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

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**EVIDENCE**

**Tuesday, June 15, 2010**

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**Chair**

**Mr. Merv Tweed**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, June 15, 2010

• (0900)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** Good morning, everyone.

Welcome to the Standing Committee on Transport, Infrastructure and Communities, meeting number 24.

Pursuant to Standing Order 108(2), we are doing a study of the impact of the government's deadlines of March 31, 2011, for infrastructure stimulus projects, and of December 31, 2010, for the completion of projects under the recreational infrastructure Canada program, RinC, and the water and waste water pipeline renewal program, PRECO.

Joining us today, representing the Union of British Columbia Municipalities, is Mr. Harry Nyce, president; Barbara Steele, first vice-president; and Gary MacIsaac, executive director.

Also, from the Federation of Canadian Municipalities we have Hans Cunningham, president, who is director for the Regional District of Central Kootenay, British Columbia; Brock Carlton, chief executive officer; and Michael Buda, director of policy.

Welcome. I know some of you have been here before. Basically, the floor is open for 10 minutes for presentations; then we'll move to questions and answers from the committee.

I understand, Mr. Nyce, you're going to start us off.

Please proceed.

**Mr. Harry Nyce (President, Union of British Columbia Municipalities):** Thank you.

Good morning, honourable members. My name is Harry Nyce. I am president of the Union of B.C. Municipalities. I'm joined here today by Barbara Steele, first vice-president, from Surrey, and Gary MacIsaac, who is the executive director for UBCM.

UBCM is an advocacy organization that acts on behalf of local governments in British Columbia. Membership of UBCM is voluntary, but we are proud to say that all municipalities and regional districts in B.C. are members of UBCM.

In preparing for this submission, we were instructed to provide examples of situations facing local governments in British Columbia. We will do so, presenting several instances today.

First of all, we wish to state that the commitments made by the federal government to local government infrastructure in the 2009 budget were substantive and welcomed by the communities of

British Columbia. The stimulus funding programs are proving to be successful. For many years, local governments have made the case that there is a need for all governments to work together to renew and expand community infrastructure. We believe there are some localized issues with respect to the March 31, 2011, deadline that are best dealt with on a case-by-case basis in an administrative manner, rather than by wholesale program change.

In preparation for this submission, we surveyed our membership. In every instance, the survey respondents indicated that they are working towards completing projects in advance of the deadline; however, there are some instances in which certain concerns have been voiced about the March 31 deadline.

As you consider the impact of the deadline for these programs, we would ask that you do so in consideration of another date: when the funding decisions were made. The rollout of the infrastructure stimulus fund and the Building Canada community top-up fund was slower in British Columbia than in most other provinces. We understand that as soon as funding announcements in most other provinces and territories were made, in late spring or early summer of 2009, they were in effect allowed two construction seasons to complete the projects. This did not happen in British Columbia. The vast majority of announcements involving local governments did not occur until the end of September 2009.

The principal reason for the delay was that there was a provincial election in May of 2009 and a need for the newly elected government to bring forward a budget update, which was not introduced until September 1, 2009. Not all of the British Columbia approvals were announced in September. Some were later.

Let's take a look for a minute at Metro Vancouver, with a population of 2.3 million. In Metro Vancouver's case, funding for Annacis Island Centre for Excellence was not announced until January 2010. This is despite the fact that their application was submitted early in 2009. The project was indeed shovel-ready when it was submitted early in 2009, but almost a full year passed before it was approved.

Metro Vancouver has reported that while they plan to substantially complete construction for the \$9 million centre by the deadline, they are aware that the short timeline allows no room for any delays.

Our most important message to you, the committee, as you consider the March 31, 2011, construction deadline is that the late announcement of funding decisions effectively limited the period of construction for these projects to a single season. In many communities, the construction season is April to October, with key suppliers such as asphalt plants closing operation in mid fall and opening in spring. So while the funding announcements in B.C. might have been four months later than in other parts of the country, some communities effectively lost a year when you consider that we lost a full construction season.

To offset the challenges resulting from the late announcements, some local governments are taking aggressive steps to implement projects.

Let us take the District of Chetwynd, for instance. Chetwynd is a municipality of 3,000 residents in the Peace River region of northeastern British Columbia. In their case, they decided to award a construction contract to implement a communities component top-up storm drainage project in advance of securing a signed agreement with the funding partners. While the grant had been announced, and verbal commitments in relation to the funding agreements were given, the decision to award the construction contract was not without risk for the municipality, a risk that Chetwynd was willing to take to ensure the project could be completed by the deadline. Chetwynd comments that it simply would not be possible to have completed the full scale of the project in the timeframe allotted had they not taken this extraordinary step.

● (0905)

We provide the District of Chetwynd as an example to show the commitment of B.C. local governments to meeting the March 31, 2011, deadline. Other local governments also reported fast-tracking various parts of their projects to do everything possible to ensure they could meet the construction deadline. This was a common response to our survey.

However, we all know that despite best efforts, unexpected events and delays do occur. Many of these were outside of the direct control of the local governments. We think there needs to be a level of flexibility around the March 31 deadline on a case-by-case basis. We will provide a couple of examples of the need for this flexibility.

When it comes to managing local government infrastructure projects, there are many aspects of the process that lie outside a local government's scope of power or authority. As projects move through the design, engineering, and construction stages, federal and provincial bodies play a vital regulatory role.

Most of these projects involve approvals from multiple regulating entities, including everything from approval of work plans, to environmental assessments, to a host of permitting requirements. Consider the case of the city of Kamloops, a city of 86,000 in the Thompson Nicola area of south central B.C. The city received approval for the Westsyde riverbank protection under the Building Canada fund's communities component.

An environmental assessment is required for the project, and the city began preparing the environmental assessment document months ago. One of the components of the document was an archeological overview assessment to be provided by the Kamloops

Indian Band. As of last week, the archeological assessment had not been completed, which means the city's environmental assessment document remains incomplete and the project cannot proceed.

Kamloops is working to meet the expectations of the Department of Fisheries and Oceans, which requires that the construction occur within the limited timeframe due to fish habitat constraints. If the timeframe is missed due to the issues associated with the environmental assessment, the project could potentially be delayed until the next appropriate window, which will likely be some time next year. This would mean that Kamloops would not meet the March 31, 2011, deadline.

There are a number of examples of situations in which the regulatory process can delay a project. These delays are often out of the hands of the local government, and indeed may be out of the hands of the regulatory agencies, particularly where several approvals from multiple agencies are required.

Some of our members, particularly in the northern, rural, and remote regions, are experiencing delays due to shortages of material, qualified workers, and professionals. A good example of this is a project under construction in Tumbler Ridge. The District of Tumbler Ridge is located in northeastern British Columbia, 1,200 kilometres from Vancouver. It received funding to upgrade its recreation centre under the recreational Infrastructure Canada program.

The panelling specified for the project is a new, high-energy-efficient product, carried by only three suppliers. The product is popular due to its energy efficiency, and the suppliers are unable to keep up with demand, resulting in delivery delays. In the case of this project, delivery has delayed the project by about six weeks.

Tumbler Ridge is also experiencing a shortage of qualified professionals and has experienced lags of up to a month to obtain approvals from structural engineers at critical points in the construction process. This problem is exacerbated by the limited number of contractors in the area, since their work must be coordinated with that of the engineering professionals.

● (0910)

While these delays may seem minor, they must be considered in the context of a construction season that is extremely short. A delay of even a month or two will mean that construction cannot be completed before winter sets in, delaying further construction until late March 2011.

As stated earlier, we are not recommending an overhaul of stimulus programs that by and large are working well. Instead we believe there may be opportunities to provide some flexibility around the March 31, 2011, deadline, on a case-by-case basis, while maintaining Canada's objectives for the program. Two specific ideas to provide this flexibility relate to claims management and an integrated management approach for regular and top-up communities component funding. Claims could be managed by using the federal portion of the grant towards costs incurred prior to March 31, 2011, and for those projects that are not fully complete at that date, withholding provincial funding pending project completion. Integrated management of the regular and top-up funding would provide an opportunity to recognize any communities component project completed by March 31, 2011, as a stimulus project.

While we have shown some examples of top-up projects that are behind schedule, there are examples of regular communities components that are ahead of schedule and will be complete prior to the March 2011 deadline. Integrating the management of both programs would provide the needed flexibility to designate any project completed by March 31, 2011, as a stimulus project.

As we have indicated throughout this presentation, we are not seeking an across-the-board extension of the March 31 deadline. However, as these examples show, there are circumstances where local governments have acted in good faith but are threatened with circumstances beyond their control. In these instances, we would like to see administrative flexibility to address these projects on an individual basis.

I thank you for this opportunity, Mr. Chairman and honourable members.

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

We have a second presentation.

**Mr. Hans Cunningham (President, Federation of Canadian Municipalities; and Director for the Regional District Central Kootenay, British Columbia):** Thank you, Mr. Chair and members of the committee.

Before I start, I'd like to thank and recognize UBCM, one of our provincial association partners, for joining us today to provide details from the front lines in B.C.

I have with me our CEO, Mr. Brock Carlton, and Mr. Mike Buda, our policy advisor. They are here to help answer any technical questions. As well, Mr. Carlton will provide some comments in French as part of our presentation.

I'm pleased to be here to talk about Canada's economic action plan and the importance of building strong cities and communities.

I'd like to ask Mr. Carlton to start our presentation with a bit of background.

• (0915)

[Translation]

**Mr. Brock Carlton (Chief Executive Officer, Federation of Canadian Municipalities):** Thank you, Hans.

The FCM has been the national voice of municipal government since 1901. We represent 90 per cent of the Canadian population in

more than 1,900 municipalities in every province and territory. Members include Canada's largest cities, small urban and rural communities, and 18 provincial and territorial municipal associations, like our friends in British Columbia.

We are here today to discuss three issues: Canada's Economic Action Plan, the importance of continuing to work together for the three levels of government, that is the municipal, provincial-territorial and federal, and what will happen after the Economic Action Plan is gone.

[English]

**Mr. Hans Cunningham:** Thank you.

I'm here today to deliver three messages. First, Canada's economic action plan is a model for how governments can work together to meet national challenges. The plan established very clear national objectives and brought federal, provincial, territorial, and municipal governments together to achieve them. We should apply the same principles to longer-term national challenges, everything from traffic gridlock to homelessness.

The second message is this: when there are challenges in completing projects, governments must continue working together in the best interests of Canadians. We expect the stimulus plan to stay on track and the vast majority of projects to remain on schedule. When delays, as were mentioned, are caused by forces beyond a community's control, governments need to use common sense to make sure the project is finished and costs are shared fairly.

Finally, our biggest concern about the economic action plan is what happens after it's gone. Stimulus spending will end, but the underlying partnership must continue to grow.

A year and a half ago, Canada was plunged into a recession by the global economic crisis, and governments had to work together to take swift and decisive action. In January 2009 the federal government released its economic action plan, and today that plan is delivering the largest ever one-time injection of federal funds into Canada's cities and communities.

The federal government designed its economic action plan to provide a dramatic but temporary boost to Canada's economy, increasing public investments for a short period while the private sector recovered from the global economic crisis. While the government has stood by its stimulus deadline, it has shown flexibility in response to concerns brought forward by FCM. Initially the government said it would not pay for stimulus projects that were not fully completed by March 31, 2011. This meant that on a cost-shared project, a municipality could end up paying the full cost of construction if any part of the project was not finished on time. The government revised its position and agreed to pay its full share of project costs incurred before the stimulus deadline, regardless of whether the entire project was complete. Of course, this took the threat of 100% clawback of federal funding off the table.

Now the priority for all orders of government is to create as many jobs and complete as many projects as possible during the next 10 months. Governments must continue working together to move the country forward towards full economic recovery. Municipalities are working flat out to finish stimulus projects by March 2011, and according to Infrastructure Canada, virtually all stimulus projects are on schedule. That's good news.

In cases in which there are challenges in specific communities, all governments need to use common sense. If a delay is caused by something outside a municipality's control, as in the examples you heard, then federal, provincial, and territorial governments should work with the municipality to finish the project and share the costs fairly.

Municipal stimulus projects are governed by separate funding agreements in each province and territory. These agreements were signed at different points during the past year and delivered funding through different programs. Some provinces and territories took longer to sign on to the plan than others. FCM is in ongoing dialogue with the federal government and provincial, territorial, and municipal associations. If there are signs that the stimulus deadline poses a substantial risk to job creation or the completion of infrastructure projects, we'll call on all governments to come together to revisit the issue. Of course, our biggest concern about the economic action plan is what happens after it's gone.

For more than a generation, governments looked the other way as Canada's cities and communities fell into disrepair. Cracks formed in Canada's core infrastructure and transportation networks, hurting our economy and quality of life.

• (0920)

[Translation]

**Mr. Brock Carlton:** Now, thanks to recent investments and a new spirit of intergovernmental cooperation, Canada is starting to put the brakes on this downward slide. Thousands of cost-shared stimulus projects have brought governments together to create jobs and fight the recession.

And the permanent Federal Gas Tax Fund is giving municipalities stable, long-term infrastructure funding for the first time in history. These gains have slowed the decline in our cities and communities; now we must restore them to health.

[English]

**Mr. Hans Cunningham:** We cannot afford another relapse in the places where we live and work. We need to keep moving forward.

Governments must move beyond the political turf wars that cost taxpayers money and keep us from delivering results on issues that affect Canadians. Today's challenges criss-cross political boundaries. They call for greater cooperation. The economic action plan is a powerful reminder of what governments can achieve when they set clear objectives and work together to meet them. We need to take the same approach when it comes to addressing our longer-term challenges. That's a vision Canadians support and municipalities are ready to help build.

We're closer to it than we were just a few years ago. Let's not stop now.

Thank you for your time and attention. *Merci.*

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

Mr. Kennedy, you have seven minutes.

**Mr. Gerard Kennedy (Parkdale—High Park, Lib.):** Thank you Mr. Chair.

First of all, I just want to thank the representatives for the deputations, and also, through you, I think we want to express our appreciation for the work municipalities have done and are doing. We heard from your related group, the Union of Quebec Municipalities, last week. It's very clear that there is an extreme amount of hard work being done. We were reminded that there is a difference. Even though this is a partnership between levels of government—at least that's the aspiration—there's a difference between signing cheques and actually making the projects happen. I think we realize that a very large part of that is happening this year, that your municipalities are working very hard to make that happen. I think you should understand that I, at least, on behalf of our party, appreciate that, and I'm sure it's shared by others in this room. What we want to find out today and in subsequent discussion is how we can help that. How can we not have federal rules get in the way of the effectiveness of municipalities?

I know that the British Columbia association did a survey, and I have a few questions about that in a second. I just want to double-check something. Did the Federation of Canadian Municipalities conduct its own survey? Is it in charge of data that give us the national picture?

**Mr. Brock Carlton:** No, we haven't conducted a survey of all our members. We have been working through the provincial associations to understand the situation in each province, and we've been working with the department to keep track of the global data as we've progressed through the stimulus package.

**Mr. Gerard Kennedy:** Okay. Thank you very much.

Mr. Nyce, you have brought data, at least results of a survey you took on as an organization. Can you give us a feel for the results? Did that survey include the prospect of cancellations by individual municipalities? In other words, do you have instances where it's that significant? We heard from the Quebec association—for example, it mentioned La Pocatière, which is a municipality of about 5,000 people that got approved for a project but ended up not doing it because the deadline was too daunting in terms of what it could mean in local expense.

Did your survey touch on the extra costs that municipalities may have already entered into—in other words, completion bonuses, or completion insurance, or things of that nature? Is there something along those lines that was picked up in your survey?

Also, did your survey look at whether or not individual projects might be scaled down or—I know this sounds a bit extreme—left incomplete if there is a problem? The reason I include that is that we have some examples of it taking place.

I'm just wondering if you can give us a sense of the problems that you know of and what you might be able to share with the committee in terms of some of the information you've been able to collect from your members.

**Mr. Gary MacIsaac (Executive Director, Union of British Columbia Municipalities):** Mr. Chair, first of all, in terms of asking questions with respect to cost impacts, we did not include that as part of the survey. We prepared the survey in response to an invitation to appear as a witness, which was with respect to the March 31, 2011, deadline. That was not one of the questions.

We did hear from the members of the local governments in B.C. representing 74 infrastructure projects that had been approved. As was said by President Nyce, local governments are working very hard to achieve the deadline. They are fast-tracking; they're doing everything within their power to meet the requirements set out by Canada.

The question was about issues that arose from our survey. They've been the types of issues that have been addressed by President Nyce here today. They were typically cases where there were approvals or issues beyond the control, or outside the regulatory purview sometimes, of the local government.

The second issue we heard in some cases was the short construction season and the timing of the announcements.

Those are the two sort of predominant issues that arose, and they've been explained with some examples here today by President Nyce.

• (0925)

**Mr. Gerard Kennedy:** I just have a very quick follow-up, Mr. Chair. We heard about the impact of elections in Quebec. Was that a factor at all in British Columbia in terms of the capacity of municipalities to respond?

**Ms. Barbara Steele (First Vice-President, Union of British Columbia Municipalities):** If I may speak on that, yes. We had a provincial election, and actually things didn't get kind of settled down until about September, and after that the announcements were made. So we did lose a fair amount of time due to the provincial election.

**Mr. Gerard Kennedy:** Thank you very much.

President Nyce, you mentioned a couple of very interesting ideas around flexibility, and I wonder if I can explore them a little bit.

If I understand the first one correctly, if the federal government wanted to be very artificial about their deadline, they could charge their dollars first if a project... Presumably the other criteria would be met. In other words, the federal money could be clear and the provincial money could be held back in order to finish the project after the deadline. I just want to make sure I understand it correctly, because I think we're here to find out how we can help.

Second, there's a potential swath of projects in the BCF communities fund. One set doesn't have a deadline, and another set that was the top-up done under stimulus does. The idea was that maybe municipalities could arrange their portfolios in order to be eligible for the money, and not be penalized because of what would really be a technicality.

Is that a correct way to phrase those suggestions?

**Mr. Harry Nyce:** That is correct, and I think flexibility is our goal here on a case-by-case basis.

**Mr. Gerard Kennedy:** We believe here that there are quarters of government that have equal value and there is no senior or junior. If we want to be in partnership, we have to listen to you, and our action should reflect that.

It was suggested last week by the Quebec municipalities' association that if we didn't have that flexibility, it wouldn't really be treating municipalities fairly. In other words, there were delays on the federal end and there may have been some on the provincial end. You mentioned the election. But it wouldn't be fair that the only governments that paid for delays were the municipal ones.

I'm not trying to put words in your mouth, but is there something constructive in terms of...? This is the only committee that looks at the infrastructure part and a big part of the municipal partnership. Shouldn't we have some ground rules like this? Shouldn't we be encouraging this to be part of every federal-provincial arrangement? When the municipalities say something like "flexibility" and "still prepared to work very hard for it", shouldn't that be built in? Maybe that's something we should do in the future to make sure a partnership is really based on those kinds of principles.

**Mr. Harry Nyce:** When we're looking at the partnerships that have been built among the municipalities, I think the administrative label—if I can use that term—is to have a look at them and be flexible in how the projects are being rolled out.

At the end of the day, as I mentioned in my presentation, the construction season for some of these is short. When you're working with other partners, like the Kamloops Indian Band, for example, they also have a timeline. So that's out of the control of the municipality. The other example I used was the Department of Fisheries and Oceans. They also have their own timeline.

So I think it's important, when we're looking at that and the construction season, for example, to have a look at an administrative process to deal with it.

• (0930)

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

**The Chair:** Monsieur Laframboise.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Thank you very much, gentlemen, ladies, for your presentations.

We have a very difficult task ahead of us, that is to try and convince the government. In the presentation given by the Union des municipalités du Québec, the mayor of Laval was very clear. When we develop programs, we need to have deadlines. No one is challenging that fact. We have deadlines, everyone must respect them, and that is the problem.

In fact, there are constraints that are specific to certain areas, in a country as vast as Canada. For example, Quebec is a massive province, so imagine the entire country of Canada. How can we get the government to understand that in the beginning, when people sent in their applications, they were all aware of the deadline, and they all felt they would be able to meet the deadline? The problem is that on a day-to-day basis, managing it is not easy. There have been elections in some areas, there are particular applications that concern some departments, and there are administrative procedures. As a result, some municipalities will not be able to meet the deadline in the end.

Is my interpretation correct? Mr. Cunningham and Mr. Nyce of British Columbia, given your expertise, and are you aware of the fact that certain municipalities will not be able to meet the deadline?

[English]

**Mr. Hans Cunningham:** Certainly, yes, some are having those kinds of difficulties. As you heard from the Quebec instance and from the B.C. instance, generally those things are beyond the community's control. That's why we're asking for flexibility.

[Translation]

**Mr. Mario Laframboise:** Mr. Nyce, are you also aware of that in your community?

[English]

**Mr. Harry Nyce:** Yes, we are.

[Translation]

**Mr. Mario Laframboise:** I do not want the standards to be changed. I do not want to change the programs. I do not want the municipalities to be allowed to change the applications that they have made. The applications have been filed, that portion is done. It is rather a matter of finding a way to ensure that the expenses are not covered by the cities alone.

If I understand correctly, Mr. Cunningham, you are saying that all of the work done before the deadline will be paid for, and that everything done afterwards will be paid for by the municipalities alone. Is that indeed your interpretation?

[English]

**Mr. Hans Cunningham:** Yes, that's it exactly.

[Translation]

**Mr. Mario Laframboise:** All right.

We must find a way. I will say to you that it is not easy. What interests me is the result, not the political fight. The Conservative government has clearly done its homework, but it is the first time we have seen that. Because of the economic recovery, they chose to set a short-term deadline, which is obviously what all levels of government wanted. When one is stimulating the economy, it must be done quickly. However, we must take reality into account.

Mr. Nyce, you said that you would have preferred a case-by-case approach. You have to realize that as far as other programs are concerned, for example the MRIF, people were able to comply with the deadlines, because they were spread over several years. There was no problem, and additional funding was even provided. In this case, there will be no additional amounts. The case-by-case approach will therefore be reserved for individual programs. We are talking about the recreational infrastructure program, the stimulus projects and the pipeline renewal program, that is PRECO.

Also, Mr. Nyce, for the projects that are underway, you would like the government to deal with each one on an individual basis. For those that cannot meet the deadline, you would like them to negotiate with the government right away. Is that what you are asking for?

[English]

**Mr. Harry Nyce:** Yes.

[Translation]

**Mr. Mario Laframboise:** All right.

Among the other programs that you have seen in the past, is this the first that imposes deadlines that are difficult to meet? Since these programs have existed, whether they were created by the Liberals or by the Conservatives, is it the first time you have had this problem?

• (0935)

**Mr. Brock Carlton:** Yes, sir. It is true that it is the first time we have been offered a program with a deadline that is so precise. However, it is also the first time we have had a program that is targeting a specific thing, that is to say the economic crisis in Canada. Because the program was launched to counter the crisis, it was decided that it would only be in effect for a short period of time. Therefore, it is the first time in my experience that a program has established such a specific deadline.

**Mr. Mario Laframboise:** It is the first time that we are confronted with a deadline, a timeline that some municipalities cannot meet, for reasons over which they have no control. That must be explained.

Mr. Nyce and Mr. Cunningham, you have presented certain examples. The government must be made to understand that from the perspective of regulation—you referred to Fisheries and Oceans Canada, etc.—it is not easy when the time comes to deal with each case on an individual basis. Sometimes, it is not a question of money but rather one of will. Permits are required, we cannot begin without that. In Quebec, one must have the government's authorization before beginning the work. That is the reality in Quebec. All of the work done beforehand is not paid for by the government. Authorizations are required, and people must understand that.

Do you have any examples?

[English]

**Mr. Harry Nyce:** Yes, I think that's exactly what we're looking at, whereby it's indeed the provincial government as well as a partner that looks at those regulatory processes that need to be met as well.

**The Chair:** Mr. Bevington.



**Mr. Dennis Bevington (Western Arctic, NDP):** Thanks, Mr. Chair, and thanks to the witnesses. It's very good to have you here. As a former director with the Federation of Canadian Municipalities, I always enjoy having an opportunity to speak with you, or attend your conferences, or do anything with you, because I think you do a fantastic job of representing the communities. But you're here today to try to soften the government on the deadline they have for the completion of these projects, which were set up really as a national priority to deal with an economic downturn.

So this project is a national priority project, which the federal government opened up to communities in order to accomplish national goals. The national goals were to stimulate the economy and to avoid a deep recession. That was the purpose of this project. Had we been stimulating infrastructure projects in communities simply to improve infrastructure, we probably wouldn't have put a deadline on them. That wouldn't have happened, and it would have been done in a more comprehensive fashion, rather than having it on a project-by-project basis. Money would probably have been allocated on a more global basis to all the communities so that they could participate in developing their infrastructure, whichever community has infrastructure needs. I don't think there's one in the country that doesn't.

So that's the situation. Government doesn't want to change the deadline because idealistically they feel this would compromise other communities that didn't try to participate because they couldn't meet the deadlines. The government has that idealistic issue in its head, so it doesn't want to change the deadline. I don't think it's because they want to punish communities. I reject that. I don't think that's really what this government is trying to do here, and what we need to do is convince them that this is not an idealistic issue; it's just a practical issue right now, and other communities will not be put out if the government changes the deadline.

I just want to get your comments on that, both the B.C. Federation of Municipalities and the Federation of Canadian Municipalities. How do you think the other communities that didn't participate in the program would feel if the deadline was extended for these communities that have had trouble meeting the deadline? I think that's the nub of what the government has been talking about in the last while.

• (0940)

**Mr. Hans Cunningham:** Thank you, Mr. Bevington.

Actually, our call was for flexibility, not a change in the deadline, per se. With regard to that, I know Mr. Buda has some comments that he would like to make, because I know he studied the situation thoroughly.

**Mr. Michael Buda (Director of Policy, Federation of Canadian Municipalities):** Sure. You're right that municipalities didn't receive stimulus funding perhaps because they didn't have projects that could be completed by March 31, 2011; they didn't put them forward knowing that they wouldn't get them done. So there would surely be concern in some of those communities if there is a national or wide-scale extension to the deadline. The same may hold true for the very many municipalities—in fact, the majority of municipalities—that are going to complete their projects by the deadline. Municipalities really struggled last year to find projects that they knew they could do in what for most projects was probably a fairly compressed

timeline. They may have made compromises about the types of projects they decided to choose, knowing that they had to try to at least meet this deadline. If there was a change to the deadline, as I said, a sort of global change to the deadline, it would then, of course, throw into question for community members in those municipalities why they hadn't selected another project, and that they should have known they would have more time.

So there is a certain argument to that. That's why we're suggesting that a case-by-case flexibility, where delays weren't within the control of the municipalities, is going to help deal with that issue. In those cases, municipalities put forward projects that they thought they could do with the time they had. Of course, it turned out that they didn't actually have the time that they were going to have.

**Mr. Dennis Bevington:** I'm concerned about the overall impression within your organization. Do you feel that the communities support you in this desire for flexibility, that most communities that didn't get projects would understand that there is a need for a flexible completion date for some communities?

**Mr. Brock Carlton:** I'd say two things. One, this has been a discussion that's a policy of the board, so the board has understood the broad perspective of our membership. Secondly, the folks who run municipalities are imminently practical people, and they know that as you get into projects, sometimes things happen. The weather or other reasons cause delays. We're certainly not getting concern from our membership that the flexibility issue is a broad concern in terms of unfairness and that kind of thing.

**Ms. Barbara Steele:** I'd just like to say from my city's point of view—which is Surrey—that we have been very actively involved in this plan and working really hard, and probably have met most of our deadlines, but we really support our neighbours being able to do the same thing. You'd be hard-pressed to drive through Surrey without being stopped by construction somewhere or another and people working. As a local politician, you see the joy of the people working and share the frustration of trying to get someplace because it is so busy. It's a great atmosphere and it has worked extremely well.

We and many of our counterparts in the province definitely support the people who haven't been able to finish. This stimulus program has really done a lot. It's got people working, it's built up some pride, and it's got some projects off the ground. It's been very positive.

I would like to say that those of us who have been working well with it really support the other communities that haven't quite been able to meet the deadlines, just to have the flexibility to be able to do this.

**Mr. Dennis Bevington:** Do I have any time here?

**The Chair:** No, you're out.

Ms. Brown.

**Ms. Lois Brown (Newmarket—Aurora, CPC):** Thank you, Mr. Chair.

Ms. Steele, gentlemen, thank you very much for being here.

I think I want to go back to the issue Mr. Bevington raised, the issue of fairness, if I may.

Mr. Cunningham and Mr. Carlton, I think you were the ones who addressed this. You said that everybody agreed this would be a short-term program. Mr. Flaherty was very clear in the 2009 budget that the economic stimulus plan going into place was to be timely, temporary, and targeted. Everybody agreed that it should be, because it was to create an instant opportunity for jobs in municipalities to keep people who were in their communities working. Construction was going to create those jobs instantly.

I worked for seven years in a drafting office for an engineering company that worked for one of the fastest-growing municipalities in York Region. As a draftsman in that office, I was always tasked with projects that were being looked at by the municipality as viable at some point in their budget. They were doing the environmental assessments. It was an ongoing process, whether it was waste water, an infrastructure project, or a community building. They were part of a wish list that was ongoing. I'm sure your communities have those as well.

I know the municipalities that I represent in Newmarket—Aurora have ongoing wish lists. They are always in the process with the economic development office, in cooperation with their budget office, to know what's doable when and what money is available. When the money became available for economic stimulus, Newmarket—Aurora, both municipalities, had projects ready to go.

With all due respect, Mr. Nyce, I have a little bit of a problem when people talk about the environmental assessments for archeological digs. That can be never-ending, as we know. Likewise, environmental assessments with Fisheries and Oceans are not short-term projects. Those are ones where I think we expect they are going to be protracted because of the nature of them. With an archeological dig, you never know what you're going to encounter, unlike doing an assessment for putting in a water pipe or redoing a road that needs to be redone.

Getting back to the issue of fairness, my question would be this. There are many communities that have had these projects, have applied for the money, and have been able to do the projects and get them done. I look at some of the ones where I have done announcements on behalf of ministers not in my community, but in ridings around me, in Vaughan, in Richmond Hill, and in Toronto. I did announcements and subsequently have done ribbon cuttings for subsidized housing units. In Aurora, there was a waste water project. In Newmarket, the old town hall renovation, which is under construction and will be completed by the deadline, is something that qualified for the economic action plan. In Scarborough, I did the ground-breaking for a community centre not three weeks ago. Their community centre is going to be done by March 31. Probably one of the most spectacular ones I did was in the riding of Etobicoke—Lakeshore, where the opposition leader is the member. Humber College made an application for money for their new drama centre, which has been completed in the space of about six months.

So when these projects are doable—when they are doable—how is this fair to communities who have stepped up to the plate, who have undertaken a project, have gotten it done, and they're ready to undertake more should the opportunity rise...?

Any comment on those?

● (0945)

**Mr. Hans Cunningham:** I certainly agree with what you've said; however, sometimes things are beyond the community's control. Ontario was able to get under way quite early, and that's good because it gives them a leap. In B.C., because of the provincial election, we actually didn't even get the first announcements out until September, which is one season past.

**Ms. Lois Brown:** Mr. Cunningham, if I could just interject for a moment, though, you've given us a list of 72 projects and some of them are 100% complete. Obviously a provincial election didn't interfere with the ability of some communities to get some projects done. I find that a bit of a red herring. These projects that you've given us are 100% complete. So I don't know how that intervention of a provincial election could have been the interference with other projects.

**Mr. Hans Cunningham:** Thank you for that. You are correct, of course, that the vast majority of projects are well underlined and complete, and for that I think we're all very happy. But that's not the case for all of them, and that's where we're asking for flexibility.

● (0950)

**Mr. Brock Carlton:** If I could just add, for example, there are situations, let's say, in northern Alberta, where the weather and the transition from winter to summer meant the roads were not usable for a certain period of time. So construction equipment couldn't get into sites and projects are behind. I don't think people in Aurora or southern Ontario would be upset about the reality that the folks in northern Alberta are facing a challenge because of something beyond their control such as weather.

If I can just finish—

**Ms. Lois Brown:** We face the same kind of weather conditions. There are certain times when we cannot—

**Mr. Gerard Kennedy:** A point of order.

**The Chair:** Mr. Kennedy, on a point of order.

**Mr. Gerard Kennedy:** Mr. Chair, I just think it's important that we hear complete answers from the witnesses. We have only a handful of municipal organizations coming forward, and I think it's fair that they be heard.

**The Chair:** Mr. Jean on the same point of order.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** When Mr. Kennedy has the floor, he can ask whatever questions he wishes to have answered. Until that time it should be left to the person who has the floor.

**The Chair:** That's not a point of order, but we do want to hear the complete answers.

Please continue.

**Mr. Brock Carlton:** I was going to finish by saying that you started off I think with a very interesting set of comments about the projects being timely, targeted, and temporary, and we all understand that. I don't think what we're talking about changes those three characteristics. All we're saying, in some very specific instances, is that flexibility is required so that the project can be completed, so that the jobs that were anticipated are delivered, and so that the targeted exercise is finished. That's all we're saying. I don't think we're compromising those three fundamental elements of the stimulus package.

**Ms. Lois Brown:** May I ask how many projects are being asked for consideration?

**Mr. Brock Carlton:** We don't have a concrete list, because, as I said to a question from Mr. Kennedy, we work through our provincial associations. We work with the data from the department.

**Ms. Lois Brown:** How much time is being requested? When we say the jobs are temporary and obviously targeted to be kept within a budget year for the government, the March 31 deadline coincides with the end of the 2010 budget. Obviously that's very important for the government to ensure that we meet our obligations. When I look at projects that have been able to be finished, I find it difficult to say to other communities who have been able to meet the deadline, well, we always intended for there to be flexibility. They might have applied for something else. My town might have applied for money for a project that really does need to be done, but they knew it wasn't doable within that two-year time period, so they said they'd have to forgo that one in favour of a manageable, operational, "we can get this done" project.

**The Chair:** I'll have to interrupt there.

Is there a comment?

**Mr. Brock Carlton:** Our members are not telling us that perception of fairness is an obstacle to seeking flexibility, where flexibility is required so that projects can be completed as a result of delays that are beyond the control of the municipalities. I should also say that municipalities are one-third partners in this. The federal government is certainly taking a lead and putting a lot of money on the table, but so are the provinces and the municipalities. We shouldn't forget that there are three different orders of government working on this, not just one.

**The Chair:** Thank you.

Mr. Dhaliwal.

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Thank you, Chair.

Welcome, witnesses. As all politics is local, my questions will be going to one of my favourite councillors, Madam Steele.

Madam Steele, you mentioned that the Surrey mayor and council, management, and staff worked really hard to meet those deadlines imposed by the federal government. Did any of the projects in Surrey have to pay premiums to meet those deadlines?

**Ms. Barbara Steele:** Project by project, I don't have the funding in front of me. I'm sure there were some premiums paid, but I wouldn't know for sure.

We do have one that's still not complete and that we are working very hard to complete. I didn't intend to say that they were all finished and done and we're sitting back smiling; we have one that we're working very hard to complete, and getting people to work on it has been an issue. There are also possibly one or two in Delta that we are still working very hard on. We were able to get through most of ours, but we still have a couple that are not complete.

• (0955)

**Mr. Sukh Dhaliwal:** So a couple of them are not complete.

On one of the projects that you mentioned, you are trying to meet the deadline. It's also my understanding that there is going to be a 10% premium on that particular project. If the federal government does not cooperate on this extension of the deadline, the 10% premium that will be paid will be transferred to the local taxpayers. Is that true?

**Ms. Barbara Steele:** I'm not all that familiar with that particular number, so I'm really not prepared to make much of a statement about it.

**Mr. Sukh Dhaliwal:** Let me put it this way. In general, my research shows that there is one project in the city of Surrey for which the city taxpayers have to pay 10% in addition to what they will have to pay on their property taxes if the deadline is not extended. Can you tell me if there would be any additional burden on the federal government if the federal government were to extend that deadline?

**Ms. Barbara Steele:** I'm going to let Mr. Buda answer that question.

**Mr. Michael Buda:** I'm not familiar with that specific example, but the situation you've described actually happens in municipalities in any federal-provincial-municipal one-third cost-share program. Municipalities are actually more than a one-third cost-share partner in most of these projects because there are a large number of capital costs associated with the project that are not eligible under the rules of the program. They include unanticipated and unbudgeted costs such as those, so in that specific case it may be that if the risk premium or the costs associated with meeting the deadline weren't budgeted, they may not actually be eligible. It will depend upon how they budgeted it.

As I said, that holds true for any number of things. When you open up the road to replace the sewage pipes, you budget for a certain number of conditions and factors. If you find things you didn't expect underneath the pavement, the costs will rise. In all cases of federal infrastructure programs going back to 1993, it has been the responsibility of the municipal government to pay for that. This is common not just to the stimulus program but to previous programs as well.

**Mr. Sukh Dhaliwal:** When you say the cost is going to be a burden on the municipality, are all the municipalities in a state to afford that kind of tax burden on the taxpayers?

**Mr. Michael Buda:** It will depend on the fiscal capacity of the municipality, but, as I said, all municipalities go into federal infrastructure programs with their eyes open. Anyone who has renovated their house knows that things almost never go exactly as planned; municipalities know that if the project doesn't go exactly as planned and there are cost overages, they know they are going to be picking up those differences, although obviously if they could budget them, they would be included in the project budget and then covered. Almost anyone who is doing a house renovation keeps a notional reserve so that they know they can cover it.

In the grand scheme of things, municipal fiscal capacity is extremely pressed and property taxpayers are pressed, but specific projects are affordable, yes.

**Mr. Sukh Dhaliwal:** My next question is to the UBCM. You mentioned that you sent a survey out, and 22 out of 39 surveys stated that the projects would benefit from deadline extensions. Generally speaking, what timeline are we looking at for those projects?

**Mr. Harry Nyce:** At this point we didn't have any specific time allotted. What was found was that on a percentage basis, some of the projects would meet the deadline—50% would—and 50% just weren't sure.

**Mr. Sukh Dhaliwal:** My question was how much more time do you need?

**Mr. Harry Nyce:** We don't have that at this point.

**The Chair:** Thank you.

Monsieur Gaudet.

[*Translation*]

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

I would like to begin by asking a question of Mr. Cunningham and Mr. Nyce.

Have you sent a letter of explanation to the Minister of Transport or to the Minister of Finance, so that in certain cases, the deadline for certain projects would be pushed back?

• (1000)

[*English*]

**Mr. Harry Nyce:** Yes, we did.

**Mr. Gary MacIsaac:** Mr. Chair, the UBCM executive raised this issue with the minister responsible for local government about six months ago at an executive meeting.

[*Translation*]

**Mr. Roger Gaudet:** Did you send a letter?

[*English*]

**Mr. Gary MacIsaac:** I don't believe there was a formal request. The issue was raised verbally at an executive meeting.

[*Translation*]

**Mr. Roger Gaudet:** I come from Quebec. I was a mayor for 12 years before becoming a member of Parliament. You know what an election year looks like: all projects languish and no one wants to spend too much. There was an election in Quebec in November 2009. December 31, 2010 and March 31, 2011 are tight deadlines. If the government doesn't show some flexibility with

regard to some projects, it's a foregone conclusion that some projects won't see the light of day.

Earlier, Mr. Buda was talking about fairness. I would be happy to see everyone finish at the same time, but everyone would have to start at the same time as well. I understand what you are saying. Earlier on, you clearly stated that as an issue of fairness, everyone should finish at the same time. But everyone would also have to start at the time.

I understand that this does not depend on the government, but at the same point in time, some circumstances will dictate that some people will not be able to start at the time as the others, for whatever reason.

I would like you to speak again to the issue of fairness. Earlier on, that bothered me somewhat.

[*English*]

**Mr. Michael Buda:** The notion is that all municipalities knew the deadline was March 31, 2011. In most cases they selected their shovel-ready projects for completion by March 31, 2011, in early winter of 2009, so it was a year and a half ago.

In fact it was even before the budget announced the stimulus funds because they knew they would have to move as quickly as possible to get their projects into the application process. They knew there would be some time for the provincial and federal governments to review those applications and make their decisions.

So people started planning these projects...actually December 2008 is when we first made a call to our members to identify shovel-ready projects. When the budget was announced, they knew roughly how much money was available. The province, working with the federal government, started to work on programs they could apply for, so people began to adjust their lists.

I think your point is that in some cases municipalities that had identified these projects as early as January or February of last year may have had to wait six or eight months before they heard whether their projects had been approved.

So the projects were originally identified. They anticipated having one and a half or two full construction seasons. They may have only had one construction season. But in all cases, those projects were identified. They had planned to be able to get them done by March 31, assuming they had two years.

The idea of a global extension would be challenging. If the municipality had known they'd have more time, they probably would have taken more time or chosen a different project. The challenge is that they had, as you said, different starting points.

I think that's what we're trying to get at here. Some municipalities in some provinces had starting points as late as eight months later than others. It's difficult to meet the same deadline when you're starting eight months later. In those cases we're suggesting there should be some flexibility required. It may not actually require more time. There are other administrative solutions that could allow a municipality to finish part of the project but still ensure that the federal share is contributed.

[*Translation*]

**Mr. Roger Gaudet:** I agree with you on that point. One must not forget that with the three-way-split formula, everyone is paying. Whether it comes from Quebec, from the provinces, the territories, the federal government or the municipalities, everyone is paying one third. In my opinion, fairness means that everyone participates.

It is like the economic stimulus: some provinces got more than others. There were good reasons, I agree, but that does not mean that the other provinces should be left out. Sometimes, it is the opposite: one province should perhaps get more than another, to a certain extent. We cannot be fair on one single issue whereas, on the next, the issue of fairness is not taken into account.

Fairness, to my mind, means that everyone is entitled to what is coming to them, at the end of the day. I do not know what you think, but sometimes we can't spend on some days, whereas we can the following day. Some people received more funding thanks to the economic recovery, whereas others received less. Under those circumstances, how can we be fair? That is why I want fairness to be included in all government programs.

I do not recall if it was Mr. Cunningham or Mr. Nyce, but earlier on you spoke of the future. In your opinion, what will the future look like after March 31, 2011?

• (1005)

[*English*]

**Mr. Hans Cunningham:** Very good, yes. We did speak about the future, because one of the things that has worked out is that the economic action plan has been successful for most communities, and we're quite happy with the way things are turning out, generally speaking, and that in fact we're looking for more partnerships between the different orders of government. We think that by working together we can avoid duplication, we can work more efficiently, and of course we can, in our case, end up with a much better result for our communities. And that's what I was speaking to, at looking to the future, because I think that's an important thing.

Also it was mentioned about flexibility, the flexibility we're talking about. The government has shown flexibility before by withdrawing that 100% clawback that said if you didn't finish by the deadline date, you're not getting any of the federal money and you have to pay back what you got. So that is a definite showing of flexibility and one that most communities were very happy with. The kind of flexibility we're showing now could basically be taken care of, in many cases, by some administrative work.

**The Chair:** Thank you, Monsieur Gaudet.

**Mr. Brock Carlton:** Can I add to that, Mr. Chair?

**The Chair:** Yes.

**Mr. Brock Carlton:** I think, in addition to what President Cunningham said, in the future there will continue to be difficulties or challenges with the infrastructure deficit at the municipal level, so we will be looking for ways to continue to work with the government to support the ongoing work to rebuild the infrastructure at a municipal level across the country.

We certainly appreciate the initiation of the gas tax, and making the gas tax permanent is critical; it must continue into the future. At

some point in time, when the economic situation is better, that gas tax will need to start to grow with the economy because it will lose value over time.

Certainly one of the clear examples of the infrastructure challenges at the municipal level across the country is the current waste water regulations discussion we're having. But we feel that if we can take the stimulus package as an illustration of how the three orders of government can attack a national challenge, if we take that model, we think there's a way that we can come to a resolution of the waste water regulation problem in the country through the cooperation of the three orders of government.

**The Chair:** Thank you.

Mr. Richards.

**Mr. Blake Richards (Wild Rose, CPC):** Thanks, Mr. Chair. I appreciate the witnesses making the time to be here today.

I couldn't help but note a comment that was made by the Liberal member, Mr. Kennedy, in his remarks. I'm paraphrasing here, but basically what he said was that there's a difference between making an announcement and delivering on a project. I certainly couldn't agree more with that. That's why I'm so proud of the unprecedented, very quick action that's been taken by our government on this municipal funding for the infrastructure projects.

I look over a list of projects and I know there are a number from B.C. in it. Just to highlight a couple of areas that I really enjoy holidaying in, I see that one of them is Tofino, with some highway work that is 100% completed. Another area I enjoy going to, to hit the links, is the Radium–Fairmont area. I notice a project in Radium: some trails, which are 100% completed. There are dozens and dozens of examples.

I look to my own province of Alberta and to projects in my riding. There are Highway 1A improvements near Cochrane. I look at work on Highway 1 near Banff and on Highway 27 near the Olds area. I have a number of other projects: roadworks in Airdrie and rinks in places such as Olds and Airdrie, and waste water infrastructure in places such as Crossfield and Didsbury. In my riding, and everywhere else, I hear that people are very impressed with how quickly these projects are rolling out and how quickly they're being completed.

Obviously, that's to the credit not only of our government but of the provinces and the municipalities as well. We can all take great pride in the work we've done together to make this happen as quickly as we have.

I contrast that with other times when you would see programs drag on for years and years with very little progress. We've certainly seen that in the past. A great example of it was the Liberals' infrastructure program, called the municipal–rural infrastructure fund. That was a program, a billion-dollar fund, that they announced in their budget in 2003. It took them three years just to negotiate and sign agreements with all the provinces. It took until 2006 to do it. The amount of money spent on the first year of their program was zero dollars; the money spent in the second year of the program was zero dollars again; and the amount spent in the third year of the program was very insignificant—we're talking about less than one-tenth of one per cent of the announced funds.

When you look at examples like that, I guess I would ask the panel today, is there anyone who thinks that is the kind of example they would want to see us follow on infrastructure funding?

I note a complete lack of support for the Liberal approach to infrastructure funding among the panel.

Maybe we'll just look at another question that I have for you. I'll ask you. In terms of our infrastructure stimulus program, obviously we had a number of unique features that ensured quick rollout of some of the funding. For example, there were very short—in some cases one-page—applications, streamlined environmental assessment processes, and of course reliance on attestations from the project proponents.

I'd ask anyone who'd be interested in answering: overall, do you feel that these new features we've included have been helpful in advancing the funding? If so, why?

• (1010)

**Mr. Brock Carlton:** It's a fairly long question. I was going to say something to the first part of your question.

I think it's important to recognize that the history is what it is. Part of the fact is that negotiating federal–provincial agreements is pretty challenging. Now we're at a point at which there have been some precedents. There are some models that have been developed, and those are being followed.

I can't speak to the history that you outlined, other than to say that it must have been very complicated to make those negotiations.

I would say that the recent developments in the way the stimulus package was rolled out have, from an administrative perspective, been an improvement. We have a plan to sit down with the department and with the minister's staff to talk about what went well, what didn't go well, what the lessons learned are, and how we can improve, so that the next time round we're building a model that, as we go into the future, just gets better and better.

**Mr. Blake Richards:** Is there anyone else who has comments?

**Mr. Harry Nyce:** Our members at UBCM are feeling quite satisfied, and this funding is working quite well, considering.

**Mr. Blake Richards:** Well, that's great. Again, I think it's a great indictment for all governments—our federal government, the provincial, and the municipal—that we've been able to work so well together in great partnership. I certainly expect that will continue.

I look at things such as the gas tax funding. Last year we announced the doubling of it. It's an ongoing program. I would be curious about your comments on whether you support the doubling of the gas tax funding and the ongoing nature of it. It's certainly another example of great cooperation between the levels of government.

**Mr. Hans Cunningham:** I certainly agree with you there. The gas tax has done a great deal for us in communities in helping us rebuild our infrastructure.

Of course, as was mentioned by Brock, what we'd like to see down the road is something in the way that would make sure it

continues to hold its value as inflation takes hold, so some kind of inflation type of compensation.

But yes, the gas tax was and is an excellent program. It's the kind of thing, a general program, that FCM has always advocated and is part of our policy.

**The Chair:** Thank you.

**Mr. Brock Carlton:** And what's particularly important about the gas tax is that it's a predictable, sustainable revenue for the municipalities. So instead of going through project application and approval, etc., the gas tax allows for predictability, long-term planning, long-term management of your affairs in a way that project-based programs don't.

**The Chair:** Thank you.

Ms. Crombie.

**Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.):** We have heard that not all the municipalities are going to be able to meet the March deadline. We know that. In fact, there is a myriad of reasons that you've talked about and some other municipalities—last week, we heard from the City of Laval—have talked about: seasonality; labour issues; weather, of course; inability to mobilize quickly; and we've heard it's because the deadlines are too punitive, too rigid, and thus unfair.

We've heard 50% of projects will be over time and hence over budget, and then you're going to experience the clawback. Is this fair, and should this be changed? Should the government be willing to be more flexible?

Ms. Steele, we heard from you that you will have projects that will be over time and over budget, and of course we've heard that will add additional costs to your taxpayer because of this inflexible deadline. Am I correct?

• (1015)

**Ms. Barbara Steele:** Yes, there is certainly some indication that there will be some added expense. I don't know that it's been said that it's an absolutely inflexible deadline. I think we're here to try to work out some plan. I don't think that any of us, and certainly not UBCM, has any plan to globally extend the deadline at any time.

**Mrs. Bonnie Crombie:** Ms. Steele, the other question I wanted to

**The Chair:** Can I just ask for clarification? Is it 50% that you're —?

**Mrs. Bonnie Crombie:** This is the number that we have heard—

**The Chair:** Okay. I just wanted to make sure. They both shook their heads.

**Mrs. Bonnie Crombie:** —that 50% of projects will be over time.

**The Chair:** Are you in agreement with that?

**Ms. Barbara Steele:** What?

**Mrs. Bonnie Crombie:** That 50% of your projects will be past the deadline.

**Ms. Barbara Steele:** That's a national question again.

**Mrs. Bonnie Crombie:** So the national number.

**Mr. Brock Carlton:** We don't have that figure. I don't know where that figure comes from.

**Mrs. Bonnie Crombie:** It's a national number that we have heard in our canvass of different municipalities across the country.

**The Chair:** If that's your position, then that's fine. If not, I just wanted to clarify that.

**Mr. Brock Carlton:** It's not our position. If 50% was the number, we would have heard about it during our annual meeting in Toronto. But we don't have a percentage. We know it's not 50%.

**Mr. Gerard Kennedy:** A point of clarification, Mr. Chairman.

The survey information we have in front of us indicates that 54%, 20 of 37 municipalities, would benefit from an extension—

**Mr. Brian Jean:** Mr. Chair, a point of order.

**Ms. Bonnie Crombie:** We're on a point of order.

**Mr. Gerard Kennedy:** Excuse me, Mr. Chair.

Further, the same number had an impact from the extension, increased costs for sure for about 22%. So on a majority it would have an impact. This is the B.C. data that was collected by the B.C. association. Those are metrics that are from there. That's what we're saying there.

We will be releasing a study that we've done across the country, but the 50% is not the number there. It's lower than that, but it is still very significant.

So just because it's coming from this side, Mr. Chair... We will be releasing a study that we've conducted, and I'm just putting forward that what Ms. Crombie is referring to is that around half of the people contacted in the UBCM had a negative impact from the deadline.

**The Chair:** Mr. Jean, on the same point.

**Mr. Brian Jean:** I did have a point of order, Mr. Chair, but then I found out it was evidence that was garnered by Mr. Kennedy, so there's no interest in that.

**The Chair:** Thank you.

Ms. Crombie.

**Mrs. Bonnie Crombie:** I'd just like to continue, if I could, Ms. Steele, with you.

You had mentioned that the—

**The Chair:** Mr. Watson, on a point of order.

**Mr. Jeff Watson (Essex, CPC):** I was hoping to respond to the point of order.

Is that the same survey that was at the heart of a report this committee sent to the Speaker about a potential breach of privilege? Is that the same survey, Mr. Chair?

**The Chair:** That's not a point of order.

Ms. Crombie.

**Mrs. Bonnie Crombie:** It's not a point of order. It's not relevant either.

Ms. Steele, I just wanted to ask you as well, in your opinion... There's construction everywhere, everyone is working, and that's a terrific thing, but I want to ask you what the unemployment rate in Surrey is. Is it the national average of 8%? Higher? Lower?

**Ms. Barbara Steele:** I can't answer that question.

**Mrs. Bonnie Crombie:** Are women benefiting as well from the jobs that have been created from the infrastructure...?

**Ms. Barbara Steele:** I can't answer that question either. I don't know.

**Mrs. Bonnie Crombie:** Is the infrastructure program benefiting more men than women, would you say, in the construction industry? I wonder if women's jobs are being created.

**Ms. Barbara Steele:** I wouldn't even be able to answer that question at all.

**Mrs. Bonnie Crombie:** I wanted to ask Mr. Carlton or Mr. Cunningham the following. Other municipalities have told us that only those projects that were well under way benefited from the program. So if you were through the feasibility study plan, you received funding, but other projects were ineligible. Was that your situation in B.C.? If you have projects that were ready to go, you benefited from the plan; otherwise, you didn't benefit. Would you agree?

**Mr. Hans Cunningham:** That's a technical question, and I'll refer you to Mr. Buda for that.

**Mr. Michael Buda:** In my job at FCM I spend a lot of time on the phone with our members, who are usually phoning us and asking how we can help them solve their problems related to the infrastructure stimulus fund and to ensure that their projects get done. In the vast majority of cases, municipalities don't actually do a lot of planning and engineering work until they know the project is budgeted. In the case of the infrastructure stimulus fund, they would have chosen projects that may not have had the designs fully complete, but for which they knew they could complete the designs relatively quickly.

To your question of whether the people who were more or less on schedule happened to have projects that were fully drafted, I know for a fact that was not true, because lots of municipalities phoned and said they have begun drafting plans and doing engineering and all the rest, after finding out they had got the money. That's normal. There is a whole variety of reasons why people are on target. Anyone who has renovated their home will know that if you tear down a wall and find something you didn't expect, it puts you back six weeks, eight weeks, two months, or a year. The same thing happens when you dig up a road or pull down a building. So there is a variety of reasons to explain why people are on target or not on target.

• (1020)

**Mrs. Bonnie Crombie:** Mr. Buda, thank you. I just want to get in one more question really quickly before I'm out of time.

My concern is that this infrastructure stimulus plan was a real lost opportunity for a once-in-a-generation legacy project. For instance, Toronto could have built a subway. We could have had a high-speed train. We could have had LRTs in Mississauga, for that matter. We've invested \$50 billion, and, frankly, all we have to show for it are some roads and sewer maintenance and bridge repair.

Would you agree? Was there a legacy project that you would have otherwise undertaken in your communities if the deadlines in particular weren't so punitive and restrictive?

**Mr. Michael Buda:** Certainly, our members discussed that extensively in December 2008 and January 2009, before the stimulus funds were announced. Even at that time, most of our members understood that it would be difficult to undertake legacy projects if the government's intention for this program was to focus mainly on creating jobs. Of course, that was a government decision.

Our members are here. We have a range of needs, from rehabilitation of existing infrastructure to the creation of new legacy projects, as you described. They were certainly willing to work with the government of the day to complete projects that were consistent with meeting national objectives, like job creation, but you're right, there were other projects that were available. It really was up to the government to decide what the objectives of that program were.

**The Chair:** Thank you.

Mr. Jean.

**Mr. Brian Jean:** Thank you, Mr. Chairman.

Thank you, witnesses, for coming today.

First of all, I just want to point out some facts. I've been here six years now—in this job, four and a half—so I've had an opportunity to work with the FCM. I've found that partnership very good, and I think we've developed some good programs together with the federal government.

I see you nodding your head in agreement, so I see you're happy.

In 2007 the FCM identified that there was a \$123 billion deficit in infrastructure across this country. We came forward, as a government, with a \$45 billion plan to put some infrastructure back—\$45 billion from the federal government, which, if you utilize three ways, includes \$33 billion through Building Canada and Canada's economic action plan and the stimulus fund.

I notice that you're questioning the \$45 billion, but if you add it all up, it's \$45 billion—for sure the most money ever spent by a federal government in the history of our country to revitalize infrastructure. In fact, if you times that by three, which is the idea of all of the programs, you have, funnily enough, enough money to cover the entire deficit that the FCM identified. So I'm not surprised that you're very happy with this federal government.

I think it's clear; we've talked about the purpose of this particular fund, which is, I might remind members, less than 10% of the entire infrastructure money. It's \$4 billion, so we're talking about less than 10%. And if 10% of the projects have some sort of shortfall, or you don't have enough money, or they aren't completed in time, that's less than 1%.

I just want to remind everybody of the big picture here. This is a federal government that came forward with \$41 billion in money outside of the infrastructure money. We're here today talking about less than 10% of that fund, and less than 10% of that, really, is an issue, in my mind. I just want to point that out.

You see, representing governments in northern Alberta... As you mentioned, northern Alberta has a lot more challenges than most communities across this country. We have no employees; we have nobody who can do the work, in essence, in northern Alberta. You have to get them from somewhere else.

We have some of the worst weather across this country. We have a lot of problems getting material that's reasonably priced. Yet I have no complaints from my constituents.

Now, maybe you do, Mr. Carlton, but...

I have a mayor who told me over a year ago, "Listen, I'm not going to apply for that, because I can't get it. I can't do it in time." So now I'm going to go back to that mayor and tell him, "Well, you could have applied for that. You could have applied for it. You didn't need to get it done. The FCM has come forward and said that you don't need that deadline for infrastructure stimulus."

And it's actually a fund to stimulate an economy; it's not just to build infrastructure. I just want to make sure that's clear.

I want to talk a little bit about not just fairness but about the infrastructure stimulus fund project application. I have the application in front of me. You all have had a chance to read this, I'm sure.

First of all, it talks at the bottom about an attestation, in number 3:

I warrant that this project would not be otherwise constructed by March 31 2011, without the federal...funding requested.

It also says:

4. I understand that

(a) all costs incurred before provincial and federal approval and after March 31, 2011, are ineligible;

You didn't get the money unless you signed it. Is that right?

● (1025)

**Mr. Michael Buda:** Yes, that's true. I know I've spoken to municipalities in Alberta who signed exactly that form when they applied for the funding and then waited seven or eight months before they got their approval.

You're right, all municipalities went into this knowing what the guideline was. What they didn't know was when they were going to get the approvals.



**Mr. Brian Jean:** It also talks in here about environmental issues, and you've talked about aboriginal consultations. But as I look at this, it's only a one-page application, which I'm sure you appreciate after the 30- or 40-page applications from previous governments. It's a one-page application that mentions environmental issues three times: about whether or not this is to deal with an environmentally sensitive area; about whether or not it's federal environmentally sensitive land; about whether it complies with the land use or resource management plan for the area.

There are three aboriginal issues in here. It talks about aboriginal consultation, aboriginal communities, or the project having any adverse function on aboriginal communities.

Everybody knew full well what they were getting into with this agreement, and that's what I'm having problems with today. I mean, this is infrastructure stimulus money. Any economist will tell you that infrastructure stimulus money is for stimulating an economy, which we obviously needed—everybody's agreed with that—and now you're coming to the table asking for a change on, in my mind, less than 1% of the Building Canada plan that this government put forward, that you asked for.

I just really don't understand. I think it's unfair to my municipalities to go to them and say, "Sorry, you should have applied for that, because we're going to extend it." I mean, you have to have rules in place. It's just like when you elect your board of directors; you have to have your nomination form in on time or else you're not going to be qualified to sit for that board and be elected.

We have to have deadlines, and that's what I'm here to tell you today—even though you're here to tell me something.

**Mr. Hans Cunningham:** Thank you very much. I appreciate what you've said. Of course, you're absolutely right insofar as it looks as though the vast majority of the projects are going to be completed on time and on budget, and everything's fine.

I come from an educational background, and if all of the kids except one in my class are doing very well, as a teacher, I go back and help that one who's having some trouble, especially if the troubles aren't the kid's in particular. Maybe there are things happening at home or things like that.

That's what we're talking about here. We're talking about flexibility for those who, for some reason or another that's beyond their control, need a little bit of extra help. We realize they represent a low percentage, but we don't want to throw them to the wolves.

Thank you, though.

**The Chair:** Thank you.

Before I go to our final round, one of the questions I have deals with the delays. Municipalities I represent come to me and say they need to know what they're doing right away so they can avoid costs because of delays. Now I see the other end of it. Do you see asking for a delay or moving it into the future to some date increasing your costs at the end of the day, or does it just give you the time you need to finish the project?

**Mr. Michael Buda:** It's just gives us the time we need to finish the project so that the federal share of the total project cost can be reimbursed to the municipal government.

In some cases, construction costs might be decreased, because of course if you can spread the time to complete a project over a longer period, less overtime might be needed. In that specific case, municipalities have already budgeted those costs, so that really isn't going to be nearly as big a factor. It's simply the time to get things done.

I might add that some of the possible solutions might not actually require more time but might involve changing the parameters of the project or changing who is providing the funding and when. It's not necessarily simply a question of extending a particular project's deadline. It involves looking at other things.

As Mr. Carlton has mentioned, the government has already provided flexibility in removing the 100% clawback. Just two days ago, actually, the department confirmed that originally Treasury Board rules stipulated that the final expense claims, which included all invoices incurred up until March 31, 2011, had to be submitted by April 15, just two weeks after the deadline. Our members let us know that wasn't going to work. If you're renovating a home, you hold back the final 10% so that you make sure the project is done completely. Municipalities have holdbacks that aren't going to be paid until, in some cases, up to three months after the project is completed, even though the work was completed before the deadline. They wanted to ensure that the holdback could be covered. Just last Friday, after a brief e-mail exchange with them, the department confirmed that they understood the issue, and they agreed to extend the deadline for receiving invoices to up to 90 days after the March 31 deadline.

That kind of flexibility has actually made a pretty big difference. I heard sighs of relief from all over the country. Even though, again, it's not specifically changing the deadline for when work needs to be completed, it's making a difference for how municipalities are able to complete the project.

We're asking for those types of administrative changes, again, recognizing that this program was developed to create jobs, which is a national objective within the responsibility of federal and provincial governments. Municipalities are there to offer projects that could help federal and provincial governments create those jobs. In return, we are asking for some recognition of our partnership in other governments' primary objectives.

● (1030)

**The Chair:** Has there been consultation with the provinces involved in this as well?

**Mr. Michael Buda:** Obviously you'd have to ask our provincial association counterparts, but in all cases, this is a three-way cash-sharing program. Provinces always have to be involved. Indeed, I think it's important for committee members to understand it's not just the federal government that needs to consider these types of administrative changes. Provinces are going to have to be involved as well. They're providing one third of the funds, and they're the other of the two signatories on these funding agreements. So this is definitely not just a federal government responsibility. Provincial governments need to be involved.

**The Chair:** That was the reason I asked, just to make sure. You may get what you want from one body and not from the other.

**Mr. Michael Buda:** Exactly.

**The Chair:** Hopefully they're ongoing at the same time.

Mr. Kennedy, you have five minutes.

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

I just want to say to the visitors here, just to be clear, that not all members of the committee want to lecture you on how to do your job. I know you've heard a lot from the other side. There is a real respect in the House that isn't reflected necessarily on the government side in this committee. We understand that the partnership means we have to listen to what you're saying, and we have to find ways to get things done, and that's what Canadians want too. I don't think you should feel the least bit reticent.

Ms. Brown mentioned timely, targeted, and temporary—

**Mr. Brian Jean:** A point of order.

**The Chair:** Mr. Jean on a point of order.

**Mr. Brian Jean:** Actually, I appreciate the member telling us what Canadians want, but I think part of that is that voters would expect him to actually show up at committee, and this is the second time in the last four months, so—

**The Chair:** That's not a point of order.

**Mr. Gerard Kennedy:** Mr. Jean should check the committee roster. I'm not a member of the committee.

Again, I would just say to the members here, here's what the Parliamentary Budget Officer said about this government's performance. He said that even though 63% of your municipalities wanted to get their projects under way by September 15—63% requested that—only 12.8% actually got under way.

That's the big difference between what the government says, and even pays for advertising for, and what actually happened. Only 3% of the money flowed to British Columbia, according to the Parliamentary Budget Officer, by that time, by the middle of September. That's according to the department's own data, released publicly, whereas around 45% of your members wanted to start their projects.

So the point here is that if you want to talk about being timely—you can get a lecture from Ms. Brown—timely did not happen from the government. It said in fact that the projects should have been started, with shovels in the ground, by May. They didn't reach their own target and they're passing the deadline on to you. Neither did they target in the sense of looking for places that needed help or that

could use the extra construction. In fact, they went first to partisan ridings, until we caught them at it, and then they corrected somewhat in B.C., although there's still a very significant difference there.

**Ms. Lois Brown:** A point of order, Mr. Chair.

**The Chair:** Ms. Brown, on a point of order.

**Ms. Lois Brown:** Mr. Chair, I believe that is out of order. I have spent as much time in other ridings that are not government-held ridings. I have put shovels in the ground. I have done ribbon cuttings. I mentioned the project I did in the riding of the leader of the opposition, at Humber College. So I think Mr. Kennedy is misleading the witnesses.

**The Chair:** Thank you. That's not a point of order; it's a point of debate.

• (1035)

**Mr. Gerard Kennedy:** Can I have your assurance it's not coming out of the time I have?

**The Chair:** It's not. Your clock is off, but I'm starting it now.

**Mr. Gerard Kennedy:** Thank you.

Mr. Chair, the last time he was here, the mayor of Laval said it's the first time he has encountered a federal government that doesn't understand how municipalities work. That quote stands on its own.

But I want to ask for just a few points of clarification, because I think it's a very serious issue. At one time this Conservative group used to say there was one taxpayer. Now they're trying to pass costs on to the ratepayers all across the country.

Mr. Carlton, you said you didn't think having flexibility was an issue of fairness. Could you elaborate on that? In other words, will some of your members be upset when they hear other members, such as those in Vancouver, have had to fast-track design and construction and have had increased costs, and, for instance, that the City of Surrey has had pressures and they've paid a 10% premium? At Westsyde they have their other applications. We have northern communities that have run into very specific project problems that could not have been predicted ahead of time. Will the rest of the country be mad if these projects get the flexibility you're asking for today?

**Mr. Brock Carlton:** We've already had this conversation. We don't hear that from our members. In fact, Ms. Steele said that folks in Surrey who are chugging along very nicely would be very happy to know that some of their colleagues who are less fortunate and facing challenges that they hadn't anticipated would in fact have the opportunity to be as successful in their projects as Surrey has been in theirs.

**Mr. Gerard Kennedy:** Mr. Buda, you suggested that unanticipated costs happen in the normal course of infrastructure. Is it your contention, then, that the municipalities should absorb these unanticipated costs?

**Mr. Michael Buda:** It will depend, I think, on how those unanticipated costs occurred. As I said, municipalities chose projects to be completed by the deadline based on their understanding of when they would get approval from the federal and provincial governments. When you plan a complex infrastructure project, you plan for unanticipated events. You plan for ripping up the pavement and finding something you don't quite find—

**Mr. Gerard Kennedy:** Yes, but, Mr. Buda, I caught that point quite clearly. I'm asking you, though, in this particular instance, where for the first time ever there's an artificial hard deadline that municipalities wouldn't have dealt with before in such a rigid sense, whether you are saying that should be included as one of the things that municipalities should absorb. Your comments before seem to suggest that municipalities are always getting the unfair end of the stick, and therefore they might cover these costs too. Is that what you intended to say, or do you think they should be covered off on a flexible basis?

**Mr. Michael Buda:** I think it depends on why they didn't have enough time to meet those unanticipated events. In some cases, they have enough time to do it; in some cases, they don't. If they don't have enough time because of delays in project approvals that were the result of provincial and federal decisions, our contention is that there should be flexibility, so that municipal ratepayers aren't paying for that.

**Mr. Gerard Kennedy:** Thank you.

Mr. Nyce and Mr. Cunningham, could you comment? We have a survey of projects that is somewhat larger than the one done by the B.C. federation, and we see about 30% of projects having significant difficulty. Would you say that is a concern? I can't ask you to validate that—we'll share the study and the individual data with you—but I'm wondering if you can give us an idea. Certainly we see that it's about 50% of the municipalities, or somewhat less in terms of the numbers of projects. But in terms of the concerns of your members, if there is a large number, say even 20% or 25%, that have problems now, won't we have more unanticipated problems between now and the deadline? Aren't the chances of people finding themselves having to pass the costs onto their ratepayers simply going to go up between now and the March 31 deadline?

**Mr. Hans Cunningham:** Thank you.

That sort of calls for speculation. We just had our conference two weeks ago, and we did not have a great reaction from our members. I think if there had been widespread dissatisfaction with the program or the deadline, our membership would have told us at the conference, because they had the opportunity to do so then.

What we're talking about is flexibility for individual cases. You've heard me use the educational comparison, where we work with the one kid in the classroom who's not doing so well, even though the rest are. That's where we're coming from.

**The Chair:** Thank you.

Monsieur Laframboise.

[*Translation*]

**Mr. Mario Laframboise:** We must try to find a solution that would satisfy all parties. You can see that there are some political

games going on here, whereas we would all like this to be done harmoniously. It would be the best thing for everyone.

Obviously, our committee has its limits. There are two ways of proceeding: the committee can issue a report and make recommendations to the government, or we can table a motion. Clearly, the power lies within the committee report, except that that implies there will be debates in the House and many political discussions. I do not believe that is the solution.

If we have the opportunity to do so, I will probably table a motion. I will read it to you and ask you what you think of it. It would read as follows:

Given the existing partnership between the municipalities, the provincial governments and the federal government since the creation of the infrastructure programs, our committee recommends that the government not penalize municipalities because of the deadlines set during the development of the infrastructure programs, the stimulus projects, the recreational infrastructure program and the pipeline renewal program. Local constraints beyond the control of municipalities should be taken into account.

I would like to know if you think this motion could be of interest. This is what I am thinking of doing, in the full knowledge that it would not have the weight of a report. What I want to do is to try and convince the government to do this, because we have done good work, that also must be said. The problem is that we have this deadline within the framework of these programs, because of the economic crisis, which is causing problems for some municipalities.

Is the motion that I just read something that would be of interest to you?

• (1040)

**Mr. Brock Carlton:** I find the motion to be very interesting for two reasons. First of all, it reinforces the idea that there is a partnership between the three levels of government, and that is important. Secondly, it is exactly what we are saying: that there were circumstances beyond the control of the municipalities, and that there must be some flexibility.

**Mr. Mario Laframboise:** Thank you.

Mr. Nyce?

[*English*]

**Mr. Harry Nyce:** We agree with that. Administration flexibility is called for, and it's important that we look at that. The stimulus program is working.

[*Translation*]

**Mr. Mario Laframboise:** Thank you.

[*English*]

**The Chair:** Mr. Bevington.

**Mr. Dennis Bevington:** Thank you.

I'd like to go back to a comment you made about the nature of the last FCM meeting and the fact that you didn't receive a lot of representations on this issue.

Well, it's still a year away from the deadline, and I'm sure many communities probably don't want to raise this issue while they still have hope—perhaps some faint hope—that they can get their projects completed. As well, sticking your neck out as a municipality on these issues may also have some negative connotations attached to it. Municipal politicians are just as smart as any other politician about biting the hand that feeds. So I think we might see that situation change.

What we're trying to do here is come up with a solution that would forestall that kind of action. Of course, a solution on some of it may have to wait until after the next election, but that's something this government has to deal with itself.

Coming back to this idea of the three partners in this, it's quite clear that the one partner who is... The parliamentary secretary indicated the amount of money that this government has put into this. Well, that's actually money that will come out of the pockets of future taxpayers, because of course this is all deficit money. It's all deficit financing that the government has entered into. It puts a burden on future taxpayers. We're all in on this equation. This is not a gift from this particular government but an ongoing debt that all of us will have to take on.

So we see that, you know, we're being a little tough and inflexible on bargaining right now in terms of this limit, but as time moves on, I think this meeting will become very important, because it sets the parameters of what needs to happen. Eventually, I think, the government will come to its senses on this and recognize that.

At the same time, I understand the government's position. They want to continue to put the pressure on municipalities to complete their projects in a timely fashion over this next construction season, and I appreciate that. The government wants to get its conditions met in the development of these projects.

I think the motion perhaps is something that will not achieve anything at this point in time. I think we're going to have to see you come back here a little later on to talk to us again about this when we get a little closer, after this construction season is finished and we have a better understanding of how many projects are going to be in arrears.

Is anybody looking at that scenario, and do you want to talk about that?

• (1045)

**Mr. Michael Buda:** Well, I think you've put your finger on the head of quite a few important issues. At the end of the day, I think everyone here has been very clear that this program is working extremely well. There are challenges in a small number of communities at this point. But you're right, a lot of it is actually still fairly hypothetical; there are still nine more months until the deadline. A lot can happen. It depends on weather, on supplies of labour and materials. Things will change.

What we're asking of the Government of Canada, and indeed our provincial and territorial municipal association counterparts to be asking their provinces and territories, is just for some common sense—for all three partners in these projects to sit down when problems arise and solve those problems so that these projects can be successful both in terms of creating jobs and ensuring that

infrastructure projects are completed that meet the needs of those communities. We're asking for common sense to solve problems in a very small number of communities. This isn't about scoring points or anything else.

As I think Mr. Carlton pointed out, municipal leaders are a pretty practical-minded bunch of folks. They just want to get this stuff done and they want to get it done at as reasonable a cost to taxpayers as possible. As I said, it's just common sense.

So I think, absolutely, Mr. Bevington, you've put your finger on the head of quite a few issues.

**The Chair:** Mr. Jean.

**Mr. Brian Jean:** Thank you, Mr. Chair, and thank you again, witnesses.

There was a Senate committee meeting about five or six weeks ago. The FCM was at that Senate committee meeting. Is that correct?

**Mr. Michael Buda:** Yes.

**Mr. Brian Jean:** In fact, at that meeting, project proponents put forward an examination of exactly what we have here today, and they found, I understand, that 1% of the projects were at high risk for non-completion. I see you shaking your head, but the mike can't pick it up.

**Mr. Michael Buda:** Yes, the last time I spoke to the department, they had data from the March 31 progress reports, as you know. Of course, they, themselves, cautioned that the March 31 reports weren't going to show a lot of activity in the case of many projects, because they wouldn't have been able to start until around then. I think the June 15 progress reports will be coming in any day now. They'll give a lot more detail. But you are right; we stay in very close contact with department officials. So far, the number of projects that they're considering high risk is extremely small, as we've stated repeatedly. This is an issue in a fairly small number of cases—

**Mr. Gerard Kennedy:** A point of order, Mr. Chair.

**Mr. Brian Jean:** Mr. Buda, to be fair, you haven't actually stated that.

**The Chair:** There's a point of order.

**Mr. Gerard Kennedy:** Mr. Chair, if I understand correctly, it's an official government department report, and I'm wondering if this committee could, through you, request that report. Clearly it's being discussed as germane to these deliberations, and I'm wondering if that report and the supporting data could be made available to this committee. I think we're at a distinct disadvantage if apparently the association has access to this report... If this committee is meant to have these deliberations, it's only fair and proper that we have access to that information.

**The Chair:** It's not a point of order, but I will refer to the parliamentary secretary for comment.

**Mr. Brian Jean:** I have no comments on the point of order. I want to continue on.

Was that taken out of my time?

**The Chair:** No, we'll start you again.

**Mr. Brian Jean:** Thank you very much.

**Mr. Gerard Kennedy:** Are you refusing to get us the information?

**Mr. Brian Jean:** Just to be clear, then, it's been identified by the department, which has been working closely with all the proponents, as being at 1%. So if we put it in numbers, if we can... That was the evidence that was given at the Senate committee, was it not?

Who was at the Senate committee?

**Mr. Michael Buda:** Do you mean who was there from the department?

**Mr. Brian Jean:** Yes.

**Mr. Michael Buda:** I'm not sure who was there from the department. From FCM it was Brock and Gabe and Basil.

• (1050)

**Mr. Brian Jean:** Then my questions are directed towards Mr. Carlton. Did you hear that 1% number? Do you remember hearing that?

**Mr. Brock Carlton:** I don't remember.

**Mr. Brian Jean:** Mr. Buda, you obviously heard a 1% number. I'm the last questioner here, I think, or pretty close to it, and this is the first time 1% has come up, as far as I'm aware. I've heard it was a small number, but I never heard 1% before.

**Mr. Michael Buda:** Could I answer?

**Mr. Brian Jean:** I'll just do a little analysis here for a second, if I can, Mr. Buda. One percent of 4,000 projects is 40 projects that may not be completed. That's about \$400,000, based on an average per project. Now, if we look at that, the government has agreed not to claw back 100%, to pay whatever's done before March 31, and in fact to wait 90 days, which is, quite frankly, I think good business practice, to receive all the invoices. At FCM, the Prime Minister was very clear that there will be no extension on the March 31 deadline. Everybody heard that. I know that because I talked to Mr. Cunningham after that. Everybody heard that deadline. Is that not correct?

**Mr. Michael Buda:** To answer on the 1%, I've not actually seen the data myself. I'm simply given a verbal summary by department officials. To Mr. Bevington's point as well—and government officials have made the same point—the 40 projects that in the database were deemed to be at risk are all so deemed based on progress reports that are submitted very early on in a project's lifespan, so they anticipate that number could go up.

Our position is that the three partners in projects need to keep an eye on things. I think you're right that the department is doing a very good job of that. They're sending federal officials out to see these high-risk projects. Our point, though, is that when problems are identified, all three partners just have to sit down and figure it out. But you're right, it's a very small number of projects at this point. That number could rise to the point Mr. Bevington was talking about.

**Mr. Brian Jean:** Isn't it fair, Mr. Buda, to say the number could go down as well? You said it could go up.

**Mr. Michael Buda:** Absolutely. We have no idea whether it could go up or down. If you're one of those people, it's helpful not to be a statistic, but if you are a statistic, all of a sudden the number becomes extremely important.

**Mr. Brian Jean:** So wouldn't the message to send to those people who are listening out in radio land right now be, "Get that project done by March 31 and there won't be a clawback"?

That's a year away from now—

**Mr. Michael Buda:** All of our members are, and have been, working flat out. Indeed, as I said, they started planning these projects even before Parliament was able to introduce their budget. Everyone is working as hard as they can.

We've said very clearly that we think this is a great program. There are cases where, for a variety of reasons, people are going to have trouble. We're asking for common sense and nothing more, Mr. Jean.

**Mr. Brian Jean:** To be fair, if you look at the total projects in Building Canada, the 20,000 projects, we're actually talking about 0.0002%. It's a very small number at this stage.

Those are all my questions. If I have any further time—Mr. Watson, please.

**The Chair:** Mr. Watson, you have 15 seconds.

**Mr. Jeff Watson:** Oh, well, thank you. Then let me pose some questions for the record, and perhaps our witnesses could respond in writing to the committee, if that's fine, Mr. Chair.

Since there are three partners in all of this, in fairness, when we're considering the federal government's role, one leg of the stool hasn't been talked about. I'd like you to tell us, or submit to us, what problems and obstacles the provinces have presented to your members with respect to how their programs function in carrying out your ISF projects. Did you proactively ask them to waive any of those obstacles before you got into these projects? Are your organizations asking them for relief similar to what you're asking the federal government for?

I'll leave that for you. I think that would inform us greatly in terms of assessing the federal government's true role in this and putting your ask in some perspective.

**The Chair:** I'm going to go back to Mr. Dhaliwal for a very brief question and comment.

**Mr. Sukh Dhaliwal:** Thank you, Mr. Chair.

Again to Madam Steele, you said that you're trying to help the other municipalities. As you know, my riding covers both Delta and Surrey. Are you aware of any project in Delta that is beyond the control of the corporation of Delta where flexibility is needed, and of how much extension that project would need?

**Ms. Barbara Steele:** There is a project in Delta that has been identified through our survey; this was sent back. It's been identified to us by Delta. We feel it can be dealt with through the recommendations we have made, as per Mr. Nyce's comments.

• (1055)

**Mr. Sukh Dhaliwal:** If the federal government does not adopt the recommendations he has made, would the federal government be failing in its duty to protect local governments and their taxpayers?

**Mr. Brian Jean:** Mr. Chair, a point of order.

**The Chair:** Mr. Jean.

**Mr. Brian Jean:** Thank you, Mr. Chair.

I understand that Mr. Dhaliwal wants speculation from our witnesses, but they're here to provide evidence, not speculation and guesswork. Clearly—

**Mr. Sukh Dhaliwal:** It's not speculation, it's—

**An hon. member:** It's completely out of order.

**Mr. Brian Jean:** Mr. Chair, if he's asking for a fortune teller to come in here to tell us what's going to happen and what the government is responsible for, maybe we should have a soothsayer in here to deal with it.

They're here to provide information—

**The Chair:** That's not a point of order.

I think the question has been put.

Perhaps, Ms. Steele, because of the time, I could ask you to send a written response, through the chair, to Mr. Dhaliwal's question.

**Ms. Barbara Steele:** Sure.

**The Chair:** Thank you.

Mr. Jean, on a point of order.

**Mr. Brian Jean:** If I may, Ms. Steele should understand that this needs to go to the chair, not to Mr. Dhaliwal.

**The Chair:** Yes.

**Mr. Brian Jean:** Thank you.

**The Chair:** With that, we have another committee...

Yes, Mr. Kennedy.

**Mr. Gerard Kennedy:** On a point of order, Mr. Chair, we have ahead of us time set aside, and still the committee—or at least you, Mr. Chair, have referred to the subcommittee.

Can I ask, has the subcommittee met? On two occasions now... We've had 12 municipalities who have asked to appear here today who have serious issues. The committee has declined to hear from at least six or seven of those who have applied directly to the committee. These are places like Owen Sound and so on. They'd like to come forward. They'd like to be heard from. There are another 15 to 20 municipalities that we'd hear through video conference.

Now, we had some time set aside. We had the possibility of doing a proper job by way of listening to municipalities.

**Mr. Brian Jean:** A point of order, Mr. Chair.

**Mr. Gerard Kennedy:** Again, Mr. Chair, I'm asking for an update. You said that you would take it to the subcommittee and you would discuss this.

The motion says that we would hear from "municipalities"; it doesn't say just "municipal associations". I would say it's absolutely vital, based on what we've heard here today and at the previous session, that we continue to hear from people who are affected.

Mr. Chair, I would ask from you directly if you could indicate what the chair's decision has been and whether you've made that consultation with the subcommittee. I think municipalities out there deserve to hear why the committee isn't hearing from those who have asked to be here.

**The Chair:** Mr. Watson, on the same point of order.

**Mr. Jeff Watson:** Just very briefly, Mr. Chair, obviously that's committee business. Mr. Kennedy has been very clear he's not a member of the committee. I think we, as a committee, can take up that question appropriately. I would ask you to take that approach and, secondly, adjourn the meeting.

**The Chair:** Thank you.

I will advise the committee that we are having a subcommittee meeting Thursday morning. We'll follow that with a second hour with the full committee, at which time those deliberations will be made. As the chair, I do not make the decisions. We listen to what the subcommittee members suggest, and then we take that to the committee as a whole and make decisions as we move forward.

I suspect this study will continue into the fall, at which time some of those concerns may be addressed.

**Mr. Brian Jean:** On the same point of order, Mr. Chair.

**The Chair:** Mr. Jean, is it a new point of order?

**Mr. Brian Jean:** No, it's the same—

**The Chair:** It would have to be a new one, because I've already ruled.

**Mr. Brian Jean:** Mr. Chair, it would be a new one, I guess. Mr. Kennedy has identified himself as not being a member of this committee. I didn't see any change in his behaviour of attendance, so I wasn't sure. But if you look at the way he cited—

**The Chair:** I have to—

**Mrs. Bonnie Crombie:** A point of order. How is this relevant, in any case? He's an associate member of this committee.

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

Thank you, witnesses, for your time today.

The meeting is adjourned.









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