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Chair

Mr. Larry Miller

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• (1535)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): We'll call our meeting to order.

We have three different witnesses or groups with us today, all by video conference. We have representatives here from the City of Burnaby, the City of Surrey, and Clean Energy Canada.

With that, we'll start with presentations of 10 minutes or less.

We'll start with you, Mr. Corrigan. Go ahead.

Mr. Derek Corrigan (Mayor, City of Burnaby): Thank you for allowing me to contribute my comments on this important issue.

As you have been told repeatedly, the infrastructure deficit in Canada has reached serious proportions, leaving billions of dollars in future expenditures as a burden on the next generation. Anything we can do to lighten that load is welcomed by municipalities across Canada. Certainly, the present commitments will make only a small dent, but continued support from all levels of government will be crucial to our eventual rehabilitation of the assets that make Canada strong.

My city, Burnaby, is a model of sustainable asset management and fiscal responsibility. We have no debt, and we maintain reserves in the amount of \$700 million for the replacement of our infrastructure and the development of our community. There are many cities that strive for the same goal, but there are consistent obligations placed upon us by other orders of government that make our job much harder.

On a regional level, we have recently completed the massive upgrade of our water system to meet federal and provincial objectives, with minimal contributions from senior governments. We are now obliged to replace the existing Lions Gate waste water treatment facility, and again we are struggling to obtain support from the very government that ordered the replacement. It is incredibly frustrating and disheartening.

In British Columbia, many people believe that the political influence on the distribution of federal funds is a major factor in the decisions on infrastructure projects, rather than the prioritization of the projects by level of importance and impact. In my 28 years of experience on municipal council, I tend to agree that the process is not sufficiently objective or impartial. In fact, the political lobbying required to get support for much-needed infrastructure has become unseemly in a democratic policy-driven society. We need to know

that the process is based on solid criteria and is a transparent process. That has not always been the case.

I am also greatly concerned about the diversion of federal infrastructure funds to private sector organizations such as railways. It came as a great surprise to me that railway infrastructure was being funded by building Canada fund money. It seems to me that the private sector should be responsible for its own needs, based on their own market viability. Public funds should be for public purposes.

Finally, I am very aware of the debate going on in this committee about the privatization initiatives that are euphemistically called "private-public partnerships". As one of the mayors involved in the Canada Line project, I could go on for hours about the flawed process that was undertaken to build a transit line operated by the private sector. Suffice it to say that the project has created very little new ridership at a massive cost to local municipalities. We ended up funding well over half the project and continue to pay higher interest rates on the money borrowed by the private sector.

Over and over again, auditors general in various provinces write lengthy reports on the excess costs of the P3 model, but their voices are not heard in Ottawa. Instead, the federal government relies on reports from the organizations that benefit the most from these projects and ignores the reality. In fact, the federal government insists that all major projects go through this lens, and it is made clear that projects will not be supported if they fail to embrace this ideological commitment to turning public sector infrastructure into private sector for-profit operations.

At the municipal level, we are quite capable of determining which projects will benefit from a private sector presence and which must necessarily remain public. We do not need Ottawa playing Big Brother from 5,000 kilometres away, and we certainly resent being forced into privatization initiatives on the threat that funding will be withheld.

To summarize, we need a fair and impartial process for infrastructure funds that is based on objective criteria. We need to be sure that there is no political interference in the dissemination of funds that come from our hard-working communities and are redistributed by Ottawa. We need Ottawa to cooperate in an open procurement process where the best interests of our communities is the highest priority and there is no predetermined political direction that insists on privatization.

Canada should be an example to the rest of the world in showing that the even-handed management of limited financial resources can achieve great results for our citizens. We can all accept losing in a fair process, but it is un-Canadian to stack the deck and cheat communities out of their fair share of limited financial resources for political reasons. We can do better and we should do better.

Thank you very much.

The Chair: Thank you, Mr. Corrigan.

We will now move on to Ms. Hepner, mayor of Surrey, for 10 minutes or less, please.

Ms. Linda Hepner (Mayor, City of Surrey): Thank you, Mr. Chair, and thank you to the committee for inviting the City of Surrey to appear in front of you today.

Joining me is Vincent Lalonde, our city manager; Jaime Boan, our manager of transportation; and Paul Lee, our rapid transit and strategic projects manager.

I'd like to take a moment to introduce the committee to the city of Surrey. We are one of the fastest growing cities in the country, with a thousand new residents arriving each month. We are currently the 12th largest city by population in Canada, and we will grow from our current population of half a million people to 800,000 over the next three decades, surpassing Vancouver as the most populous city in British Columbia. Our employment will double to more than 300,000, making Surrey a key player in the economic development of the region and the province.

We're a diverse community, both culturally and in economic terms. There are 102 different languages spoken in our city. We have a community of young people, with one third of our population under the age of 19, who will support the growing trend towards the use of and reliance upon public transit. The City of Surrey has just been named one of Canada's top employers for young people in 2015.

Geographically we're big. We're 315 square kilometres, making us bigger than Vancouver, Burnaby, and half of Richmond, all combined. We're well connected to the Asia-Pacific gateway and to the U.S. border. That means we have an opportunity to grow and to use rapid transit to shape our future, and for any city that is an important part of the future.

The city is well aware of the federal funding opportunities that have been made available in this region and in municipalities over the past decade. We have summarized a few of those key federal programs and related them to the recent infrastructure investments in our region.

Federal contributions have been pivotal in the construction of the Canada Line and Evergreen Line rapid transit projects in this region.

The early commitment and leadership of the federal government were instrumental in getting the province, and then the local authorities, to commit to funding and to cost sharing.

On a local level, federal funding was provided to deliver the most recently completed Powell Street overpass project in the city of Vancouver. As with last month's announcement of the Highway 1 improvement project in North Vancouver, funding from the new building Canada plan was allocated for this significant project. Federal leadership has also been key in bringing together a large group of funding partners and delivering the Roberts Bank rail corridor program, which has improved Surrey's and the region's rail connections to the Asia-Pacific gateway. Similarly, the South Fraser perimeter road project, which benefited Surrey, was delivered under the Asia-Pacific gateway and corridor transportation infrastructure fund.

In the city of Surrey, we have benefited directly from the infrastructure stimulus program through which much needed improvements have been made to our arterial roads. For example, federal contributions were recently received for the widening of 96th Avenue and the Fraser highway in Surrey. Most recently, our biofuel project has been made possible with cooperation and contributions from the P3 Canada fund. The biofuel project uses state-of-the-art technology that enhances the city's environmental and economic sustainability. The biofuel project will be delivered under a full public-private partnership with a concessionaire responsible for its operation and maintenance.

As demonstrated by these projects, it is evident that federal funding is vital to the development and delivery of local infrastructure projects in this region.

• (1540)

Moving on, I'd like to turn your attention to the light rail transit project that Surrey is developing.

In June of 2014 the mayor's council of this region endorsed the implementation of light rail transit, a high-quality rail-based transit service, to meet Surrey's growth and future transportation needs. Surrey's light rail transit system is composed of 27 kilometres of light rail serviced by 19 stations along three of the city's busiest transportation corridors. Surrey's light rail transit system connects the city centre to the Langley city centre and to our local town centres and communities. The capital cost has been estimated at \$2.14 billion in 2015 dollars. When completed, the light rail system will carry 170,000 passengers daily. That ridership is roughly three times the ridership forecasted for the Waterloo line or Edmonton's Valley Line.

Surrey's light rail project will significantly increase accessibility and transit coverage for Surrey and Langley residents. An additional 200,000 people will be within walking distance of a quality transit service. Urban-style light rail transit will enhance the public realm and the place-making opportunities and support transit-oriented development in my city. Urban light rail transit will also provide pedestrian-friendly, human-scale, and mixed-used neighbourhood design that offers both eyes-on-the street and from-the-street visibility. Surrey's supportive land-use policies and development plans are aligned with the light rail transit project to generate high levels of ridership. There is no question that urban-style city-shaping light rail transit is the solution to Surrey's mobility challenges.

Now I will briefly summarize the project timeline. In 2014, the city's application to the P3 Canada fund for the light rail project was screened in for further consideration. Currently, the City of Surrey, in partnership with the South Coast British Columbia Transportation Authority, or our TransLink, is refining the design and cost estimate of Surrey's light rail transit project. The project will continue with its development by applying to the P3 Canada fund in time for a full business case submission in the spring of 2016. Our work will be done in full partnership with TransLink. The project timeline calls for funding negotiation and commitment prior to 2016, procurement completion and construction starting in 2018, and revenue service beginning in 2021.

Some of what we have identified as the key benefits of the project include the expansion and diversification of local employment and investment. On a permanent basis the light rail project will add sought-after higher-valued jobs in our city. It will support the expansion of Simon Fraser University and other post-secondary institutions in the core of the city. It will also provide a vital incentive critical to the recruitment and the retention of high-tech employees and support the development of Surrey's Innovation Boulevard, which is a high-tech health and technology corridor. It will promote focused urban growth to slow sprawl and relieve development pressure on our agricultural and green spaces. Most importantly, it will generate a great economic return.

• (1545)

Here are some of the highlights of an economic benefit study that was completed. From construction activities, 24,600 jobs will be generated in B.C., with 4,200 more across Canada. As well, \$354 million in federal personal income tax revenue and \$132 million in B.C. personal income tax and sales tax revenue will be generated. From a 30-year operation and maintenance period, another 14,000 jobs will be generated in B.C., and 1,200 across Canada. In addition, there will be \$116 million in federal personal income tax revenue, and \$101 million in B.C. personal and sales tax revenue.

The study has also identified how LRT contributes to Canada's economic action plan and B.C.'s jobs plan. As an added benefit, the Surrey LRT project will assist affordability in Surrey and across the region by reducing car dependency and increasing housing choice.

In closing, I would like to reiterate the importance of the federal presence, and the funding programs that enable infrastructure projects in all levels of government across Canada. In our region and in the city of Surrey, we have benefited from past and current federal funding programs, with key contributions to projects of

different scope and different costs. It is important that the federal investment be sustained and continued into the future.

Surrey's LRT project is one such project that will need federal funding contribution for its realization. In Surrey, it makes economic and land-use sense, and the scope and operation is ideal for full public-private partnership delivery. This is evident by the interest already expressed by PPP Canada, and the screened-in status given to this project in its initial application for funding.

Personal income and sales tax revenues from the Surrey LRT project will offset some of the capital grants by the federal and provincial government. An LRT in Surrey will contribute to the success of the Asia-Pacific gateway program and its objectives. We are well aligned with Canada's economic action plan, by increasing infrastructure investment, growing trade and expanding markets, and building strong communities across this country.

I want to thank you for the opportunity to present this project to you today.

• (1550)

The Chair: Thank you very much, Ms. Hepner.

We will now move to Mr. Woynilowicz.

Mr. Dan Woynilowicz (Director, Policy and Partnerships, Clean Energy Canada): Thank you, Mr. Chair, and thank you to the committee for inviting us to participate today.

I'm pleased to be with you this afternoon on behalf of Clean Energy Canada, a climate and energy think tank based at the Centre for Dialogue at Simon Fraser University. Our focus is on accelerating our nation's transition to clean and renewable energy systems by studying and documenting the global shift to clean and low-carbon energy sources, by hosting multi-sector dialogues and by inspiring and informing policy leadership.

The transition to a cleaner energy system in Canada is a national challenge that requires federal leadership. While many decisions about energy production and transmission are within the domain of the provinces, the federal government has both areas of oversight and the ability to catalyze and support provincial and interprovincial decisions that shape our energy system.

The Canadian Electricity Association has made it clear that our electricity system is in need of massive infrastructure renewal. The Conference Board of Canada has estimated that by 2030 close to \$350 billion in new investment is needed just to maintain the reliability of the system we have today. This renewal will require capital investments in the range of \$15 billion a year each year for the foreseeable future. While those investments are already beginning to reduce the electricity sector's carbon emissions, targeted federal clean energy infrastructure initiatives and investments can accelerate the process significantly.

I'd like to just briefly recap some past federal initiatives. In 2007, the government established the \$1.5-billion Canada eco-trust for clean air and climate change program, which was intended to "provide support to those provinces and territories that identify major projects that will result in real reductions in greenhouse gas emissions and air pollutants." Eligible projects for that funding included electricity transmission initiatives.

The federal government's green infrastructure fund, which existed between 2009 and 2014, provided support for a range of projects, including green energy generation and transmission. In 2012, the federal government agreed to a loan guarantee for the Muskrat Falls hydroelectric generating facility and associated transmission lines.

Looking ahead, much more is required. Canada has abundant renewable energy resources from coast to coast. Tapping into these resources can provide us with the electricity we need to increasingly electrify our economy, a key pillar in addressing climate change. Ultimately, tackling climate change is going to require shifting away from fossil fuels to clean energy as a power source for many of our everyday activities, from driving our cars to powering our industries to heating our homes.

To prosper in a low-carbon world, Canada will need to update its electricity infrastructure across the country. We need the transmission capacity to move clean power to where it's needed, and a modern smart grid that allows for solar rooftops, smart meters, and leading-edge energy efficiency approaches. In addition, some provinces are exploring opportunities for clean energy exports to neighbouring provinces or to the United States, but realizing these opportunities often requires significant investment in new transmission capacity.

We will also need to think more regionally, with a focus on optimizing our electricity system on a national or even North American scale. Grid and transmission investments could allow Canada's jurisdictions to integrate more variable renewable power, such as wind and solar, into their electricity mix. Today, some of Canada's provinces continue to rely on higher emission coal or gas-fired electricity, while others have built significant hydro or renewable power infrastructure. Greater regional integration of our electricity system can help deliver clean, renewable power to markets currently reliant upon fossil fuels.

Similarly, many states in the U.S. are heavily dependent upon coal-fired power, and will be seeking out low-carbon sources of power to comply with President Obama's clean power plan, creating new export opportunities for Canada.

One example of that is a recent agreement between Minnesota Power and Manitoba Hydro. It's a renewable optimization agreement under which electricity from excess wind power produced in North Dakota can be stored in Manitoba's hydro reservoirs. The 15-year deal is worth \$4 billion and is the single most lucrative export deal that Manitoba Hydro's has ever struck. The 500-kilovolt cross-border great northern transmission line will allow the utilities to balance variable power from North Dakota wind farms with dispatchable power from Manitoba hydro facilities. These investments are part of Minnesota Power's plan to achieve a one-third renewable, one-third natural gas, and one-third coal-generated electricity portfolio.

That stands in stark contrast with their grid today, which gets 80% of its electricity from coal. Canada is doing a lot to help them achieve that goal.

Finding additional ways to move clean electricity to coal-powered grids would have significant benefits, but it will require regional coordination and cooperation at the state and provincial levels, and also at the federal level.

● (1555)

Last summer the Canadian Academy of Engineering published an important study entitled "Canada: Becoming a Sustainable Energy Powerhouse". The study noted that Canada has a low-carbon electricity advantage that positions us incredibly well to deliver on the goals of energy security and reduction of greenhouse gases in both Canada and the United States. The academy suggests that opportunities to significantly increase electricity trade to the United States could in fact be the necessary impetus to drive more regional integration within Canada as well, between provinces. Ultimately, this integration would offer the benefits of lower energy costs, reduced price volatility, improved reliability, and lower greenhouse gas emissions.

This study emphasizes that electricity generation is a high-value manufactured good that has the promise and potential to deliver large economic benefits through inter-regional trade. Ultimately, the academy concluded that to realize our clean electricity advantage and reap these benefits, we must expand our power grid and make upgrades to the existing interconnections and transmission systems.

There's a clear role for the federal government to enable this infrastructure investment. Increased federal support for clean energy infrastructure across Canada would contribute to numerous federal policy objectives. It would encourage economic development by supporting greater Canadian participation in the fast-growing clean energy sector, including the potential for greater exports of clean electricity and clean energy technology and services.

Given the government's recent commitment to a 30% reduction in greenhouse gas emissions by 2030, supporting clean energy infrastructure would help deliver these emissions reductions as well as support the government's goal of an electricity system that is 90% non-emitting by 2020.

What's needed? First, we need additional and targeted commitment and support for clean energy infrastructure. Second, we need a commitment to collaborate with the provinces to optimize and better integrate our domestic electricity system. Third, we need continued engagement with the U.S. government to identify new electricity infrastructure needs and to enhance the efficiency of the permitting process for international power line projects.

In closing, we can't lose sight of the fact that turnover on our electricity system happens slowly. We're now at a point in history where the Canadian electricity system needs updating, upgrading, and renewal. The choices we make in the coming years will build the system our children and grandchildren will rely upon. Policy-makers like you must choose wisely.

Thank you, and I look forward to addressing any questions you may have.

The Chair: Thank you very much.

We'll now move to questioning.

You have seven minutes, Ms. Sims.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): Thank you very much, and it's good to be here, especially as I have two of my favourite mayors presenting today: my mayor, Linda Hepner, and my dear friend Derek Corrigan as well. Both are recently elected, so congratulations to both of them.

I have a question first for Mayor Hepner. I don't think it comes as a surprise—we have been talking about this for the last number of years—that the City of Surrey is in dire need of infrastructure development, especially when it comes to public transit. We're a city that is fast growing, and we're also a city that is surrounded by bridges. Often in the morning and in the late afternoon and evening, we are in a gridlock. Because of that, I think the timeliness of the projects and getting things moving now is really critical.

We're hearing from cities across the country that they need money for big transit projects now, and that the back-loaded funds provided through the new public transit fund in budget 2015 don't actually address the current needs.

For me, specifically for Surrey, is there an immediate need for transit funding in Surrey or would you consider the back-loaded funds, which will only come two years from now, enough to improve Surrey's ability to meet ongoing transportation challenges? Also, can you comment further on the importance of getting transit infrastructure money out of the door now for big transit projects in cities like Surrey?

• (1600)

Ms. Linda Hepner: Thank you for the question, Jinny. It's nice to see you this afternoon, even if it's on a screen.

The connectivity of this light rail project in Surrey and our dire need for transportation is so significant that the sooner, the better, in

any case. The procurement options that will be required for this particular project, we can't achieve those for a year or so down the road in any event. I have made a commitment that this connectivity project is the only way our city can continue to grow and become the Asia-Pacific gateway success that is expected throughout the nation.

I also want to mention that we haven't had any increase in our light rail or our rapid transit for over 20 years. All of the other areas in this region have grown and have seen the advantage of that light rail system being expanded. Surrey now has to shape its community to prevent sprawl based on our geography, and we have to do it as soon as possible.

Ms. Jinny Jogindera Sims: Thank you, Linda. I know your passion for the light rail project and your commitment to improving the transit system. As you said, we need it to prevent sprawl but also to address the quality of life for those who live in Surrey and have to travel. I've found that quite challenging even moving within Surrey, because we do have that lack of investment.

Linda, I have a question for you around the P3 infrastructure projects. Do you agree that the rules governing P3 infrastructure projects keep infrastructure investments for shovel-ready projects from getting out of the door in a timely manner?

Ms. Linda Hepner: I will refer that question to our city manager, who has dealt with the minutiae around a P3 project and what that looks like.

I'll turn it over to you, Vince.

Mr. Vincent Lalonde (City Manager, City of Surrey): Thank you.

We have just been through the process of a P3 for our biofuel project. There's no doubt that the process is a little longer to go through, but then you can accelerate once you hit construction; you can accelerate the timeline. The front end of that process is quite elaborate, although it is worthwhile going through, especially if you want to seek some innovation or assuage some inherent risks to the project.

P3s are not necessarily suited for every infrastructure project. You have to look at this very carefully to determine if the benefits are there compared to some of the disadvantages. There's no question that the process is quite elaborate for good reason. You not only will sign a commercial deal that will cover the construction of a large infrastructure, but it's also often the case that there will be operation and maintenance over the long term. You have to be very cautious.

Ms. Jinny Jogindera Sims: Thank you for that.

I also want to thank you for saying that each project needs to be assessed, because in B.C. we've seen some P3 projects not being so stellar, where temporary foreign workers were brought in and paid \$4 an hour. I know in Surrey our mayor won't let that happen, because we need the jobs for those living in Surrey, and there is a need there at this time.

Linda, with regard to biofuels and clean energy, what other kind of support could the city use so that we can move towards clean energy and protecting our environment? What are some specific projects you see that would really advance moving towards cleaner energy right in Surrey?

• (1605)

Ms. Linda Hepner: You may or may not know that within our city centre we have actually established, as a city, our own district energy system. We can always use help on that.

Ms. Jinny Jogindera Sims: Thank you for that—

Ms. Linda Hepner: Yes, we can always use help in growing that. We've made it fundamental to the development of any of the new high-rise structures or anything new coming onto the grid that they have to attach themselves to our district energy.

The clean energy power plant construction—we could certainly use some national help with that.

The Chair: Thank you. The time is up.

We'll now move to Mr. McGuinty for seven minutes.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chair. Thank you very much for being here, folks.

Mayors Corrigan and Hepner, I want to ask a series of questions around the existing arrangements that your cities have with the federal government. In previous incarnations of infrastructure funding, have your cities signed agreements between yourselves, B.C., and the federal government?

Mayor Corrigan.

Mr. Derek Corrigan: We haven't had much opportunity to participate in infrastructure funds in the city of Burnaby. It's been disappointing over the years that as a result of our applications we've had relatively little by way of success.

We have signed agreements on some infrastructure projects that helped promote our sewer separation projects in a part of our city, so we have been through those systems, but we certainly have not been the recipients of a major amount of infrastructure money in the city of Burnaby, certainly nothing compared to Surrey.

Mr. David McGuinty: Mayor Hepner.

Ms. Linda Hepner: Thank you.

We have had the advantage of infrastructure funding. We got some \$8 million for the 96th Avenue arterial widening, and we did sign an agreement. We got the Bridgeview sewer, which was at one time a gravity flow. We were having a lot of problems with that sewer system, and we got some help with that back in 2009. Most recently is the biofuel project, which is going to be the very first closed-loop system in North America. We're particularly proud to have received funding for that, and we got a small amount of funding—

Mr. David McGuinty: Sorry, Mayor, but time is of the essence. Can I ask, was there an agreement signed between your city, the Province of B.C., and the federal government in order to receive this infrastructure money?

Ms. Linda Hepner: Yes.

Mr. David McGuinty: Can we get a copy of that agreement?

Ms. Linda Hepner: It was signed with the government. Yes.

Mr. David McGuinty: Great. We would like to see it.

Ms. Linda Hepner: We'll send it to the chair.

Mr. David McGuinty: Thank you, Mayor Hepner.

If I can go back to your agreement, and to you, Mayor Corrigan, do either of your cities have economic action plan billboards within your municipal territory?

Mayor Corrigan.

Mr. Derek Corrigan: I'm not aware of any.

Mr. David McGuinty: Okay.

Mayor Hepner.

Ms. Linda Hepner: Relative to the projects, yes. I believe we had them up for Bridgeview, for 96th Avenue.

Do we currently have them up for the biofuel? Yes, I'm being told we have them up for biofuel as well.

Mr. David McGuinty: Would you be able to provide that list and the cost of putting up those signs in your respective municipalities, if you have that? Could both of you commit to doing that?

Mr. Derek Corrigan: I will investigate and provide any information we have in that regard.

Mr. David McGuinty: Thank you.

Ms. Linda Hepner: I again will check with our sign folk and do the same thing.

Mr. David McGuinty: In terms of other funding that's been going on in your municipalities, perhaps this is to you, Mayor Hepner, particularly with respect to your public transit. Has there been advertising in your city, on your metro system, by the federal government with respect to economic action plan advertising slogans, for example?

Ms. Linda Hepner: I am unaware of that.

• (1610)

Mr. David McGuinty: Would you be able to verify that—

Ms. Linda Hepner: I don't think so.

Mr. David McGuinty: Can you verify that for us and let us know one way or the other?

Ms. Linda Hepner: I don't control that. It would be through TransLink. I can make that inquiry of TransLink, certainly, as a board member.

Mr. David McGuinty: Terrific. Thank you for that. It would be very important.

Ms. Linda Hepner: Of course.

Mr. David McGuinty: Because we can't get a definitive answer from the government, we're trying to get a sense, municipality by municipality, of how much has been spent.

We do know now, Mayors, that the federal government is demanding, as a condition of receiving federal infrastructure money, that these billboards be erected in front of any project that it has a dollar in. We know that 9,850 signs have gone up and that it has cost just under \$30 million. We also know that the government spent over \$15,000 per car by putting up shrink-wrapped economic action plan advertising on GO Transit trains in downtown Toronto. We're very concerned about the kinds of expenditures that are going on here when we have so many important needs.

This brings me to my second theme, which is the Canada 150 infrastructure program announced by the Prime Minister last Friday. Can either of you tell me whether or not you qualify, and will you have the time to submit a bid for any of the money that's been announced or re-announced?

I just want to put a few things on the table for you. One of the top municipal infrastructure experts in the country at McGill described it, "It is an election stunt by the Prime Minister, and should be criticized as such".

The problem is that it's managed by six regional development agencies now—broken up. There are different rules around the country and varying deadlines, as early as June 9, for example, in southern Ontario. Most of the southern Ontario municipalities are saying there is absolutely no way they will make any kind of deadline of that kind in making submissions. There are different projects that qualify. Western Canada is different from Quebec. Quebec is different from Atlantic Canada.

This really appears to have been cobbled together, rushed out, and poorly thought out in advance of the next election. It really smacks of timing, to allow different folks to announce projects in advance of the October 19 deadline.

Can you give us a sense—if you know anything about this project—of your thinking about this new fund that was rushed out last Friday, without any rhyme or reason, by the Prime Minister?

Mr. Derek Corrigan: I'm happy to comment on that because the announcement was made in my city. Unfortunately I wasn't invited. It may be because I'm a friend of Jinny Sims.

I was surprised that the announcement was made locally and that they didn't invite the local mayor to attend, and we, my entire staff, were surprised by the nature of the announcement. We have been rushing around trying to cobble together an application and trying to find suitable projects, because the 150th birthday of our country is a very important event and we want to participate in that. We want to ensure that whatever we do is significant as a statement about our respect for Canada's history and Canada's future.

In my view this was cobbled together at the last minute. It smacks of politics to me, as opposed to being a plan that looks for communities to be able to develop something that will be

meaningful. That in fact was the tenor of my statement to you, that consistently there's this political overtone to anything that is done in terms of moneys being dispensed to communities, as opposed to an open process that all of us are aware of and can participate in in a way that is fair.

The Chair: Thank you.

Mr. Braid, you have seven minutes.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for appearing today.

I'll begin with you, Mayor Hepner. Could you explain in a nutshell why the LRT project is so important for your community?

Ms. Linda Hepner: In a nutshell, I could sum it up in one word: growth. We have 1,000 new people arriving in this city every month. We need this connectivity, given our geographic size. As I alluded to earlier in my comments, we're 350 square kilometres. We're huge. We have to find another mechanism of connecting people within the community and light rail is critically important.

Mr. Peter Braid: What factors went into the decision to procure the LRT project as a P3?

•(1615)

Ms. Linda Hepner: I'm going to turn that over to the city manager who did the analysis.

Mr. Vincent Lalonde: Thank you.

It's not necessarily a final decision to procure by P3 means. We got screened in, which means we did the initial steps of determining there's enough value in the system to warrant further analysis. But it will need a full business case, which will be presented later this spring, to truly determine the value for money of going in that direction. It's not a final decision by any means, but it's part of the continuum of looking at how we would procure such a large system.

Mr. Peter Braid: Okay.

To continue that consideration as a potential P3 then, if the project is approved and it is procured as a P3, who would own the system? Would the private sector own the public transit system or would the City of Surrey own the public transit system?

Ms. Linda Hepner: The system would be one of TransLink, which is a regional system. They would own it.

Mr. Peter Braid: Is TransLink a public sector body or a private sector body?

Ms. Linda Hepner: It is a public sector body.

Mr. Peter Braid: Thank you.

Even if a project is procured as a P3, it of course is still owned by the public sector. Just to confirm, is that correct?

Ms. Linda Hepner: That is correct.

Mr. Peter Braid: Mayor Hepner—

Ms. Linda Hepner: A concessionaire would maintain and operate the system.

Mr. Peter Braid: Exactly, but it's still owned by TransLink, by the consortium of the cities and municipalities.

Ms. Linda Hepner: Yes, that is correct.

Mr. Peter Braid: The ownership isn't turned over.

Ms. Linda Hepner: That is correct.

Mr. Peter Braid: Thank you.

Mayor Hepner, could you briefly elaborate on the TransLink mayors' council? I believe you're a member.

Ms. Linda Hepner: I am a member, as is my colleague, Mayor Corrigan.

It is a consortium of all the mayors of the region. I believe the number is at 22.

Mr. Peter Braid: Thank you.

Ms. Linda Hepner: And it—

Mr. Peter Braid: Sorry, Mayor Hepner, did you have a final thought?

Ms. Linda Hepner: I was going to add to that.

There is a consortium of all the mayors of the region, and they act as an advocacy towards TransLink and the TransLink governance. We have two members—I am one of them—who sit on the board of directors of TransLink. The mayors' council provides us with the guidance and direction that they would like me, and the other member, the chair, to deliver.

Mr. Peter Braid: Mayor Corrigan, what are your thoughts on TransLink?

Mr. Derek Corrigan: TransLink is a very flawed system.

The system was taken away from local governments as a result of local mayors being originally opposed to the Canada Line being prioritized over the line to Coquitlam. Then-minister Kevin Falcon removed the mayors from control of TransLink and subsequently set up the mayors' council. The council has no real powers in regard to the running of the system, aside from two of the mayors who are selected by weighted vote to sit on the board. As a result, the two largest cities have used their weighted vote to be on the board.

It's extremely frustrating. There is a consistent demand from the mayors in the region to regain control of TransLink and that the government change the system of governance that's been put in place. It's been a source of great frustration over the years and was considered to be vengeance for the mayors having opposed a provincial plan to prioritize the Canada Line for the Olympics.

Mr. Peter Braid: You mentioned the waste water regulations that you will need to meet.

Will Burnaby need to meet the 2020 requirements or the 2040?

Mr. Derek Corrigan: It will be the 2020 requirements in regard to the waste water treatment facility at Lions Gate, and as a result it is the first priority for the region for infrastructure funding.

We have all agreed that even though this facility is on the north shore, it's of extreme importance for us to meet the guidelines that have been presented by the federal government for waste water going into the Burrard Inlet. Again, it has been very frustrating that we haven't been able to prioritize that project.

It also is a system that is integrated with the rest of the waste water and water treatment systems in metro Vancouver and would be very difficult to privatize. It would put a private sector operator in the middle of a system that is totally integrated.

That does not seem to have had much effect on our discussions with the federal government. In fact, though we presented a design, build, and finance model for the government to consider, we were told we must go through the privatization process, the P3 process. We've also received approvals from KPMG that it is not—

• (1620)

Mr. Peter Braid: What's the value of the project?

Mr. Derek Corrigan: It's a project that is around \$700 million to \$800 million.

Mr. Peter Braid: At what stage is the consideration of that project?

Mr. Derek Corrigan: It is at the stage of requesting funds from the federal government. We have been attempting to get ourselves into the building Canada fund process. We have been deflected.

There are apparently two systems that are running. One is a straight P3 system, and one is the building Canada fund system, but both are required to go through the screening for private-public partnerships. We've been told informally that it's unlikely for the project to be approved unless it follows a P3 model.

The Chair: Thank you.

Sorry, Mr. Braid, your time is up.

Mr. Komarnicki, you have seven minutes.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you very much, Chair.

Certainly we've heard a divergence of opinions on some of the funding and how it goes about. I heard from Mr. Corrigan that there's an infrastructure deficit. We've heard that, but nobody's able to pin down exactly what it is. I do know that the age of core public infrastructure over the past 10 years has shown a decline of 2.8 years from 17.5 years, so we're trending in the right direction. The funding in terms of federal support for provincial and municipal infrastructure programs has increased from \$400 million in 2002 to over \$4.7 billion in 2013, so we're going in the right direction. There's always a need for more, for sure, and it's good to see, certainly, the City of Surrey listing a host of projects under the various funding programs that have been made available over the years and availing themselves of those.

Of course, the latest one was the P3 you're looking at. I have a question for, perhaps, Mayor Hepner or the city manager. We've heard from P3 support groups that have talked about the complexity of P3s and that not every project is suited for them. Of course, there are contracts to be signed and business cases to be made, not only on the capital side and the construction side but also on the maintenance side. A lot of different designs have to take place and so on, so I'd like to ask you whether you have an internal group or body that has the expertise and ability to review all of these from a legal side and from the various other service sides to say whether this is a good deal or a bad deal to sign.

Have you availed yourself of external experts who are available to deal with the research on the project, to make available their expertise, and to go through with a fine-tooth comb the contractual obligations of the parties and the costs involved and the savings? Can you perhaps answer that?

Ms. Linda Hepner: I certainly can't, but my city manager can. I would like to sing his praises because we do have a great team. I'll let him speak to it directly.

Mr. Vincent Lalonde: Thank you.

As with all P3s, the contractual arrangements are quite complex and it's very important to fully understand them. We have engaged with a lot of partners to do this. Partnerships B.C. is a local B.C. group set up by the provincial government that had a lot of expertise, and we hired them to help us. We hired from the private sector. A lot of the large accounting firms and different infrastructure firms have some expertise. Then we also, as you mentioned, developed our own internal expertise. As I was mentioning in response to a previous question, there is a long process to go through, which is quite thorough and it's very important to go through it properly. We developed quite a bit of expertise by going through the biofuel project in order to be familiar with it. Any city that starts on its first P3 has a pretty steep learning curve, I would say.

• (1625)

Mr. Ed Komarnicki: Thank you. I know those are very critical matters and if you organize well and you have the support you need, you can make the right projects work.

Mayor Corrigan, I know you mentioned that you're debt free and you have \$700 million in the bank. That's certainly a bright light there. You were concerned about the fact that you have to, sort of on a merit basis, apply for specific projects and there are dedicated funds for specific funds whether they're for transit or the Asia-Pacific gateway.

There's another fund that is very popular with municipalities and that's the gas tax fund. It has been increased and doubled over the last while from what it was. It's been indexed and the categories for which it can be used have been broadened considerably to include just about any project the municipality might want to undertake. I appreciate that if you have to get ready for a specific application you might let some infrastructure go, but with respect to the gas tax fund do you appreciate that type of fund? Do you like what you've seen over the years in terms of its expansion, its indexing, the broadening of what it can be used for? Do you find that useful in meeting your immediate needs as you prioritize them and not as somebody else does?

Mr. Derek Corrigan: I am very appreciative and I think all of the mayors in the region are appreciative of the gas tax fund. We find it to be a very useful adjunct to the other programs that are available to us.

One of the problems with the gas tax fund originally was that there was considerable political interference in regard to the dispersion of those funds from both the provincial and federal governments. We in the Lower Mainland were in a position to be able to transfer all of those funds to TransLink for transportation improvements, and we agreed as mayors in the Lower Mainland that rather than taking those funds individually, we would put all of our funds together to improve the assets that are available to TransLink.

We would like to see those funds given to us for operating purposes, rather than simply for capital. It would solve many of the problems we have in funding transit if we were given that money on a consistent basis, because we could leverage it to produce more borrowing power than is available to us now. But even as a capital fund, it's useful to us.

Mr. Ed Komarnicki: I appreciate that. Because you know exactly what you're getting and it's based pretty precisely, you can bank on it, you can pull it, you can borrow against it, and as you say, you can leverage it for all the kinds of things that municipalities would like to see. I might say, when you add that to the GST rebate it's about \$33 billion over 10 years, which is a fairly significant contribution.

I have a question I wanted to ask with respect to Clean Energy Canada. When I heard the testimony about the requirement for infrastructure funding for various clean energy programs, I didn't hear anything about the carbon capture and storage that is undertaken by provinces that produce electricity through coal, such as the production of electrical energy in my riding of Souris—Moose Mountain, where considerable funds have been invested in respect to carbon capture and sequestration. Not only is it captured, but it is also used for enhanced oil recovery. Is that not also something that should be considered, or at least added to the listing that you made of the type of infrastructure projects you would like to see funded?

Mr. Dan Woynilowicz: That list was by no means exhausted in terms of the types of projects that did receive funding from those various programs. Certainly, carbon capture and storage has been a significant beneficiary of federal support, and provincial support, in both Alberta and Saskatchewan for both oil sands and coal-fired power.

Our focus, when it comes to electricity, really is on tapping into Canada's significant renewable energy resources, which have the benefits of not producing air pollution or carbon pollution in the first place but also being renewable and ultimately inexhaustible. We believe that there's a real opportunity for Canada both domestically and internationally.

• (1630)

Mr. Ed Komarnicki: Thank you for that.

I see the chair is not allowing me any further questions. We do have a first-class carbon capture facility in Estevan, Saskatchewan.

The Chair: Thank you for that advertisement.

Mr. Sandhu, you have five minutes.

Mr. Jasbir Sandhu (Surrey North, NDP): Thank you, Mr. Chair. Good afternoon to the witnesses. I would also like to call Mr. Corrigan and Ms. Hepner my friends, because I know they're both very hard-working mayors in our region, especially Linda Hepner. I'll call you Linda.

I come from Surrey, of course, and I know the challenges we are facing in regard to the gridlock that is taking place in our city. I've travelled those routes, especially King George Highway. My office is actually on 104th Avenue, which the new route for the LRT shows.... I've seen first-hand the time it takes to travel on those routes during peak hours, rush hours, so this is a welcome sort of announcement, a welcome initiative to ensure that we keep moving forward.

Mayor Hepner, would you like to see the money before the election or after the election?

Ms. Linda Hepner: Is it available today, Jasbir?

Mr. Jasbir Sandhu: I hope the government will make the announcement before the election. My second question is—

Ms. Linda Hepner: I would like to see the money as soon as possible.

Mr. Jasbir Sandhu: We are in a process of revitalizing our downtown Whalley area. There has been a lot of development. The new city hall is built there, and we have the Innovation Boulevard being built right along University Drive. Do you have any other infrastructure plans for the area that the federal government can assist in developing in the city of Surrey, what we now call downtown?

Ms. Linda Hepner: The number one project right now is our LRT. In terms of making sure that this 27 kilometres of connectivity is going to allow us to shape the community, given the growth we have, I think that will bring those opportunities to us. Right now, LRT is my primary focus.

Mr. Jasbir Sandhu: Mr. Lalonde, you talked about some limitations in regard to P3s and how that limits this. Each project has to be judged on its merits. Some projects are friendlier towards P3s, while others aren't. Does this P3 model limit some of the projects that may be ready to go in Surrey?

Also, in Burnaby, Mr. Corrigan, you may want to answer this one.

Does this limit the projects that you're considering for the city of Surrey and the city of Burnaby?

Mr. Vincent Lalonde: I think you're correct. The P3 is a really good method to shed some risks from the public sector onto the private sector, if properly accompanied by proper agreements that ensure you are actually shedding those risks. It does come at a cost. It's not like a free system either.

In the case of our biofuel, one of the key drivers for that project to be a very suitable project from a P3 perspective was the fact that internationally we had a lot of technologies competing to produce fuel from our organic waste. It was very hard for the city to fully

determine which of those technologies would be successfully built and successfully operated. By doing the thorough P3 process, we were able to determine which team—which consortium, essentially—was going to be entrusted with delivering the gas at the end of the day, while not taking any kinds of risks on the technology. Of course, that comes at a price. You have to pay the private consortium to take those risks, but at least you know what you're paying and what you're getting.

That's an example of where a P3 is well suited. It has to have a significant component of innovation, expertise, or shedding risks, because there are some inherent costs with the P3 system.

• (1635)

Mr. Derek Corrigan: There has to be a sensible review of when it is appropriate or not appropriate to have a P3 arrangement. In the case of, for instance, the waste-to-energy facility that exists now in the city of Burnaby and the new facility that's being planned by Metro Vancouver, it's an area of special technology and special expertise, where a partnership with the private sector, with the public sector providing the capital, has worked extremely well and is the model that we're looking to in the future.

Where we have an area of expertise, as we do in regard to waste water, where our staff has probably the most experienced people in that regard, and where the system is integrated with other parts of our system, moving to privatization is contraindicated. It's not something that you would do, looking at it from a sensible perspective. That's why I'm so concerned when the decisions are based on the ideology rather than common sense and practicality. It should be that in the projects that work for a P3, we're given the ability to utilize that methodology, and that where projects don't work, our view is respected in making sure those projects are integrated into the normal public service.

The Chair: Mr. Watson, you have five minutes.

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

Thank you to our witnesses who are appearing by video conference today.

I want to begin with Clean Energy Canada and Mr. Woynilowicz.

First of all, I've been here since 2004, so I have a little bit of institutional memory about things like the eco-trust program. I believe that Ontario's \$586-million share was used to shut down coal-fired electricity, which was a major step forward in terms of clean energy in Ontario.

On your preference to see clean energy alternatives, in the context of the discussion about infrastructure today, are you suggesting, for example, that infrastructure funds should be used for things like wind farms, wind turbines, solar farms, or anything of that nature?

Mr. Dan Woynilowicz: When we look at some of the cost declines we're seeing in both wind and solar, I don't think there's necessarily a requirement for dedicated programs for construction on the generation side. To the extent that is required in some provinces, I think it's best handled by the provinces.

What I was trying to emphasize was the need to lead Canada towards a more rational electricity system. Right now it's very balkanized, province by province. It's not optimized to make sure we're maximizing the integration of renewable energy or tapping into the opportunity to actually export a surplus of renewable power to the United States and help our neighbours to the south.

Mr. Jeff Watson: For example, if Ontario had struck an agreement for hydro transmission, multi-year, to tap into that instead of, say, wind turbines or another alternative.... You're sort of creating that system, if you will. Those are connectivity choices that could have been made, for example, right?

Mr. Dan Woynillowicz: That's correct.

Mr. Jeff Watson: Okay.

Different countries take different approaches. Australia, for example, encourages municipalities to privatize their utilities or other revenue-generating assets. If they redirect them to other revenue-generating infrastructure, say public transit or other utilities, the taxpayers top that up with 15% of the privatization, if you will, of that particular asset.

How do you feel about pairing taxpayer funding with privatization of revenue-generating assets like utilities?

Mr. Dan Woynillowicz: That's not an issue we've looked at specifically, so off the top of my head I don't have a particular perspective on that. Looking at our electricity system, obviously there has been significant pressure on electricity prices, in large part because our electricity infrastructure is now very old and in need of renewal and upgrading. I think we need to be looking for the best opportunities to be delivering the reliable, clean power that people expect, but doing so in the most cost-effective way possible. We're certainly open to innovative and creative ways to do that.

Mr. Jeff Watson: An example would be privatizing Hydro One in Ontario, or public transit. I'm not going to say whether that's a good or bad investment, but in terms of revenue generation it's not a break-even prospect typically. Expanding Ontario's clean energy grid, maybe with more hydroelectric, for example, could have been the result of a privatization.

Would that approach be much more effective, for example?

• (1640)

Mr. Dan Woynillowicz: That's very specific to different jurisdictions. For example, in British Columbia, wind and micro-hydro developments have been undertaken by independent power projects. I think that's been a successful model in British Columbia. I don't think it's necessarily the model for every province. Those types of decisions are best made by individual provincial governments, based on the system they have and the system they aspire to.

Mr. Jeff Watson: Turning to Mr. Corrigan and the City of Burnaby, I return to the question of the gas tax fund, which is a direct allocation. Am I hearing you correctly that your current gas tax allocation is not going to the City of Burnaby for local municipal projects? Did I understand that correctly?

Mr. Derek Corrigan: You're absolutely correct. The fund, by agreement, is all going to TransLink to fund capital for TransLink. That was by agreement of the mayors around the region in the first

10 years. It was an agreement that was made, and then it has been again, the same agreement.

Mr. Jeff Watson: Is that the same situation in Surrey, then?

Mr. Derek Corrigan: It's the same situation in Surrey and in Vancouver.

Mr. Jeff Watson: That's very interesting.

Measuring the infrastructure deficit has been alluded to several times. We've had the FCM and many others in to try to help us get a handle on how you measure infrastructure deficit at any given point in time. Presumably, assets have to be replaced on an ongoing basis across the country, so I don't know that we'll ever get rid of an infrastructure deficit, if you will.

Is that an accurate way to measure the particular problem? Do you measure infrastructure deficit in Burnaby, for example, and if so, what is it and how do you measure your progress against that?

Mr. Derek Corrigan: We do. What we do in the City of Burnaby is that immediately after bringing an asset into operation, we begin reserving for replacement of that asset. Ours is one of the most progressive ways to continue a sustainable approach to assets and it's the model that other cities are attempting to emulate to ensure that we are reserving against future potential deficits.

Mr. Jeff Watson: That's the way it should be. Thank you.

The Chair: Thank you. Your time's up.

Ms. Sims, you have five minutes.

Ms. Jinny Jogindera Sims: Thank you very much.

Derek, my first question this time is going to go to you.

I've done a fair bit of research on P3s and their effectiveness. As you know, there is a wealth to read out there and not all of it is good, though. As you pointed out—and Linda did as well—there can be some projects that specifically because of their high tech or their specialization could benefit from such a partnership.

Budget 2015 announced new investment in infrastructure, with funding set to flow through PPP Canada, and a requirement that municipalities use alternative financing and funding mechanisms involving the private sector. It seems to me the federal government is putting down some very, I would say, strict criteria that you're only going to get the money if you do P3s.

Do you think forcing municipalities to exclusively adopt P3 funding models for funding eligibility is the right approach for the federal government to take? Is it the best way to maintain and grow that infrastructure?

Mr. Derek Corrigan: No, I don't. As I said earlier, looking at that as one of the alternative procurement models is a fair request from the federal or provincial government, and it's one that should be examined during the process. It's one that should receive a fair consideration, but it is not the only alternative that should be presented in order to gain funding from the federal government. We have a similar situation here in B.C., with Partnerships B.C. being the organization that we're required to go through. Having gone through the Canada Line P3, and having been one of the involved members of TransLink throughout that process, I found it to be one of the most frustrating and disappointing times in my career. All of the information was kept secret from the public. We were not allowed to even go to our staff to get support in our opinions. Much of the advice we were receiving was from outside consultants who had often a vested interest in the project proceeding. It was very problematic.

While there are places where a P3 partnership can be a huge advantage to the public and to the private sector, there are other places where it isn't a valid consideration. Recently we went through exactly that process with the Lions Gate treatment plant. At the end of the process, KPMG, which was investigating and examining on behalf of this, through Partnerships B.C., agreed that this wasn't a good project for a P3. But we end up in a situation where the funding that's available is only going to go to P3 projects, so our project is down at the bottom of the list.

• (1645)

Ms. Jinny Jogindera Sims: Thanks, Derek.

Would you agree that the rules that govern P3 infrastructure projects keep infrastructure investment for shovel-ready projects from getting out of the door in a timely manner?

Mr. Derek Corrigan: I would say that exactly. The lengthy process it takes to go through a P3, even on a simpler project, works against us. We can accomplish exactly the same thing using a design-build, which is a very efficient construction method that offers up the opportunity to have a compacted work schedule so that we can have other options in construction that will allow us to achieve the same purposes but without giving up control of the project to the private sector, or the eventual operations and maintenance, which must necessarily be integrated with other services that are provided.

Having the Canada Line operated by the private sector, while the rest of the SkyTrain system is run by a corporation that is part of TransLink seems to me to be a ludicrous waste of funds. It certainly puts the private sector partner in the middle of planning for a system that requires integration.

Ms. Jinny Jogindera Sims: Thanks, Derek.

My next question is a very short one, and I'm hoping both of you will answer.

Is the process the government's adopting a better mechanism than direct federal funding to support public infrastructure projects?

Mr. Derek Corrigan: It's not a better system. I would prefer to have direct federal government funding for public infrastructure projects.

Ms. Jinny Jogindera Sims: Thank you.

Do you have a comment, Linda?

Ms. Linda Hepner: Thank you.

Value for money is something I know every level of government would be looking for. Direct federal funding is always welcome, but I agree with Derek in terms of the P3 process. While it can be onerous, if at the end of the day it shows value for money, it's a good process. If on the other hand you see, as Derek also mentioned, an immediate announcement of the celebration 150 and we don't have projects ready, more time will be necessary.

Direct funding is always welcomed by local government.

Ms. Jinny Jogindera Sims: Thank you to both of you.

The Chair: We'll go now to Mr. Yurdiga for five minutes.

Mr. David Yurdiga (Fort McMurray—Athabasca, CPC): Thank you, Chair.

Thank you to the witnesses for being here via video today. My first question I want to address to all three participants here.

Innovation is key to achieving the transit industry's goal of greater efficiency and effectiveness. However, emerging technologies often prove to be way more expensive than the conventional alternatives. Many municipalities, due to budget constraints, continue to invest in conventional technology. What has been your experience in dealing with the cost differential between new or emerging technology versus conventional technology?

Mr. Woynillowicz.

Mr. Dan Woynillowicz: I think with cutting-edge technology, it does tend to be more expensive at the outset until you can achieve certain economies of scale. I think that's why we haven't seen technologies like solar and wind becoming cost competitive for some period of time. Now we're achieving that scale, and I think there is the ability to scale up deployment, including by public utilities at lower risk and lower cost. I think it is a challenge for crown corporations to be at that cutting edge of deploying new and innovative technologies because they tend to come with higher risks and higher costs.

By the same token, I think there are often ancillary benefits to being at the leading edge, particularly for jurisdictions that can tap into local homegrown talent at universities and in the private sector, and to help encourage that.

I think it depends on the technology and it depends on the jurisdiction as to what the risk tolerance is for being at the bleeding edge of new technology.

• (1650)

Mr. David Yurdiga: Your response, Mayor Hepner...?

Ms. Linda Hepner: Thank you. I think the operative word would be that we want to be at the leading edge but not the bleeding edge.

For instance, if you're looking at LED lights, the cost of that over a period of time has now reduced to where you could be a leader, and it's competitive, but right at the beginning sometimes you want to have the technology proven. The same would go for our trucks, our CNG trucks. We have a fleet of vehicles using CNG and you want to be at the front, but sometimes you want that technology to be at least proven to make sure that you're getting the value for money.

Do you have any other examples that you wanted to mention, Vince? No, okay.

Mr. David Yurdiga: Thank you.

Mayor Corrigan.

Mr. Derek Corrigan: From the perspective of the City of Burnaby, we're happy to be involved in pilot projects that allow us to test new technologies or emerging technologies, and oftentimes cities will do that. We will work cooperatively to attempt to integrate something like, for instance, LED lights or LED streetlights, and then later it will become the industry standard.

We were the first city to take on a major project on infill fields. Originally they were all Astroturf, all carpet laid on cement. We took on a massive project in which we looked at sand-filled infill fields that now have become the industry standard, but there was some risk involved in being one of the first cities to experiment on a major basis with that type of field. Later on other cities followed us.

We take turns taking the lead on issues and we each want to be creative and innovative in the way we approach them, but large commitments in which we risk the major assets of the Lower Mainland on an emerging technology are not welcomed. We're looking to be cautious and careful because we are so concerned about ensuring that public money is used in the best way possible.

Mr. David Yurdiga: My next question is to Mayor Hepner. Currently a lot of transit systems have difficulty breaking even. I don't think there are any that really break even. What type of revenue sources are there outside of ridership? Are you guys utilizing in-station retail facilities? How can you raise funds to make it more profitable or even to bring it to a break-even stage, because that's a huge burden on municipalities?

Ms. Linda Hepner: We would be looking at this as a way of shaping our community and managing our growth. Oftentimes at stations there are uplift opportunities around development, so utilizing land use as a tool for that would be the primary thing that we would be looking to advantage relative to the stations. The expectation with our 27 kilometres is that we will have 19 stations where we'll be able to look at opportunities for land lift.

Mr. David Yurdiga: Okay, thank you.

I would ask Mr. Corrigan that same question.

Mr. Derek Corrigan: I think that sometimes it's ironic that we talk about transit paying for itself when we don't do the same thing with roads and bridges. We expect that the benefit of huge subsidization and investment in roads and bridges ends up being an economic investment because we have more mobility and the ability to transport goods to move goods around our communities.

I think the same thing happens in regard to transit. Investments in transit have huge economic benefits, but they may not make it self-sufficient, as is the case with bridges and roads. They are not self-sufficient. They're a huge investment, but made for a larger economic purpose. Exactly the same thing happens in urban municipalities. Transit should be treated in the same way that roads and bridges are treated.

• (1655)

The Chair: Okay, your time has expired.

I have a follow-up to a question that Mr. Yurdiga just asked.

Ms. Hepner, I know there's advertising that you can put on cars and at stations, what have you. Would you have any idea of what the percentage is of overall revenues? Is it big? I'm just trying to come up with a number more or less for my own information.

Ms. Linda Hepner: I wouldn't know that number offhand, but I know it would be small. When you look at our regional TransLink operation, it's bridges, it's roads, it's SeaBus, it's buses, it's HandyDART, it's rail, and it's light rail. That would be a very small component of funding.

The Chair: Okay.

Mr. Corrigan, would you agree with that, or do you have any further comment?

Mr. Derek Corrigan: I would. I was the former chairman of British Columbia Transit operating all of our systems across British Columbia, and I can tell you that the revenues that are available even with extremely aggressive advertising programs are relatively minute compared to the budgets that are required to operate the system. It's a source of income that we don't leave untapped, but it certainly is not something that provides a panacea.

The Chair: Okay. Thank you very much for that.

Ms. Young, you have five minutes.

Ms. Wai Young (Vancouver South, CPC): Hello. Thank you again to the panel for joining us today.

I was particularly struck, Mayor Hepner, with your Surrey biofuel project. I know you mentioned it, but I'd like you to spend more time informing this committee about it, the process around it, what the intent of the project is, and what the outcomes are.

Ms. Linda Hepner: Thank you for the question.

We recently broke ground on the project. It will be the first closed-loop system in North America. It will collect the organic waste from the curbside; bring it to the facility; turn it into fuel that will fuel the garbage trucks that picked up the organic waste, as well as fuel the city's fleet of vehicles; and then the residuals will be used as an organic compound that will be of advantage to our agriculture or our landscape businesses. It closes that loop entirely.

Does that help?

Ms. Wai Young: Yes, it does. Thank you very much, but can you give us a sense as to the budget and the timelines? How long did it take you to get to groundbreaking, which is where you're at, and what was the federal budget contribution?

Ms. Linda Hepner: The federal component of the funding is \$17 million, which goes out to about 25% funding. I think it's a two-year process. I'm sorry, I wasn't at the beginning of the process, but it has been about two years.

Mr. Vincent Lalonde: Yes. I can add that the process was quite elaborate in the sense that first we determined if P3 was the right method. Then we did an international search to narrow down teams and we had over 10 responses, pretty much from Asia, Europe, North America, and Canada. Then the process went down to three main proponents that had the best business case as a team. Then there was the final selection, and as the mayor mentioned, now they're building the facility. The project includes them, basically.

The city contributes per tonne of organic waste it delivers and then the project guarantees a certain amount of gas coming back to us to offset the cost that we've paid for the tipping fee. Essentially, as the mayor mentioned, the gas is then used for the garbage trucks collecting the waste. We are already collecting all that waste, so we've established this as an area where the city took a risk for the private sector, where we guarantee the actual feedstock.

Two years ago we started getting our population ready to provide the feedstock, so the private sector doesn't have that risk, which is a risk that's easy for us to take, so that further reduces the cost of the project.

Now that we have closed on the project and we've selected the technology, we know we're going to have enough gas not only to fuel our garbage trucks that are collecting the waste.... That was an integral part, by the way, of getting citizens to understand what we were doing with the organic waste. When we rolled out the program a year and a half ago we reduced our garbage tonnage by half in the city of Surrey within two month's time. That was because there was a good understanding from the public that we are now adding value to something that was seen as waste before. This was valuable to the city, so everyone contributed.

The last component, which is quite exciting, is that with our district energy now in the city centre we're looking to use the excess

gas, which is pure, clean gas, and carbon free, to help heat all our high-rises in our downtown.

● (1700)

Ms. Linda Hepner: At the end of the day when the facility is complete, there is a teaching component. We intend on educating our young people on how important it is and what it's all about. That was an important element for us to include in the construction piece.

Ms. Wai Young: Given that this is the first one of its kind in North America, did you find it was difficult to get the federal government to partner in this?

We're constantly hearing from the media and the opposition that this government is not interested in these kinds of innovative environmental projects, whereas, obviously, you've succeeded in attracting this level of commitment and funding for specifically this kind of innovative environmental project.

Mr. Vincent Lalonde: I can answer that question.

The federal government was in early, so we applied for the P3 funding and we knew we had a funding commitment, but of course all the homework on the P3 process had to follow through so it was crucial and very helpful to indicate to the City of Surrey there was help to do this biofuel and do things not necessarily the old-fashioned way, but to look at innovation.

That helped backstop the city to invest in the process, because there is an investment in time and money into the process and exploring it. But it paid off because we knew there was an early commitment by the federal government.

Ms. Wai Young: I'm getting signs that my time is up.

Thank you very much.

The Chair: Yes, your time is up. We have bells coming at 5:15, and we have some committee business that we have to do.

I'd like to thank all of you for joining us today. Your input was very important.

With that, we're going to suspend to go in camera on some committee business.

Thanks again.

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