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Thursday, November 1, 2012

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Chair

Mr. Larry Miller

Standing Committee on Transport, Infrastructure and Communities

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• (1105)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I call the meeting to order.

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Chair, before you start dealing with the committee report, I would like to move the motion that I tabled a few Fridays ago—not last Friday, but the Friday before.

The Chair: That was the first order of business anyway.

Ms. Olivia Chow: All right. Thank you. I will move that motion.

The Chair: Could you read it back, just for the record?

Ms. Olivia Chow: Sure.

That, the Standing Committee on Transport, Infrastructure and Communities conduct a study on the subject matter of the sections of Bill C-45, An Act to implement certain provisions of the budget tabled in Parliament on March 29, 2012 and other measures, which directly fall within the mandate of this committee, especially the changes proposed to the Navigable Waters Protection Act and its ramifications for pipeline crossing reviews and the integrity of Canada's streams and lakes...

As well, I move that that the committee also consider clauses 156 to 165, 179 to 184, 316 to 350, and 411 to 424, and schedules 1 and 2, and that the committee report this motion to the House.

Mr. Chair, you will notice that I moved my motion and then also incorporated the motion from the Standing Committee on Finance, in which paragraph (a)(x) refers to this committee, so I incorporated pieces of it into my motion.

I think it is important that we consider the many lakes, rivers, and streams across Canada and how we need to continue to protect them, and I thought this would be the committee that should do the study. Thank you, Mr. Chair.

The Chair: Thank you.

Is there any discussion?

Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): I have some good news for Ms. Chow.

Mr. Chairman, I understand that you have received the following letter from the chairman from the Standing Committee on Finance, which says:

Our Committee is currently studying Bill C-45, A second Act to implement certain provisions of the budget tabled in Parliament on March 29, 2012 and other measures. Please find attached a motion adopted by the Standing Committee on Finance on October 31, 2012, inviting your Committee to consider the subject

matter of clauses 156 to 165, 179 to 184, 316 to 350 and 411 to 424, and schedules 1 and 2 of Bill C-45.

The adopted motion also invites your Committee, if it deems it appropriate, to provide us with recommendations, including any suggested amendments. As such, Parliamentary Counsel (Legislation) Wendy Gordon...as well as the Legislative Clerk, Mike MacPherson...can advise you, respectively, on the drafting of amendments, as well as their admissibility, if this was the wish of your committee.

Therefore, I invite you to send me recommendations, including any suggested amendments, of your Committee by letter, in both official languages, no later than 5 p.m. on Tuesday, November 20, 2012. Our Committee will consider them during its clause-by-clause consideration of the Bill.

Finally, if your Committee decides not to suggest any amendments, please notify the Clerk of the Standing Committee on Finance in writing as soon as possible.

That would seem to put the matter to rest.

• (1110)

The Chair: We were going to discuss the letter that came from the chair of the Standing Committee on Finance afterwards, but I presume everybody has a copy of it. I don't know if you've had a look at it, but our only opportunity to deal with this, because of timing and translation, is on next Tuesday, November 6. It's our only opportunity, so it has to be done if we want to participate in this, and I presume, with heads nodding around the table, that we do.

Is there any further discussion?

Ms. Olivia Chow: Mr. Chair, we have in front of us two motions, I assume mine and Mr. Poilievre's, or is it just mine? I think it does the same thing.

The Chair: We are only dealing with your motion right now. Not to put words in Mr. Poilievre's mouth, but I think he was basically saying that your motion is going to be satisfied anyway. Is that correct?

Ms. Olivia Chow: I get it. Well, it's one meeting.

Mr. Chair, today is already Thursday. Next Thursday is seen as a Friday—that is, at the time when we would meet, which is 11 o'clock, question period will be starting, so we would not be able to have a meeting at that time.

Would it be possible to add one other meeting on Wednesday afternoon after question period? That would at least give us two meetings to consider the clauses, given that there's such a short timeline.

The Chair: What day are you suggesting that could be done?

Ms. Olivia Chow: Wednesday afternoon at 3:30 to 5:30 is possible. I so move that we will...

Well, let's deal with this motion first, and then I'll—

The Chair: We do have to deal with your.... You could move that amendment to your motion.

Ms. Olivia Chow: I will do that, Mr. Chair. I will move to add one other meeting of this committee, next Wednesday at 3:30 to 5:30, to consider the clauses.

The Chair: I think I'm clear on what your amendment is. I just have to point out to you that committee rooms around the Hill are very tough to get sometimes.

Ms. Olivia Chow: We'll make our best effort.

The Chair: Anyway, I had Mr. Holder on the list. He's off now.

Now I'm going to take speakers on Ms. Chow's amendment to the main motion. Is there any discussion on it?

Go ahead, Mr. Coderre.

[*Translation*]

Hon. Denis Coderre (Bourassa, Lib.): It is not that we do not want to work. However, we all have very heavy schedules, and that's a fact.

So, if we could start earlier Tuesday, we could do that. However, the fact is that I cannot be here Wednesday.

You could invite people but we would have to reserve a room. We also have other duties. It is just a matter of being pragmatic.

I have no objection at all, but I find it unfortunate that we only have one day. We have to take the calendar and its constraints into account.

It did me good to tell you that. It is part of my group therapy.

Voices: Oh, oh!

[*English*]

The Chair: Is there further discussion?

Go ahead, Ms. Chow.

Ms. Olivia Chow: Mr. Chair, I'm always willing to be flexible. Would it make it easier for the committee and the clerk if I say that next week we add on two more hours of committee time? I will leave it for you to—

The Chair: You're amending your amendment.

Ms. Olivia Chow: I'm just trying to be helpful. The chair and clerk could find two hours. You can survey other people if that's doable.

•(1115)

The Chair: Unless I hear any dissension, I'm going to ask for a friendly amendment to the amendment, which would basically change it from being just another meeting to adding two extra hours.

Is there any further discussion on the amendment?

Ms. Olivia Chow: Can we have it recorded?

The Chair: Okay. Call the vote, please.

(Amendment negatived: nays 6; yeas 5)

The Chair: I declare the amendment defeated.

Is there any further discussion on the main motion? I'm going to call the question.

Ms. Olivia Chow: I'd like a recorded vote.

The Chair: It's a recorded vote.

Please call the vote, Mr. Clerk.

Hon. Denis Coderre: May I ask for a point of information just beforehand?

The Chair: Yes, go ahead, Mr. Coderre.

[*Translation*]

Hon. Denis Coderre: Does Ms. Chow's motion address the request submitted to us by the Standing Committee on Finance ?

If that is the case, I don't know why we should hold this vote, since we only have to vote for...

[*English*]

What I'm saying is that regardless of the motion, it's already in the letter of Chair Rajotte. Why do we want a motion on that if we already have it? Is it just to make the news?

Ms. Olivia Chow: No.

Hon. Denis Coderre: Okay.

Ms. Olivia Chow: We are the master of our committee.

An hon. member: All the committees are doing this.

Ms. Olivia Chow: Yes.

The Chair: I think the motion can come forward.

Hon. Denis Coderre: All I'm asking is why we can't support this letter as a motion that's included in what Olivia wants to study. It's already in.

The Chair: Well, it's because she didn't add it to it, Mr. Coderre.

Hon. Denis Coderre: Okay.

Do you want me to make an amendment or...? Go ahead.

The Chair: I'm going to call the recorded vote.

(Motion negatived: nays 6; yeas 5)

The Chair: We now move on to the fourth report of the subcommittee on agenda and procedure.

Does everybody—

Ms. Olivia Chow: Mr. Chair, I have a point of order.

The Chair: Proceed.

Ms. Olivia Chow: Will this committee be studying, next...?

The Chair: Yes.

Ms. Olivia Chow: Oh, we are.

The Chair: Yes, it will be on Tuesday.

Ms. Olivia Chow: Then, do we not need to—

The Chair: Well, unless the committee is directing me that you don't want a meeting, but I—

Ms. Olivia Chow: No, no.

Do we not need to adopt this finance committee motion here?

The Chair: I don't think it's a finance committee motion. They're advising us that if we would like to comment on or suggest any amendments to the clauses laid out in there, we can get back to them. I think we'd be shirking our duty as a committee if we didn't report back to them.

You don't have to meet next Tuesday, but I would advise against not doing so.

Ms. Olivia Chow: That's for sure.

The Chair: Go ahead, Mr. Watson.

Mr. Jeff Watson (Essex, CPC): The letter refers to an adopted motion. I don't actually see the adopted motion.

The Chair: The adopted motion was passed by the finance committee.

Mr. Jeff Watson: Right.

I don't know the content of it. Are they referring these specific clauses to us for study?

The Chair: I presumed that everybody got it. In the motion that I saw, our committee was not the only committee that was in it. There's a list of 8 or 10 different committees, with different clause numbers. Of course, we're only dealing with the part that came to us.

Do you need to see the whole motion before...?

Mr. Jeff Watson: No, that's fine.

The Chair: So it's clear: we're going to be meeting Tuesday on this, and we'll go from there. We don't have to come back to that.

Now it's back to the Subcommittee on Agenda and Procedure. Does everybody have copy?

Go ahead, Ms. Chow.

•(1120)

Ms. Olivia Chow: I believe Mr. Poilievre had a motion studying infrastructure, and I would make an amendment. Allow me to read it to you.

Mr. Jeff Watson: I have a point of order, Mr. Chair.

The Chair: Yes?

Mr. Jeff Watson: Do we need to move the adoption of the subcommittee's report first, and then discuss the amendment—

Ms. Olivia Chow: Isn't this already in front of us?

Mr. Jeff Watson: —or are we already deeming it adopted?

The Chair: I think it's going to lead to that, Jeff.

Mr. Jeff Watson: Oh, okay.

It just seems weird to discuss an amendment before we even move to discuss the report.

Mr. Pierre Poilievre: Mr. Chairman, I move the adoption of the fourth report of the subcommittee on agenda and procedure.

The Chair: Okay, we have a motion by Mr. Poilievre. Is there discussion?

Okay, go ahead, Ms. Chow.

Ms. Olivia Chow: I move that in the infrastructure study, the committee consider infrastructure programs of other countries, such as Germany, the U.S. and Australia, and that the study be reported to the House of Commons.

Last week I circulated a memo to committee members that gave some examples of other countries, including what methodology they use and what kind of infrastructure programs they have. It ranges from tax transfers to grants. There are different ways to fund infrastructure, and Canada has a—

Mr. Lawrence Toet (Elmwood—Transcona, CPC): Mr. Chair, I have a point of order.

The Chair: Yes, Mr. Toet?

Mr. Lawrence Toet: I think I'm missing something here. Ms. Chow was talking about a document we got, and I'm not aware of this. I don't know whether it was broadly spread to the committee, but if she is willing to table that today or if you can give it to us so that we all know what she's talking about, it would be helpful.

The Chair: Maybe this only came to the members of the subcommittee, or did it? Maybe she sent it to the clerk. I presumed everybody had it; one should never presume.

Ms. Olivia Chow: I gave it to the clerk.

The Chair: Would we have any copies here?

I'm quite aware of what's in it, so somebody can have my copy for now. I'll speak to it. Ms. Chow has spelled out four or five suggestions for topics. One of them is what she just referred to. Copies are coming in a few minutes.

Mr. Ed Holder (London West, CPC): I was going to ask whether Ms. Chow wanted to read them through, or whether we're going to get copies. That's fine.

The Chair: If it's okay, why don't you continue speaking to it, and everybody can follow along? Copies will be here very shortly.

Ms. Olivia Chow: I would have brought copies. My apologies. I just assumed it was circulated.

The Chair: The clerk just reminded me, and I should have thought about this, that the subcommittee is a different entity. We met in camera, and that's why it wasn't sent out to everybody else.

Ms. Olivia Chow: Okay, I have it.

As we know, the infrastructure program, which is the Building Canada fund, is expiring in 2014. Municipalities have been saying that they need long-term, predictable funding and that they want to make sure that a new program be in place or announced before the next construction season, which for municipalities would be the fall of 2013.

We will need some kind of new program. The government would need to present that probably by March or April of the coming year, which is why the subcommittee thought it would be timely for us to look at infrastructure programs and what kind of infrastructure program it would be.

As you may recall, at the beginning of this committee, immediately after the election, we said we would study public transit, and then emerging technologies. Infrastructure was the third area that we would study. At the subcommittee, Mr. Poilievre came up with a motion dealing with competitions and what kinds of ways we could fund infrastructure better by using more bidders, different methodologies, and more competitions.

Prior to that, I circulated a policy document that talked about different ways.... I'll give you an example. In Germany, local roads and transit are subsidized through surplus revenues of fuel duty. In our case it would be a gas tax. Already 5¢ of it goes to it. They have an act on federal government aid to improve transport at the local authority level. The prerequisites for funding are the urgency of it; having transport plans, so there has to be a plan; and evidence of remaining finance being secured. That's one way that Germany deals with their infrastructure needs.

In the United States they have something called a competitive grants program. It's through both a formula and through discretionary grants. That's through the Federal Transit Administration.

There are other kinds; there's an infrastructure bank on which the federal government acts as a guarantor of debts for municipalities to assist in raising revenues for infrastructure projects. Is that a good route to go? I'm not sure. It could mean that some small municipalities would end up borrowing, and is that a good way to go, if we guaranteed debt for them?

There are other, more traditional approaches that Canada has already been using, which are the federal-provincial-municipal agreements. What kind of agreements should there be? How complex should they be? We need to cut red tape, but we also want to make sure there is value for money in how we spend taxpayers' dollars.

There are other kinds of tax. There's the sales tax, which you give the municipality the power to do, which may or may not apply to Canada.

In Australia the properties that directly benefit from new and renewed infrastructure have to contribute to reduce cost. It's called reinvest value capture. That's another methodology.

We do the infrastructure, but are there other forms of getting the private sector to pay for the infrastructure? Mr. Poilievre talked about the possibility of having the private sector come in, in a bigger way. There are examples out there, as I said, in Australia.

• (1125)

My motion is to study what other countries are doing and come up with a report that would assist the transport and infrastructure minister to have a program that would meet the infrastructure needs of municipalities, cities, and communities.

[*Translation*]

Hon. Denis Coderre: Mr. Chair, I find the fourth report extremely interesting and I am in favour of it.

I had asked that we study the process. I think that we have to work with the private sector; that is unavoidable. However, if we talk about the private sector or PPPs, we must also have questions or

recommendations on the contracting process. I have always had in mind the idea of a type of inspector general, as they have in the United States, and not just for the army, but also in several other departments.

On the one hand, we have to find a solution to cut down on red tape. We thus have to examine the whole administrative area, clearly. On the other hand, there ought to be a type of certification that would allow people who bid to show that they are lily white. Let's not forget that we are talking about taxpayers' money.

There is something I am wondering about. I don't want to restrict any proposal I might make, but I would limit the examination to the contract allocation process. I would not want the witnesses to talk to us only about increasing the number of bidders, but I would also like to hear about how the contract awards could be managed, for instance by offering the private sector a larger role in the process. Clearly, there is a certain instability in Quebec because of the work of the Charbonneau Commission. That said, I think that while respecting taxpayers utterly, that could become an interesting avenue to explore.

I am only talking about the process here, but no matter what side you are on, we can discuss this more broadly for the purpose of eventually making some more specific recommendations. We could invite certain witnesses to talk to us about the management of the bids.

Obviously, some people will say that it may be up to Public Works and Government Services Canada to deal with that. However, if we want to outline qualifications for the allocation of contracts, regarding bidders for federally-funded projects, we must necessarily talk about the management and the process. We are talking about awarding contracts here. Bidders have to be qualified, and so we have to talk about that a little.

I think that this would complete the committee's report well. It is all well and good to compare ourselves to other countries, but Canada has its own way of doing things, a North American way. We could look at what is being done elsewhere, without putting too much emphasis on that. That said, we are not alone in the universe, and of course we have to take that into account.

In short, we have to see whether we want to increase links with the private sector, if we want to increase the number of bidders. Perhaps we should ask ourselves also if we really need to always award contracts to the lowest bidder, because that can lead to some collusion.

I think that we will not have a choice, Mr. Chair, we are going to have to talk about the awarding of contracts. I move that we amend the fourth report simply by adding a fourth point to be examined, and that is the contract allocation process for contracts that involve infrastructure. I am entirely favourable to the first three points. The amendment would simply seek to add the examination of the contract allocation process.

• (1130)

[*English*]

The Chair: Is there any further discussion?

Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre: As I understand it, Ms. Chow's proposal is to broaden the study to address the matters included in her document entitled "Infrastructure Funding Study Proposal". The proposal has to do with renewal of the Building Canada plan components with dedicated funding streams, the national infrastructure bank, vertical integration, the penny tax, and the reinvest value capture recommendation from Australia.

It seems to me that the amendment that Ms. Chow is proposing is almost the opposite of the committee report's purpose. The committee report seeks to make existing dollars go further. The Chow amendment seeks to make more dollars available for infrastructure. Municipalities have had a massive inflow of money in the last 20 years through decisions by both Liberal and Conservative governments. The money to municipalities has grown vastly more quickly than inflation and population growth combined. I can't think we're at a stage where we need to study how to increase taxes even more to fund municipalities.

The question we need to focus on is how to make the dollars that taxpayers are already injecting into municipalities go further. That was my goal. We've had the Federation of Canadian Municipalities come here and say they don't have enough money. They can't meet all their needs. That's not consistent with the enormous revenue increases that municipal jurisdictions have enjoyed. The problem can't be a lack of money. Municipalities were operating with far less money 20 years ago. The problem, therefore, has to be with how that money is being spent.

The purpose of the fourth committee report, as its title states, is to study "How Competition Can Make Infrastructure Dollars Go Further". To achieve this purpose, the report was to consider red tape reduction, more bidders for federally funded projects, and increased private sector infrastructure. I think that would produce some findings that would be useful, as opposed to continuing the decade-long conversation about how we can just spend more.

Canadians didn't send us here to spend money; they sent us here to turn money into results. That's what I'm hoping to accomplish. I can't support the amendment that Ms. Chow proposes, but I'm certainly interested in working with her and other opposition members to make the study more beneficial to their interests.

Thanks.

• (1135)

The Chair: Mr. Sullivan is next.

Mr. Mike Sullivan (York South—Weston, NDP): To be fair to Ms. Chow, I don't think she was suggesting that the government open its bank book and start handing out money. I think she was suggesting that in a study of the most efficient way to spend the money we have, we seem to be very narrowly focused on only three fairly small ways to make the money go further. In our view, she's suggesting that we look at other places in the world that have created more efficient models for spending limited tax dollars. Correct me if I'm wrong, but I don't think she's suggesting that we just open up the vault.

Instead, I'd like to study more in depth how to spend infrastructure dollars. If a model of spending infrastructure dollars in another country includes a competition between the private and the public

sector for the bid, why wouldn't we want to study that? If a model in another country includes a mechanism whereby municipalities have to justify their infrastructure needs in a certain way, or have to create a mechanism that satisfies the federal funding model and that perhaps achieves other federal objectives than merely putting in the infrastructure, why would we limit ourselves in studying how this infrastructure could be implemented?

I'm not suggesting that the three items on there should not be studied. We may discover that increased private sector infrastructure is not the way to go or that red tape reduction is a red herring and there isn't a whole lot of red tape in infrastructure spending. I don't know. However, to limit ourselves to those three fairly narrow topics would make it a very short study and I think would not necessarily give us all the possible ways of making infrastructure dollars go further, which is what the premise of the consideration of the subcommittee was.

Making infrastructure dollars go further is something that I think both sides of the committee would like to achieve, but I think that limiting ourselves to a very narrow way of looking at how to make the infrastructure dollars go further limits our ability to study the matter and come to the right conclusions.

• (1140)

[*Translation*]

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

I agree with that, by and large. It seems to me that the very objective of a successful study would imply that we not be able to predict all of the conclusions before we have even done it. This presentation concerns me, given this very narrow perspective that is being proposed to us, even though no one can oppose it. Indeed, no one can be against virtue and our trying to do everything in our power to obtain the best value for each dollar that is invested. In fact, this presentation seems to contain an inherent conflict between the best possible yield for each of these invested dollars and this question: will the funds invested be the funds we really need?

When I take a cursory look at what is happening with infrastructure in Canada, I note that we have been lagging behind considerably for some decades. Perhaps we should wonder not only about how the money is being invested, but also about the amounts that are being invested, and the policies put in place to make investments in infrastructure permanent and allow us to keep things up to date.

It seems to me that this morning's motion is very restrictive, and what I see in Ms. Chow's motion is an avenue that would allow us to see how we can do better by having a look at others' practices, and not necessarily in so doing rejecting what we already do in Canada. Sometimes if we compare ourselves to others, it can be a source of consolation, and it can also lead to consensus-building.

Thank you.

[*English*]

The Chair: Thank you.

Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre: Here's the difference. The motion I propose is about making existing infrastructure dollars go further. Ms. Chow's proposal is to make more dollars available for infrastructure. Every single one of the proposals here is revenue-generating. There's nothing in here about how to deliver infrastructure more efficiently. That's not what the document proposes. All six points are about raising more money.

I'm not even commenting on the merits of the proposals; I am simply saying they are completely different in their purpose than the motion itself.

We could have a study on how to raise more money for municipalities; that is possible. However, I would submit to the committee that it's been done over and over again. We can easily invite municipal leaders here, and they will simply tell us they need more money, which is what they've been telling us for two decades. Basically, they've had everything they've asked for, and now there are new demands. We can hear them again, but I don't know what the benefit is to the national discussion of having the same conversation that we've had since 1992 when, at that time, the Liberal government took office in 1993 and started funding municipal and provincial infrastructure, something that hadn't been a practice of prior federal governments. Then in the 2000s we had the gas tax program come in, and then that gas tax program was doubled, and then capital funds available for municipal projects were vastly increased in the Building Canada program.

The issue of increasing money to municipal projects has been thoroughly treated by both governing parties over two decades, to the point at which municipalities have had an increase in their funding that vastly outpaces population growth and inflation. It's not even close.

I simply don't think there's any benefit in having yet another conversation about how much more taxpayers should have to spend on their municipalities. Instead, I think it would be more fruitful to study how we can make the infrastructure dollars we already ask of Canadian taxpayers go further in delivering the needs they want delivered. For us, this is about delivering the result, rather than filling the coffers.

Ms. Olivia Chow: Mr. Chair, there are no more "existing dollars", because the Building Canada program is going to expire. On top of that, we noticed yesterday that \$2 billion was cut from the existing program, so there really isn't a new pot of funds, so to speak, that we can talk about.

Even if we are saying that there is an existing pot of money—let's say, for argument's sake, \$1 billion—should the government do a direct funding transfer? Should it be done through a grant program? If so, what criteria should one use? Should it be a tax-point transfer? There are different ways of dealing with existing funds, if you're even talking about existing funds—never mind that there aren't going to be any, because that program is now expiring—which is why we need to look at how the fund could be used.

At the committee level, we know that we cannot tell the minister how much money he should allocate. That's really up to the minister and the cabinet. We're not talking about more dollars; we are talking about how the dollars that we have—even though we don't know

how many—are going to be divided up. Is it more gas tax transfer? Is it grants? Is it tax points?

To reduce red tape is important, but reducing red tape could also mean that we may not get value for the money spent. If we say we'll have more bidders, what's there to study? Yes, we need more bidders; that's pretty straightforward. If we say we need more private-sector involvement, okay, we know that, but what's there to study about that?

I think that in order to do the new program justice or to deal with the \$123 billion infrastructure deficit that the cities and communities are facing, I think this committee should look at what kind of funding program should be in place. We're not talking about how many dollars, because that's really not up to this committee; we're talking about what kind of program. There's a real difference there.

I'm not putting before you the view that we need to spend *x* billions of dollars; that's not within the mandate of this committee. To use that as an excuse to not look at how we spend the money is, I think, a complete red herring, because the committee cannot deal with how much money we have; we know that.

We're not saying how many billions need to be in place, but if the money is available, we are saying how it should be spent and what kind of program it should be. To look at other countries and look at the best practices is, I think, the way to go.

I just want to be very clear so that other members know precisely what I am seeking by way of a study.

• (1145)

Mr. Jeff Watson: Thank you, Mr. Chair.

When a study is proposed, I think it's assumed that the items proposed for study are being advanced because there's a belief that there is merit to the proposal. On our side I could say, for example, if we can make the administration of a program much simpler, let's investigate how to do so; if we can make it simpler, we can deliver more infrastructure for the same dollar.

Principally, the idea of looking at bidding practices is to ask whether there are ways to increase the amount of competition in the way projects are bid. I think there's merit to this; that's why we want to advance the idea. On the idea of increasing the participation of the private sector and of private sector dollars in the funding mix, we can look at how we can improve on that. Are there ways to get more private sector investment leveraged against existing public dollars? What is it going to take to do that? I think studying that idea has merit.

On the opposite side, I think it has to be understood that the opposition believes there are merits to such proposals as backing increased municipal borrowing, which is item number two. Why else would you want to study this, unless you think there's merit to the proposal? Is it simply to shoot an idea up and then shoot it down? I don't think so.

As to surplus revenues from fuel duty, currently 5¢ of the gas tax goes into our infrastructure programs; the other 5¢ supports other programs funded by the government. There are no surplus revenues, unless you're suggesting that you increase the amount of gas tax that goes to funding infrastructure, and then those programs will either be cut or taxes will have to be raised somewhere else—an indirect tax increase.

These ideas aren't being floated simply because they might be interesting. The opposition believes there may be merit to a 1% value-added tax that municipalities can implement.

I think this is a bit of a phony debate. We already know that the opposition supports, at least at a minimum, indexing the gas tax revenues to municipalities, which would mean that whatever funds are taken out of the excise tax would have to be replaced by a higher tax somewhere else in order to fund the existing commitments of the government. They suggest the Canadian Centre for Policy Alternatives.

It's no secret that they support increased taxes, Mr. Chair. I think it's phony to now suggest that they just want to study the idea; no, they want to make a case for the idea, and I don't think we should be under any illusion about that.

I'm happy to make the case for the three items in the subcommittee's report that we support; I think there is value there. I'm not ashamed to say that we should study the precise ways and factors whereby we can make those things work.

That's what they're suggesting, but they don't want to come out and say it, maybe because their ideas are unpopular.

I'll be voting against their amendment.

• (1150)

Hon. Denis Coderre: Jeff, you forgot to mention the carbon tax.

Oh, Hallowe'en was yesterday.

Voices: Oh, oh!

Hon. Denis Coderre: I'm just having fun with you.

[*Translation*]

Mr. Chair, I am in agreement on one thing, which is that we cannot amend this to the point where witnesses will be asking for more money. That will lead nowhere.

However, we want to make sure that we can not only validate the current situation regarding our own infrastructure, but also find a way of spending taxpayers' money in the best possible way; we must determine what tools we need to avoid some of the experiences that other sectors have gone through.

That is why I am emphasizing the fact that looking at the process is essential. In any case, to my mind, we could both look at the process and implement Olivia's comments. There is no doubt that when you study infrastructure, you have to know the current status of the infrastructure in question.

I would invite our colleague to reformulate things so that we can find a solution we all agree on. At the Standing Committee on Transport, Infrastructure and Communities, infrastructure has always

been the poor cousin. However, we don't want things to change in such a way that the municipalities tell us that they need more money. In any case, they will be saying that.

While emphasizing a recommendation on the need to renew the investment plan, I think we should go much further. I think that the committee's study should be far more technical, so that we can define what we mean by "expertise". Our role as parliamentarians is to accompany the state, in a way, so as to give it additional tools and guidance on how situations are to be managed.

That is why, given that, the committee's study could become really important. This must not become an exercise that drags on indefinitely, where all we are doing is buying time and hearing a whole lot of witnesses who will all say the same thing, while everyone plays a partisan game.

Here we have the opportunity of saying that the private sector has to play a role, and that we have to reduce red tape, and not only increase the number of bidders, but also take a close look at the issue of the lowest bidder. I think we aren't that far apart. In fact, I don't know what game is being played, but we are somewhere between the two. We must not talk about increasing taxes, because people are taxed enough already. Perhaps we should check first to see whether there are additional sums of money available, and examine how funds are being managed now, and determine whether there are any measures...

[*English*]

called best practices. When we're talking about best practices, we see what's going on in some other countries.

I believe that we should take a vote on what Olivia is proposing, Chair, but I would come back to the procedure for managing the way you attribute contracts. If Pierre wants, he can put a little bit in the fourth report saying that we should also include some of the studies to see what the best practices are outside. We'll pick it up from there.

• (1155)

The Chair: Mr. Holder is next.

Mr. Ed Holder: Thank you, Chair.

My sense, having just read this, is that Ms. Chow's various ideas are implicit in the opening statement, where she says, "Canada's urban infrastructure is crumbling, and overburdened municipalities are struggling to fund maintenance and expansions". When I look at the various points, they all appear to me to be spending mechanisms, and for the most part, additional spending mechanisms. The one that particularly caught my attention, because I agree with Mr. Coderre on his point that Canadians pay enough taxes now as it is, is number 4, the penny tax.

In my experience, a tax is a tax is a tax. When I look at that, I see that it's levied by the municipality. I'd just like to ask a question to Ms. Chow, through you, Chair, just to help clarify so that I can understand.

I remember when our Mayor Gosnell had a sewer tax. It was called the GST, the Gosnell sewer tax. I don't think our current mayor, Mayor Fontana, would want this to be called the Fontana tax or the Fontana penny tax or something. He wouldn't want anything such as that.

It's a 1% municipally levied value-added sales tax. I can't imagine the infrastructure you would need to put in place to actually collect that. Would it be like a municipal GST or HST? I'm not sure how much we would drive the underground economy even that much more underground.

It's a sincere question, Ms. Chow, through you, Chair. How does my city of London collect that tax you're proposing?

The Chair: I'm going to stray from the list to let you answer that question.

Ms. Olivia Chow: Mr. Chair, a few years ago, the Federation of Canadian Municipalities and the big city mayors came up with the one-cent GST proposal. If you want me to go and find details of how that one-cent GST works, I could do so. This is not a new idea. It is something that has been proposed by the municipalities and the big city mayors. They ran a big campaign on it.

Is that a good idea? I don't know. I think it's useful to take a look at what had been proposed in the past and what other countries have done. I'm not saying that any of them make complete sense, but at a bare minimum, we should look at and seriously consider some of the proposals that have come directly from municipalities and big city mayors.

That was a substantive proposal that was given to us, I believe, seven years ago. Is it in this kind of format? Not completely, but I think at a bare minimum we should take a look at it. Does any of this make sense? Is it applicable to Canada? Perhaps yes, perhaps not. That is why at a committee we should look at other examples and decide whether this whole GST question does or doesn't work for us.

I was trying to answer the question about where that came from.

Mr. Ed Holder: I think I know enough now, Chair. Thank you.

Ms. Olivia Chow: The one-cent GST came from the big city mayors.

The Chair: Are you finished, Mr. Holder?

Mr. Ed Holder: I am. Thank you, Chair.

Mr. Mike Sullivan: If the other side of this committee believes that these proposals are only about creating some kind of new tax stream, then feel free to take out those proposals that you feel are somehow creating a new tax stream.

I don't believe they are. I think the purpose of Ms. Chow's motion is to suggest that if this government is spending money on infrastructure—and it may not be, but if we are and if there is going to be a 2014 renewal of the infrastructure program for municipalities—then should we not provide the most comprehensive and well-informed advice to the policy-makers before they design that program? If there are problems with the way the program was administered in the past or if there are better ways of spending taxpayers' money in the future as you design a new program, wouldn't it be smart for this committee to look at whether or not there are better ways?

I like the notion that the federal government act as a guarantor of debt, for example, because there is no money to be spent. It's just backstopping and therefore reducing the debt charges to a municipality so the municipality itself can then build its own infrastructure without federal help. That seems like a no-brainer.

Maybe there's a small additional piece of that money, because in backstopping the debt, there might be some that default, and how do you handle that? I don't know, but it would seem to me that would be a smart way of looking at infrastructure generally: staying away from anything that has the word "tax" in it.

A number of proposals in Ms. Chow's proposed amendment would seem smart to study or at least look at. If other jurisdictions have found better ways of spending federal infrastructure dollars, why wouldn't we look at that, rather than limit ourselves to increased private sector infrastructure? Look what private sector infrastructure has done for the city of Windsor and the bridge to Detroit: the company that owns that bridge is trying to block the building of another bridge every step of the way.

Private sector infrastructure is not necessarily the be-all and end-all, but maybe we need to look at the appropriate mix of private and public creation of infrastructure in the context not just of those three very small points, but in the context of how other countries do it. What other ideas are out there?

If we come to the point where the federal government says it doesn't have any more money, it's not going to spend any more money, and the taps are shut, why would you oppose a municipality having the ability to create a new revenue stream for itself when it's deemed necessary and voted upon by the citizens of that municipality?

The citizens of the city of Toronto—in polls, not by any kind of referendums—seem to be willing to pay more if the money goes directly to public transit infrastructure, but there's no mechanism for the City of Toronto to do that. They have limited taxing abilities, including only property tax and a few limited other things that the province has given them. They can't levy a sales tax. They cannot levy income tax. Sales taxes and property taxes are both regressive taxes, and I would rather that everything was based on income tax, but we're not there yet.

The problem for cities is that their tax base only grows if they build, so as a city you can't grow your tax base the way the federal government can. Federally, as incomes go up, so does the tax revenue for the federal government. Every time the average industrial wage goes up, the revenue of the federal government goes up; not so with a municipality. In fact, in Ontario they are forbidden by law from raising taxes through changes in the property values alone. They have to equalize those increases and decreases in property values across the entire municipality and then say that they are raising taxes. They can't do it any other way.

• (1200)

It's a very tight set of ropes around a municipality that make it very difficult for those municipalities to create necessary infrastructure. They turn to the provincial government for help and they turn to the federal government for help. One of the things we are suggesting is that we give them more tools—not necessarily that the federal government give them more money, but more tools.

Why would we turn a blind eye to even looking at that? It baffles me that the people opposite would be so rigid and blinkered that they would not want to study things that may in fact do a better job and a more efficient job of delivering infrastructure to taxpayers.

• (1205)

The Chair: Okay, I am calling the vote.

It is a recorded vote. We are voting on the amendment.

(Amendment negatived: nays 7; yeas 4)

The Chair: The amendment is defeated. We will now call the motion on the main report.

Mr. Coderre, go ahead.

Hon. Denis Coderre: I have another amendment to propose, if I may.

[*Translation*]

We would like to add this: "4. The contract allocation process".

We've said everything we had to say. All that remains is to vote on it, I think.

[*English*]

The Chair: I missed the first....

[*Translation*]

Hon. Denis Coderre: After the third point, we simply need to add a fourth one, as follows: "4. The contract allocation process".

We agreed to examine the second point, which involves more bidders for federally-funded projects. Increasing infrastructure from the private sector side means not only that public funding is contributed, but also that we want a larger contribution from the private sector. We have to take a look at contract allocation.

That does not mean that that would be an extensive process. Nevertheless, I would like us to examine that and include it in our study. And so, let's add "4. The contract allocation process".

[*English*]

The Chair: Okay. Are we willing to add this as a friendly amendment?

Mr. Poilievre, go ahead.

Mr. Pierre Poilievre: Just for the sake of structure and eloquence, I think Mr. Coderre's amendment should be included under point 2, because they both deal with.... I'm just trying to figure out how we would structure it. Maybe you would put it at the front of point 2.

What was the wording?

[*Translation*]

Hon. Denis Coderre: It is "The contract allocation process".

[*English*]

Mr. Pierre Poilievre: I think "the contracting process" is the translation.

[*Translation*]

Hon. Denis Coderre: And then we would say: "More bidders for federally-funded projects".

[*English*]

Mr. Pierre Poilievre: That's right.

[*Translation*]

Hon. Denis Coderre: Agreed.

[*English*]

The Chair: The clerk has put in "contract allocation process".

Mr. Pierre Poilievre: Yes, it would be "contract allocation process" and "increase" bidders. "Increase" works better than "more", given that it's the second clause of the sentence. It will be "Contract allocation process to increase bidders for federally funded projects".

Are you okay with that? That would be, as far as I'm concerned, a friendly amendment.

The Chair: It sounds as though we have support for that.

We are going to vote on the main report.

(Motion agreed to)

The Chair: With that, the meeting is adjourned.

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