also be unlocking P3s. So that total is estimated to be somewhere in the vicinity of \$60 billion, which comes back to our objective of being able to meet that infrastructure deficit.

When we came into power, the Minister of Finance said we needed to have world-class infrastructure in Canada to be able to be competitive. He asked me to go out with my officials to seek the comments and observations and recommendations of everybody. We met with the Federation of Canadian Municipalities. We met with the executive of the large cities. We met with the executive of the rural caucus for the Federation of Canadian Municipalities.

I met with numerous ministers of transport, from every province. My officials met with folks from every province who deal with infrastructure. I have personally met with several ministers, and we came back and started and developed the design of our program, which we then resubmitted for the purpose of making sure that we were going in the right direction.

We had informal discussions with, once again, the same people we had met, and we were able then to go through the process in cabinet and have this Building Canada plan adopted. So the year that was spent, within 2006 and 2007, was a year in which we went out and sought commentaries, information, and recommendations from all of the observers who were interested in it. We also had a round table, I recall, of interested parties in infrastructure, whether they be engineers, city managers, or urban transit officials. So yes, we had a large consultation process.

Mr. Jeff Watson: Thank you, Minister.

I want to focus on some of the hallmarks, I think, of the plan in terms of broad principles. You mentioned leverage, of course, the fact that in order to deal with this infrastructure debt that is in the country, you have to be able to leverage other levels of government, private interests, and that type of money to be able to tackle that large a number. Next is predictability—year over year funding in some of the funding envelopes.

Then there is also flexibility. I want to focus on that for a second. What does this plan mean for large urban centres first and then small rural municipalities?

Hon. Lawrence Cannon: One of the problems we always see when putting projects online is the period of time in which due diligence has to be done, when we have to be able to make sure that the contribution agreements are there, the whole process that is required by the Auditor General. I think it is quite correct to be able to say that we are, as parliamentarians, accountable to Canadians and to the Canadian taxpayers for what we're doing. So there is a legitimate process there.

But when we look at flexibility, we want to see how we can, for instance, accept that an analysis that has been done by province X is an analysis with which we're familiar, with which we're comfortable, with which the Auditor General would be comfortable. What are the general thresholds we're looking at.

It's very mechanical in a sense, but it does consume a lot of time, so we're trying to find ways to make sure that we can bundle things together. I guess the best appreciation of that would be when we go out and do an environmental study. In many cases we do joint environmental studies with the provinces to be able to shorten the period of time.

So when we look at flexible financing, it's a bit like that. The best case here I can give you is the base funding, which is the \$25 million a year that we're putting out there for the provinces and territories over the next seven years. That literally has very few requirements. The provinces will submit to us a list of infrastructure priorities for which they would like to see funding, for which they would submit, of course, an amount of money. They would be in for 50% of that amount of money, and we would add on that amount of money.

The gas tax is another great example of flexibility. We turn around and we give the provinces that gas tax. The gas tax basically enables the provinces either to work with the municipal organization—as in the case of the Province of Ontario—or, as I was mentioning to Mr. Laframboise before, as in the case of the Province of Quebec, to determine its own priorities. They've asked for flexibility, and we've given them flexibility.

These are two examples of where we feel that in terms of partnership it has to be all the concerned parties working together, and that's the kind of model we want to develop.

• (0945)

The Chair: Thank you, Mr. Watson.

Mr. Alghabra.

Mr. Omar Alghabra (Mississauga—Erindale, Lib.): Thank you, Mr. Chair.

Good morning, Minister and officials. Thank you for coming here.

Minister, I'm going to talk to you about a subject that is very important to me and to the people of Mississauga.

Last March, you and Prime Minister Stephen Harper came to the greater Toronto area and made an announcement that included funding of the bus rapid transit of \$83 million. This is a project that the city has been working on for the last ten years. The province had made a commitment and the federal government had made a commitment. Your former colleague, Wajid Khan, at the time took credit for it, and said that because of his work this money was delivered. At the time, the Prime Minister said that money was actually allocated in the 2006 budget, not the 2007 budget. That was even prior to the 2007 budget announcement.

I've written to you at least four times over the last six months on this matter. This project is in jeopardy. When will we see the \$83 million that you and the Prime Minister have promised to the City of Mississauga?

Hon. Lawrence Cannon: Let me back that up.

The Prime Minister made an announcement on an unprecedented amount of money in the GTA, roughly a billion dollars, of which the largest chunk goes to the expansion of the subway system. I recall Mississauga in there for \$83 million, which I think is the amount you alluded to. You're right, the Brampton "AcceleRide" project was in there.

The funding actually was provided not through Building Canada; it was provided by the Canada Strategic Infrastructure Fund. So the parameters there have already been accepted by Treasury Board.

I had the opportunity, about half an hour ago, to speak with Hazel McCallion, who, as you know, is the mayor of Mississauga, to tell her that we had sent documents for her signature no later than yesterday so that we could be able to get this project up and running. As you know, the federal government pays when the invoices are coming in. So there's no problem. We're there, we're open for business. I've repeated that. All I need now is a signature from Mayor McCallion to be able to move forward.

Mr. Omar Alhabra: So you're saying the money is there?

Hon. Lawrence Cannon: Absolutely.

Mr. Omar Alhabra: Why do you think the City of Mississauga has been saying that the money has not been provided for up to now?

Hon. Lawrence Cannon: The money is there. The contribution agreement will be, hopefully, signed in the very near future. You have to appreciate, and I've indicated that before, that when projects come forward due diligence has to be done on the projects, on the one hand. We—youself, myself, every parliamentarian—have to be able to account for the money that we spend. In that regard, all the necessary paperwork has been done, and any time we receive that document signed by Her Worship Mayor McCallion, we'll be able to go forward.

Mr. Omar Alhabra: Minister, this announcement was made in March. I've written to you four to five times about it. I'm going to wait and see. I think you'll forgive me for remaining skeptical, but I will wait and see what the mayor says, and hopefully the money will come.

Mr. Chair, I want to share my time with my colleague.

● (0950)

Hon. Lawrence Cannon: I'm sorry, I'm not familiar with your correspondence there, but I'll get back to you on that.

When is the start date? When is the construction starting on that?

Mr. Omar Alhabra: The construction could not start until we get confirmation that the federal government has the money ready for it.

Hon. Lawrence Cannon: That's not correct.

The Chair: Mr. Bell.

Mr. Omar Alhabra: Do you believe the mayors are whiners?

The Chair: Mr. Bell, you have 40 seconds.

Mr. Omar Alhabra: Can I have him answer that?

Do you believe the mayors are whiners, Minister?

Hon. Lawrence Cannon: No, sir.

I just indicated to you.... I asked you a question.

Mr. Omar Alhabra: Do you believe the mayor's job is—

Hon. Lawrence Cannon: I asked you a question. When is the project set to start?

Mr. Omar Alhabra: No. It's my time.

Mr. Chair, a point of order.

The Chair: A point of order, Mr. Alhabra.

Hon. Lawrence Cannon: When is the project set to start? Can you answer me? When is the project set to start?

The Chair: Order, please.

We have a point of order.

Mr. Alhabra.

Mr. Omar Alhabra: The minister had time to have his opening remarks. We would never interrupt him, interrupt his speech, or criticize it. We have limited time as members of this committee to ask questions, and it's our time. We have the right to control it and ask the witness to answer our questions or move on to the next question.

So I hope, Mr. Chair, you help us in facilitating this dialogue.

The Chair: That is not a point of order.

I have instructed people that their questions and answers should be pertinent. I believe that the minister was in the process of answering your question. I'll give him 15 seconds to respond.

Hon. Lawrence Cannon: This project has always been scheduled to start in the summer of 2008. So I'm asking him whether he has any additional information that it was to start in the summer of 2007. He is giving the impression here that the federal government is not stepping up to the plate, and indeed we are, because when we receive the invoices we pay. We are not holding back the realization of this project.

The Chair: Monsieur Gaudet.

[Translation]

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chairman.

Good morning, Minister and deputy minister.

I was mayor of a small municipality. I don't want to engage in partisanship. I know there are election plans in the air, but that's not very important to me. If I correctly understand what you and my colleague said earlier, the Federation of Canadian Municipalities is seeking \$123 billion. If we divide that amount among the three orders of government, the federal, provincial and municipal, we come up with a figure of \$41 billion. In your address, you said that \$17.6 billion was budgeted for municipal infrastructure. So we're \$23.4 billion short.

The government said that there would be a surplus of approximately \$69.5 billion over the next five years. If the government didn't say it, the Bloc québécois did. Whatever the case may be, someone said it. In my opinion, improving infrastructure related to quality of life is the best way to affect everyone, from birth until death. Investing everything in infrastructure, water and sewers, for example, would benefit all members of society.

I would like to know why we're short \$23.4 billion. I don't understand why the government and officials don't assign this to the municipalities and provincial governments. It seems to me that would be a good initiative. It would be good for everyone. No one could say that you were more generous with one than with another.

Hon. Lawrence Cannon: I met with representatives of the Federation of Canadian Municipalities. I also met Mr. Généreux quite recently, at the signing of an agreement on the MRIF attended by the deputy Premier of Quebec.

I could be mistaken, but I essentially believe that the problem is not the amount of money involved. There's already approximately \$33 billion on the table. In addition to that amount, of course, is the contribution of the municipalities and that of the provincial and territorial governments of the country, which, taking the P3s into account totals approximately \$60 billion. It seems to me we can get a good part of the job done with that amount.

Yesterday, in *Le Droit*, I read a reaction to the presentation of the budget of the municipality of Gatineau, where I sat for a number of years. You are absolutely right: considering the IRP, \$400 million could be spent in one year, but that's clearly not possible. Allow me to cite a passage from that article:

Gatineau will be transformed into a vast construction site in 2008.

The municipality plans to start up \$75 million worth of works thanks in part to the contribution from the federal government.

That contribution was approximately \$45 million in my time. The fuel tax rebate is a source of funding that previously didn't exist and to which the Building Canada Fund is now added. I think we're able to do a good part of the job together with those amounts. After that, we'll continue on.

Your colleague Mr. Laframboise and you have been mayors. I'm merely a former municipal councillor. You saw that there were also disputes between Quebec and the municipalities over municipal taxation. I think we've come a long way. We've had discussions and we're open to the idea of doing things.

The transfer of the gasoline tax enables municipalities in my riding and that of Mr. Laframboise as well to do a lot of things. I had

an opportunity to go to my riding, particularly to Montebello, not long ago. Together with Mr. MacMillan, I was able to announce some things that are important for the community at the local level. In no case can one order of government resolve everything alone. On the other hand, I think that, together, we're able to get things done.

• (0955)

Mr. Roger Gaudet: I agree, what you said is true, but not all the municipalities are equal in terms of property wealth or any wealth whatever.

Your plan would resolve the case of the municipalities from the Canadian standpoint. You could add \$23.4 billion to the \$17 billion. It's true that you're investing \$33 billion, but, of that amount, only \$17.6 billion is allocated to municipal infrastructure. If you added \$23.4 billion, which the government already has, that would suit everyone, as I told you. It isn't just part of the population that would benefit from it. The entire population of Canada and Quebec would have the same service, the same quality of life.

Certain municipalities currently can't do it because of their tax rates, or whatever reason.

I want to hear what you have to say on that subject.

Hon. Lawrence Cannon: You're right. For me, when we came up with the program's design and architecture, the challenge was to be able to meet the needs of the smaller communities. There are smaller communities in my riding, there are in yours as well, as there are in that of Mr. Laframboise. There are smaller communities of 2,000 to 8,000 souls across the country. Those small municipalities must pay exactly the same costs, the same professional fees.

When the Government of Quebec asks the municipalities to install a water supply and sewer system, to purify waste water and to provide drinking water, they pay the same cost. When they do business with an engineering firm, they pay the professional fees.

We tried to readjust. In our parameters, we felt the limit of 250,000 inhabitants for small projects was unreasonable. It seems to me the City of Gatineau, which has 249,000 souls, can pay that, but the municipalities of Maniwaki, Fort-Coulonge or Montebello perhaps don't have the same resources to do so. We lowered the threshold and said it would be 100,000 inhabitants. We retained the same fund and we said that this program would be aimed at small communities of 100,000 inhabitants.

We also made it so the requirements, for local roads, for example, were lower than for a larger city, not in terms of construction, but in terms of compliance with requirements. We found resources, we spoke with the small municipalities, with the Federation of Canadian Municipalities, which has a caucus of small municipalities. We had the same discussion with Mr. Généreux.

I went to Saguenay—Lac-St-Jean, I met with the mayors, and we had this discussion. You have to respect commitments, which are just as important at that level as they are elsewhere. We readjusted our program based on all that.

There's also the gasoline tax. Instead of doling it out in dribs and drabs, as the Liberals did, we extended the share of the gasoline tax to its maximum, as a result of which, in the Quebec Outaouais, for example, there will be twice as much over the next seven years as what was announced .

•(1000)

[English]

The Chair: Thank you, Mr. Minister.

As we previously agreed, we would have the minister for an hour. I know you have another commitment and have to move on, so I would thank you for attending.

Mr. Paul Zed: On a point of order, Mr. Chair, you can see there's a great deal of interest around the table for the minister being here. If he doesn't have time to stay today, or his officials don't have time to stay today, I think it would be appropriate to have the minister come back early in the new year, if that is agreeable.

The Chair: I was actually getting to that in my final comments.

Mr. Paul Zed: I just wanted to help you out.

The Chair: I think there is enough—

Mr. Omar Alhabra: I have a point of order too, Mr. Chair.

The Chair: It's not a point of order. Can I finish and then I'll recognize you, or do you want to speak now?

Mr. Alhabra.

Mr. Omar Alhabra: Thank you, Mr. Chair.

I spoke to the clerk earlier and I wanted to see if we had enough time for a second round of questioning; otherwise I would have split my time with my colleague Mr. Bell. I was told there would probably be time for him to ask a question, and that's why I didn't end up splitting my time.

I just wonder if the minister would at least accommodate five minutes in order for my colleague Mr. Bell to ask a question. Otherwise, I would have split the time, based on the question—

The Chair: It's not a point of order.

Mr. Omar Alhabra: What is a point of order, then, Mr. Chair?

The Chair: We had a previous agreement that the minister would come for an hour. He's been here for well over an hour, and I'm going to thank him—

Mr. Omar Alhabra: When I asked the clerk—

Hon. Lawrence Cannon: Mr. Chairman, I'll be more than pleased to come back and discuss this issue. I have a cabinet meeting at 10 o'clock. Unfortunately that's the priority. I'll be back.

I wish you all a happy Christmas and a happy New Year.

The Chair: Thank you, and the same to you and yours.

We're just going to suspend for two minutes while the minister and staff leave, and then we'll finalize our plan coming into the new year, which will include another meeting with Infrastructure Canada.

• _____ (Pause) _____

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•(1005)

The Chair: I'm going to be very brief. I just want to advise the members that when we come back at the start of the new session in January, I'm asking members to provide the witness list for Bill C-23. We've had some contacts, and we're just trying to get that in an orderly fashion.

I also want to advise the committee that we will be inviting the minister and his staff back for a two-hour meeting on infrastructure.

Finally, the agreement at our last meeting, as I understood it, in regard to railway safety, was that we were going to wait for that final report, but in the interim, we'll try to get the executives back from CP to meet with the committee.

Are there any other comments?

With that, I'll wish you all a merry Christmas and a happy New Year.

Thank you to everyone. Have a good one.

The meeting is adjourned.

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