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Chair

Mr. Merv Tweed

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• (1535)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Good afternoon, everyone. Welcome to the Standing Committee on Transport, Infrastructure and Communities. This is our 40th meeting.

Pursuant to Standing Order 81(5), we're considering supplementary estimates (B) for 2009-10, with votes 1b, 5b, 10b, 17b, 20b, 35b, 40b, 45b, 50b, 55b, 60b, and 65b under Transport, which were referred to the committee on Wednesday, November 4, 2009.

Joining us at the table today are the Honourable John Baird, Minister of Transport, Infrastructure and Communities; the Honourable Rob Merrifield, Minister of State for Transport; Yaprak Baltacioglu, deputy minister of Transport Canada; Suzanne Vinet, associate deputy minister; and John Forster, from Infrastructure Canada.

We welcome you.

I know that the minister has an opening comment and I'm sure we're all ready and willing to listen. We've asked the minister to be here for one hour. I'll advise the committee that he has another commitment, but he has committed to the first hour.

I'll ask him to open, please.

Hon. John Baird (Minister of Transport, Infrastructure and Communities): Thank you very much, Mr. Chairman.

The Chair: We have Mr. Volpe on a point of order.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Does this mean that both ministers are leaving after an hour?

Hon. Rob Merrifield (Minister of State (Transport)): My commitment is for an hour.

Mr. Gerard Kennedy (Parkdale—High Park, Lib.): Does that mean that the ministry staff are also leaving?

The Chair: I don't have a note on that. Is the staff prepared to stay for the second hour?

Hon. John Baird: They are willing to stay.

The Chair: That's wonderful. Thank you very much.

Mr. Baird, we'll have your opening comments.

Hon. John Baird: I'm very pleased to be here again, particularly in the presence of the member for Eglinton—Lawrence.

I'm also joined, as you've said, Mr. Chair, by key members of the Transport Canada and Infrastructure Canada team. They've done an outstanding job in this past year in dealing with our infrastructure

stimulus. I want to congratulate them and all their officials, who have done a fantastic job.

Our meeting today is to discuss the 2009-10 estimates, part (B). Before I address specific line items, I'd like to thank the members for their cooperation and ongoing work on behalf of Canadians. I appreciate the work the committee has done over this past year. I especially want to highlight discussions that took place this fall among committee members with respect to Bill C-37, An Act to amend the National Capital Act and other Acts.

As I noted in my last appearance before the committee, our government is committed to creating jobs, stimulating the economy, and supporting Canadian families through Canada's economic action plan. Earlier this year when I was before this committee, I explained how these actions are contributing to a cleaner environment, safer roads, and more prosperous and livable communities. Through these actions, Canada will emerge from this recession sooner than other countries and stronger than ever.

While we are seeing signs of recovery here in Canada, it's important that we continue our course of action and our ongoing work, much of which is outlined in these supplementary estimates. I'd like to highlight a few of the line items of note.

Transport Canada is requesting a net increase of \$27 million to the 2009-10 main estimates. This funding is for vital programs and policies that will enhance safety and security, ensure environmental protection, improve Canada's infrastructure, and much more.

For example, we're requesting \$10.3 million to strengthen Canada's air cargo security system. This money was announced in budget 2009. We plan to use this to introduce new screening technologies and processes, which will help make air transport safer and more secure. Not only will it improve security and keep Canadians safe, it will help businesses to transport goods more efficiently, which gives us an economic advantage.

[Translation]

Another important project Transport Canada has been working on is the redecking of the Honoré-Mercier bridge in Montreal. I am sure that my colleagues in the Bloc Québécois are very familiar with this major project. It is nothing less than the largest redecking project in Canadian history. The project is progressing well. Today, I'm requesting a re-profiling of funds to continue this important work.

[English]

We are requesting \$3.3 million under the gateways and border crossings fund for the Blue Water and Peace bridges. These are key elements in the government's efforts to enhance our gateways and corridors.

Turning now to infrastructure, at no other time since the Second World War have investments in Canada's infrastructure been more important or, I believe, more significant. Guided by Canada's economic action plan, almost \$12 billion in new infrastructure stimulus funding is now available and is funding projects primarily over the next two years. Our ongoing commitment is reflected once again here in the supplementary estimates.

Infrastructure Canada is seeking \$547.3 million to support contributions to infrastructure projects across Canada and to manage its progress. This request will address both new and ongoing funding requirements. For ongoing items, the funds requested are for projects under our existing funds, such as the building Canada fund. We work in partnership with the provinces, territories, and municipalities to match our funds, and our funding is being provided as projects get built—in other words, funding flows in accordance with our partners' construction schedules. As big projects across the country come to life, funds flow.

You will note the \$547.3 million in additional funds requested. Infrastructure Canada is seeking \$9.3 million in operating expenditures. This funding will go towards implementing new programs announced in the action plan and will continue to ensure appropriate resources are invested for oversight and management of existing funds.

Honourable members, you've seen in your own backyards that we are making good progress on the commitments under Canada's economic action plan. Just 10 months into our two-year plan, our government has already committed 97% of the economic action plan. This adds up to 12,000 projects across the country, 8,000 of which have already begun.

From the \$4-billion infrastructure stimulus fund alone, we've committed more than \$3.6 billion. We've announced \$2.85 billion of federal spending on 96 major projects across Canada, and under the communities component, \$1.375 billion in federal dollars has been announced for 1,255 projects.

I'll now ask my colleague, Rob Merrifield, to say a few words.

● (1540)

Hon. Rob Merrifield: I want to thank the committee for the opportunity to be here. I'm pleased to answer any questions with regard to areas of my specific jurisdiction, and when it comes to stimulus, that would be Alberta and Saskatchewan. I'm pleased to answer any questions you might have with regard to those projects.

There are 280 projects in Alberta, for a total project amount of \$3 billion or so. In Saskatchewan, there are 309 projects, for a total of about \$1.2 billion. As far as the stimulus funding goes, we have 100% of that allocated, so we're pleased to be able to answer any questions on that.

But with regard to the rest of my portfolio, there is some spending in the estimates, you'll see, with regard to Canada Post and CATSA,

and I would be pleased to answer any questions you might have. There's some spending and there are some changes there that you might want to ask some questions on.

Also, I'd be pleased to answer anything about the railway. It's an important day for the railway, because we've just heard the strike is over and 1,700 railway engineers are back to work. That is very, very good news because there is \$100 billion a year of import-export rail service to this country. It's a very significant thing that has happened. I think everyone in this room, every party in this House, certainly should take a bow for being able to move that issue along.

When it comes to the railway, it is very important for us to understand that it is what keeps our country competitive. There's a very large land mass in Canada relative to the population, so as raw material is our base, shipping and moving products is very key to our prosperity.

With that, we have had some concerns from the shippers about CN and CP, which are the two main rail lines, with regard to allowing the competitiveness of our shippers in the supply chain. Because of that, we have brought forward and established the rail freight service review. We're in the middle of that. The first stage is over, with a compilation of a lot of the data. That has taken about a year.

We have now moved into the second stage and have announced the panel that will bring forward recommendations to government. That panel's chair is Walter Paszkowski, a former transport minister in the Province of Alberta. From the railway industry, we have David Edison, who's a former CN executive, and from the shippers, we have Bill LeGrow, a former forestry executive. These are very astute individuals. I'm very pleased at that they're taking on this opportunity for the country.

It's an opportunity both for rail and for shippers to be able to keep our competitive edge as we move forward in the 21st century. We wish the panel every success. They will be releasing an interim report in the first half of 2010, a very significant report that will hopefully flow from it some potential changes that will have met with consensus from both the shippers and the rail companies. We look forward to that.

With that, I'll leave my comments there, and we'll entertain any questions you might have on these issues or any others.

The Chair: Thank you, Ministers.

As we're doing estimates, I have to call for vote 1, which opens the debate, and advise the committee that if we don't get to voting, at the end of the day the estimates will be deemed reported back to the House.

Mr. Volpe, you have seven minutes.

Hon. Joseph Volpe: Mr. Chairman, I'm going to take advantage of the fact that Mr. Kennedy is here on infrastructure. I've talked to a couple of my colleagues on the opposition side and I'm sure they'll want to do the same thing. I'm going to hand my time over to Mr. Kennedy, and I'm sure Mr. Laframboise and Mr. Bevington will do the same.

•(1545)

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): *Non, non.*

Voices: Oh, oh!

Mr. Gerard Kennedy: Thank you, Mr. Volpe,

Thank you, Mr. Chair.

Minister, I wonder if you could table for us today all the information you have from schedule H, the job creation and expenditure reports that are filed by projects in Ontario. You're coming to this committee asking for more dollars under supplementary estimates (B). Can you give us the progress reports that you've been collecting for this committee and, tangentially, also to support some of the claims that your department is making today? Because this is the committee to which you're meant to be accountable.

Ms. Yaprak Baltacioglu (Deputy Minister, Department of Transport): Thank you very much, Mr. Chairman.

Thank you very much for the opportunity to bring some clarification to schedule H, which the honourable member has mentioned. To be very clear, the Canada-Ontario infrastructure stimulus agreement does not have a schedule H. We do not collect the job-level information. The schedule H to which the honourable member is referring is in the Ontario and municipalities agreement. The federal government is not a signatory to that particular agreement.

Mr. Gerard Kennedy: Thank you.

Clerk, I wonder if you might produce this for the benefit of the committee and pass it along?

On schedule H, there is the Government of Canada logo, and it asks about jobs and asks about expenditure.

Now, Deputy, if the minister is refusing to answer, are you saying that the Government of Canada doesn't want to collect that data that's to the province and that you don't have any of this data?

Ms. Yaprak Baltacioglu: Mr. Chairman, let me just be very, very clear. The Canada logo appears on the Ontario agreement. We are not sure exactly why they chose to put that logo there. We are seeking clarification from our provincial colleagues. That's one thing.

We are not a signatory. That's the second fact.

Number three, until this schedule H was brought to our attention in the last day, I wasn't aware of its existence, nor was my senior management, and we do not have the data from the Ontario government.

Mr. Gerard Kennedy: Through you, Mr. Chair, could I then ask, where is the information that your department collected on calling projects in the months of August and September? Will you table that data here today?

Ms. Yaprak Baltacioglu: In regard to the data that was given to our department as part of the quarterly reporting, we submitted the data, the September report, the data we got on projects, to the government operations committee. If this committee also wishes to receive it, we will make it available.

Mr. Gerard Kennedy: Now, may I clarify? You submitted to the government operations committee the original application data, but you gave to the Parliamentary Budget Office some supplemental data, which is update status data. You haven't provided that to the committee—

Ms. Yaprak Baltacioglu: Mr. Chairman, yes, we have done so.

Mr. Gerard Kennedy: —so I just want to clarify, can that be provided here as well?

Ms. Yaprak Baltacioglu: We have provided to the government operations committee, I believe on Monday—

Mr. John Forster (Associate Deputy Minister, Associate Deputy Minister's Office, Infrastructure Canada): It was Tuesday. We were given a one-week deadline.

Ms. Yaprak Baltacioglu: Yes. We were given a one-week deadline. We provided the information on Tuesday. We delivered it to the committee and they are now looking at it.

We would be happy to provide exactly the same data that we provided to the government operations committee.

Mr. Gerard Kennedy: Through you, Mr. Chair—and again, I'd be happy for the minister to answer any of these questions—how is the ministry able to make claims about the progress of its spending, the billions of dollars that it has requisitioned, if it's refusing to ask Ontario for the schedule H information?

Why wouldn't it want job creation numbers? How is it making claims today about job creation in the absence of having looked at the numbers that are obviously readily available?

Ms. Yaprak Baltacioglu: I'm going to turn it over to my colleague John Forster, who's actually the associate deputy for infrastructure and who has the details of everything that we have collected.

Mr. John Forster: The claims data and progress reports we ask from all provinces are in an online system. It includes things such as project start dates, tender dates, and money being expended. The job creation impact of the entire stimulus package, the entire economic action plan, is done by the Department of Finance. They assess the job creation benefits of the entire stimulus package across all the programs and across all the departments rather than each of us going off to do our own.

Mr. Gerard Kennedy: Mr. Forster, just to be clear, there are 1,700 projects that the federal government has put federal taxpayer dollars into—borrowed money, at least—and you have not asked the provincial government to give you the job creation data that it's collecting. You've not done that at all. Is that correct?

Mr. John Forster: We're not asking, in our claims and progress reports, for a project by project breakdown of jobs—

Mr. Gerard Kennedy: That's incredible.

To the minister, through you, Mr. Chair—

•(1550)

Mr. John Forster: If I may finish the answer, I think one of the things you'll find if you look to the experience of the United States with this kind of reporting, this recipient reporting of job creation, is that it's very inconsistent. In their first audit of that, the government accounting office in the United States has found a lot of difficulties and problems with doing it, so the government is taking a different approach, which is to do a macro-level assessment across the entire stimulus package on job creation.

Mr. Gerard Kennedy: Again, Mr. Forster, we have a right here and we have a need here, and the fact that your department, which is charged with creating jobs, has chosen not to ask anything about creating jobs is I think absolutely unacceptable—

Hon. John Baird: It's hardly a surprise, because we've told you in committee that we weren't accepting that information.

Mr. Gerard Kennedy: You weren't accepting it?

Hon. John Baird: I've told you on numerous occasions that we cannot impose the burden on municipalities to look at every—

Mr. Gerard Kennedy: But it's happening.

It's happening, Minister.

Hon. John Baird: Just listen. If we accepted the information, we'd have to validate whether it's correct. If you look at the United States, you see that it's been a hodgepodge and very inconsistent and has not had much integrity.

What we have said from the get-go—and you can't say this is a surprise—is that we're not going to say to municipalities to tell us where this steel was made, what the efficiency levels were, and how many jobs were created, or to tell us where this engineering work was done and whether it was three or eight people who worked on it.

That shouldn't be a surprise at all because we've said right from the get-go that we weren't going to do it. If we did accept it, then we'd have to somehow have an army of bureaucrats to validate whether that was in fact the case.

After I told you that, you voted confidence in me 18 times. So you must have been satisfied, because you stood up in the House of Commons 18 times and voted confidence in the government.

Mr. Gerard Kennedy: You'll notice, Minister, that my disposition has changed.

The Chair: You have seven minutes, Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise: Thank you very much, Mr. Chair.

I want to thank the ministers for being here.

Mr. Minister, you are here before the committee, and you want to ask us for \$547 million in additional appropriation authority for infrastructure. You know that Quebec had municipal elections on November 1. During the 30-day period leading up to the elections, no political decisions can be made, since mayors and councillors are in the midst of an election. So no political decisions are made.

Afterwards, it is time to prepare budgets. There are a lot of new city councils, and you said it yourself, or at least some of your colleagues in the House of Commons did, no announcements were

made in Quebec during the last election campaign because you did not want to interfere with the municipal elections. And that is good. It is just that today, in the fourth report, you are stating that the government's deadline for the provinces and territories to have committed all the remaining funding is January 29, 2010.

Are you aware that in Quebec, since, I would say, at least August, no decisions have been made by cities or municipalities because of the municipal elections, and no decisions will be made. They are in the process of passing budgets. Some have even asked for an extension until the end of January in order to table their municipal budgets. Therefore, a number of municipalities will not be able to submit requests.

You seem to be sticking to the January 29, 2010 deadline at all costs. Are you flexible on that at all, or is it non-negotiable?

Hon. John Baird: I am aware of your concerns. Of course, municipal elections were held in Quebec in recent months, and no announcements can be made in the 30 days leading up to the elections.

We have worked very well with Minister Laurent Lessard on this issue. We have asked municipalities to fill in one-page forms by December 15, I believe, and I am certain they will be able to make decisions and announce projects by January 29.

Sometimes, I find it frustrating because we cannot move as quickly as we would like. But we respect the laws that are unique to Quebec, laws that make it not only necessary, but also mandatory to work with the provinces in areas under their jurisdiction. I hope we will receive the applications. The forms are just one page long, and I hope that it can be done by January 29.

Mr. Mario Laframboise: Mr. Minister, all of the municipalities do not have the budget surpluses they need to commit funding as of now. There are often borrowing by-laws, time limits, political decisions to be made. Your fourth reports says this:

The Government has set a deadline of January 29, 2010, by which time provinces and territories must commit all remaining funds. This will ensure that uncommitted stimulus funding can be put to work quickly for the benefit of all Canadians.

That means that funds might not be spent, in Quebec, in cases where cities do not have enough time to submit their application. Those funds would go to the rest of Canada.

•(1555)

Hon. John Baird: I want to point out that my goal is to ensure that approximately 22% or 23% of stimulus funding is spent in Quebec.

Mr. Mario Laframboise: But if ever...

Hon. John Baird: We are going to work very hard to achieve that goal. In some provinces, if not the majority, some money has been spent in areas under federal jurisdiction. They had that choice. It was done in Ontario, British Columbia and a few other provinces. Regardless, in order to complete their projects by April 1, 2011, municipalities will have to fill in the one-page form by the end of January.

The other day, we made an announcement in Gatineau, along with Laurent Lessard. The mayor said that he had already completed a good number of projects and that if there was extra money, he was prepared to carry out more.

Mr. Mario Laframboise: Mr. Minister, Gatineau is one of the wealthy cities in Quebec. It has the financial resources it needs. However, even some big cities do not have enough....

Hon. John Baird: I understand your concern, but I worried that if I told everyone to take their time, decisions would be put off until May 1.

Mr. Mario Laframboise: I think cities are ready and able to meet your deadline for project completion, in 2011. The problem is the deadline at the beginning, given that they have lost six months....

Hon. John Baird: I have to speak to my deputy minister or my assistant deputy minister about that. I think we need to make a decision and announce agreements with the provinces on January 29, 2010, but it is not mandatory for the projects to begin by January 29.

Mr. Mario Laframboise: In any case, there is little construction work in the winter in Quebec, but the fact that the announcement....

Hon. John Baird: You are not required to begin projects by January 29.

Mr. Mario Laframboise: I understand that, but for six months, cities were not able to make political decisions because of municipal elections. You seem to think it is easy. But it is not simple in Quebec, when you do not have the necessary funds to create a borrowing by-law. It requires the support of the people. Otherwise, a referendum is needed, and the by-law may not pass. Given those conditions, you can send all the forms you want, but there is no guarantee that the money will be spent.

Hon. John Baird: We announced the stimulus fund back in January of this year.

Mr. Mario Laframboise: But there were municipal elections in Quebec.

Hon. John Baird: The municipalities still had seven months.

Mr. Mario Laframboise: In other words, you are punishing Quebec's municipalities.

Hon. John Baird: Before the 30-day period leading up to the elections, they had 7 or 8 months to work on it. If they are not ready to make a decision in the next two months and if, as you say, they have to hold a referendum, the stimulus fund may not be suitable. The Building Canada Fund may be more appropriate.

Mr. Mario Laframboise: The fact remains you are punishing municipalities....

Hon. John Baird: No.

Mr. Mario Laframboise: in that the six-month delay penalized them in relation to other Canadian municipalities.

Hon. John Baird: I disagree. I do not agree with your analysis.

Mr. Mario Laframboise: My analysis is right. Some of Quebec's municipalities are being punished because, for six months, they could not submit projects, simply because the law prohibited them from doing so, Mr. Minister.

Hon. John Baird: Are you saying that these municipalities could not develop infrastructure projects during those six months?

[English]

The Chair: I have to go to Mr. Bevington now. I'm sorry.

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair.

[Translation]

Hon. John Baird: I want to add something.

I was willing to speak with you after the meeting with my officials. Our goal really is to ensure that the municipalities in every province, in every region of Quebec, are eligible and able to use this funding to create jobs and improve infrastructure. I was willing to meet with you, as were my officials. We wanted to explain all of this to you and hear your concerns.

[English]

The Chair: Mr. Bevington.

Mr. Dennis Bevington: Thank you, Mr. Chair.

Thank you, Mr. Minister, for clarifying that.

I have one question on the infrastructure fund. In the spring, your finance minister said that he would take back, through the regular contributions of the gas tax, any municipal projects that didn't match up to the specifications and the timeframe that you had set up with them. Is it still the plan of this government to claw back infrastructure dollars from the gas tax?

•(1600)

Hon. John Baird: No. I think what we said was that we were offering up front, if the municipality requested it, up to 25% or 30% of a project. If you had a \$1 million federal contribution to a \$3 million project and you needed 30% up front for year one expenses, we would advance that.

If for some reason you cancelled the project or didn't move forward with it, we'd expect the money back. We'd expect the money to be returned for the project you didn't do, and if you refused to do it, we could claw it back. But we have no intention—

Mr. Dennis Bevington: So you can say quite categorically that if communities don't finish their projects by the end date of April 2011, there will be no immediate clawback—

Hon. John Baird: We're not looking at... If they get it 90% done, we would pay a third of 90%. We're not going to—

Mr. Dennis Bevington: So you would claw back some money, then?

Hon. John Baird: We're not going to claw back over that—

Mr. Dennis Bevington: So if they're only 50% complete, you'd take back 50% of your money at that time?

Hon. John Baird: We wouldn't take it back because we would never have given it to them.

Mr. Dennis Bevington: So they're involved in a project and they're 50% complete and you're going to withdraw your 50% of the money.

Hon. John Baird: We've always said that we would pay, in most cases, a third of the costs incurred up until April 1, and if the municipality only got half of it done, they wouldn't get the other half. No. That's quite correct. But we're not going to claw it back through the gas tax.

Mr. Dennis Bevington: I have one question on funding to promote energy development in Canada's north through investments to the Mackenzie gas project, with this extra \$2.5 million this year. What's that for?

Ms. Yaprak Baltacioglu: The government as a whole has committed some resources to preparations for the Mackenzie gas project. This is money to go to our prairie and northern region so they can continue with the surveillance that's related to this project.

Mr. Dennis Bevington: This project is going to see the environmental assessment complete toward the end of this month. Is Transport Canada still actively inspecting or doing studies? What are they doing out in the field right now that would entail us spending more money in this fiscal year?

Ms. Yaprak Baltacioglu: There's increased aviation activity, for example, so we have to make sure that our inspectors are inspecting that activity. If you would like, sir, I could get you the full breakdown of its—

Mr. Dennis Bevington: Increased aviation activity related to the Mackenzie gas project? I don't think so. There's no active work on the ground going on with that project right now. That project is in environmental assessment. Everyone is waiting for the completion of that report.

You're spending \$2.5 million on inspecting additional flights that are going into this area related to the Mackenzie gas project or...? How does this work?

Ms. Yaprak Baltacioglu: If you don't mind... There are two ways of doing this. I can't give you the answer, because I don't have the details of it, but I have my ADM responsible for this particular thing. We will be here for the second hour and we can answer it then. Or—

Mr. Dennis Bevington: That's good. Yes. I just want to go on, then—

Hon. John Baird: We can get your answer right now.

Mr. Dennis Bevington: No, that's okay. I'll wait for that answer.

I want to talk about Marine Atlantic Incorporated. You've had special examination reports come out showing that for the past four years you've run consistently over budget with this operation.

Is the department considering funding Marine Atlantic on a realistic basis in the next year? Are you going to continue to look at supplementaries as a way of topping up the cost of the operation by about 20% ?

Hon. Rob Merrifield: Marine Atlantic has an obligation to recover 60% to 65%. They're actually not doing that. It's into the low fifties at 52% or 53%, in there somewhere. The chronic problem with Marine Atlantic is the deterioration of the fleet and the lack of ability to have capacity on reserve so they can deal with weather

disturbances and problems they actually have with the fleet, to try to catch up.

As an example, the *Caribou* and the *Smallwood*, which are two workhorses, were down respectively 22 and 24 days over this summer simply because they're getting older. They're not reliable in the sense of making sure they can keep up with their workload. Because of that it's costing more to keep that fleet in operation.

We have looked at bringing on a new vessel. We did that this last year, in April, with the *Atlantic Vision*. It has been very much a success. In fact, I was out there about a month ago talking to all of the users of Marine Atlantic. Without exception, they said that if they could make any recommendations it would be to have more of these kinds of vessels, because it added capacity. Actually, even in the middle of a recession, it —

• (1605)

Mr. Dennis Bevington: Well, this report says that you haven't agreed on a capital replacement plan yet.

Hon. Rob Merrifield: That's right.

Mr. Dennis Bevington: But this is a constitutional obligation of the Government of Canada. It's costing you over 20% of the budget and you haven't moved forward with a capital replacement plan.

Hon. Rob Merrifield: The first phase was bringing on the *Atlantic Vision*. I was there to discern whether this was the right fit for Marine Atlantic. That was always phase one.

There's no question that they have to do more with Marine Atlantic to fulfill the obligation and to allow them the opportunity to run in the black in the sense of meeting their obligations, that 60% to 65% recovery, and that is ongoing. We're assessing exactly what is the best way to move into stage two, a refurbishment of the fleet, and whether that's to invest in the existing fleet or to do other options. We're examining all of those options at the present time.

Hon. John Baird: Perhaps I could just jump in as well. There's no doubt that the audit report is cause for great concern. We're currently reflecting on what we've heard.

The Chair: Mr. Mayes.

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Thank you, Mr. Chair.

Thank you, Ministers and your departments, for being here today.

As a western Canadian representing the province of British Columbia, I'd like to talk a little about the northwest transmission line project and the \$130 million investment in that line. Of course, that is going to help insofar as the collection of run-of-river projects and will limit the footprint of transmission corridors in British Columbia. Another project in Yukon, the Mayo B hydro facility, at \$71 million, is going to take a number of diesel generation plants off the grid in Yukon.

Were these priorities set out because of the great initiative as far as greening and making sure they're environmentally friendly are concerned? When you made those decisions, did that have a big impact on these types of projects?

Hon. John Baird: I'm a big supporter of both of those projects. Frankly, Premier Fentie was a strong advocate for the Mayo B project. He has spoken to a good number of us around town about the project. I guess that was one of the ideas behind the establishment of the green infrastructure fund. Obviously, those types of projects are more major projects that couldn't be completed in two years and that's why there's a five-year window for that fund.

The one in northwestern British Columbia is another great example. The Yukon will be almost entirely off diesel power in terms of percentage in a big way, so it's exciting to reduce the carbon emissions and to have cleaner air. It will also facilitate economic growth and development.

The one in northwestern British Columbia is a great example as well, though, of getting away from diesel power generation and getting more hydro, of expanding the grid so that there's more clean energy on it. It will also be a great hope for economic development in that part of the province. Nathan Cullen represents the area. The NDP member represents the area for most of northwest British Columbia.

It's going to be a great win for all of B.C. and, frankly, the country, because if you get the expansion of the private sector and the job creation, it's going to help all of us. Whether you live there or in the Lower Mainland, it's good news for B.C.

I think The northern one also fits in with the Prime Minister's commitment and vision for northern Canada. Frankly, it was under Premier Fentie's leadership. He pushed hard for this in the budget and that was the whole idea behind the creation of the fund; now it can do a number of things on the environment. I'm very big on that. It's great. Any chance we have to expand hydro capacity... Obviously you need it through generation, but also, the capacity to transmit it should be taken advantage of. It is one of the great resources we have in Canada, but there are not unlimited amounts of it everywhere.

Mr. Colin Mayes: Turning to the supplementary estimates, they seek to have an additional \$197 million for the Canadian Air Transport Security Authority. The vast majority of these funds, \$190 million, would be to support the development of aviation security plans and a passenger assessment system. What are some specific examples of these funds and where they would be spent?

• (1610)

Hon. Rob Merrifield: CATSA is actually doing a very good job of keeping our passengers safe.

There are two pockets of money, for a total, as you said, of \$197.6 million. The first and smaller pocket is \$6.9 million. It's the re-profiling of the 2008-09 fiscal year capital funding. It will go into the expansion of Calgary airport's hold bag screening, which was behind schedule. It also completes the purchase of the portable screening units at the Olympics and expands restricted identification cards. That's where that pocket of money goes.

The larger pocket of money, \$190.7 million, is to carry out the screening obligations that are provided in the 2009 capital plan. It includes replacing a lot of the old X-ray scanners by a multi-view scanner. That's one of our problems: we have these older

technologies. The new advanced technologies will allow much more vivid identification in the handbag screening process.

That's where we're going. We're keeping our Olympics about the athletes, as the first thing, and then making sure that the rest of the country keeps up to standards that are changing as we speak in the U.S., Europe, and other countries, so that we don't become a weak link.

Mr. Colin Mayes: I'd like to share my time with Ms. Brown.

The Chair: You have two minutes.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Minister, for being here.

I've had the opportunity to do quite a number of funding announcements for various ministers in the GTA. My Liberal colleagues would be very pleased to know that many of them have been in the City of Toronto, with three of them this weekend, actually.

I would like to ask you about how so much of what we do—everything we do—is contingent on the provinces and municipalities coming to the table. Could you advise the committee of how the federal government is working together with them and of what we're doing to ensure these moneys get out the door and that we work with both the provinces and municipalities to ensure everybody gets their share?

Hon. John Baird: I think the one positive part of this past year, with the downturn in the economy, has been that every province and territory, without exception, has worked very well with the government. My history with the McGuinty government was not always positive and rosy, but his government has been a great partner, particularly on infrastructure.

My former counterpart—I was his critic four years ago, sitting two swords' lengths across—and I have been able to work very well together. Our staffs and our officials have been able to work well together. When you're dealing with intergovernmental discussions, you never get everything done as quickly as you'd like, but it's been about 10 times faster than previous new infrastructure programs. There's been great cooperation.

Frankly, Canadians don't just want that to happen—they expect it, particularly at a difficult time. That's been the case in Newfoundland and Labrador. The first province in which we allocated all the infrastructure money was with Danny Williams' government. We haven't had problems. There was one noticeable hiccup with it in the City of Toronto, but we worked very well with Mayor Miller. We have more than 500—now 501—infrastructure projects going on in the City of Toronto, some more exciting than others, but we hope they'll lead to job creation in Toronto.

We announced a \$60 million project yesterday. They've already started work on it. They've committed to getting it done by the end of March 2011.

Ms. Lois Brown: Thank you.

The Chair: Mr. Volpe.

Hon. Joseph Volpe: The issue has always been how many jobs are being created by these projects. We want to narrow that down. I'd like to share my time with Mr. Kennedy to see whether we can continue that discussion.

Mr. Gerard Kennedy: I would like to know whether we could table the information that the ministry is putting out today. What is the basis for the claims being made by Mr. Day and others? Is there some documentation that could be shared today? There are numbers being thrown around about progress in terms of jobs being created by projects.

What is the information that supports that and can it be tabled for the committee today?

Hon. John Baird: You said "Mr. Day".

Mr. Gerard Kennedy: The spokesperson for your department. There are numbers of 43% and so on being put forward. I'm just asking whether you can give us the documentation. You've told us you don't want to look at the provincially collected job creation numbers. Where is the information coming from that you have 43% and other numbers?

Hon. John Baird: We'll get you all the information we have.

Mr. Gerard Kennedy: Okay.

Let me ask about that if I have your ear, Minister. I want to note that your chief of staff has denied or blocked briefings for me with the ministry six times since September 14. Will you, here in front of the committee, agree that I can be briefed by the committee when requesting information?

•(1615)

Hon. John Baird: I'd certainly look into it.

Mr. Gerard Kennedy: You won't agree here?

Hon. John Baird: You know, listen, we have a great—

Mr. Gerard Kennedy: All right. That's fine. That's the question I asked.

What I want to ask you next, then—

Hon. John Baird: We have a great working relationship with 99% of opposition members of Parliament—

Mr. Gerard Kennedy: Minister, we only have you for a few minutes. If you don't mind, I'd like to ask you why in fact the number of dollars that you have allocated this year is now changed. This is the book in September and now it's \$1 billion less that you say you're going to spend this year. So that's clearly as a result of your failed stimulus program. You're not getting the money out the way you promised you would in the three other reports.

Can you tell us, Minister, did you have any say in this? Maybe it's the Ministry of Finance saying that you're not spending the money and therefore it's gone.

But I think, Mr. Minister, that you have claimed everything is working fine and jobs are being created immediately. You won't table any job information data, but now there's money data saying that you're not going to spend the money this year.

Can you document, can you give us—

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): On a point of order, Mr. Chairman, I'll just read from the routine motions of the Standing Committee on Transport, Infrastructure and Communities. I'll quote the time for opening remarks and the questioning of witnesses: That witnesses be given 10 minutes for their opening statement; that for the questioning of witnesses, 7 minutes be allocated to each party for the first round, and that for all subsequent rounds, 5 minutes be allocated to each party for their members who have not yet spoken, starting with the Official Opposition, and any further time allowed will be allocated equally between each opposition party at the discretion of the Chair.

Mr. Chair, it's very straightforward and very obvious that this member has already spoken and had a time allocation. There are many members around this table who have not spoken.

These motions were adopted on November 15, 2007. Again, after our subsequent meeting, I would suggest that as a result there are other members around the table who would like to have an opportunity to speak.

The Chair: I have Mr. Volpe and then Mr. Kennedy.

Hon. Joseph Volpe: While I appreciate the parliamentary secretary's intervention, I've not yet spoken. All I did was to say that I was going to share my time with Mr. Kennedy, so I think he's well within his bounds.

The Chair: If I may add, I think it's been accepted in this committee that if the rounds of questions are handed off to the same member we've accepted it as a rule here, and I will continue to do that.

Mr. Kennedy, you have three minutes.

Mr. Brian Jean: Mr. Chair, if I may, on a point of order, just to be clear, very obviously Mr. Kennedy shows up less than any other person around this table—

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Brian, let it go. Don't go there.

Mr. Brian Jean: —and as a result, it seems very strange that he would receive most of the time to question one of our guests for whom we very infrequently have time to have here.

As a point of order, Mr. Chair, I think it should be governed by the routine motions. Quite frankly, Mr. Kennedy should either show up more or have less time.

The Chair: I accept your position, but it has been the rule of the committee to allow each member to allocate their time to the next person.

Mr. Kennedy, you have three minutes.

Mr. Gerard Kennedy: Thank you, Mr. Chair. I appreciate that you should not be challenged once you make a decision.

Again, Mr. Minister, you've had a cut of \$1 billion to your spending this year. You said everything was on track. Clearly it's not on track: can you give us the reasons why? And can you perhaps give us some documentation on why you got your budget cut by \$1 billion from the plan you had just two months ago?

Hon. John Baird: Well, it's a 24-month stimulus initiative to build infrastructure. Obviously, in every day, every week, and every month of that 24-month plan, more will happen.

For example, the City of Toronto didn't make an eligible application...the only province in the country that made an ineligible application and didn't file it online. We worked with the city—it took several additional months because of that—and came to an agreement for 500 projects that would be funded. For example, we're giving \$20 million to Maple Leaf Gardens, which we announced yesterday. They are not going to be able to spend \$10 million of that before April 1, so we'll re-profile it to the following year, but it all has to be spent by April 1, 2011.

I think what you'll see is that every month there'll be more money spent than the previous month. A disproportionate amount of the work will be back-ended. Obviously you have to put out tenders, obviously you have to do architectural plans, and obviously you have to get the required permits and project management. That is less expensive than once you get the shovels in the ground. But all the funds are available.

Mr. Gerard Kennedy: Mr. Minister—through you, Mr. Chair—you are \$1 billion behind schedule. In the applications that were made, 73% were to have started by this fall and 73% said they wanted to start this fall, but your political wrangling delayed and delayed the approvals. There are all kinds of projects that wanted to be under way now. They didn't want to be under way later.

The 73% is what your own—

Hon. John Baird: Give me an example of political wrangling.

Mr. Gerard Kennedy: The political wrangling is that you have only recently announced billions of dollars in B.C. and in Quebec. You still have half of the money to announce in British Columbia because you can't come to an agreement with that government. You have all kinds of money to announce in Quebec. I understand that the not-for-profit program in Ontario—

Hon. John Baird: In British Columbia—

Mr. Gerard Kennedy: You asked for examples, Minister, and I'd be happy to address—

• (1620)

Hon. John Baird: There's no political wrangling going on there.

Mr. Gerard Kennedy: In the not-for-profit program in Ontario, you put out a request for proposals in the middle of the summer, in August. Where is the announcement on that, Mr. Minister?

Hon. John Baird: We'll be making an announcement in the coming days.

Mr. Gerard Kennedy: I was hoping you might reply to the point I was asking about.

Hon. John Baird: I'll give you two examples. With respect to British Columbia, the one you mentioned, they went into an election campaign. We got a substantial amount done before they went into the election campaign, which I think was good news.

In British Columbia, we got more money done in the first two months than in any other province. Then there was an election for some five or six weeks and then two or three weeks before there was a cabinet shuffle. The new minister obviously wanted to take a month to get briefed up, so it did provide some delay.

There was a bit of delay in Nova Scotia when the government was defeated. We got a substantial amount done before that and a significant amount done since then. This is 10 times faster.

Mr. Gerard Kennedy: You could have done it through the gas tax.

Hon. John Baird: We could have done it through the gas tax, but we chose not to do that, and you voted confidence in—

The Chair: I'm going to Mr. Laframboise.

Mr. Gerard Kennedy: It's failing all over the country.

The Chair: Order, please.

Hon. John Baird: You voted confidence in this 18 times.

The Chair: Order.

I'm going to ask members to respect the chair; I'm going to ignore their application for speaking again, if that's okay.

If you're going to have an argument, have it outside. Don't have it in this committee.

Hon. John Baird: We made a decision.

The Chair: Monsieur Laframboise, it's your comment.

[*Translation*]

Mr. Mario Laframboise: Thank you very much, Mr. Chair.

Mr. Minister, I want to make sure we understand each other with respect to my last comment. What I want is for all of Quebec's municipalities to have the same opportunity to submit applications under the programs. Obviously, a number of municipalities underwent changes in administration. It is similar to when we change governments, as you know. For at least 30 days, mayors did not make any political decisions because it was against the law. City councils did not meet before the elections, and there are still budget preparations and so forth. All of that delays things. I know that you would like us to discuss it later with your officials, but I just want all municipalities to have an equal opportunity.

I know that in some municipalities, the administration did not change, and so they are able to submit applications. However, you need to understand that in a number of municipalities in Quebec, the administration did change, in other words, governments changed, and, clearly, they have to review all of the files again.

These municipalities run the risk of being penalized. That is why the Union des municipalités du Québec and the Fédération québécoise des municipalités are asking you for more time to submit applications, without having to postpone the project completion date. I know we will look at that later.

I have another question. You asked for supplementary estimates in the amount of \$18 million for the bridge corporation, and earlier you mentioned the Mercier bridge. Is all of that \$18 million solely for the Mercier bridge project, or is it also being used for other bridges in Montreal?

[English]

Hon. Rob Merrifield: Just for the Mercier bridge?

[Translation]

Mr. Mario Laframboise: Is the \$18 million requested only for the Mercier bridge, or are there other amounts for other bridge corporation bridges? Is there money for the Champlain bridge?

[English]

Hon. Rob Merrifield: Yes, there's some for other bridges as well. The Champlain bridge is a larger problem. If you recall, in the economic action plan there was \$212 million or a little over that to deal with the Champlain bridge over a 10-year period. There was also, I believe, \$18 million just for the Mercier bridge.

[Translation]

Hon. John Baird: As for your first question, could you remind me when Quebec's municipal elections were held?

Mr. Mario Laframboise: November 1.

Hon. John Baird: When did the new councillors take office?

Mr. Mario Laframboise: They were sworn in on November 10.

Hon. John Baird: November 10, so 9 days after the elections.

Mr. Mario Laframboise: And in the 30 days leading up to the elections, they were not allowed to make any political decisions.

Hon. John Baird: So the new councillors took office on November 10. They need projects that are shovel-ready. Are you telling me that in three or so months, a new council, with all of the newly elected officials, the new mayors and the new councillors, and with the support of their municipal officers, is not able to make a funding request by the end of January?

• (1625)

Mr. Mario Laframboise: Mr. Minister, there are 1,100 municipalities in Quebec. They are not all cities like Toronto. Most of them, at least 900, are small municipalities with less than 20,000 inhabitants. They do not all have the level of organization, administration and support you assume they do.

I know there are cities saying they will take any leftover money. That is fine. I know there are cities willing to take all the money in order to carry out work, but some municipalities will be penalized because they did not have enough time to review the files, prepare their budgets and submit their requests by January 31. You say it is easy, just a matter of filling out and submitting a form. It is not that easy. The council has to discuss it, budgets have to be prepared.

I know that as we speak, municipalities are in the midst of preparing their budgets; they will table them by December 15. There will be municipalities that choose not to make any requests because they do not have enough time to do it.

Hon. John Baird: Are there 11,000 municipalities or 1,100?

Mr. Mario Laframboise: There are 1,100.

Hon. John Baird: They had February, March, April, May, June, July, August and September to figure out what their needs were. The projects have to be ready to go.

Mr. Mario Laframboise: In about 40% of Quebec's municipalities, there was a change in government.

Hon. John Baird: If they cannot choose a project in 2 months and 20 days, then perhaps they are not one of the municipalities best suited to receive assistance under the Infrastructure Stimulus Fund. We are looking for projects that are ready to go.

Mr. Mario Laframboise: You are going to punish municipalities.

Hon. John Baird: My old riding, when I was an MLA, had small municipalities, towns of 9,000 people. I am not just talking about Toronto. I used to be the MLA for a riding that included small townships.

[English]

The Chair: Thank you.

Ms. Hoepfner.

Ms. Candice Hoepfner (Portage—Lisgar, CPC): Thank you.

I will be sharing my time with Mr. Jean.

I represent a riding where there are probably about 50 small towns and small cities and every single mayor, reeve, and councillor in that riding is a volunteer. They work full time and they have one staff member, and I can tell you that they were thrilled and very pleased with the process of applying for these projects.

They got it done because they wanted to see their communities supported. They've seen a lot of red tape and a lot of paperwork in probably the last 13 or 14 years, when they could not get funding, so they—

Mr. Sukh Dhaliwal: [Inaudible—Editor]

Ms. Candice Hoepfner: Excuse me? Could I just speak?

Thank you very much.

I just want to commend my mayors and my councillors in Portage—Lisgar for the great work they did with zero staff. They did it on volunteer time. I'm commending them.

But I do want to ask the minister if he could speak specifically about the fact that a year ago we really did not know what kind of impact this infrastructure spending would have. We knew what we were hoping for and we knew what our goals were, but a year later we are coming out of this recession and it's a fragile recovery.

I'm wondering if you could comment specifically on what the goals were a year ago, on how those goals have been met, and on how we can see those results now, not in a small kind of picture, but the big picture.

Hon. John Baird: The Federation of Canadian Municipalities put forward a budget request and presented a very compelling case. They presented an economic report showing that for every billion dollars of spending on infrastructure 11,000 jobs could be created directly. We accepted that.

Obviously, if we had used the gas tax model, demonstrably less money would have been spent. By leveraging money from the provinces.... Every province stepped up to the plate. Liberal, NDP, Conservative, every single province and all three northern territories stepped up to the plate and matched our infrastructure spending.

The municipalities will always say to give them the money directly, to just skip the middleman and send them all the money. If you talk to the provinces, they'll say that the federal government only has to write 13 cheques, so just give the money to them in the form of a trust. If you talk to the colleges and universities, they say they can move much faster than the municipalities, so give them all the money.

We took a balanced approach. We doubled the gas tax money, which was the direct transfer to municipalities. We moved up the first payment to April from July. We kept the promise to double it, we made it permanent, and we advanced the payments by as much as three months. We brought in the new stimulus initiatives. We've literally gone 10 times faster.

In 2003, the Liberal government brought in some new infrastructure programs, and in late 2006 Lawrence Cannon was still signing agreements with the provinces. None of it had been spent in three years.

It's not perfect, and it's not like flicking a light switch, but I'll tell you that the Federation of Canadian Municipalities had their board meeting two weeks ago and they had a party for the staff at Infrastructure Canada to thank the officials for their extraordinary work. If you had said to me that the Federation of Canadian Municipalities would be celebrating the success of the federal bureaucracy, I wouldn't have believed it. The department's done an amazing job of responding to this challenge.

Is it perfect? No. Whenever you have intergovernmental negotiations, it's going to take a little bit of time, but I'll tell you, the George Smithermans and the Danny Williams of the world put aside partisan politics and worked constructively. Darrell Dexter, the new NDP premier of Nova Scotia, is a pleasure to work with, as is his Minister Estabrooks. We're getting things done. We've had good partnerships.

It hasn't been perfect. Do I wish we could have announced every single project in a month? No. We have some due diligence to do on the projects. It's been important. It's been outstanding. I think we wanted to get a lot of federal infrastructure projects going and as quickly as we possibly could.

This is 10 times faster than the last two programs under this and the previous governments and we're seeing things happen around the country. We haven't hired an army of new bureaucrats to ask where the steel was bought and how many jobs were created by a ton of steel. It would be a bureaucratic nightmare.

The U.S. Government Accountability Office is just a joke, because they have no ability to track whether the information is true or is just made up as people go along. I can tell you that if you drive around my province of Ontario you can see construction projects everywhere, because the province has worked well. Every success we've had in working with the provinces is a success of the provincial government as well.

When we came forward with that model, Parliament said yes. Conservative and Liberal members voted not to use the gas tax. They voted for the budget that had this model. I think the FCM and the Association of Municipalities of Ontario are pretty pleased, generally speaking, with the success of the initiatives.

I've already said to them, "Let's look at what we've learned over this past year and what we can do to benefit from it in the future". I mean, the one-page application form, the improved political cooperation, they've been incredible.

● (1630)

Ms. Candice Hoepfner: Thank you.

The Chair: Mr. Volpe, there are two minutes left and I'll give them to you.

Hon. Joseph Volpe: Thank you, Mr. Chairman.

I didn't welcome the new deputy, Madam Baltacioglu, to the committee. I want to correct that oversight.

Welcome, Madam. Congratulations on your appointment.

To either one of the two ministers, on the issue of the Canadian Air Transport Security Authority, CATSA, I note that you are asking for roughly an additional \$190 million for development of aviation security plans and passenger assessment systems.

That's about 32% of the overall budget for the entire year. It represents a 50% increase over what you put in the budget document.

First of all, why is such a huge increase represented in the supplementary estimates? What would have caused you to make such an erroneous calculation in the budget?

Second, what are the aviation security plans and how much is it for each?

Then, number two is the passenger assessment systems. I want to take advantage of the fact you're both here. You're not going to be here for long, but what are those specific plans?

Hon. Rob Merrifield: When it comes to CATSA, you are right. There is actually \$197.6 million on this. I explained that earlier. Part of it is to prepare for the Olympics. Part of it is to do the business of CATSA.

Your question is absolutely appropriate. You're asking why we need that much more money just to do the business of CATSA on the basis of day-to-day-operations as well as to deal with some of the capital costs, including those for the new screening. It is because the base is actually too low. CATSA cannot operate on a budget of \$134 million. That's what it is. It has to do with the fact that for the business we ask it to do, it needs a considerable amount more. That is something that has been looked at. It has a year-to-year budget allocation.

To this point, when it comes to what they're doing with the money, they are actually buying capital equipment. They are replacing some of the existing screeners, the older X-ray scanners. They are not the multi-view scanners, which we are now replacing those older ones with in the airports. It's so they can deal with this new equipment and deal with security in a much better way, in a much more accurate way, and in a way that is, let's say, competitive with other countries so that we do not become a weak link for security in our airports.

That's where the money is going and that's why it's going the way it is.

•(1635)

Hon. Joseph Volpe: I have to ask whether or not—

The Chair: I just have to just let him answer the question.

Hon. Rob Merrifield: That answers that question, but while I have the floor I do want to clear up the one question that was asked here on the Mercier bridge, because I think it is important. It is \$39.2 million that has been reallocated from the 2008-09 budget. What you see in these supplementary estimates is \$18.8 million for 2009-10, and for 2010-11 it is \$20.4 million. This explains in detail that question.

The Chair: Thank you.

With that, I will thank the ministers for being here. I know the staff is staying, so I'll take a two-minute recess while our ministers excuse themselves, and then we'll come back to questions and answers.

• _____ (Pause) _____

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•(1640)

The Chair: Thank you and welcome back.

We have some new faces at the table. I'll ask Ms. Baltacioglu to introduce them, please, and then we'll continue with Mr. Volpe's three minutes of questioning.

Please go ahead.

Ms. Yaprak Baltacioglu: Thank you very much, Mr. Chairman.

Before I introduce my colleagues, let me say that this is my first appearance in front of this committee as the deputy minister of Transport, Infrastructure and Communities. It's my pleasure to be here. I'm looking forward to working with the committee and hopefully answering your questions for a number of years to come. It's an honour to be here.

I'm sorry for the crowd here. We're representing two separate departments. We have Infrastructure here, as well as Transport.

We have here today Mr. André Morency, who is our CFO, chief financial officer, for Transport. As well, he is the responsible assistant deputy minister for our portfolio. I have introduced my colleague John Forster, who is the dedicated associate deputy minister for Infrastructure. Also here is Mr. Marc Grégoire, who is the assistant deputy minister of safety and security.

You have been introduced to Madam Vinet, who is our associate deputy minister of Transport. Then we have Mary Komarynsky, who is our assistant deputy minister of programs at Transport Canada,

and Guylaine Roy, who is our associate assistant deputy minister, policy, for Transport.

I am here as the accounting officer of both the infrastructure and transport departments.

We would be pleased to answer your questions on our portfolio agencies. Although I'm not directly responsible for them, these folks around the table have been working with them and we do report on their activities, so we'll be happy to answer your questions.

The Chair: Thank you very much.

Mr. Volpe, you have three minutes.

Hon. Joseph Volpe: Thank you very much, Madam Deputy Minister.

I wondered if you could amplify on some of those questions that I had started to ask the ministers. I was specifically wanting to get an understanding of just how much money was going into the program for the new—some people would call intrusive—scanning systems for security at airports. Those systems, as far as I can recall, have not received the scrutiny of an examination by any committee, at least not any parliamentary committee, nor has their usage been debated in the House of Commons.

You might wish to say that this is the purview of the subcontracting agency of CATSA, but this involves, in our view, a severe public policy issue, and I'm wondering whether any of this money is going towards the acquisition of some of that technology.

•(1645)

Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security Group, Department of Transport): Yes, Mr. Volpe. Some of that money is being used to buy some millimeter wave equipment.

That equipment has been tested this year at the Kelowna airport. There is no intention whatsoever to make the usage of this equipment mandatory for passengers. It is only being used for secondary screening. The passengers are being offered the choice of either having a pat-down or going through the millimeter wave equipment.

There is no intention, either, to deploy significant numbers in that equipment, so it will be restricted to only some airports. It has been carefully reviewed by the Privacy Commissioner. In fact, we're pleased to report that just a few weeks ago the Privacy Commissioner endorsed and approved the privacy analysis that was done by CATSA on the usage of that equipment, with the condition that it remain for use on a voluntary basis.

This means that if a passenger is being selected for secondary screening, as occurs once in a while, the passenger is being offered the choice, where this equipment is available, to either go through the equipment or have the pat-down. You would be surprised, but quite a large number of people in the trial have indicated their preference to go through the machine rather than have the physical pat-down.

Hon. Joseph Volpe: What was the percentage?

Mr. Marc Grégoire: It was in the 80th percentile. I hesitate to give you the exact number. If I remember correctly, it was 85%, but we could provide you with the exact number.

The Chair: Thank you.

Mr. Watson,

Oh, I'm sorry. Mr. Jean.

Mr. Brian Jean: One challenge, Mr. Chair, and all of a sudden I'm a troublemaker.

Thanks very much for coming here today.

I'd like to say, Deputy Minister, that your reputation precedes you. We believe and are hoping that we'll have a long working relationship and many successes for Canadians generally.

First, the minister read in question period today a statement in relation to a quote by the Mayor of Windsor, which in essence was that this Conservative government doesn't just talk the talk, we walk the walk and get the job done. Specifically in relation to what the minister said in cutting red tape and how we've moved 10 times faster than any previous Liberal government, I was wondering if we could have some examples of how we have cut that red tape and how we are actually getting things done more quickly. Could you put some of that on the record?

Ms. Yaprak Baltacioglu: Thank you very much for the question.

Mr. Chairman, I would answer the question, but I cannot answer the political elements of it. I can explain what the department has done in terms of expediting the application process.

The infrastructure stimulus fund has been quite different from all of the other infrastructure programs we have run.

First of all, the application form has been reduced to one page. Only critical information was asked from the proponents. As well, the department has established a dedicated team that was focused on this program and this program alone, which really helped deliver the program at great speed. Also, we have automated our systems and application forms, which does cut a lot of time in terms of processing the applications.

Very importantly, there have been changes to the navigable waters legislation as well as changes to the Canadian environmental assessment exclusion list, which allowed us to move further and faster. In addition, however, we did put in levels of controls. Unlike other programs, we have put in areas where we have quarterly reports in terms of the status and the progress so that we can have a sense if things are slipping, and we can speak to our partners. The partnership element is not new, but it was a special, very active partnership that the department has put in place with the provinces and municipalities.

Those are just examples of how these programs ran. My colleagues, who have been in infrastructure for many years, say that the economic action programs have actually been delivered at a speed that has never been done before.

• (1650)

Mr. Brian Jean: Thank you.

In fact, I was reading this very exciting copy of "Canada's Economic Action Plan—A Fourth Report to Canadians". I would encourage all those people listening, all Canadians, to get a copy of

it. It's fairly interesting and it gives me a lot of confidence in the Canadian economy.

On page 15, they talk about "Overall Contraction in Real GDP During the Recession". We actually fare extremely well at -3%, compared to countries such as Japan and Germany, which are up around 7% and 8%. In fact, further on, it talks about business confidence. It appears on page 17 that we are well above the historical average, at some 6% or 7%, in business confidence, just in the third quarter of 2009. It appears that whatever we're doing is working. In fact, real residential investment and renovation growth, on page 19, show an increase of 8% to 12% in the last two quarters.

Indeed, I believe from what I've heard in question period and just generally, and from what I've read in this book, that it appears this government is moving forward not just on infrastructure, but on changing some of the employment programs and other ministries to get people to work faster. On page 60—I know I sound like a commercial, but it was quite interesting to read this today—they say, "The number of Canadian workers benefiting from work-sharing has increased more than sixfold since the beginning of the year".

I would suggest that some of the moves by this government are in more than just infrastructure and transportation; they're on a multifold ministry. Is that fair to say, Deputy Minister?

Ms. Yaprak Baltacioglu: I can speak for our ministry. Whatever was in the fourth report to Parliament is what we have put in as the progress we have made.

The Chair: We're going to go to another round of questions, but during the comments to the minister, they talked about the increase in funding for CATSA. One of the concerns that I have had expressed to me throughout Canada is that when we're adding that kind of funding, are we doing a review before we actually put the funding in place to verify, first, that we have the right employee mix?

The biggest issue I have heard raised by travellers is that when they go through an airport, there will be twenty people standing around servicing five people, while in other airports there will be three people trying to serve a thousand people. More than anything, I just want to raise that issue with you in the sense that I understand the need for more funding, but I also understand the need to put it in the places where it's most needed. I don't know if you want to comment on that, but I think it's something that I would like to hear about.

Ms. Suzanne Vinet (Associate Deputy Minister, Deputy Minister's Office, Department of Transport): I'll answer this from two angles. One is that CATSA's core base is very small; it doesn't quite meet all the requirements that CATSA has to deliver even the basic program. The other complication is that the funding has been renewed on an annual basis for at least the last three years, so CATSA has had difficulty in renegotiating contracts and streamlining things.

However, this year they were part of the government's strategic review and there has been a thorough review of all its operations. As we move forward with CATSA, there will be a lot of changes to the approach they're taking. They're very cautious because they have a limited amount of resources due to the strategic review and the general economic circumstances. But if they were given an opportunity to have longer-term funding, they certainly would have a keen interest in bringing efficiencies to addressing the kinds of issues you're raising.

The Chair: Thank you.

We're going to go to five-minute rounds.

We'll start with Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair

I would like to welcome the panel members.

My question is in reference to the public-private partnership projects, particularly with regard to a situation close to my home: the Port Mann bridge. That P3 model failed and the provincial government has to come on board to fill in the gap. When we look at the Asia-Pacific gateway, those projects are based on those models. How does the department see these projects going ahead during this economic downturn?

•(1655)

Mr. John Forster: I won't speak to the Port Mann Bridge specifically, but certainly in our infrastructure programs, whether it's that infrastructure or the gateway programs at Transport, we've always tried to encourage public-private partnerships. Some of those partnerships and consortiums have had difficulty attracting capital during the credit crunch, so that has dampened the appetite for them.

As well, the government has its own P3 fund, called P3 Canada, which is managed by a crown corporation under the Minister of Finance. It's in the process of going through a round of projects that will be announced under that fund.

It's certainly more challenging to try to do P3 projects in the current environment, so you're getting less take-up and interest in it, but there are some that are able to go forward.

Guylaine, do you want to add anything?

Mrs. Guylaine Roy (Associate Assistant Deputy Minister, Policy, Department of Transport): I just want to echo what John said on this matter: it's obviously more challenging in the current economic situation to attract financing with a P3 model.

Mr. Sukh Dhaliwal: There are problems during these times, so what alternatives are you paying attention to in order to deal with those situations? Is it a gas tax model type of funding?

Mr. John Forster: Well, for most of our large projects, initially, before the recession, we had actually put in place a kind of P3 screen for very large projects; the proponent had to demonstrate why a P3 model couldn't work. Because of the recession, we suspended that kind of test for big projects just because it was very hard for corporations to get capital.

Right now we're not doing a lot of P3 projects; we're doing a much more traditional kind of procurement and financing through the various infrastructure programs. Hopefully in another 12 to 18

months the credit markets will have recovered enough that there will be more of an interest in pursuing those.

Mr. Sukh Dhaliwal: Are you familiar with the South Fraser perimeter road project? In and around where I am, in the Delta area in particular, there are a lot of people who are opposed to that project.

It's not because they don't want the highway to go through; it's that they feel that the proper environmental studies, noise abatement answers, and alternate routes have not been explored. The provincial government has taken a "my way or the highway" type of approach. Has the federal Department of Transport taken that into consideration?

Ms. Yaprak Baltacioglu: We will take your concern to the province, but Mary Komarynsky can explain our role, but we work with the province.

Mrs. Mary Komarynsky (Assistant Deputy Minister, Programs Group, Department of Transport): The federal government did an environmental assessment of that project. There were a lot of sensitivities, especially around the Burns Bog. We worked very closely with Environment Canada and the province with respect to trying to mitigate the environmental impacts of the road network. The environmental assessment was approved, with mitigation.

When an environmental assessment is done, it is up to the federal government as well as the provincial government to ensure that when the construction is done the mitigation measures are put in. There was quite a bit of debate with scientists, especially because of the sensitivity of the bog, but I think that with the mitigation conditions the environmental impacts will be lessened.

•(1700)

The Chair: Thank you.

Monsieur Gaudet.

[Translation]

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

I want to come back to something, because a lot of people are asking me about it. As we speak, where does the Recreational Infrastructure Canada program stand? Was the project successful? Is there money leftover? Will the government fund the program in its next budget?

[English]

Ms. Yaprak Baltacioglu: We don't do that particular program, sir. We're not responsible for the recreational program.

[Translation]

Mr. Roger Gaudet: That is fine.

Mr. John Forster: The Economic Development Agency of Canada for the Regions of Quebec is responsible for the Recreational Infrastructure Canada program.

Mr. Roger Gaudet: Thank you. Earlier, you said that Toronto had 501 projects. How many infrastructure projects were approved for Montreal?

Mr. John Forster: I do not have the exact figure for Montreal, but I can find it and give it to you later.

Mr. Roger Gaudet: I am not sure whether everyone understood what my colleague was saying earlier about the elections in Quebec. Remember that there are cities in Quebec with minority governments. Furthermore, it can take a while before these governments can meet to discuss a project, especially after a new election. RCMs in Quebec approved their budgets on November 25. Then, the municipalities approve the budgets, in accordance with the RCMs. That is why I say that Quebec's system is different from Ontario's. January 29 is a bit early. It should be six months later or, perhaps, February 28 or March 31. Any of those dates would make a good solution.

The vote under the Office of Infrastructure Canada seeks to increase funding by \$250 million for the Provincial-Territorial Infrastructure Base Funding Program. How would this money be allocated across the provinces and territories?

Mr. John Forster: The \$250 million is transferred to the Provincial-Territorial Infrastructure Base Funding Program. It is a program that was created in the 2007 budget, whereby every province receives \$25 million a year for 7 years.

In Canada's Economic Action Plan, the federal government gave every province the option to allocate those funds over two years, instead of seven. The federal government is ready to release those funds. For instance, we signed an agreement with Quebec in May, I believe, to release all of the funds allocated to Quebec, in other words, \$175 million. It was done. In addition, Quebec will use that money for this year's expenditures and next's. The program is in effect as of now.

As I said, every province receives exactly the same amount, \$175 million over seven years. And in Quebec's case, the federal government has allocated that money over two years, this year and next.

Mr. Roger Gaudet: If one province has 300,000 people and another has 10 million people, they each get \$25 million.

Mr. John Forster: Yes, but any leftover money is allocated based on the number of inhabitants. For example, where there is funding, there is no regional allocation. Base funding was addressed during discussions on fiscal balance between the provinces. It is to help small provinces and, especially, the northern territories. If the money were allocated based on the number of inhabitants, the northern territories would get only a few million dollars. So it is a base for every province, in order to help small provinces and the northern territories to have an infrastructure program, as well. It is a decision through the Building Canada Fund, for example, the Infrastructure Stimulus Fund or the Gas Tax Fund.

• (1705)

Mr. Roger Gaudet: Thank you.

[English]

The Chair: Thank you.

Mr. Bevington.

Mr. Dennis Bevington: Thanks, Mr. Chair.

I'd just go back to the questions I was asking on the Mackenzie Valley. Could you fill me in there?

Mr. André Morency (Assistant Deputy Minister, Corporate Management and Crown Corporation Governance, Corporate Services, Department of Transport): Yes, absolutely. You were asking about funds being asked for through supplementary estimates (B) for the department in support of the Mackenzie gas pipeline project.

When this project was being conceived back in 2004-05, the department anticipated an awful lot of growth in the transportation sector in that particular part of the country. As a result, we were building our capacity to be able to support the growth so that airline companies in particular and other transportation companies could position themselves to get contracts from the oil companies once this project was actually announced.

More specifically, what are the expenses being incurred by? It's work associated with the certification of barges that will be used in the north, and work associated with environmental assessments, and we're certainly working with a joint review panel to help them in that regard. We're participating in surveillance and enforcement activities related to the transportation of dangerous goods.

In our civil aviation organization, funds are being expended to actually support the increased capacity being built by some of the aviation companies there in terms of doing aerodrome certification and maintenance audits. We're doing pilot checks, because some of these companies in fact have bought some new aircraft or are certifying some new pilots to be in position. When a decision is made, an awful lot of the Mackenzie gas pipeline project possibly will be done through the transportation infrastructure that needs to be built within the Mackenzie gas pipeline.

We have funds that have been allocated to us by the Treasury Board Secretariat. They're tracked only for those expenses associated with the Mackenzie gas pipeline. I can honestly say that in this year we're basically asking for the money to continue to support those people we've hired to help build the capacity in that region.

Mr. Dennis Bevington: That's interesting. I note that NTCL has just downsized its operation with the barges. I'm glad that you've been certifying them. Many of them are probably going to go into mothballs here, with the.... I don't imagine that would include the work around the Bering Strait. Or does it?

Mr. André Morency: I don't know specifically about the details of the work they were doing, but certainly I can appreciate that there's been a lot of anticipation for this project being announced. Nevertheless, companies were preparing for this and Transport Canada was supporting the regulatory framework to ensure that those companies were available when this project was announced.

Ms. Yaprak Baltacioglu: Mr. Chair, I think the honourable member is asking some valid questions. We would be happy to provide you a briefing package in terms of all the activities we do so that you're assured that our activities are related to the Mackenzie gas pipeline.

Mr. Dennis Bevington: Well, I think we were—

Ms. Yaprak Baltacioglu: We'll be happy to provide that.

Mr. Dennis Bevington: We were requesting an investigation into the total funds. How is that investigation proceeding?

Ms. Yaprak Baltacioglu: Yes. Thank you very much for asking that question.

I received the external auditors' report yesterday from Deloitte & Touche. We're getting it translated for submission to committee, because I understand, Mr. Chairman, that you had asked for that from our minister.

However, because I don't have the document for you today, I note that the bottom line basically is that the auditors are saying it appears that the expenses Transport Canada has charged to the Mackenzie gas project were in accordance with the authorities provided in the approved Treasury Board submissions and other applicable acts and policies.

Based on their review, all funding approved was recorded in Transport Canada's financial system and segregated from normal operating funds. They did not identify any transferring of Mackenzie gas money to other operations. In addition, they did note that Transport Canada has applied a higher level of restriction to the Mackenzie money than was required even by the Treasury Board authorities we had.

We will make that available to the committee when we can get it translated.

The Chair: There are 10 seconds if you want them.

Mr. Dennis Bevington: No, that's fine. Thanks.

The Chair: Ms. Brown.

Ms. Lois Brown: Thank you, Mr. Chair.

I want to go back to a question posed to the minister earlier about the cooperation we've seen happening. Every time I have been out making announcements on behalf of ministers, the one comment that has come to me over and over again is how incredible people are feeling about the three levels of government working together cooperatively. People like to see this. In fact, we have a—

• (1710)

Hon. Joseph Volpe: We have a new deputy minister.

Ms. Lois Brown: —quote here from former Liberal MP Carolyn Parrish, who is currently a Mississauga city councillor. She says, “The three levels of government are cooperating extremely well in our city”. She goes on to thank the member of Parliament “for bringing us the largest single infusion of infrastructure money ever received by the City of Mississauga”

One quote that I particularly like, because I am the member for Newmarket—Aurora, came from the mayor of King Township, who is also the Liberal candidate in Newmarket—Aurora. In a letter to Paul Calandra, she wrote:

We really appreciate your dedication and hard work in making this dream become a reality for our township. This project is a great example of the federal, provincial and municipal governments working together to enhance community life by developing a facility that can be enjoyed for generations to come.

That's from Margaret Black, the mayor of King Township.

So here is my question to you. What has been your experience in this process of the three levels of government working together? Obviously the provinces have to come to the table first, but how has

the assessment process been for you in your capacity as deputy minister and as staff?

Ms. Yaprak Baltacioglu: Thank you.

I'll start, and my colleague, Mr. Forster, will continue.

The engagement of our partners is absolutely critical in the management of this program. It is important as well from my perspective; it helps identify the projects where the needs are. Provinces and municipalities come to the table with their proposals. They participate with us at the officials level in terms of project selection and determination of the funds around that. They do come to the table with their money, which means that a lot more than just the federal money gets injected into the economy.

Having worked in federal-provincial areas and joint jurisdiction areas, I must say that coming into infrastructure, it is phenomenal. The working relationship, the seamless working relationship, between the officials across three levels of government is very impressive.

Do you have anything to add, Mr. Forster?

Mr. John Forster: No, thank you.

Ms. Lois Brown: Okay.

I'd like to share my time with Mr. Mayes.

Mr. Colin Mayes: We've talked a lot about spending money. I'd like to talk a little bit about saving money. It's important that in any department's operations we look at the effective and efficient way of accounting for taxpayer dollars both in operations and in administration.

I notice that approximately \$7.4 million has been identified as part of the government's ongoing strategic review of department spending. I'd like to have some examples of what was foregone to generate these kinds of savings.

Then, in the bigger picture, because of all the activity and the workload of the department, our government has committed to reviewing all ministries to look at how efficient and effective they are as far as the spending of taxpayers' dollars is concerned. Has that slowed down this review a little because of the huge workload you have undertaken with this economic action plan?

Ms. Yaprak Baltacioglu: First of all, Mr. Chairman, it is important to give a context in terms of management and the management controls both departments have.

When you look back a number of years, even 10 years back, and look at the management systems of government departments, the number of controls and risk management tools we have at our disposal now as managers is quite astounding. I can speak to the actions that we have taken since I have come on board.

In both Infrastructure Canada and Transport Canada we have increased the internal audit capacity. We have established our external audit committee, which is chaired by an external member. All members are from outside government. We have already briefed them concerning all our operations and all our activities. We have shared all our risks, and they are going to be very much part of the activities we will go through over the years to come.

As well, I don't know if members are aware, but Treasury Board Secretariat does assess the departments' management performance. We do get report cards. As deputy ministers, part of our performance depends on how well our departments are being managed.

I must say that Transport Canada, in particular, has been at the top of its class in a lot of management areas, and Infrastructure Canada, for a seven-year-old department, has come a long way in terms of having the right systems and structures. As public servants we are proud of the work we have done, and we feel that we had a role to play in this very important project, especially on the economic action plan.

The workload issues were more on the Infrastructure Canada side; Transport Canada is a big department and it has the capacity.

I'll just leave it there.

• (1715)

The Chair: Thank you.

Mr. Colin Mayes: Thank you. Congratulations to you and your department.

The Chair: Go ahead, Mr. Volpe.

Hon. Joseph Volpe: Mr. Grégoire, I want to take advantage of the fact that you're here and that we asked you some questions the other day.

On aviation safety and the safety management systems, I noted that the minister made an announcement or a declaration yesterday that was highly publicized in the papers. It appeared to give the impression that you were abandoning the hand-off of the audit system to companies and to industry associations monitoring those companies, and that you were going back to a direct inspection system. Is that a wrong impression?

Ms. Yaprak Baltacioglu: Let me start. Then I will turn to Mr. Grégoire.

It is very important not to be confused with different languages around the inspection systems. We have not given up our oversight requirements. We have not given up our regulatory oversight. The safety management systems approach that has been discussed—and the committee is very well aware of it because you're doing a study on it—is not in place of inspection; it is an added layer of protection for the industry.

However, as we speak to the industry, the unions, and our own employees, we appreciate that issues are coming up, and the department is actively dealing with that situation. We have taken many steps. Maybe Mr. Grégoire can elaborate.

Mr. Marc Grégoire: Yes, in fact—

Hon. Joseph Volpe: There's no need, Mr. Grégoire, because I understand that part. We'll proceed on that another time.

I'll hand off the rest of my time.

The Chair: Mr. Kennedy, you have three minutes.

Mr. Gerard Kennedy: Thank you, Mr. Chair.

There was some discussion about relationships with municipalities, but let me ask first about spending.

Last year, the ministry underspent pretty dramatically on programs announced by the Conservative government. Essentially, the Conservative government promised to spend \$1.4 billion on its new programs under the building Canada project programs, but only spent \$117 million. We're here at estimates today and your main estimates ask for another \$979 million. The much talked about building Canada fund was budgeted at \$926 million, estimates requested \$376 million, and only \$56 million was spent. It was only 4% or 6% of the building Canada fund that got spent last year. The rest of it went back to the treasury.

You are asking for more money this year, so I am curious to know what assurances we have that the money is actually going to be spent. You've been underspending to a fairly dramatic extent over the last number of years, and in here you're looking for more money. Where are we going to get some truing to that, some actual action?

Ms. Yaprak Baltacioglu: Thank you.

The department gets the money in the budgets, usually straight-lined, year after year. The way the infrastructure program is run is that they ramp up, they peak, and then the peak goes down. This means that sometimes for the budgeted amounts we get year after year, our actual spending may lag a year behind.

That being said, the money is not lost. It gets re-profiled so that the spending can happen. If you look at the history from 2002 on, you'll see the department has lapsed on a consistent basis, as you said. In some years, it has been as large as 59%, as it was in 2004-05. In 2005-06 it was 15%. So it's a cycle, but—

• (1720)

Mr. Gerard Kennedy: Last year, Deputy, it was almost 95% of the money, again, for this amount.

The point is that there's a plan that's been in place since 2007, called the building Canada fund. Some of it now is being referred to in the same context as the infrastructure stimulus fund. I understand there are different rules. The public may not know that, but members of the government do say that these are accelerated projects and so on.

I guess I would ask this, then. In order to have greater reliance on those kinds of announcements, are they actually going out more quickly? Is there a list of projects that would support the announcements? Because especially some of the building Canada fund major ones are large projects. Are you monitoring their progress? Can some of that be shared with the committee so that we know you really need the money? Because billions of dollars have been asked for and billions of dollars were pretended to have been spent. At the end of the year, it's not spent at all.

That may be the way of doing things, but when stimulus is inferred and job creation is being claimed by people like the Prime Minister, I think it's important the department make clear where it believes the projects are actually going to take place in the year for which the dollars are being requested. Is it possible to have that information?

Ms. Yaprak Baltacioglu: I'll turn to John to explain the building Canada aspect, but one thing is very, very important: spending versus commitment data are quite different things. In terms of economic activity—

Mr. Gerard Kennedy: Sure, but on that point, Deputy—

The Chair: You just have to let her finish. We're way over the five minutes.

Ms. Yaprak Baltacioglu: Let me just get straight to the building Canada answer, then.

Mr. John Forster: I guess I would make a couple of points on the spending issue.

First and foremost, jobs do not occur only when the federal money flows out the door. We reimburse costs as projects are built. It's part of our accountability regime to make sure that we're paying as things happen so that—

Mr. Gerard Kennedy: Is that 30 days? Is that still the correct assumption?

Mr. John Forster: Once the claim has been verified and is accurate and is complete.

Now, under the building Canada fund, after the election the government came in and as part of the action plan said we need to accelerate that. We went to Treasury Board in February, and we changed some of the conditions and the criteria and cut the red tape around that program so that the approvals could move much more quickly.

Once those projects are approved, the proponents then are responsible for building them. I do not build the Sheppard LRT line in Toronto; the City of Toronto does it. I have every confidence in the City of Toronto that they want that built as fast as we do. Our funding therefore matches the pace of construction of the cities and the provinces and the others. It's a tremendous flexibility in the program that allows us to do that.

As Yaprak said, the money is not lost; it's there to match the pace of construction by our partners. To us, that's a very important feature of the program.

The Chair: Mr. Laframboise.

[*Translation*]

Mr. Mario Laframboise: You say that the money is not lost, but it is allocated by province. According to the government's fourth report, 3,200 projects come from the Infrastructure Stimulus Fund. We are talking \$8.3 billion, which would include the contributions of the provinces, territories and cities.

What is the federal government's share in the Infrastructure Stimulus Fund, and what is Quebec's share? Do you have those figures?

[*English*]

Ms. Yaprak Baltacioglu: Yes, Quebec's share is \$936 million under the infrastructure stimulus fund. The way Quebec agreed to divide up its share was that it allocated and we agreed to \$350 million for PRECO—this is the waste-water project—and another \$450 million on provincial and municipal local projects. There is also some activity we're engaging in terms of investing some money in the ports and the port authorities, so I think that's around \$136 million.

But, John, do you have any of the details of the other funds?

Mr. John Forster: Yes. In Quebec, across our funds to date, we have approved a total of 730 projects. That's across the building Canada and stimulus funds,

[*Translation*]

base funding.

[*English*]

There are several different programs.

● (1725)

[*Translation*]

Mr. Mario Laframboise: How much does that represent? Ms. Baltacioglu told us there was \$936 million. What part of that \$936 million has been committed, approximately?

Mr. John Forster: It's the Infrastructure Stimulus Fund.

Mr. Mario Laframboise: Yes, but how much of that fund is committed to Quebec, right now?

Mr. John Forster: From the Infrastructure Stimulus Fund, \$936 million is committed to projects in Quebec. That has been identified. The only exception is the PRECO program, a Quebec water pipeline program.

Mr. Mario Laframboise: Yes, but I mean....

Mr. John Forster: Of all that money, \$350 million has been committed to those programs, but Quebec has not yet approved all of the projects.

Mr. Mario Laframboise: Are you saying that out of the \$936 million, \$350 million has been committed?

Mr. John Forster: No, there are a number of projects with Quebec. We are talking about \$936 million for stimulus in Quebec. The funds have been committed for the projects. The projects have been identified for those funds. The only exception is the PRECO program. The funds have been committed. An agreement has been signed by the governments, but all of the PRECO program funding has not been approved for all of the projects yet. Quebec is in the process of receiving projects for that. That is why....

Mr. Mario Laframboise: That does not worry you, even if the deadline is January 31. As I was saying earlier, I think there will be cities that are unable to carry out their projects, but you think that all of the money will be spent and there will not be any money available for Quebec on January 31.

Mr. John Forster: The PRECO program still has money for projects that are pending approval.

Mr. Mario Laframboise: So there will be others.

Mr. John Forster: The deadline is important for municipalities in Quebec

Mr. Mario Laframboise: They will have to submit their projects as soon as possible to get the funding.

Mr. John Forster: Yes, Quebec implements these programs. There is a different form, but it is similar to the Infrastructure Stimulus Fund; it is one or two pages. Quebec is in charge of reviewing and receiving the forms and approving projects that are submitted to the federal government for approval.

[*English*]

The Chair: Thank you.

Mr. Jean, you can wrap it up for us.

Mr. Brian Jean: Yes, absolutely.

Actually, Deputy Minister, I was very interested in hearing more about the spending and allocation function. Mr. Forster talked a little bit about it. Specifically, in relation to year over year and keeping track, you started to answer Mr. Kennedy's question in relation to that. I was wondering if you could expand somewhat.

Ms. Yaprak Baltacioglu: That's in terms of how construction project cycles work. We have shared a chart with the government operations committee. Maybe we will share it with this committee as well. You might find it useful.

It does give one an opportunity to look at how infrastructure project cycles work, from the application and funding to the government and the province or territory agreeing and jointly announcing the funding, and then to where the work can actually begin. It then goes into a pre-construction procurement stage, to the construction stage, and then to project completion and the submission of the claims.

The important thing in the infrastructure stimulus fund, for example, is that we have provided opportunities for provinces to submit progress reports to us, but hopefully claims information at the same time, so that when the claims information comes to us, we do an assessment. We have to make sure that we adhere to the requirements of the agreement and hold true to our accountabilities under the sections of the Financial Administration Act. Then, within the 30 days, we get the money out to the province.

It's important to say this, though. While we encourage the bills to come in and the claims to come in, we have many projects either competed or under way for which we have not received any submissions from provinces.

Mr. Brian Jean: Any billings?

Ms. Yaprak Baltacioglu: Any billings; it's partly because they know that there are two years to it. Their accounting systems have to catch up and they have to do their due diligence. We're waiting for quite a big amount of activity, hopefully in the new year, because on

the ground the reporting is that a lot of projects are under way. We can tell that from the progress reports we've been receiving.

• (1730)

Mr. Brian Jean: Normal commercial terms are net 30 days, and I know that government sometimes works longer than that, because I used to sell things to the government.

In this particular case, though, are there any provincial or municipal governments that have any bills outstanding more than 30 days with the government? Is everything paid up to date?

Mr. John Forster: I don't know. I'd have to check the specifics to give you a categorical answer, but generally once an invoice is clean and accurate and we've reviewed it... With the first round of stimulus claims that we got in September, because it was the very first time using a new system under a new program, it took some time to go back and forth with them because there was some missing information. But once it's clean and the program has signed it off, then the finance people will look at it.

Mr. Brian Jean: That's really my question. It's once it's a clean application.

Thank you.

The Chair: I will have to interrupt the proceedings. There's been a vote called, so I will thank our guests today for their information and wish them good luck in the future.

Thank you.

On a point of order, quickly, Mr. Volpe.

Hon. Joseph Volpe: Mr. Chair, the deputy and her staff have made allusions to specific documentation they were going to make available to individual members of the committee. I'm assuming that as per the norm it comes to you and then to the rest of us.

The Chair: Yes.

Hon. Joseph Volpe: Thank you.

The Chair: Thank you.

The meeting is adjourned.

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