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## Standing Committee on Finance

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EVIDENCE

**Thursday, May 18, 2017**

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**Chair**

**The Honourable Wayne Easter**



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• (1105)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** I call the meeting to order. For the record, we're continuing to deal with Bill C-44, an act to implement certain provisions of the budget tabled in Parliament on March 22, 2017 and other measures. We will start where we left off with witnesses from the Treasury Board Secretariat on part 4, division 21.

The floor is yours, Mr. Ermuth. I believe you had finished your remarks. Is that correct?

**Mr. Roger Ermuth (Assistant Comptroller General, Financial Management Sector, Office of the Comptroller General, Treasury Board Secretariat):** We had finished our remarks. You had left us with a question. We're happy to start with that or with other questions.

**The Chair:** Yes, I had raised a question. If you have the answer, I'm all ears.

**Mr. Roger Ermuth:** To recap, your question was on how we know the departments will be efficient in their service delivery. From our perspective, under the current regime, there aren't necessarily great incentives to be efficient because it's very difficult for departments to raise the fees. From our perspective, having all fees under the service fees act is actually an improvement. By having the CPI, it at least means that the current split between the private benefit and the public benefit remains the same. One of the other things to consider is in most cases, the folks who are consuming the services are not paying 100% of the costs. In other words, in terms of inefficiency, departments still retain a fair amount of departmental appropriations in the game in terms of what they're going to be subsidizing.

My final comment is in terms of how we make sure that there are incentives for efficiency. There is the improved visibility that's contained in the legislation in terms of having the reports tabled on an annual basis, which lay out the costs as well as the fees collected. Parliamentarians and Canadians can see how that gap is either growing or staying the same along with any other service fee improvements.

**Mr. Raj Grewal (Brampton East, Lib.):** What division is this?

**The Chair:** It's division 21, part 4. It's the last division in the budget implementation act.

Roger, I have a couple of questions spinning off that before I go to other members.

This is going to be published annually. Is there any way parliamentarians can get a complete list of service fees, or user fees? In the farm community we would call them user fees; you might call them service fees. Whether it's the Canadian Food Inspection Agency or whatever, is there anywhere we could get a complete list that says what the fees were 10 years ago, and what they are now? I know there's an obligation to report annually. Is reporting done in a way that you have a chart, which says CFIA, PMRA, whatever, down the complete list, of the fees for this year and next year rather than total amounts of money? How is this stuff going to be recorded?

**Mr. Roger Ermuth:** One of the challenges in the user fee or service fee world is exactly the consolidation of the reporting. Currently departments may report on their fees. CFIA, for example, does have a fairly robust reporting that they table as part of the information that goes with their departmental performance reports. It doesn't go back 10 years. However, longitudinally, an analysis could be done going back in terms of what they've reported depending on—I don't know what they were reporting 10 years ago. I know within the last couple of years that they have been reporting on their fees.

One of the proposed amendments in this legislation is the fact that, on an annual basis, the Treasury Board Secretariat would take all of the departmental reports and consolidate them. Therefore, we would start to be able to have a centralized database with all the information. After time, longitudinally, you would be able to look at that in an easier and more accessible way versus having to pull out individual departmental reports.

**The Chair:** I have one further question. Is there any anticipation—this is kind of new—in which service fees, and excise taxes, are tied into an escalator, tied to CPI?

My question is unfair. You can't answer the question. My question was along the lines of whether anyone is willing to anticipate a review in three years to see how this is working and anticipate whether or not that's the way we should go.

**Mr. Roger Ermuth:** From our perspective, the inclusion of the escalator and tying it to CPI and saying that unless a department has in its own enabling legislation with a built-in escalator, in which case it was set through their legislative process...was basically to say that at a minimum we want to make sure that the gap in the public-private split—the difference between the fees collected and the cost of delivering those services—remains static. As costs go up, by CPI and so on, the fee should then go up accordingly.

Looking at it from an individual fee perspective becomes part of the discussion for the departments that are looking at their fees—raising, modifying, potentially even reducing them as efficiencies or whatever come through, but looking at their fees in terms of what or how these come into play. The experience since 2004, with only 18 fees coming through, either by being introduced or renewed, means that we have literally thousands of fees that have not had any increase in decades, in some cases. As a result, the departmental appropriations—general taxpayer dollars—are being used to subsidize those specialized services.

From our perspective, then, putting the CPI in the legislation is really to keep that gap, so that the broader policy discussion can happen where it should happen, which is with the responsible ministers and their departments.

• (1110)

**The Chair:** I shouldn't be asking so many questions, but I have one more.

If you're on the other end of these user fees, as I have been, there is a very strong feeling out there that this is going to reduce the incentive for departments and agencies and others providing these services to create the efficiencies needed within their own operations to provide the services in the most efficient way.

I don't mind admitting that this is one of the problems I have with this approach. Not increasing fees puts pressure on the provider of the service—the government agency or government department—to find efficiencies within and of themselves. That pressure is not going to be as strong when your fees can just go up according to the CPI. That's a concern that I have, and I don't mind admitting it.

I probably shouldn't be saying that, but in any event....

Mr. Ouellette.

**Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.):** Thank you very much for coming.

I have a quick question about the review panel. When you set these fees, how are you going to ensure that there's a broad enough spectrum of people involved in reviewing the fees to ensure that an appropriate fee is set? How do we ensure that there's a level of accountability to the industries or even groups or individuals who might be using these services?

**Mr. Roger Ermuth:** One of the fundamentals under the User Fees Act and under the service fees act is that consultation is critically important in setting these fees. One thing the service fees act does, from our perspective, is first of all include all fees under that gamut, whereas only 18 fees are technically under the User Fees Act. The responsibility of the ministers and of the departments to actually engage is clearly now articulated in what departments have to do.

In terms of knowing the stakeholders and making sure that the organizations are consulted, I would have to put faith in my colleagues and departments to know who their stakeholders are. As for making this information public, given that the public would have to be consulted, given that on an annual basis departments will be tabling in Parliament where their fees are going, and given that the CPI and any adjustments from it will also be tabled as part of that report, the information is at least out there. If a stakeholder group is

accidentally omitted, my feeling is that through the transparency of what is being reported, such a group would be able to raise their hand and say, we need to play in this and have some conversation around it.

**Mr. Robert-Falcon Ouellette:** One thing I discovered in large institutions—for instance, the University of Manitoba, and I'm sure it's like this in many other universities—is that often we have to bring together a consultative group or program review committee composed of people in the community or stakeholders before we have a program. Sometimes some departments do very well at it, and others do not do as well because people become very complacent and comfortable in their positions.

I have another question, however. If I'm using a government service, how do I know that the actual cost, whenever you get something from some department, whether of a city or a municipality or the federal government...? Sometimes I question how they actually come up with that price: "How did you determine that's the appropriate price?" It might have only taken you five minutes to do, yet you charged me \$100, say, for that service.

Is there a way of sharing more information with the citizens who use those services to show the actual breakdown of the cost: "This is what it actually cost us to do it, and this is your cost", which might be a portion of that? Is there a movement to be more responsive and transparent with citizens?

**Mr. Roger Ermuth:** One of the pieces we'll be doing in addition to this legislation is supporting Treasury Board policy.

Something we're considering for that framework is to what extent and what actually has to be shared with the stakeholder groups. One of the things proposed currently is understanding and sharing with the stakeholder group what the costs are, the methodology for how you've determined the costs. So if you only meet with the stakeholders to change costs or modify costs every five or seven years, it's at least understood how that model would work.

The other thing that would be part of that discussion would be around the private-public split. Obviously, the government and the minister have the final say in terms of how much. From a user perspective, they might say it should be more public versus private. There's a tension there, but the idea is that there would be a discussion of that as well, all of which leads into the setting of the price and an articulation of that price, and a consultation in terms of that whole process.

From experience of talking with some of my colleagues in departments where they're already engaging with stakeholders, that's exactly the type of thing they've been doing in terms of pre-work. They've been developing their costing model and understanding what it's going to take, having an internal discussion, a public-private policy discussion, and then engaging with their communities and their stakeholders around what that is in terms of setting the fees.

• (1115)

**The Chair:** Thank you, both.

Mr. Albas.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** Thank you for your presence today. I certainly appreciate the work you do for Canadians.

I'd like to start by asking a question. First of all, obviously, setting this to the CPI would require an ambulatory incorporation by reference, sometimes referred to as a dynamic incorporation by reference, because you're fixating a future price that is yet to be determined. Is that correct?

**Mr. Roger Ermuth:** On the specific mechanism, I apologize. What's proposed in the legislation is that we would set it to the CPI, and the calculation is articulated in there. I'm not familiar with the exact mechanism of which you're speaking.

**Mr. Dan Albas:** Okay.

Mr. Chair, the Standing Joint Committee for the Scrutiny of Regulations has taken issue with crown corporations such as Canada Post fixating a future price that has yet to be set. In the last Parliament, we actually passed legislation, called the Incorporation by Reference Act, to allow government in certain cases to be able to do that by reference tables. There is still some issue of whether it is proper to affix a fee that's yet to be determined by a rate. So I imagine that the standing joint committee will want to review this.

As a quick question, does it apply to crown corporations or just to government departments?

**Mr. Roger Ermuth:** It applies just to the government departments.

**Mr. Dan Albas:** I'm happy to hear that, because government departments at least have internal processes to be able to check costs, where many crown corporations or some ports and whatnot might have less infrastructure to be able to evaluate those fees. We have found that some of those different crown corporations or boards that are set up might not be able to get timely information.

How appropriate is CPI? I understand the simplicity, because it is a well-established and understood index. By the same token, it often relates to a family's average basket of prices. Obviously, applying a metric that is meant to relate to an average consumer's consumption and the prices that they're subject to is much different from government services specifically being charged to an individual user.

What is wrong with simply having a three-year rolling review? Again, CPI is a rear-looking indicator. We basically look to the past to see if prices have gone up. Why not have every three years a review of government fees to be able to say, where there are regional differences in the price of gas, our cost for gas has gone up, or our cost for electricity, or our cost for labour in this region because of these fixed negotiation contracts? They're much divorced from the average consumer and whether the price of eggs went up.

Why is the government simply going with an index that is grossly out of sync with government services?

**Mr. Roger Ermuth:** From the perspective of what's proposed in the legislation, CPI was chosen, number one, because it's a very simple metric as well as something that covers the wide gamut of fees charged, everything from icebreaking down to campsites and so on. The idea of trying to figure out another indicator that would fit across the broad selection was a little more challenging.

The fact that it is backwards-looking and that it will always be trailing was in some ways intentional. The idea was that we should be putting in the increases where the increases make sense, and by

that point the inflationary impact has already been articulated versus being anticipatory.

In terms of doing a three-year review of all of the fees, with the thousands of fees and so on, we considered whether there was some other way of doing it. The amount of work required to do that, to come down to probably a very small incremental adjustment, if there were an adjustment of multiple percentages, would again create an argument as to whether that is more material than a minor inflationary impact. The decision was made to stick with the CPI.

The final comment on the CPI is that doing it this way and also publishing it on an annual basis and telling users, as part of the report, that the following year the fees were going to go up would let people see, understand, and actually start to plan for what that would be.

• (1120)

**Mr. Dan Albas:** I'm not necessarily opposed to changes to the User Fees Act, because it is a cumbersome piece of legislation. It was created by a private member's bill, and obviously a private member's bill that we just don't have the resources as government to put together. However, the government of the day decided that it would work with the private member and thus we put in place a system that was very cumbersome to update user fees.

This is my current challenge with this: is it theoretically possible that a department that is well managed and is able to reduce costs would have increases to user fees, since they are linked to the CPI, even though the service itself should be self-liquidating and there should not be a profit mode for government? Is that theoretically possible under this arrangement?

**Mr. Roger Ermuth:** Again, it's important to look across the wide gamut, the thousands of fees. I guess possibly if a department was recovering 100% of the fees and had efficiencies, then the fees could drop down. One way that would happen is through the annual reporting process. First of all, it would be visible that the department was now charging more, and as a result, that would raise questions from a stakeholder group. Again, because it's tabled in Parliament, the parliamentary committee could also pick up on it and call in the department to look at that.

**Mr. Dan Albas:** You want parliamentarians and the general public to go through a document in which there are thousands of different fees to basically find the deficiencies in order to raise and then correct those? Is that what you're counting on?

**Mr. Roger Ermuth:** No. First of all, departments are going to manage it. Departments know, and the rules state, that the fees collected cannot be greater than the cost. If there are significant deficiencies or there is major efficiency or whatever, one of the things that would do is actually trigger the department, through policy, to go back and look to make sure they are still keeping that within the range.

**Mr. Dan Albas:** What would be the trigger? We've obviously gone through an industrial revolution and Internet revolution, and people are saying that eventually maybe the government will be able to catch up with innovations found in other industries like the music industry. It has gone through a massive innovation process, which has totally changed the incentives. Some government services could go the same way if they were offered that way. What would trigger that?

I'm very concerned with what the Chair has said, which is that there will be no incentive to try to keep the costs down if they know there's a guaranteed CPI, which has nothing to do with the services they offer or the costs of what they offer. There may be some connection but not much; it's tenuous.

**Mr. Roger Ermuth:** From my perspective, I think you have to look to the good management and the work that the departments do in terms of engaging with their stakeholders. If you're a consumer of some government service and all of a sudden you're finding that it's now fully automated, you don't talk to anybody anymore, and there will be no other impact on the fees, there may be a reason. Maybe the technology costs just as much, and maybe not, but I think it would spark some stakeholder discussion.

Going back to the current regime, looking at what we currently have, right now fees are not going up. Yes, departments are still delivering the service. In some cases, though, the services are having to slip because there's only so much money that can be redirected from other program areas to continue to shore up the services that are being delivered.

My final comment, too, that maybe I should have mentioned earlier, is that some departments already have some legislation. For example, Health Canada already has a built-in inflationary indicator that wouldn't be subject to the CPI. One of the things I think we would encourage, where it makes sense, is looking at what the industry's doing, having discussions with the industry in terms of aligning how those fees would go up, and having open and regular conversations in terms of how you would manage where fees would potentially go down as efficiencies are found.

• (1125)

**Mr. Dan Albas:** I think there's always a challenge because it's been well established that people's behaviour based on prices in the short term is not quite sensitive to a higher cost or lower cost. Over the long term, obviously, that's what really begins to change the game. That's where I'm really quite worried.

I understand your point about simplicity because sometimes government needs to be expedient. In some cases, some might argue that a high value of government is expedience. Again, we're also sensitive that, as parliamentarians, you're asking us to give that authority away and to change that dynamic over the long term. I'm just not convinced, but I do appreciate that the committee probably has other questions for you.

**The Chair:** Mr. Ouellette.

**Mr. Robert-Falcon Ouellette:** I want to get back to this idea of the actual cost. To mirror Dan's suggestion, imagine I'm an administrator and I have people under me who are offering a service. What do you actually include in the cost of that service? You could move up the chain of hierarchy, and you could start including

someone's salary here, here, and here because this person spent 1% of their time doing that service, this person spent.... You know, the hierarchical thing. You add it all up, but as you move farther and farther up, you could increase the costs, perhaps exponentially.

What's the mechanism you have to prevent any abuses?

**Mr. Roger Ermuth:** One of the things we are proposing associated with this is a policy framework that would state a gain and provide some of the direction around what and how departments would engage with stakeholders around that. Existing processes are in place. Even though many fees have not increased for the better part of a decade, there have been discussions in the past between stakeholders and departments. I think the extent to which, as you commented, you go up the chain or further out in terms of some of the support, to what degree that actually supports the prompt delivery and so on, is really a discussion that departments need to have with their stakeholders. Again, the proposal would be to have that in the policy framework where they would have—

**Mr. Robert-Falcon Ouellette:** Is there a complaint process?

**Mr. Roger Ermuth:** There is. Under the service fees act there still is an appeals process. In fact, it's changed a little bit, but it's more in terms of giving more time so there is an appropriate amount of time for a panel to be set up and review it.

**Mr. Robert-Falcon Ouellette:** Very quickly, how much does the federal government collect in fees in total across the country?

**Mr. Roger Ermuth:** In terms of fees they collect, in total.... This is based on rolling up information from the departmental performance reports, which may not include all fees because departments don't have to put it into their departmental performance reports because they're not covered by the User Fees Act. It's about \$1.9 billion to \$2 billion that's collected on an annual basis.

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

Mr. Dusseault.

[Translation]

**Mr. Pierre-Luc Dusseault (Sherbrooke, NDP):** This will be very quick, since I already asked my questions when we met at the last meeting.

You mentioned there are thousands of fees. For information purposes, can you say whether the fees include passport or citizenship application fees? The citizen application fees recently increased drastically by several hundred dollars. I only want to make sure all my constituents will be informed if the citizenship application fees increase annually. For passports, I think people also want to know whether the fees are included in the thousands of fees you mentioned, which will be subject to adjustment.

[English]

**Mr. Roger Ermuth:** Yes, both passport and citizenship fees would be covered by the service fees act. In terms of the escalator, I'm not familiar enough with the enabling legislation for them. They may already have built an escalator in there, in which case that portion wouldn't. But if they did not have that in their legislation, then the proposal in the service fees act would apply.

**The Chair:** Mr. Fergus.

[Translation]

**Mr. Greg Fergus (Hull—Aylmer, Lib.):** Thank you for your presentation.

Earlier, in your response to Mr. Albas, you mentioned that you looked at a number of options before deciding on the price adjustment option.

I simply want to know whether you can describe the range of options you reviewed before deciding to move forward with the price adjustment option.

• (1130)

**Mr. Roger Ermuth:** Sorry. I misunderstood the translation.

However, if I understood the question, you're asking me to specify the reason for all this.

**Mr. Greg Fergus:** No. My question concerns the other options you reviewed.

[English]

**Mr. Roger Ermuth:** In terms of, again, looking at it, the pros and cons, we did look at everything. From more of an industry perspective, we tried taking a look at existing ones. For example, Health Canada has one that was built in. They put it in as a 2% escalator. We looked at the benefits of those. From my perspective, if I were running one of the programs, having an escalator built into my actual legislation, where I set it by something other than CPI, is the ideal. Whether we take a different basket of CPI or a different... we looked at all those things. In some cases, the pros and cons of all of those are that it fits better with certain segments of the service fees environment. In others, it didn't fit as well. I take the point in terms of it being an overly simplistic model by taking CPI; however, we actually did that intentionally again. We figured that this covered a broad basket of goods. It was something that people understood, including the potential users, whereas if we came up with some other type of mechanism or whatever...explaining that.

Quite simply, as well, in terms of the articulation of it in legislation, because we actually put it into the legislation, CPI is one thing that can be clearly understood. It's articulated specifically in terms of the wording, in terms of how StatsCan calls that inflation indicator, and whatnot.

Again, I guess there are other options, but my feeling, in conclusion on that, would that many of those other options fit specifically within a niche set of fees versus something that could apply across the full gamut of the thousands of different types of fees that exist.

**Mr. Greg Fergus:** Is there a sense that your government is losing money? How much money are we losing per year that we could recover by having this provision put into the legislation?

**Mr. Roger Ermuth:** That's a very difficult question to answer. What I can tell you, based on the information that's reported in the departmental performance reports, is that associated with the \$1.9 billion that's collected, the associated costs are indicated at being around \$3.4 billion. Now, you can't say that there's a gap and that we could increase fees by \$1.5 billion; you have to keep in mind the whole private-public split. After a decade, in many cases, of not increasing fees, there's no doubt that the difference between what the

government initially set out in terms of what they wanted, and the percentage of costs to recover, that gap, has grown. But is it that full \$1.5 billion? I would say no. We will have to work specifically with the departments on what the number is. In fact, many of the departments that have bigger gaps are already looking at what and how they could look at their fees in terms of whether or not that spit is still valid.

**The Chair:** Thank you.

Are there any other questions?

Do you know if there is any other place in the world where governments are attaching escalators for fees?

**Mr. Roger Ermuth:** Escalators for fees in other jurisdictions, in terms of the fees themselves, yes. In terms of the broader policy piece, like with the service fees act, which is really the administrative legislation that covers it, I'm not sure. What we actually have is a little more of a unique situation with the User Fees Act and with the service fees act in terms of actually having that in legislation. Most jurisdictions have some degree of policy coverage in terms of how fees should be generated and so on. Again, it's a mix. In terms of the legislation stage, I don't know that we've found anything exactly like that.

• (1135)

**The Chair:** I have one last question. You're with Treasury Board, and you may or may not be able to answer this question. I come from an outlying area in Prince Edward Island. I've been around for a while in Parliament, and over the years I see that when there are cutbacks, it's the outlying areas that get cut, the people on the ground who do the work. Yet, the managing segment seems to increase in the bubble—that's Ottawa. Can you either get for us or tell us now how many managers there were for  $x$  number of employees 10 years ago versus what it is now, and how that compares to the private sector? I always see our adding managers, which are the highest cost, and reducing on the people who provide the service on the other end. Do you have any answers on that, or can you attain them for me? You're with Treasury Board. You might have access to that information.

**Mr. Roger Ermuth:** I personally do not have access to that information, but I can commit to taking the question back and working with my colleagues in other sectors in terms of looking at providing a response to that.

**The Chair:** That would be great. I have no further questions.

A very deep thank you. I don't know how many times you came before this committee, probably five or six, before you actually got to deal with your division 21. Thank you both very much, and for your responses.

I call forward, then, part 4, division 18, the Office of Infrastructure of Canada. I would mention to committee members that we will have to go, at 12 o'clock to the person from Veterans Affairs, who is appearing by video conference from Charlottetown. We might have to depart from Infrastructure for a bit at noon while we hear from division 12.

With the Office of Infrastructure of Canada, we have Mr. Kuhn, director, Canada infrastructure bank transition office; Mr. Grover, analyst, Canada infrastructure bank transition office; and Mr. Campbell, assistant deputy minister, Canada infrastructure bank. We also have Mr. Fleming, chief of infrastructure policy at the Department of Finance.

Mr. Campbell, go ahead please.

**Mr. Glenn Campbell (Assistant Deputy Minister, Canada Infrastructure Bank Transition Office, Office of Infrastructure of Canada):** Thank you, Mr. Chair and members.

Part 4, division 18 would establish the Canada infrastructure bank, announced first in the 2016 fall economic statement as well as in budget 2017. For reference, the proposed amendments are clauses 403 to 406, and can be found on pages 236 to 248 of the bill.

Please allow me to briefly provide some background and context around the proposed bank, and walk through the contents of the proposed legislation at a high level. Finally, I'm happy to get into questions and answers.

The Canada infrastructure bank is intended to provide innovative financing for new infrastructure projects and help more projects get built, including those transformative projects that would not have otherwise been built in Canada, by attracting private and institutional investment. The proposed bank is part of the government's overall \$186-billion investment in the Canada infrastructure plan.

Federal support for infrastructure will continue to be delivered largely through the traditional infrastructure models, and the bank represents less than 10% of the total planned fiscal amount. The bank would be only one new tool that government partners, particularly municipal, provincial, territorial, and indigenous, could choose as an option to build more infrastructure projects.

The bank is a new partnership model to transform the way infrastructure is planned, funded, and delivered in Canada. Leveraging the expertise and capital of the private sector, the Canada infrastructure bank would allow public dollars to go further and to be used more strategically, with a focus on large, transformative projects such as regional transit plans, transportation networks, electricity grids, and interconnections.

The proposed Canada infrastructure bank act can be grouped into six main areas: incorporation, mandate, functions and powers, governance, funding, and accountability. I will address these in turn very quickly, Mr. Chair.

First, it would incorporate the bank as a crown corporation, effective on royal assent.

Second, the legislation would set the mandate and purpose of the bank, which would be to make investments in revenue-generating infrastructure projects that are in the public interest and seek to attract private sector and institutional investment to those types of projects.

Third, the proposed legislation describes the functions and powers of the bank to help it achieve its purpose. The bank would be able to make investments through a wide variety of financial tools, including debt and equity investments. The bank would make its

investments directly in the infrastructure project, and its investments would be alongside private sector and institutional investors, as well as alongside other government investors. This would be a co-investment or a co-lending model in the project. Projects supported by the bank would be structured using conventional and robust legal agreements among partners, designed to protect the interests of Canadians. The bank also may make loan guarantees on an exceptional basis, with the approval of the Minister of Finance, where separate approval is consistent with the general requirement for all crown corporations. The bank also has important functions other than making investments, including acting as a centre of expertise and advising other governments on development of revenue-generating projects, and working to build capacity with all orders of government to collect and share better data to inform future investments in infrastructure over the long term.

Fourth, the proposed legislation sets out high-level governance of the bank. These provisions strike a balance between independence and accountability. The standard crown corporation governance requirements in the Financial Administration Act generally apply. Under the proposed legislation, board members and the CEO would be appointed by the government through the Governor in Council, and the board would play a role in the selection of the CEO. On May 8, the government launched an open and transparent merit-based selection process on an anticipatory basis, to identify the bank's senior leadership. Through these processes, the government would first select a chairperson of the board, followed by the remaining directors and the chief executive officer. Any appointments would only be effective if legislation establishing the bank is passed by Parliament and receives royal assent.

The fifth aspect of the proposed legislation allows the Minister of Finance to pay up to \$35 billion in cash to the bank.

● (1140)

It is expected that the bank's assets, liabilities, revenues, and expenses would be fully consolidated in the Government of Canada's books. We expect capital—that is, cash provided to the institution—to be transferred to the bank only as needed to execute deals and to reduce cost and overhead.

While the cash amount would be \$35 billion over time, the government has announced that the bank would be authorized to fiscally expense on an accrual basis only up to \$15 billion over 11 years. That would be effectively federal support.

The sixth aspect of the legislation would allow the Governor in Council to designate the location of the bank and appoint a responsible minister.



The crown corporation would also be accountable to Parliament in a number of very important ways. It would be required to submit to Parliament a summary of its annual corporate plan, as well as its annual report. It would be subject to the Privacy Act and the Access to Information Act, although only commercially sensitive third-party information would be kept confidential—about the commercial partners, not the projects themselves. This is very routine. It would be subject to the highest standard of having its books audited by both the Auditor General of Canada and a private sector auditor working together, and a review of the bank's legislation would be conducted and tabled in Parliament every five years.

In conclusion, Mr. Chair, as announced in the budget, the goal would be to have the bank operational in late 2017. This would be approximately one year after the bank was first announced in the fall economic update and tabled in Parliament. The government has been discussing the proposed bank extensively with stakeholders and in the public domain, and I, personally, have been leading much of that effort.

As part of the overall investing in Canada plan, provinces, territories, and municipalities are currently engaged in long-term planning for how they will fund, finance, and deliver infrastructure. While the bank represents less than 10% of the overall investing in Canada plan, it provides an additional option for government partners to make their public dollars go further by using a new partnership model.

Those government partners have already indicated strong early interest in using the bank as a catalyst to move their infrastructure priorities ahead and deliver more infrastructure for their communities. This supports decision-making at the local level. Many of our partners already have in place, or are considering, other alternatives and revenue-generating models that would make their dollars go further and relieve the pressure on the public balance sheets. The proposed establishment of the bank would allow all of this planning for the short, medium, and long term to continue at a good pace.

The bank could also provide early value through its data function and as a centre of expertise, which will take time to develop, to help all governments make better evidence-based infrastructure investments.

To conclude, the proposed infrastructure bank would be only one new tool that our partners could use to build more infrastructure in communities across Canada.

We would be happy to take your questions.

Thank you.

• (1145)

**The Chair:** Thank you, Mr. Campbell.

Mr. Dusseault, go ahead.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Thank you, Mr. Chair.

I have many questions. I would appreciate your indulgence with regard to the time I need. The first question is to provide context.

Mr. Campbell, you're familiar with the Advisory Council on Economic Growth's report. One of the recommendations is entitled

“Unleashing Productivity through Infrastructure Growth”. The report describes in detail what an Infrastructure Bank should look like.

How much did the proposal presented use the report on the creation of the Infrastructure Bank, and how much did you rely on this report?

[*English*]

**Mr. Glenn Campbell:** First, to go back further, the government indicated that it was considering such a vehicle as an infrastructure bank as it came into office. Since that period, it has been working collaboratively on this concept with various ministries, including the Department of Finance and the Department of Infrastructure. It was a suggestion that came out of the growth council as a potential tool that could support growth and other policy objectives, and that fed into the government as one piece of advice as the government made its decision on the Canada infrastructure bank. That was only one of many extensive consultations that led to that particular announcement.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Okay.

I'll refer to a question I asked the Minister of Finance. He didn't give me a detailed answer.

The purpose and functions part contains section 6 of the Canada Infrastructure Bank Act, which establishes the Canada Infrastructure Bank. The section refers to infrastructure projects that will generate revenue. It's not clear to me how infrastructure can generate revenue.

Can you provide an example of how infrastructure, such as a bridge or road, generates revenue?

[*English*]

**Mr. Glenn Campbell:** I'd be pleased to.

There are a number of asset classes, under the category of infrastructure, that exist today in Canada that have various models of revenue generation or user pay: electricity grids have tariffs; water has meters and user fees; property development has land value uplift capture that is possible on revenue; and various roads, including in my home province, use tolls to pay for infrastructure. There are various types of revenue attached to various asset classes of infrastructure in Canada. It's a wide-breadth definition of what constitutes revenue in each of those classes that already exist in Canada today. Also, of course, there are fare boxes on transit.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Perhaps we can consider tolls as revenue generators. If money invested by the government, which comes from taxpayers, covers the cost of building infrastructure, and taxpayers are then also asked to pay to use the infrastructure, I think there's a major problem. The public funds the infrastructure, and continues to pay to use it later.

Another issue, which hasn't been clarified yet by the Minister of Finance, concerns the final decision on infrastructure projects. Sometimes, we hear that the minister or cabinet will make the final decision on whether a project will move forward. However, some say that the Infrastructure Bank is autonomous and completely independent, and that the government has no say in the decisions. Can you clarify who will make the final decision to accept or reject an infrastructure project?

• (1150)

[English]

**Mr. Glenn Campbell:** There were two main questions that I understood.

On the first one, I would disagree that under user-pay models the individual is paying twice. If you look at what's happening with a piece of infrastructure, when you bring in a revenue-generating model, you're building a piece of infrastructure that might not have otherwise been built, or if it had been built, it would have less government money into building that infrastructure than it otherwise would. So to suggest that someone is paying twice for the same infrastructure, I think is a flawed expression.

The objective here is to attract private-sector financing into that particular model and, to the extent to which there is not public funding into that model, there may be a user pay that is attached to it, and that is what the private sector is bearing the risk on. They're basically incented to ensure that asset is built and used, and that revenue receives value for money into the project.

Really, we would disagree strongly that they are paying twice and, quite frankly, whether it's tolls, or tariffs, or user charges, many of our provinces, territories, and municipalities, which I engage with personally, have them in place now and are already contemplating more. This is an opportunity to use this and build even more infrastructure than we otherwise would, and I think that's an attractive concept, but it will be something that will need to be decided at the local level.

On the second point, far be it from me to refine the wise words of the Minister of Finance, or the Minister of Infrastructure and Communities, but I can repeat what the minister did say, that there would be appropriate oversight of the crown and on the various projects, and that there will be room for an independent crown corporation to use its professional commercial abilities to structure a deal among many partners.

We call this a partnership model that includes not just the bank, or the Government of Canada through the bank, but also another order of government, as well as potential investors. It's quite clear: the objective would be that the bank would not be even searching to try to find financing for a project that was not already approved by one level of government. Our intent is that the discussions will come up through bilateral discussions between the province and the federal government. They would determine a list of their priority projects. The majority of those will be funded through the invest in Canada plan, through all those other envelopes.

The extent to which that partner says, "I think there's a revenue model they'd be willing to attach to that project, and would this be a candidate for the infrastructure bank?"... It's not obligatory to be

funded by the bank. It goes on a pipeline list and then the bank deals with investors on a project that all governments are already aware is on the list—it's already there—and then at some point all the parties will need to come back as they start negotiating a deal. The debt investors have to go back to their credit committee. The equity investors will have to go back and make a decision. Whatever the municipality or province is, it will have to go back at some point. And the bank will have to go to its main shareholder and say, "We think we have a financing agreement on this asset; are we willing to go ahead?" Then the independent arm's-length bank goes ahead with all those parties and constructs a commercially very valid deal on that process.

In the partnership model there are partners doing the decision-making, and it won't be a surprise to anyone the projects that the bank is working on. It will be visible through the corporate plan tabled in Parliament, and they will be made available publicly by those provinces, which are saying, "Here are candidates", because they'll be trying to sell it to investors, if they'd be interested in that project. It will be a very transparent process.

• (1155)

**Mr. Pierre-Luc Dusseault:** I have another question related to this answer.

[Translation]

I understand from your response that cabinet has no say in decisions made by the bank, since the bank is an independent organization that makes its own decisions.

That said, you're asking Parliament to give \$35 billion to the bank. This is taxpayer money. We're also told that private investors will invest up to four times the amount invested by the government. We're talking about possibly \$140 billion, including \$35 billion from the public. I'm worried that taxpayers, who will have paid \$35 billion, won't have much input in decisions in comparison with investors, who will have allocated four times as much money. We're currently talking about spending public money.

This leads me to my question. To what extent should the public, or the government, be represented on the bank's board of directors? In the bill before us, there's no place on the board of directors for the government or a public representative who would advocate for the public interest. Can you tell me whether I understood the situation correctly? Would it be a good idea for the legislation to include a provision that would require the participation of a public representative on the board?

[English]

**Mr. Glenn Campbell:** There are a number of points there for me to unpack that are really worth discussing.

In the first instance, I hope I was clear. It may have been mischaracterized. Cabinet will have appropriate oversight of both the bank and the projects in which it invests. As I said earlier, through that federal-provincial discussion of priority setting, cabinets on both sides will be able to determine which projects are priorities, and the Government of Canada will have an obligation through cabinet to decide whether those projects on the priority list are worth being funded, either through bilateral funding or through the bank.

That public policy determination process will have been made. As I said, every project in the bank's pipeline would already have been through that screening in both orders of government. It will not be a surprise. That means the government and the cabinet will have a say to ensure those projects on the list meet its priorities.

In terms of the second point about the independence of the institution as it pertains to what the function is going to be, once a project is deemed to be something the bank may support, it can go try to find investors. The objective would be as little support as possible provided by the bank and a risk transfer deal that works for both parties to attract as much investment as possible. The bank would be the one in control of structuring that partner agreement, along with the public sponsor of that asset, and it would go out and bid for financial support from the private marketplace, either in debt or equity, to ensure a good dynamic.

The independence and role of the arm's-length entity is merely around making sure they have a good dynamic to structure the projects. They will not be asked to do public policy determination, because a project that is in the public interest will already have been predetermined, either by the government bringing it forward, or by the federal government saying that it's a project that taxpayers are going to fund at 100% and bear all the risk through the normal models. This is the case for all those projects that don't have a revenue-generating model.

However, for those exceptional cases where the governments say that there may be a revenue model that would allow a project to get built without as much government support as would otherwise be there, then it goes through, and the bank uses its tools.

The public interest will be reflected, as it is now, in the legislation. It will be reflected in the corporate plan.

The objective is to have an independent board of directors, representative of Canada, with no government interference on that board, so that you actually have them making sound financial risk, financial modelling, infrastructure, and legal due diligence. That's what we want the board to do. The board presides over the institution and gives direction to the CEO so that they can effectively run the arm's-length crown corporation to execute its mandate, which is the structuring of robust deals and managing that way.

To conclude, we will be reducing some of the overhead and financial costs of the institution by only providing cash to that bank as it needs it and as projects develop. You mentioned \$35 billion. The government is being very transparent that it's a \$15-billion profile, which it would have otherwise just transferred to other projects. It now wants to use that strategically to absorb some very strategic risk in a project and to ensure that more incremental projects get built than otherwise would. We think, collectively, that's in the public interest.

• (1200)

[Translation]

**Mr. Pierre-Luc Dusseault:** It's too bad you don't think it's necessary to have a seat on the board of directors for a person who would advocate for the public interest. After all, the public has invested money. Whether it's \$15 or \$35 billion, someone should be on the board to ensure all public money is spent properly.

You indicated that it doesn't seem necessary to have someone on the board of directors whose role would be to protect the public interest. The board will have only representatives of private sector investors, who will have everything to gain by investing in projects that will generate 7% to 9% in revenue.

Perhaps I could speak later, Mr. Chair, because I have other questions. However, I also want to let my colleagues ask their questions.

[English]

**The Chair:** Thank you, Mr. Dusseault.

Mr. Liepert.

**Mr. Ron Liepert (Calgary Signal Hill, CPC):** I have a couple of lines of questioning.

I'm interested in the process of how this came before us. Who decided that it should be part of the budget bill?

**Mr. Glenn Campbell:** That is a government decision.

**The Chair:** Yes, it is. It's a cabinet decision, correct?

**Mr. Ron Liepert:** In your view, is it appropriate for this to be part of this budget bill?

**The Chair:** I really don't—

**Mr. Glenn Campbell:** I would say that it would be inappropriate for me to answer on a personal basis; however, I can express that this is a fiscal instrument, a fiscal support measure that sits inside the investing Canada plan that was framed inside budget 2017 and previously in the fall economic update. That's not an opinion, that's just fact.

**Mr. Ron Liepert:** All right, so is there a plan B for this bank and the establishment of this bank in the event that...? We are already hearing strong indications from the Senate that this is something the Senate doesn't believe should be in the budget bill. Is there a plan B if the Senate doesn't approve this particular part of the budget bill?

**Mr. Glenn Campbell:** All of our planning to date, including as the senior official in charge of this project, is on an anticipatory, planning basis. Everything is subject to parliamentary approval, outside of some of the activities that we have been working on. Really it's for Parliament to decide the next steps or the future of this project.

**The Chair:** Thank you.

With that, we have Ms. Faith McIntyre.

Mr. Campbell and your crew, you folks are okay at the table. We will suspend your testimony for a moment and we'll turn to part 4, division 12, which is the Department of Veterans Affairs.

Faith McIntyre, director general, policy and research division, comes to us from the great province of Prince Edward Island. You should have a picture of the Island behind you and not that concrete wall.

**Ms. Faith McIntyre (Director General, Policy and Research Division, Strategic Policy and Commemoration, Department of Veterans Affairs):** Thank you very much.

Mr. Chair and honourable members, it's certainly a privilege to be able to address you today. I have some very brief remarks just to situate the context of the changes that are being put forward for division 12 of the budget implementation act. I will be brief because I know there are some time constraints today.

We are here to discuss the budget implementation act that includes three of the eight budget 2017 initiatives that were provided for Veterans Affairs Canada. They include the veterans education and training benefit; a redesigned career transition services program; and the new caregiver recognition benefit; as well as a change in the name of the act and enhancements to simplify administration, all of which will come into place as of April 1, 2018 and total \$624 million of investment over five years.

To begin, we are proposing to change the name of the act from the Canadian Forces Members and Veterans Re-establishment and Compensation Act to the Veterans Well-being Act. This change highlights the important link to our ultimate goal, which is the well-being of veterans.

As well, the family caregiver relief benefit will be replaced with the caregiver recognition benefit, a monthly payment of \$1,000 tax free and indexed annually that will go directly to the caregiver. It will be provided in recognition of the valuable role that caregivers play in supporting seriously disabled veterans.

In addition to the supports for families and caregivers, we are doing more for veterans transitioning to their post-military life. We are introducing the veterans education and training benefit. It will cover up to \$40,000 in tuition and other costs for veterans who have served at least six years and up to \$80,000 for veterans who have served at least 12 years. Of this, \$5,000 can be used towards professional and personal development courses such as pursuing a real estate licence.

• (1205)

[Translation]

We're also redesigning our career transition services so that more people can use them, including serving members of the armed forces, and the survivors, spouses and common-law partners of veterans.

Labour market information, career counselling and job search assistance services will be provided based on needs. The service providers will have access to job search assistance and counselling in order to work with veterans and employers to ensure success. The veterans will be guided by coaches who understand military life and culture.

[English]

We are also adding ways to help streamline program delivery. The act includes a more simplified application waiver that will enable the department to waive application for benefits and to make decisions if the department already has the necessary information on file. This change is being added to the general provisions, so it will apply to all programs.

In closing, the measures included in budget 2017 and the budget implementation act will go a long way to support veterans and their families as they transition out of the military and settle into civilian

life. However, the job is not yet complete. There are additional measures that are currently being pursued that will be announced in the coming months. An example is the lifelong pension. The department is committed to continue the research and work to understand the needs of veterans and their families.

I thank you for the opportunity to speak briefly to you today in my remarks, and I am certainly available now to take your questions.

**The Chair:** Thank you very much, Ms. McIntyre.

We'll start the questioning with Mr. Liepert.

**Mr. Ron Liepert:** We had members of the Equitas Society testifying as witnesses yesterday. There were two things that I recall they raised. Obviously, one is the lifelong pension, and you just mentioned that it would be announced in the coming months. Is there any particular reason it wasn't part of the budget?

**Ms. Faith McIntyre:** In the budget narrative for 2017, it did indicate that we wanted to ensure that we got it right, so we are continuing our consultation with stakeholders, our research and analysis into the monthly pension. The Government of Canada has committed to announce that in the fall.

**Mr. Ron Liepert:** Okay.

The second thing that was raised was the fact that there was a commitment, or they felt that there was a commitment at some point in time, to what I would describe as a physical treatment centre somewhere in the country where our military could receive counselling, receive treatment, before it was too late. According to the testimony yesterday, this \$20 million that they felt was promised ended up being diverted into research. Can you make some comments on that?

• (1210)

**Ms. Faith McIntyre:** As I indicated, there were five other initiatives included in budget 2017 outside the budget implementation act. One of those that you're referring to is the centre of excellence on mental health and post-traumatic stress disorder. I will, however, start by saying that we currently have a network of 11 occupational stress injury clinics, which are located across the country. We work very actively with the regional health authorities, the provinces, in order to ensure through memorandums of understanding that treatment is available for individuals who require help with OSIs. There are physical locations and support available. There's also—

**Mr. Ron Liepert:** Perhaps I could just interrupt. The argument to that was that they weren't specifically for the military. The testimony was that the military were in these centres with gang members, with people who they didn't feel comfortable around in expressing their views. They felt that there was a commitment to a specific facility just for military.

**Ms. Faith McIntyre:** Okay, thank you for the clarification.

The occupational stress injury clinics are indeed run under the authority of Veterans Affairs Canada, so they are for our client group. We do, however, include the RCMP, which as you know also through a memorandum of understanding are involved in our services as well. I'm uncertain specifically what types of programs these individuals were referring to.

Also, we have one residential clinic, operated by the Province of Quebec out of Ste. Anne's Hospital, where veterans only, and other clients possibly from the RCMP as required, can actually go and physically remain there for a period of weeks for in-patient type care. That is specifically for our client group.

The centre of excellence, with \$17.5 million provided over four years, is to assist in moving forward with treatment practices, research, and analysis with key partners and stakeholders so that we can enhance the services that we are already providing as an example through these occupational stress injury clinics.

I'd be more than happy, though, to dig a little further into that. I haven't had a chance to read the testimony of the individuals yesterday, sir, but I can, and I can certainly get back to you.

**Mr. Ron Liepert:** Thank you.

**The Chair:** Ms. O'Connell.

**Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.):** Thank you for your testimony.

Yesterday, to refer to that testimony as well, we heard from an individual about the caregiver benefit—the \$1,000 a month, essentially \$12,000 a year. One individual explained, for example, that his wife had to leave a \$60,000 job to care for him, and \$12,000 certainly doesn't replace or cover that.

My question is, does this caregiver benefit take away from other funding that might be available for, let's say, a nurse who might come into the home or whatever other needs there are, given the extent of the disability? If someone accesses this benefit, does it then take away from other opportunities or other funding initiatives to help with their care?

**Ms. Faith McIntyre:** The caregiver recognition benefit is indeed, as stated, for recognition. It's recognized that it's not a financial or income replacement. The intent is to recognize that there are caregivers, most of whom are spouses, who require some moneys to assist. The purpose and the intent, however, is to provide recognition, and that is why it's named as such.

To your question, however, it will not and does not remove any other authorities or eligibilities; for example, for treatment benefits, veterans independence program services, other respite that might be offered to the veteran as well, or nursing services, as you mentioned—not at all. It would be “in addition to”.

• (1215)

**Ms. Jennifer O'Connell:** My last question is with regard to training for front-line workers. We heard testimony yesterday that front-line workers often don't understand whether there are new proposals or new benefits or how to interpret them. The testimony yesterday was that veterans are being denied just because the front-line or the intake person doesn't want to or doesn't know how to interpret whether they are qualified or not. It requires the veterans themselves to appeal constantly, and some just give up.

What is being done with any of these changes to ensure that the front-line intake people who are working with these veterans actually know what the policies are, know who is qualified, and ensure that anybody who is entitled actually receives the benefit?

**Ms. Faith McIntyre:** Thank you again for that question. It's a very important one.

I acknowledge that the system is complex and is not necessarily the easiest to manoeuvre through, whether from a client perspective or at times even from a staff perspective.

As you know, we've made a significant investment in order to hire about 400 new employees directly in the field and in the service delivery area. We have developed a very robust national orientation training program that all of our new field staff have gone through—and will be going through, if they are very recent hires. Part of it is certainly explanation of policy and of benefits, and it includes explanation of systems.

As well, we will be rolling that orientation out to all of our existing staff to make sure that everybody is at the same level of understanding. Even more so, for example, in my area in policy, the training and orientation will also be offered to staff in other areas of the organization.

More specifically to your point, we also just completed a service delivery review. One outcome of that service delivery review acknowledged that communication needs to be more assured in terms of the way we communicate, from a functional direction perspective, with the field. As well, there needs to be a reduction of complexity, in the numbers of policies, of business processes; it ties back even to the legislative authorities that we have.

How can we best simplify that work going forward? We have already reduced our policies by more than 200 in the last few years. We are also looking, as an example, through what we're doing with the budget implementation act, putting in this waiver whereby, if we already have all of the information on file, we would be able to make a decision without having to have contact directly with the veteran to get further information. We can then also look at what other benefits they would be eligible for and make decisions on those. That should reduce the, as you said, unfortunate need for the veteran to be constantly going back and forth and possibly even requesting reviews and appeals.

It's certainly something we're very aware of through the training, orientation, and even our service delivery review action plan. We are looking actively at moving forward.

**The Chair:** Thank you both.

Mr. Dusseault.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Thank you, Mr. Chair.

I want to go back to the remarks made yesterday by members of a group representing veterans. They said that significant amounts will be allocated to the training program to help people who have left the Canadian Armed Forces return to school.

I asked how many people could use the program, and I was told the details, meaning the regulations, could cause problems. Even though there are new provisions, clause 5.93 of Bill C-44 states in part:

5.93 The Governor in Council may make regulations:

(a) prescribing how the length of service in the reserve force is to be determined for the purposes of paragraph 5.2(1)(a);

(b) respecting what constitutes honourable release for the purpose of paragraph 5.2(1)(b);

(c) providing for the periodic adjustment of the maximum cumulative amount referred to in subsection 5.2(2);

(d) defining “educational institution” for the purposes of paragraph 5.3(1)(a);

(e) prescribing the education or training that may or may not be approved by the Minister under section 5.5;

Therefore, everything will be established through regulations. As we were told yesterday, the regulations could cause difficulties in terms of whether veterans can use the program, for example.

Can you tell us when the regulations will be made and when the details on eligibility will be released so that veterans can know whether they're eligible for the program?

As parliamentarians, we can also determine the program's effectiveness.

• (1220)

**Ms. Faith McIntyre:** Thank you for the question.

I believe you raised three points.

First, we're reviewing the regulations. We're open to possibilities regarding eligibility. We want a fair process for the veterans who will be eligible for the program. Depending on the Treasury Board's approval, we anticipate that the regulations will be released by the end of June. As you know, a process will be followed in that regard.

I'll get back to the three points. For the institutions, we intend to use Employment and Social Development Canada's current list. The department already has a list of recognized institutions, and we intend to use it. Other federal departments that conduct research and analysis also use the list. We don't intend to do things differently.

Regarding what constitutes an honourable release for Canadian Armed Forces members, we intend to consider the definition used by the armed forces themselves. We won't create a definition that differs from the existing one. However, as required by the legislation, we'll give power to the minister for certain exceptional cases. For people whose release isn't considered honourable, but who may have had a good reason for their actions, we'll give the minister the necessary flexibility.

The maximum amount will be set based on the person's years of service. We're talking about \$40,000 or \$80,000. For example, a person may want to take a course to become a helicopter pilot, but the course isn't provided on a quarterly basis, as is the case in an institution such as the University of Ottawa. We'll have the necessary flexibility to give the person the full amount—\$40,000—so they can take part a six-month program, for example, rather than issue the amount on a quarterly basis. That way, the conditions will be more flexible for the veteran.

In short, the goal is to be as flexible and respectful as possible when it comes to veterans.

**Mr. Pierre-Luc Dusseault:** Okay. We'll check part I of the *Canada Gazette*, at the end of June.

[*English*]

**Ms. Faith McIntyre:** Yes.

**The Chair:** Thank you both again.

Mr. Ouellette.

**Mr. Robert-Falcon Ouellette:** Thank you very much for testifying. I have a few questions.

I was reading about the creation of an education and training benefit, and I was looking at clause 274. It mentions having served “for a total of at least six years”.

Can you describe why six years was the number of years chosen?

**Ms. Faith McIntyre:** Yes, that's an important question.

I will start by saying that all of this was done in partnership with the Canadian Armed Forces, so in all of our discussions in terms of time frames, eligibility—to the point just a moment ago as well—we had these discussions to ensure we were on the same page as our colleagues. We wanted this, the education and training benefit, to not only be a recruitment tool but also a retention tool, in the sense that we did not want individuals to necessarily leave the forces earlier than they might have. The incentive is as well, then, at 12 years, so that if they're at 10 years and thinking of going, they may stay the extra two in order to benefit from the \$80,000.

As to why the six years, again it really ties in to that retention. Individuals in the Canadian Armed Forces, unlike our American counterparts, tend to have longer careers. They come in for much longer periods of time. In the States they come in, they might do one tour and then they'll release. Here in Canada we already know that individuals stay. Really, by the time they invest in basic training, in whatever education is required, possibly language, six years was felt as a very reasonable return on investment for that initial \$40,000 for education and training. Then, double that...the 12 years. Again, we're seeing it, really, as an incentive for individuals to stay on. It also ties in to the period when they might be eligible for the Canadian Forces superannuation, pension.

• (1225)

**Mr. Robert-Falcon Ouellette:** When I first joined the forces in 1996 they gave you a three-year contract. They used to do that after your BMQ, your basic military qualification. Now the tendency is towards doing five-year contracts. Essentially, if you're doing two initial contracts, both of five years, that would take you up to 10 years, which might be a little long in the life of a 19-year-old, to think, when you're 29, that you have to start making choices. Anyway, I'm not always sure it's the most appropriate thing to have someone stuck for 10 years in a job they might not like to be doing, because at certain points as we grow older we like to make those choices.

Did you consult with not just veterans but young people who are in the Canadian Forces about some of their preferences? I know the chain of command has certain preferences, but did you discuss that with actual 25- or 26- year-olds, in the Canadian Forces, who are in those situations, in that bump period?

**Ms. Faith McIntyre:** Thank you. That's very relevant.

We had round tables where we engaged many different sectors of both still-serving veterans and stakeholder groups. I don't know the exact specifics of numbers of who would have been at those round tables, who might fit the category you just mentioned, sir. Certainly they were part of the conversation and the consultation.

**Mr. Robert-Falcon Ouellette:** Often when we think about veterans, a lot of people in the Canadian Forces don't consider themselves veterans. We go to a Remembrance Day service and we see the old gentlemen and older ladies, perhaps in wheelchairs or with canes, and they, for us, are veterans. When you're 25 you never think of yourself in that way. When you do veterans groups, which are very easy to get a hold of, I would like to.... Anyway, it would be interesting to know what the consultation would be, if it was by age group, about what people would prefer.

I have another question. In this section here it mentions "served...a total of at least six years in the regular force, in the reserve force or in both". What happens if you do, let's say, the regular force initial contract, and you do two of them and you get up to 10 years, and then you leave and you go into the reserves at the end of those 10 years? Are you able to then access the \$40,000, or are you now required to leave completely the Canadian Armed Forces and then re-engage with the reserves at a later date?

**Ms. Faith McIntyre:** In terms of eligibility with the regular force/reserve force, we will be using the same determination that is used under the Canadian Forces Superannuation Act. There's certain eligibility for reservists under that act, and that is the same eligibility and number of years that we'd be using to transfer, then, over to this benefit.

I can't specifically respond to the scenario that you've outlined, but the intention would be, again, to follow what's in the pension act for Canadian Armed Forces, but to make sure that an individual is obviously not penalized for having left the regular force, going to reserve, or back and forth. That would be our point of reference.

**Mr. Robert-Falcon Ouellette:** Under the superannuation act you have to serve a minimum of 10 years, I believe—pensionable service—in order to access that benefit. You have to serve for six years in full-time service, is what you're saying, in reserve or regular forces.

**Ms. Faith McIntyre:** In the Canadian Forces Superannuation Act there's a section that defines reserve force time. Unfortunately I don't have the act in front of me to pull it out. My apologies. That's what we'll be referring to in terms of how to then define reserve force time pertinent to this education and training benefit.

**Mr. Robert-Falcon Ouellette:** I believe there is also a reserve force pension act.

My question is this. You often have long-time reservists who have been serving up to 15 years but might not have six full years of service. They might have done three months here during the summer helping out with flood work and a couple of missions in

Afghanistan, so they might not get up to that six years. They might not be eligible even though they've been working for the Canadian Armed Forces for over 15 years. That's what I'm understanding.

**Ms. Faith McIntyre:** I can't answer that question specifically, but we are now in the process of drilling down on all of these pieces as part of the development of the regulations. I will take note of it, and I will certainly follow up and ensure that we are very pertinent and open to the reserve force.

• (1230)

[*Translation*]

**Mr. Robert-Falcon Ouellette:** I'll now switch to French for one last question, Mr. Chair.

I read a statement from the veterans' ombudsman, Guy Parent, entitled "Myth Busting – Reserve vs Regular Force Benefits".

I'm wondering about something. The ombudsman proposed to eliminate the difference between the rate for reserve force members and the rate for regular force members with regard to the earnings loss benefit, the supplementary retirement benefit, the long term disability plan, and the accidental dismemberment insurance plan. He raised a number of issues regarding the difference in treatment between the two groups.

I'm concerned that we may not be paying attention to this issue. If people hurt themselves while serving in the reserve force, let's say in Gatineau, what happens? Maybe they won't receive the same compensation as regular force members?

[*English*]

**The Chair:** I'm sorry to interrupt for a second, Robert.

We are on the budget implementation act.

**Mr. Robert-Falcon Ouellette:** It's related to this actually because the difference, I think, is—

**The Chair:** Try to keep it as tight as you can, because we do have a lot of other divisions to cover.

**Mr. Robert-Falcon Ouellette:** It's just the difference between.... These are two different groups. The reservists have always been the poor man in the army, yet they bear an awful lot of the load. I want to ensure that we're actually protecting them, not only here, but we have a consideration for them in other programs, which are just as important if not more important.

**The Chair:** I hear you.

Go ahead, Faith, if you want to respond.

**Ms. Faith McIntyre:** Sure. Thank you very much.

It is a very important consideration. We do have eligibility for reserve forces in all of our programs. To the point of the ombudsman, as well, we are now working toward a consolidation of all of these benefits. In doing so, we are relooking at that eligibility and working actively again with the Canadian Armed Forces. The intention is certainly not to have two tiers, if you will. The intention is to be able to ensure that there is a smooth transition for all those who have served the country.

Your point is taken. It will certainly be part of our analysis going forward. Having said that, there is eligibility for reserve forces now

**Mr. Robert-Falcon Ouellette:** I have one final comment. It's not going to be very long. I appreciate everything you've been saying.

As you move forward with this creation of an education training benefit, we have to be cognizant of impeding anyone from actually going into the reserves after full-time service. The reserves often rely on former regular force members who become the backbone. They are the senior sergeants and senior master corporals who help run these units. If they feel that they can't get this benefit because they are entering into the reserves and they become ineligible for it, it will degrade the quality of our reserve forces. Now, it's one force, and we're all supposed to be working together.

I just want to ensure that we protect that element of our capacity for national defence.

Thank you.

**The Chair:** Okay.

Mr. Fergus, you have the final question.

**Mr. Greg Fergus:** Thank you very much, Ms. McIntyre, for coming today.

My question relates back to testimony that we heard yesterday. Mr. Liepert made reference to having treatment for mental health issues for veterans and for service members that would be focused on them alone so that they wouldn't find themselves in programs for the general population, which could put them in contact with folks who might have been involved with criminal elements. I understand the importance of having that so they would feel free to fully express themselves. In your response to that question, you mentioned that we have the centre in Sainte-Anne-de-Bellevue, in Montreal, which is a great centre. I know it well.

How accessible is that centre? In other words, if you are a veteran or a service member who lives in Saskatchewan, are your travel costs taken care of so that you can go there for that period of time to receive the treatment? Does that extend to spouses and families so they can also be part of that process of healing?

•(1235)

**Ms. Faith McIntyre:** It is our only VAC residential in-patient clinic, operated through the province. It is accessible to veterans across the country who are, of course, referred for their proper mental health reasons to attend. Their travel is paid. In most circumstances, depending upon the need of the spouse or family member to attend, travel would be considered for them as well. It's difficult to speak broadly, because it would really depend on the circumstances as to why those individuals would need to attend with

the veteran. For the veterans themselves, absolutely, it is fully covered.

**Mr. Greg Fergus:** Thank you.

**The Chair:** Ms. McIntyre, to come back to what both Mr. Liepert and Mr. Fergus referred to, I would encourage you to go to the minutes of yesterday's meeting. The veterans here did express real-life concerns, something along the lines that the current system, from their perspective, does not come close to providing the standard of care and compensation that is owed under the social covenant. They expressed that pretty vividly. I just wanted to make a note of that.

I thank you for answering our questions. The committee did stray some distance from the budget implementation act, so we appreciate your broad answers to those questions. Thank you, again.

**Ms. Faith McIntyre:** You're welcome.

**The Chair:** We will turn back to division 18, part 4, Infrastructure Canada.

We were on Mr. Liepert. Go ahead.

**Mr. Ron Liepert:** I'll try to be as quick as I can, Mr. Chair.

On the line of questioning before we broke, I guess the real concern being expressed is that this initiative really needs more study and it should be carved out of the budget implementation act. I'll just leave that. You may not be in a position to make any further comment on that.

I want to ask one final question. Yesterday, testimony from people who I guess had done some significant research on this idea described the difference between a P3 project as we know it today and what they saw this bank having the potential to do. The difference—these are my words, not theirs—is that these projects would be larger and riskier, but also potentially more rewarding. In other words, they would be a larger gamble than a typical P3 project might be. Would you agree with that?

**Mr. Glenn Campbell:** I would not, actually. The concept of a P3, or a public-private partnership, pertains to the method of procurement for any infrastructure project. That model or option for procurement would still be available for any project that is supported by the infrastructure bank.

**Mr. Ron Liepert:** I understand that.

**Mr. Glenn Campbell:** The P3 model is therefore a contract structure that is designed to manage availability payments—these are largely for infrastructure paid for by taxpayers—and to get efficiencies in the construction and operation of the asset. It is completely distinct from the upstream financing and project development of an asset within a partnership model, which may or may not be more risky, generally speaking.



The objective would be to find projects that are in that sweet spot of being revenue-generating—not “availability payment”, which largely means taxpayer-funded—and that are not so risky that it's not in the public interest to do them, but for which there's enough such interest for some strategic support from the Government of Canada to support the project, which would have been funded perhaps by all taxpayers, that it is in the public interest to then manage the risk in that project.

Just to conclude, once that project is determined and there's a partnership structure in place, the party can, as the project stewards, say, we'd like to use Infrastructure Ontario or Partnerships B.C. to help in using the procurement model for building the project.

Really, they're separate distinctions.

• (1240)

**Mr. Ron Liepert:** Well, they're separate distinctions, but you've just outlined a situation, I believe, that confirms that the project wouldn't proceed under a P3 model, which therefore makes it more risky.

**Mr. Glenn Campbell:** Well, to the extent to which there's more risk, it's because the model is a revenue-generating model.

**Mr. Ron Liepert:** So are many P3s.

**Mr. Glenn Campbell:** Some P3s are.

In the Canada infrastructure bank model, you're attracting additional private sector investment into the asset to take on the risk in the revenue part. The extent to which a project may be riskier is the extent to which there is risk to be managed around the revenue or business model of that project, which is what the infrastructure bank is transparently designed to do: match up the risk with a private sector investor who is willing to buy the risk, with the infrastructure bank coming in no more than necessary to manage the risk transfer between the two parties. They're quite clear and distinct.

**Mr. Ron Liepert:** Okay, I'll leave it at that. Thank you.

**The Chair:** Mr. Fergus.

**Mr. Greg Fergus:** Thank you very much, Mr. Campbell. You mentioned in your testimony that among the tools available to the infrastructure bankers is one of providing loan guarantees. Can you go into a little bit of detail as to how you see this tool working? Also, can you give us a sense of how different orders of government would have access to these loan guarantees?

**Mr. Glenn Campbell:** I'd be happy to do so.

In the lengthy consultations we've had among officials of the Department of Infrastructure and the Department of Finance, and when we've looked globally, many other forms of structures that rely on loan guarantees to finance infrastructure have emerged that in Canada, given that we don't have the same level of political risk as is usually attached to using loan guarantees in other countries, would not need to be preferential or primary instruments to do what the Canada infrastructure bank is designed to do.

However, given that it has a suite of innovative tools, the government is saying that the loan guarantee tool could be, under very limited circumstances, a tool to achieve an outcome. Because, however, of the very specific contingent liabilities associated with the loan guarantee instrument, which mean that they need to be

priced and the maximum exposure for auditing and accounting purposes needs to be determined, there is a separate checkback to the Minister of Finance to make sure that this is done. It is not put in the window that the infrastructure bank itself can design a project around a loan guarantee structure unless it has explicit concurrence through the department and the Minister of Finance. Those are the same parameters under which other crown corporations would use a loan guarantee.

The government is thus proposing to give the infrastructure bank equity and debt tools to use and a sufficient balance sheet that it need not resort to a loan guarantee scheme as a preferred instrument. However, given that it is designed to be a service instrument to other orders of government, if they come forward in a project structure together with the bank and in a unique circumstance think that such may be the preferred instrument, they would work through that structure and then go and make a case as to why a loan guarantee fits in that specific project structure. It will be imperative upon the bank to make sure that this tool is priced and the maximum exposure is recorded for accounting purposes. That's why we have both the Auditor General and a private sector auditor engaged with the bank.

I hope that answers your question.

**Mr. Greg Fergus:** It does. Thank you.

**The Chair:** Mr. Ouellette.

**Mr. Robert-Falcon Ouellette:** Mr. Campbell, thank you very much for that answer.

Just following up on the loan agreements, I wonder if you could talk about the profits in the partnerships resulting from the bank and how that might actually work.

**Mr. Glenn Campbell:** In general terms, the crown corporation is designed to be a support vehicle, a way to channel federal support through to infrastructure projects for the benefit of Canadians and partners. When we talk about profits, it's a question of profits inside the project structure. The objective would be that, to the extent to which there is revenue attached to a particular project, the revenue would be distributed among the partners to the agreement according to the level of risk they are taking. The bank itself is not expecting a return, given that the government is expressly saying that this is a forum to deliver support to projects, but less support than it otherwise would.

In terms of an individual project that has revenue attached to it, the investors in that project would have access to the revenue directly attributed to their share of the partnership agreement, or basically where they are in the hierarchy of the capital structure. It is a very commercial-like and very routine kind of project structure.

• (1245)

**Mr. Robert-Falcon Ouellette:** So we could potentially receive profit.

**Mr. Glenn Campbell:** To the extent to which an asset would be held in a project, it would be retained in the bank and it could be made available to support other projects.

**Mr. Robert-Falcon Ouellette:** Okay.

Will municipalities or provinces be forced to use this bank?

**Mr. Glenn Campbell:** This is a completely optional incentive base, to the extent to which if one of our partners wishes to consider a project for the bank, they are not obligated to use it; neither will they be deducted any other funding through any other program. So it's completely incented for them to come and use it.

Once they identify a project that could be considered for the infrastructure bank, it still may become a candidate for another type of funding through that process if that becomes their preference.

It's completely meant to be another tool option, at their discretion.

**Mr. Robert-Falcon Ouellette:** When you were responding to Monsieur Dusseault, you were talking about transparency. To paraphrase, you believe that the government has set up a transparent process where the micro details are handled by the board; and the macro details of the infrastructure bank will be handled, very macro, by cabinet and then on a lower level, including not only cabinet, but Parliament, provinces, municipalities, and other partner banks, which are all going to have to do this in a public way. None of this can be hidden or done on the sly.

Would that be a fair assessment?

**Mr. Glenn Campbell:** That would be a very accurate assessment. To reiterate, the public interest test is done first by the steward of the assets. If it were a province, municipality, or territory that would deem it to be in the public interest to build a piece of infrastructure and would like federal support from one of the vehicles, the Government of Canada, through cabinet or the ministers, can say whether it agrees that it meets the public interest and is a federal priority before it ever gets on the list of projects that the Canada infrastructure bank could consider.

**Mr. Robert-Falcon Ouellette:** I have a couple of final questions.

Just because I'm not very smart on this, could you describe the difference between a PPP, in simplistic terms, for the average person, and the infrastructure bank, why they are different, and why one is needed over the other or how they can be complementary?

**Mr. Glenn Campbell:** I would be happy to.

Can I turn to Niko?

**The Chair:** Mr. Fleming, go ahead.

**Mr. Niko Fleming (Chief, Infrastructure, Sectoral Policy Analysis, Economic Development and Corporate Finance Branch, Department of Finance):** Thanks very much.

That's a very good question, and I'll give it my best shot.

Public-private partnerships are obviously a very useful tool when they're applied carefully and for the right kind of project. They can use private sector incentives to get projects built on time and on budget, which has very obvious benefits.

In terms of the capital structure for a project, P3s in Canada primarily involve financing through loans for a portion of the

project's costs. These loans still ultimately have to be repaid by governments, usually a municipality, through availability payments, in order to pay for the costs of the infrastructure.

I think I'd say that what the government heard in its consultations is that there's a need to help build more infrastructure than can be done just through the public purse, and that municipalities, in particular, have limits on the amounts that they're able and willing to borrow to pay for infrastructure. What the infrastructure bank would be able to do is bring an additional party to the table for the funding of projects so that it doesn't rest only on all three levels of government. This would free up public funding for other projects, including infrastructure, that wouldn't have the required revenue stream, like social housing, for instance.

In order to attract that private sector investment, and also do it in a way that protects taxpayers properly, a new institution was needed that would have the right level of expertise and could be the counterparty for the negotiations with sophisticated private sector equity investors. I think part of the vision with the infrastructure bank is that it's a different skill set than the functions of PPP Canada, which are focused on providing advice for structure and procurement contracts, as Glenn mentioned, that are delivered through P3s.

• (1250)

**Mr. Robert-Falcon Ouellette:** Also, I just would like to say that I hope all of you will be participating in some way in this infrastructure bank because you seem to know an awful lot about it. I hope we don't lose expertise by people going to do other things which may be just as important. But to get this off on the right path, I think we're going to need that type of expertise.

I hope you thought of a name, and I'd just like to suggest one for the infrastructure bank: the Louis Riel Infrastructure Bank.

**Voices:** Oh, oh!

**The Chair:** Thank you, Robert.

Just to remind committee members, today, because some members have commitments, we have a hard stop at one o'clock. We will see whether we have to bring back this group prior to clause-by-clause on May 29.

In any event, we have three people on the list at the moment: Mr. Poilievre, Ms. Petipas Taylor, and Mr. Dusseault.

Mr. Poilievre.

**Hon. Pierre Poilievre (Carleton, CPC):** Mr. Campbell, the infrastructure bank will loan to projects. If a loan is not repaid, how will the loss be recorded in the *Public Accounts of Canada*?

**Mr. Glenn Campbell:** It depends on the circumstance of the agreement. If the infrastructure bank is taking a position in the project as a lender alongside other lenders, if that is not repaid in some way, then it would basically take that liability and it would be reallocated inside the partnership agreement. Any position that the bank takes, whether it's a lending...or an equity, is designed to absorb risk under certain circumstances—

**Hon. Pierre Poilievre:** Sorry, this is actually—

**The Chair:** Mr. Poilievre, let him answer his question first—

**Hon. Pierre Poilievre:** If I may, we do have very limited time.

**The Chair:** I know, but we can come back another day—

**Hon. Pierre Poilievre:** If the project itself—

**The Chair:** Mr. Poilievre, I'm going to let...

Mr. Campbell, finish your answer—

**Mr. Pierre Poilievre:** Take it off your time.

**The Chair:** —and then we'll come back to Mr. Poilievre.

**Mr. Glenn Campbell:** Whether it's an equity or a lending position, to what extent that is not repaid, then that would be deemed to be federal support into that project, and it would be recorded as expenditure against the \$15 billion that the government has in the fiscal framework. That would be deemed to be federal support. It would have been loss-absorbing. Whatever the structure would be for either a loan or an equity, the design of it is to manage that risk transfer, and if that materialized, then that would then convert into federal support for that project.

**Hon. Pierre Poilievre:** So then it would become an expenditure.

**Mr. Glenn Campbell:** It would become an expenditure recorded against that \$15-billion profile that we had mentioned earlier.

**Hon. Pierre Poilievre:** It starts out of the \$20 billion of capital—and you've testified elsewhere that loans would come out of the \$20 billion of capital—but in the event that there's default loss, then it would migrate over and become an expense out of the \$15 billion that is also included in the infrastructure bank.

**Mr. Glenn Campbell:** That's close, in the sense that the \$35 billion is a balance sheet. If the infrastructure bank is investing in a billion-dollar project, and let's say, its position is \$200 million in that project, there would have to be an accounting determination each and every year by the auditors to determine the level of under-market or market support. To the extent that there's some risk in the position of the infrastructure bank, it would be obligated to report back through the consolidated accounts that a certain amount of money would be expenditures.

If there is a liability asset—

**Hon. Pierre Poilievre:** Sorry, Mr. Chair.

It's just that you keep saying “if, if, if”. The scenario we're talking about is when the money has not been repaid. It's defaulted. In the event of a default loss, where will that loss be accounted for? Would it have originated out of the \$20 billion of capital?

**Mr. Glenn Campbell:** No, that's not technically correct. All of the positions from the infrastructure bank will be part of the \$35-billion balance sheet.

**Hon. Pierre Poilievre:** Right.

**Mr. Glenn Campbell:** The differentiation between the \$20 billion and \$15 billion is an accounting determination.

**Hon. Pierre Poilievre:** I know.

**Mr. Glenn Campbell:** It could be made on day one. As any other asset, you put money into a project. The accountants say you can't account for that as a complete liability asset match, therefore you need 20% or 50%, which will be immediately recorded as an expense against the Government of Canada. That could go up or down over time.

Whether a loan is repaid or not, it could have a value that has to be recorded against the \$15 billion. The net bases will be recorded against the \$15 billion.

● (1255)

**Hon. Pierre Poilievre:** So, for example, let's say, the government makes an initial contribution to a project, and then provides a loan to the proponents to build that project. They default on that loan, then that default would be recorded as a loss that would draw against the \$15 billion allocated to the infrastructure bank. Is that correct?

**Mr. Glenn Campbell:** Except the infrastructure bank would not be loaning to one of the parties, it would be loaning into the pool of the project; but had that materialized, it would be counted against the \$15 billion.

**Hon. Pierre Poilievre:** We're splitting hairs. There is an entity called a “person” under the act: “person includes a trust, a partnership, a joint venture...association of natural persons or corporations.” The infrastructure bank lends to that person. The money doesn't get repaid and it is a default loss. That would create an additional expense on the books of the Government of Canada. Is that correct?

**Mr. Glenn Campbell:** You're asking me to say "correct" again. I'm not sure all those assumptions are correct. However, any position that the infrastructure bank has in an entity will be limited to the amount of its partnership agreement, regardless of whether it's a loan or an equity. The amount of its exposure will be capped by that amount into a project code. If something materializes where you actually do not get repaid that amount of money, or the equity gets a value decline and the auditors say that you can't hold that as a liability asset match, it will be recorded transparently each and every year—

**Hon. Pierre Poilievre:** As what?

**Mr. Glenn Campbell:** As an expense. This would be federal support for that project that would have been built and will continue to exist.

**Hon. Pierre Poilievre:** An expense, okay. Will that come out of the \$20 billion in capital, or the \$15 billion amortized over 11 years?

**Mr. Glenn Campbell:** Any net expense comes out of the \$15 billion.

**Hon. Pierre Poilievre:** Okay.

**Mr. Glenn Campbell:** For any other investment, whether it's in whatever structure, if the auditors say you're holding an asset on the other side, then it will be accounted against the \$20 billion, basically allowing it to hold assets that match its liability.

**Hon. Pierre Poilievre:** My next question relates to electricity grids. You listed them as an example, as have budget documents, as something for which the infrastructure bank may provide funds. However, electricity grids are already able to be financed by private investors. Investment banks and private equity firms regularly buy power plants and transmission lines.

If the purpose of this bank is to draw private money into public infrastructure, why, in this instance, do you appear to be doing precisely the opposite, that is, drawing public money into what is already a private sector enterprise?

**Mr. Glenn Campbell:** I have one preface, and then I'd be happy to answer your question.

First, as an official who used to work at Finance Canada in charge of financial institutions and banking, I'm very attuned to any issues about crowding out the private marketplace, and there's a reason that I'm the steward of this project. In many cases, the government is

referring to inertias, or where parts of the electricity grid do not exist now. It may be in the public interest to co-finance and co-partner with some of our provincial, territorial, and other partners, particularly up north; or to connect provinces where it may be in the public interest to be part of the risk-bearing partnership model, to get a piece of that infrastructure built that otherwise would not have been built.

If any of those could demonstrably have been financed commercially, and there's a case being made, that's something the infrastructure bank likely would not do.

**Hon. Pierre Poilievre:** If the commercial actors do not want to finance it, would that not be an indication in itself that it is not a commercially viable project?

**Mr. Glenn Campbell:** It always depends. It's a continuum. A lot of projects that have a tariff associated are already revenue-generating; you can associate commercial financing from that tariff. There may be other planning bases where a province or a territory, particularly up north, has a vision where they'd like to expand energy into the north; they'd like to move indigenous communities off diesel; and they want to expand that grid. Whether it's too risky, or the commercial sector would demand too high a return to expand that infrastructure in various parts of Canada, the infrastructure bank would be a tool to come in to help manage that risk to get that project done in the public interest.

**The Chair:** We might want broadband in some rural areas, I might suggest.

We will have to cut it there and start where we left off. I was hoping we might finish with the infrastructure bank; obviously we didn't.

We will adjourn, and we have other witnesses at 3:30, so we'll have to get back to you. We will likely finish this session on division 18 on the 29th.

• (1300)

**Mr. Glenn Campbell:** We can make ourselves available, Chair, any time the committee wishes.

**The Chair:** Thank you.

The meeting is adjourned.







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