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Chair

The Honourable Judy A. Sgro

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● (0850)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I'm calling to order the Standing Committee on Transport, Infrastructure and Communities of the 42nd Parliament. Pursuant to the order of reference of Wednesday, October 5, 2016, we are considering Bill C-227, an act to amend the Department of Public Works and Government Services Act, in regard to community benefit.

We have some witnesses who have joined us today. From the Atkinson Foundation, we have Colette Murphy, executive director, by video conference. From Canada Lands Company, we have John McBain, president and chief executive officer; and Robert Howald, executive vice-president, real estate. As well, from the Toronto Community Benefits Network, we have Rosemarie Powell, executive director. Welcome to you all. Thank you very much for being here.

We'll open the floor to Mr. McBain.

Mr. John McBain (President and Chief Executive Officer, Canada Lands Company): Good morning, Chair Sgro and members of the committee. Thank you for inviting Canada Lands Company to appear today.

[Translation]

In order to provide more detail and perspective, I am accompanied today by Mr. Robert Howald, executive vice-president of real estate at the Canada Lands Company.

[English]

Canada Lands' mandate was confirmed in a 2001 review as an arm's-length crown corporation with the principal role to manage the disposal of real estate with the best value to the taxpayer. We are also tasked with holding and managing certain properties at the request of government.

[Translation]

The Canada Lands Company helps the government to manage its surplus real estate. When properties are no longer useful to the government, the Canada Lands Company purchases them at market value.

[English]

CLC acts as the master developer of properties: we engage, consult, and obtain development plan approvals. We then sell to the private sector, which builds and markets the final product.

I'd like to return to the phrase "best value to the Canadian taxpayer". We define "best value" to include non-financial benefits as well as financial return. We require the latter because we are self-funding and receive no appropriations from government, but it is by no means our sole focus. What makes Canada Lands unique is that, in addition to profitability, our projects provide auxiliary benefits to Canadians and the communities in which we work. Allow me to describe this aspect of our value proposition.

We handle complex properties. We enable surplus, underutilized properties to be reintegrated in productive ways into communities.

We engage and consult extensively. Our engagement process is really our hallmark. We are dedicated to fully understanding and collaborating with the communities in which we work.

We comply with all municipal and provincial planning requirements. We operate in the context required of any developer, and in that regard, accommodate the planning preferences of the communities.

We enable the creation of affordable housing. In concert with municipalities, Canada Lands integrates affordable housing as part of its development plans. To date, CLC has facilitated the implementation of 2,180 affordable housing units in our projects.

We incorporate parks, commemoration, and recreation in our projects. Canada Lands' contributions to green space amount to 28% of our holdings.

We build business partnerships with first nations. We've established agreements of participation and joint ventures with first nations at six sites in British Columbia and Ontario, and are finalizing joint development agreements at two more.

Canada Lands' projects serve as economic engines. In addition to reintegrating surplus properties in communities, our projects generate contracts and employment for studies, planning, and construction.

Those are some of the major criteria we use to assess the community benefits of our work. As we understand, this committee is studying a proposed bill that would require the inclusion of community benefit assessments in federally funded construction, repair, or maintenance projects.

Allow me to share one specific example of how we further define community benefits. CLC has developed employment programs ingrained in initiatives with first nations. As an example, in our 50/50 joint venture with the Musqueam, Squamish, and Tsleil-Waututh nations in Vancouver, a joint employment, contracting, and training committee drives efforts to put nations' businesses in a position to compete for contracts, requiring bidders to establish employment and training opportunities.

With respect to the content of the bill as it stands now, I would observe that it is for the proponent, and in that regard I would say the government, to identify the overall benefit of a project to the community, but I would ask the contractor to identify the benefits to the community from how it will deliver the work, how it will execute the contracts.

I would also offer comment on the timing requirements that are included in the bill, if the committee is interested.

We hope this information has been helpful. We look forward to questions you may have regarding our presentation.

• (0855)

The Chair: Thank you very much.

Ms. Powell.

Ms. Rosemarie Powell (Executive Director, Toronto Community Benefits Network): Thank you.

It's my pleasure to be here this morning representing the Toronto Community Benefits Network.

We're a community labour coalition, and we envision Toronto as an inclusive, thriving city in which all residents have equitable opportunities to contribute to building healthy communities and a prospering economy.

TCBN uses the approach of negotiating community benefits agreements to bring diversity to Toronto's infrastructure projects, starting with the Eglinton Crosstown. The TCBN fully supports the passage of Bill C-227, an act to amend the Department of Public Works and Government Services Act (community benefit), to include community benefits agreements, put forward by the Ahmed Hussen, the MP for York South–Weston.

Community benefits are defined as tangible social and economic opportunities and outcomes for communities, especially historically disadvantaged groups. They include, but are not limited to, jobs training and apprenticeships, procurement from local businesses and/ or social enterprises, neighbourhood and environmental improvements, and other benefits as determined in consultation with the local community.

Income inequality in Canada has increased over the last 20 years, and in many of our neighbourhoods, particularly in Toronto, we are also seeing the negative impacts of systemic poverty, such as violence, as in the case of Toronto's former priority neighbourhoods. As our society transitions into the green economy, there will be a shakeup in the type, quality, and quantity of jobs that are available, and this crisis can only get worse. Our society needs to develop a fair and equitable transition policy—we believe that community benefits agreements can be one such tool—for our youth and other historically economically disadvantaged groups that has the potential

for creating good jobs while helping to address society's concerns about climate change. Putting our youth to work towards building up their communities and protecting the environment not only makes good sense, it also makes good economic and environmental sense. Jobs in the construction trades are good, well-paid jobs with benefits. They focus on safety, and they could also be green jobs. Most importantly, these workers have the opportunity to build up their communities with the sense of pride, ownership, and responsibility that engenders.

Professional, administrative, and technical job categories are part of every major construction project. Many newcomers to Canada have much-needed valued skills, but they may lack professional networks to find jobs in their fields. Equally, apprenticeships in the construction industry create both long-term careers and short-term jobs. As entry-level jobs, they offer opportunities to people who are beginning their careers. Specific reference should be made to these jobs as part of legally binding community benefits agreements in major infrastructure projects.

There are other compelling reasons, of course, to pass Bill C-227. Infrastructure projects that include community benefits leverage public dollars that are already being spent to benefit local communities, aligning government's infrastructure spending with other policy goals. In partnership with our allies in labour, philanthropy, and academia with our first-ever community benefits framework with Metrolinx, the Toronto Community Benefits Network is experimenting with a historic partnership that has an incredible potential to significantly advance the province's sustainable development strategy by enshrining support for community benefits in its policies and practices.

CBAs are built on the shared commitment by all parties to achieve the objectives of the CBA within the context of successfully delivering on project deliverables. In this project, specific roles and responsibilities should be defined. For example, the TCBN understands that to successfully deliver on community benefits, the contractor needs reliable skilled labour and they need to meet project deadlines and receive public support for the project and their company's role in the project. This is why, through the Metrolinx working group structure that includes all stakeholders, the community works with Metrolinx to support the implementation of the project agreement with the contractor and their subcontractors, ensuring a qualified cohort of apprentices and a range of social enterprise subcontractors. In so doing, we work with a broad range of stakeholder groups, including industry workers, community, non-profit, workforce development, etc.

• (0900)

When Metrolinx and the project contractors are responsive in the community benefits agreements and implementation, the TCBN and its partners—we are 63 members in our coalition of community organizations and groups—facilitate the buy-in from the community in the process and outcomes.

Over the next 10 years, we have an opportunity. Cities all across Canada will benefit from unprecedented spending on public infrastructure by all levels of government. Pass Bill C-227 and seize the opportunity to create meaningful change for your constituents at all levels of the economic ladder. Let's build our nation from the ground up.

Thank you.

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

Next, from the Atkinson Foundation, we have Ms. Murphy.

Welcome.

Ms. Colette Murphy (Executive Director, Atkinson Foundation): Thank you very much.

[Translation]

Good morning everyone.

[English]

The Atkinson Foundation has been concerned about social and economic justice for more than seven decades. We put our resources into the people, organizations, and networks focused on decent work for all, including narrowing the income gap, creating employment, and building wealth for low-income communities.

Since 2013, Atkinson has been investing its own resources and working with partners from across sectors to advance community benefits in policies and practice. We believe Canada has a tremendous opportunity to make progress on social policy goals by improving its procurement processes. By requiring community benefits as part of certain government spending, it's possible to increase the impact of these dollars: more decent work, less precarious employment, great career ladders, fewer dead ends for workers, renewed public infrastructure, and stronger and more resilient communities.

I want to make four key points related to our support for the passage of Bill C-227. First, we believe community benefit policies enable a more strategic approach to procurement when linked to federal priorities of economic growth, social inclusion, poverty reduction, and environmental sustainability. For example, by targeting training opportunities for those who have difficulty accessing the labour market, such as youth at risk or veterans, community benefits target those hardest hit by the economy. By being deliberate about opportunities for local suppliers, in particular small and mid-sized ones, and social enterprises, community benefits build local economies, and attaching goals around GHG reductions helps reduce our carbon footprint.

To do this, the Government of Canada can build upon its own experiences, in particular, the procurement strategy for aboriginal businesses. Since 1996, the program has awarded more than 100,000 contracts to aboriginal firms totalling \$3.3 billion in value. There are also potential synergies with Bill C-227 within the federal family. In addition to Public Services and Procurement Canada, other departments such as Infrastructure Canada, Employment and Social Development Canada and Veterans Affairs, which already have community benefits in their ministerial mandate letters, are likely strong contributors to a Government of Canada community benefit strategy which passing the bill would help advance.

Community benefits also provide measurable results, which is important to policy-makers. The University of Glasgow reviewed 24 public contracts with community benefit clauses in Scotland and found they had exceeded job opportunity targets, with more than 6,700 individuals from priority communities receiving training and 1,000 individuals from priority communities recruited for jobs. Community benefits associated with the Vancouver Olympic Village placed 120 disadvantaged workers in construction and led to \$24 million in procurement for inner-city businesses, thereby surpassing targets.

Second, Canadian provinces and municipalities are already moving to adopt community benefits policies and practices. Federal requirements to include community benefit clauses in procurement would be consistent with these goals and changing practices. For example, the Ontario government has recently promulgated the Infrastructure for Jobs and Prosperity Act, which calls for community benefits, and mandates apprenticeships and training opportunities for targeted communities and public infrastructure projects. The Yukon government recently announced it will establish resources, policies, and processes to support the strategic role and importance of procurement.

Third, this is a value-for-money proposition. The cost is low in comparison to the returns. Embedding requirements for community benefits into procurement requires a change of approach, but it need not be costly either to government or to private contractors. It helps ensure public spending meets a range of policy objectives rather than treating those expenditures as one dimensional.

Capacity building resources will be needed for implementation, but current government programs already funded to support such things as workforce development, SMEs, or social enterprises can be leveraged and I'm happy to give examples of how this is done in other jurisdictions.

• (0905)

Finally, community benefits in procurement is a significant policy innovation. It needs to build upon good practice in how to do this successfully. Luckily we have excellent examples in Canada, the U. S., the U.K., and other jurisdictions of how to create effective community benefit policies and implementation practices. They share several traits. We have research reports that outline them, but I'll just flag one for you in closing.

Mandatory language is critical. Policies that require only that community benefits be considered seldom have impact compared to those that require action. Passage of Bill C-227 will help realize our ambition for Canada to be known as world class, because its economy is equitable, inclusive, and prosperous.

Thank you very much.

The Chair: Thank you very much, Ms. Murphy. We appreciate your comments very much.

Now we go to questioning by our members.

We'll start with Mr. Rayes.

[Translation]

Mr. Alain Rayes (Richmond—Arthabaska, CPC): I sincerely thank the witnesses for their presentations and the time they have taken this morning to speak to us about this bill.

I am going to begin with you, Ms. Powell. In your presentation, you indicated that the bill should make consideration of community benefits mandatory.

The bill grants that power to the minister, but it does not make it an obligation. What do you think of the statement that is in the bill?

Ms. Rosemarie Powell: You are talking about the difference between... What are the two words?

Mr. Alain Rayes: Excuse me, I made a mistake. I mentioned your name, but the question was addressed to Ms. Murphy.

Some hon. members: Oh, oh!

Ms. Rosemarie Powell: I understand.

Mr. Alain Rayes: She was the one who made that statement.

[English]

Ms. Colette Murphy: Absolutely. We would encourage stronger language. We understand from looking at policy in the U.K. The U. K. government passed its own legislation, the Public Services (Social Value) Act in 2012, and it spoke to consideration of community benefits. Therefore, it leaves it very wide open to interpretation. In the case of Scotland and the passage of its own act, the language is much stronger, as well as the practice behind it and the regulations that enable staff to understand how to actually implement it and when.

• (0910)

[Translation]

Mr. Alain Rayes: That's fine, thank you.

Mr. McBain, you said that your organization already takes local communities into account. In fact, all of the witnesses told us that in their presentations. You all gave many examples showing that that was already being done.

I want to understand properly. You said that in your projects you incorporate parks, commemoration and recreation, and that you work with first nations communities. You are all able to do that already since you provide work.

The bill proposes rather that promoters and entrepreneurs who conduct projects take communities into account. What will this bill allow you to do that you are not already doing? Listening to you, it seems you all take local communities into account already in your projects.

[English]

Mr. John McBain: Thank you for the question. It's an excellent point. It's something that I see in the wording of the bill as it stands now, and please understand my comments are about improvement.

As the proponent, whether it's Canada Lands or the government, we will identify the benefits that a project we're about to undertake will bring to a community, whether, as you've described, it's green space, or a park network, or school sites. Asking the contractors to

identify them, is, to me, an additional piece, and that would involve asking them about the benefits of how they will implement the contract. Will they be using, for example, women in non-traditional occupations as part of their workforce? Will they be using youth at risk as part of their workforce? Will they have an aboriginal set-aside in their procurement practices? These are things that we as the proponent, the government, or, in our case, Canada Lands, may choose not to specify to allow the private sector to bring their best offer, but we would also ask the private sector to identify the benefits of the way in which they would execute the work.

[Translation]

Mr. Alain Rayes: We heard witnesses on Tuesday, and one of them said something interesting. He said that in any case, everything that is being asked for in this private member's bill could already be done by the government and the Department of Public Services and Procurement. In his opinion, all the the government has to do is ask that this be included in the project. So I am sincerely wondering about this.

The member replied that in practice it would not cost the government more. In his opinion all that is required is an additional line in the specifications where the promoters would have to indicate whether their project would provide economic and social benefits for the communities.

Do you agree with me that in order to verify that claim, we would need people to validate the information, so as to ensure that this really happens?

[English]

Mr. John McBain: It's an interesting question. It depends on how auditable, I suppose, one would want the indication of the benefits to be.

In my experience, and in my prior position as a senior assistant deputy minister in the government as well, we wrestled with the question when we let a contract how many jobs were going to be created. We can't forecast that. We can use a rule of thumb, but it's the contractor who needs to tell us how they're going to deliver that project. While I would say that the government and the proponent can prescribe community benefits in their approach, you need to engage the bidders or the contractors in them telling us how they're going to deliver the work, and then we quantify that.

[Translation]

Mr. Alain Rayes: So we would have to do some checking to ensure that there is a fair and equitable process for all of the bidders, and that what is written down really gets done. I imagine that staff will have to do these verifications, which will necessarily mean additional costs for the state. According to the member, this line that would be added would not cost one cent more and these projects would provide more community, social and economic benefits.

Do you agree that the implementation of this bill would not cost a penny more?

[English]

Mr. John McBain: An additional penalty is an interesting question.

There would need to be some time expended. I think we would all agree on that. Could they do it in-house? Could they indicate to us simply in their bid how many jobs they are going to employ to execute the work? I think that would be pretty simple for them to do, because they're going to be doing that as part of their bid preparation in any event.

It's a question, in my opinion, of degrees. How far do you want to go in defining the benefit and having it verifiable?

The Chair: Thank you very much, Mr. McBain.

[Translation]

Mr. Alain Rayes: Thank you very much.

[English]

The Chair: Mr. Hardie, for six minutes.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Good morning to everyone.

The categories of benefits would include things like skills workforce development and community amenities. We've heard those two, and I've certainly been involved in some large activities in metro Vancouver like the Canada Line, where mitigation was also something we wanted to work into whatever the contractor was going to provide.

Are there other categories of community benefits beyond those that you could think of? When it comes time to put a project out, the government should have some kind of agenda, or the local community should have some kind of agenda, as to what they want to see coming out of this. Beyond those three—skills development, community amenities, and mitigation—are there other categories of benefits that we should look at?

I will start with you, Rosemarie.

● (0915)

Ms. Rosemarie Powell: We believe there are potentially other categories that should be looked at, as it's important that it's in consultation with the local communities. Every neighbourhood is different, and every neighbourhood has different situations that they're facing. It's in consultation with the local people, the residents, and the citizens there that you'll be able to learn about the additional things they would like to see happen.

For example, in Weston-Mount Dennis with the Crosstown coming through, who would have thought that the community felt it was really important to preserve the Kodak building, the one building that was left after all the economic activity out of their community had been drained? This was the one space that was left.

What Metrolinx was able to do, instead of destroying that building, in consultation with the community, was they moved the building. They're going to be putting it back in place afterwards. That meant so much to the community, and that also gave Metrolinx and Infrastructure Ontario so much more credibility in that community in the work they're doing.

Mr. Ken Hardie: Ms. Murphy, do you have any thoughts?

Ms. Colette Murphy: In addition to training, we would think about benefits like first source hiring, procurement from small and mid-size organizations and enterprises, and affordable housing

offsets as part of a development process, along with other forms of neighbourhood amenities. As well, I would reinforce your point on environmental remediation.

I would agree with Rosemarie Powell that the benefits are going to vary from community to community and from project to project. They're going to lend themselves to different benefits, depending on the context and the needs of the local communities that you're targeting, and that needs to be done in partnership.

Mr. Ken Hardie: Mr. McBain, you mentioned in your comments that getting best value out of a project sometimes includes nonmonetized items that you can't attach a dollar figure to. Can you give us some examples of things that you've seen come up in some of your projects?

Mr. John McBain: Yes. One of our core approaches is commemoration of heritage uses of the properties that we work in. One of the things that we want to do is recognize those historic uses. We have so far invested funds in 11 legacy commemoration projects that recognize first nations or military uses of the properties and commemorate them.

That's usually done in conjunction with green space. It's seen as an amenity by the residents in the community. It builds into the park network that is already established.

Mr. Ken Hardie: Do you think that, in addition to having this framework established in legislation, we could perhaps be helpful to communities by giving them a list, a register of the things that they could think about when government comes to them and says, "Look, we want to do this. What would work for you?"

Mr. John McBain: Certainly, and I agree with the other witnesses that it really would be project specific, that there are things that would suit some projects more than others, and some that might be unique to a special project.

The area of sustainability is an interesting one in terms of toxic site cleanup. Sometimes that's one of the issues that we deal with, but it's also in terms of sustainable practice, and adaptive use of buildings on site rather than just knocking things down. Can we be sustainable in terms of reusing that material?

Those are the hard things, but there's also all the benefits in terms of employment and skills development as well.

Mr. Ken Hardie: We certainly can easily get a grasp of things that a community would like right there at home, but the other aspect, of course, is the federal government's agenda, the macro things that it wants to proceed with.

Ms. Powell and Ms. Murphy, I'll go to you two specifically. How do you see the balance between those two? Should we always default to what the community wants first, or have you had experience where the big picture agenda can be moved forward in an agreeable way?

● (0920)

Ms. Rosemarie Powell: I think so. It's a balance, and the community recognizes that. There are some things that the community might ask for that might end up being too expensive and will delay the project, but it's in communication with the community that those determinations can be made.

There are projects that we might want to do that fit in. For example, there is the 150-year celebration that the government is planning for next year.

My colleague here is from the Jane and Finch community, and they're working with Metrolinx to look at how they might be able to put up a recreational centre right at the corner of Finch and York Gate where the maintenance and storage facility will be. They're looking at how they might be able to tap into that, that federal campaign around Canada 150.

It's communication, informing the residents about what is available. They could look at a suite or a range of things, as you have suggested, that they might also be interested in, and we come together in that, but it's through communication in having the community at the table in those discussions that's important.

The Chair: Thank you very much.

I don't mean to cut you off.

Ms. Rosemarie Powell: That's fine.

The Chair: Mr. Aubin for six minutes.

[Translation]

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

I thank all of the witnesses for being with us this morning. It is a pleasure to have you here.

As for Bill C-227, of course it is difficult to be against motherhood. It would be like saying that I'm against apple pie.

That said, however, the bill seems very vague to me. I was, in fact, very happy to hear Ms. Murphy say earlier that new paragraph 20.1 (2), the amendment proposed to the Department of Public Works and Government Services Act, should have more teeth. The minister should be using "must" rather than "may" when it comes to requiring local benefits.

I have not heard the other witnesses on this topic. I'm going to give them a chance to express their thoughts. If they do not agree with this amendment, I would like to know what criteria the minister could use to require such benefits or not.

In the same vein, I would go a bit further with you, Ms. Murphy. I will give you the floor first. In your opinion, should the bill also include penalties if these requirements are not respected?

[English]

Ms. Colette Murphy: I think it's when you get into the authorization that you begin to look at early setting of targets as part of assessing a project. You look at putting accountability measures in place and, yes, I think that you do look at monitoring and compliance, and for those who fail to comply, they should be subject to some form of penalty, just as they would be for other parts of non-delivery on contracts.

Earlier it was mentioned that we add layers of cost or bureaucracy. This is part and parcel of monitoring a project's delivery, and that's done on any project that the federal government does to look to derive value for money.

I think that, from our understanding of how these are applied in other jurisdictions, you can assess and monitor. You have to know what you're assessing and monitoring, and if people aren't delivering, sure there should be penalties.

[Translation]

Mr. Robert Aubin: Ms. Powell, it is your turn.

[English]

Ms. Rosemarie Powell: I'm in full agreement.

[Translation]

Entrepreneurs are not going to provide benefits to communities out of the goodness of their hearts.

[English]

For example, look at the construction industry. There have been jobs in infrastructure all across Canada for many years. When we look at the percentage of diversity that is in the construction industry, we see that it's very low. We're looking at 2% or 3% or sometimes 9% in different trades that are actually diversified. The composition of women in the trades is 3%. When we're talking about community benefits, it's important to put targets in there because there will be a requirement to actually do this. When there's a requirement, then and only then are we able to put the processes in place to make that move.

When we worked with Metrolinx, we wanted targets. We knew that the construction industry needed to get supports in line, and the workforce development system was not strong enough to be able to do that. We worked to pull together a process for how we can get people from the disadvantaged communities into the trades. It's a system that we plan to build up over the next five years. Without that framework and without those targets, we'll never be able to get to the level of diversification that we would like to see, and communities will not get access to these jobs.

● (0925)

[Translation]

Mr. Robert Aubin: Thank you.

Mr. McBain, did you want to add something?

Mr. John McBain: Yes, thank you.

[English]

First of all, I think it's key that a matrix to evaluate the contracts, the bids from the contractors, would need to take this aspect into account. As the government or the proponent was reviewing the bids, they would see this and they would be awarding points for contractors that were clear or progressive in terms of the benefits they identified.

Second, with regard to the question on your aspect about a penalty, as other witnesses have identified, the government already has mechanisms, and this could be included as part of the criteria. For example, there are holdbacks on contracts. Failure to succeed in or failure to verify or execute the promises for this could be reflected in the holdback portion of the contract and in the evaluation of the bidder for future work.

The Chair: You have one minute, Mr. Aubin.

[Translation]

Mr. Robert Aubin: Very quickly, I would like to raise another topic. I would ask each of you to provide a brief answer.

Clause 1 of the bill reads as follows:

20.1 (1) For the purpose of this section, *community benefit* means a social or economic benefit [...]

In 2016, should each of the proposed projects not include the environment as a transversal value?

We could follow the same order, beginning with Ms. Murphy. [*English*]

Ms. Colette Murphy: Yes.

Ms. Rosemarie Powell: Yes, absolutely. Infrastructure jobs in particular have the most opportunity to become green. You can create green jobs from that, and historic preservation, and the transformation of the landscape. It's an excellent opportunity to meet your environmental goals as a government.

Mr. John McBain: Oui.

[Translation]

Mr. Robert Aubin: Thank you very much.

[English]

The Chair: Thank you very much.

Mr. Fraser.

Mr. Sean Fraser (Central Nova, Lib.): Thank you very much to our witnesses.

First, Mr. McBain, you mentioned that your engagement is a hallmark of your organization's process. I'm wondering if you could shed any light on whether you think a robust engagement process that reflects communities' concerns could actually speed up either the approval or the completion of a project.

Mr. John McBain: Very much so. That's our experience.

I can speak to that from two recent examples. We engaged in significant community consultation in Ottawa for the former base, CFB Rockcliffe. Over 250 meetings were held before we submitted the plan to city council. These were town halls, workshops, and idea themes and fairs, as well as stakeholder meetings. We did the same sort of thing in Calgary with the former CFB Calgary, which is now a development called Currie. Both of those projects went to the city councils and were approved unanimously without objection.

There are ways you can go about it. You can spend the money and the time up front to do that engagement, and then your approval comes through very quickly because you have that support, or you can try to rush a project in and then face all kinds of obstacles that delay you along the way.

Mr. Sean Fraser: To follow up on one of the earlier questions, although there may be an additional penny somewhere along the way, there may be fewer total pennies spent on the approval or the completion of a project.

Mr. John McBain: In our experience with consultation, yes.

Mr. Sean Fraser: Thank you.

Ms. Murphy, I'll ask you a question. One of the problems I think we sometimes have in Ottawa is that we like to apply blunt instruments for very local concerns that don't reflect reality on the ground.

Do you think this bill provides an opportunity to maximize the opportunities that exist locally to make every dollar go further? By way of example, I think it may be a mistake to say, with a public works project, that you must have 25% indigenous participation in the workforce if you're dealing with a community that does not have a local indigenous community, whereas in another community, 80% may be the right figure, depending on what your aims are.

Do you think this kind of bill provides an opportunity to make every dollar go further by reflecting opportunities locally?

• (0930)

Ms. Colette Murphy: I do. However, the devil is always in the implementation details, so you want something that sets an expectation of a certain kind of behaviour. Then you want to make sure that you put the appropriate supports in place to operationalize them within the context of the regulations.

I'll give you a good example. In Toronto, where we are working with the Toronto Community Benefits Network and others, we know that contractors are not workforce developers. They are in the practice of it, but reaching out into marginalized communities, recruiting, assessing, and training, that's not their role. That's the role of others in this system.

Together, when we look at how we can leverage this opportunity with the \$120 billion that's coming down provincially and other dollars that are coming federally into the province, we want to create a workforce development pathway, one that connects supply and demand.

It's best in class in terms of what we would expect as Canadians for this kind of process. It's helping people connect to great careers, not just jobs in one-off precarious work, and that's our role. It's our role to mobilize the city, the province, trades training centres, and communities, with the counsel of our colleagues and contractors, to make sure that when they have an obligation to deliver on, they can do it. We want it flexible enough, but with the infrastructure in place, to support everyone in doing their best work.

Mr. Sean Fraser: I believe that during our last meeting, there was a bit of hesitancy about being too specific in outlining the kinds of community benefits that should be considered for fear of narrowing the creativity of proponents.

Do you think we should have more specific guidelines saying maybe that some of the interests we're trying to pursue are getting more youth engaged, getting women in non-traditional employment, and increasing indigenous participation? Should these be enumerated somewhere, or should we say that you tell us the best you can do, and we'll compare apples to apples as best we're able to?

Ms. Colette Murphy: I think we need to set some ambition and expectation in terms of being interested in access for communities that have not traditionally been able to engage in the trades or professional, administrative, and technical jobs associated with this type of infrastructure development. I think it's fair to set broad brushstrokes, but the devil will be in the context of the community.

I think the other big challenge is that communities have been told for years to expect less. This is an opportunity for us to lift up ambitions. If you're having a major LRT come through your community, it's going to disrupt you for 20 years. In the case of the LRT in Toronto, it goes through five of the poorest neighbourhoods, one of the poorest ridings, in the country. Those folks should have access to some of those opportunities.

Yes, I think we want to outline the broad areas where we're looking to see change.

Mr. Sean Fraser: Thank you very much.

The Chair: Thank you, Mr. Fraser.

Mr. Sikand.

Mr. Gagan Sikand (Mississauga—Streetsville, Lib.): I would like to thank the witnesses for being here, especially one of my constituents.

Seeing as we're moving towards being global citizens, and we're trying to build more livable cities, on the face of it I think this is a great bill, but I would like to hear from everyone about potential problems or why this bill might not be good.

I'll start with Mr. McBain.

Mr. John McBain: Thank you for the question.

I wouldn't say why this bill might not be good, but I would make a couple of observations. Bob and I have talked about this. I don't have the answer, but you may want to consider a dollar limit because hundreds of thousands of contracts are let every year. Does this apply to very small maintenance contracts when a fellow with a pickup truck and a tool belt is coming in to do the job?

I would observe the 15 days within the end of the fiscal year. Those are calendar days, so that's about 11 working days. I don't see the need for that urgency because frankly, understanding government, that report preparation would start in January. You're not really getting the full fiscal year's view.

Plus, the way the government funding cycle works, a lot of work is done right up until March 31. You have a PAYE, pay at year end, system in the federal government that allows that work to be done and then paid after March 31, as long as the work was executed. You would have this lag time between the work being completed and being able to be assessed. I'm not sure of the reason for the 15 days. I don't know that it's that urgent, rather than getting a complete report; sometime later might be beneficial.

My last observation is, the Minister of Public Services and Procurement is not the only minister who lets contracts of this nature in the government. Many other ministers have delegated authorities for this kind of work. To think the Minister of PSPC would be able to pull a full report together for the government would be misleading because many of the others have significant levels of authority.

• (0935)

Mr. Gagan Sikand: And if we fix those, we'll have a perfect bill.

Ms. Powell, do you have any observations?

Ms. Rosemarie Powell: The one aspect of this that we realize is extremely important is that a process needs to be set in place to manage each potential contract. For example, with Metrolinx we have a working group that includes all the stakeholders. It's more around implementation, obviously. All the right people with authority to make decisions need to be at the table speaking with each other, being transparent in their conversations, sharing issues early so any kind of challenges we're experiencing along the way can be dealt with in an efficient manner.

That absolutely needs to be in place; otherwise, we have failure and challenges and it discredits the actual process.

Ms. Colette Murphy: I have three quick things:

First, in terms of your remarks about building a global city, we're seeing this kind of practice being embedded in cities from L.A. to London to Glasgow. This is part and parcel of how cities and governments are extracting more value from the development dollars they're letting within their communities.

Second, I would concur with my colleague that you may want to consider thresholds. When you move to the regulatory and implementation stage of certain policies, for example, Scotland, it's over £4 million, and for Toronto, it's over \$5 million for certain things. They do set thresholds.

Finally, for large contractors that are competing globally on these types of infrastructure projects, this is how they expect to do business in other jurisdictions; EllisDon is an example.

Bringing it into our own framework, both within the context of procurement and as referred to in Infrastructure and Communities, and in Employment, Workforce Development and Labour, I don't think it would be jarring for them. Certainly in my discussions, they're used to doing this. They just want to make sure the systems are there so they can be successful, to deliver on the apprentices, and support diverse communities.

Mr. Gagan Sikand: You've already answered my second question as well.

Thank you.

The Chair: Thank you very much.

Ms. Block.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Madam Chair, I join my colleagues in welcoming our witnesses here today.

Mr. McBain, I believe I have heard testimony from you before, and I think it was when I was a member of the government operations and estimates committee. This confirms for me that this bill is somewhat misplaced at this table, that it probably should be contemplated at that committee.

The Canadian Construction Association stated on Tuesday that the consultations process, with respect to a local community to define community benefits to go into a PSPC contract would have to be done by the department prior to seeking bids. That's the only way the procurement process would be complied with.

Do you agree with the Canadian Construction Association that PSPC would have to conduct the community consultation ahead for it to be fair for all bidders? The Treasury Board guidelines state very clearly that all contracting must reflect fairness.

• (0940)

Mr. John McBain: I think, as I indicated in my earlier comments, there is a role for the proponent—the government or ourselves—to identify the benefits that we see in a project that we are going to undertake, and certainly that would come from the consultation process we talked about earlier. I also think equally there is innovation and ability for the contractor to bring another focus in terms of how the work will be executed, and we don't want to be prescriptive in that regard. We could identify areas that, for example, in broad brush, we want to see as benefits, and then part of the evaluation of bids would give points for the contractors that bring those other aspects to the project.

Mrs. Kelly Block: Okay. I want to follow up with that, because earlier, I know you said that you would not identify community benefits in order for contractors to bring their best offer, or I guess some of that innovation, to the bidding process. I guess my question remains, how can a bidding process be fair to contractors if they are not bidding on a uniform tender? Do you believe that the community benefit test described in the bill that is determined by the community on a case-by-case basis aligns with Treasury Board policy, and that the bidding process would be fair if it weren't uniform in terms of what contractors were bidding on?

Mr. John McBain: I think it needs to be clear in terms of what the proponent is asking for from the contract. As I think we've all said, it would be unique to each project. They may identify, for example, that we want first nations employment or we want a WINTO program, women in non-traditional occupations. We would also allow for the contractors, in their bids, to be innovative in what they bring to the table. There would be a minimum that the government would ask that would be fair for all others, and then what the private sector brings in terms of their bids would bring additional innovation.

Mrs. Kelly Block: Okay.

We've also talked about some of the vagueness in the bill, certainly in proposed subsection 20.1(2) where the word "may" is used instead of "must" or "shall". It's also very apparent that we are talking about the construction, maintenance, or repair of Public Works federal real property or federal immovables. We know there are 37,000 federal buildings and 20,100 federal properties. If the Minister of Public Works and Government Services requested the contractor to include the community benefit in each bid proposal, do you think there would be an increased administrative cost to the department? Can you comment on whether or not there would be standard community benefits that might be identified by the department, or would you see it being very fluid and changing from project to project? If there were increased administrative costs, how much would they be?

Mr. John McBain: I'd like to say thank you for the question.... It's pretty loaded.

I mentioned the idea of thresholds earlier and I think that would definitely need to apply here. There would certainly be a need to bring in the experts from the contracting world. It's a complex world. One of the things that I don't think we want to lose sight of is we want the government to be seen as a favoured giver of contracts. You want people to do business with the government. You want to facilitate this so that we get competition in the bids.

I think a threshold in terms of where it would apply is important. Also, it's defining the degree to which the identification of these benefits, as I would say, is auditable. Do you want this to be forensic audit ready? I would submit not. Do you want it to be an indication that must be verified through some measure? Yes.

In that way I think it would be incremental to the bid process, and as I said earlier, contractors have to do these calculations when they're preparing their bids anyway, so we would be asking them to identify some of them more fully.

● (0945)

The Chair: Thank you, Ms. Block.

My thanks to our witnesses. I think we gained a lot of very valuable information from your contributions today. We will suspend momentarily so we can switch witnesses and get another person on our teleconference.

Thank you all very much.

- (0945) _______(Pause) ______
- (0945)

The Chair: Everybody, we have with us today Mr. Toni Varone, past chair of the business development committee of Downsview Park. From the Toronto and York Region Labour Council, we have someone who is not a stranger to any of us, John Cartwright, president. Welcome to you both.

Mr. Varone, would you like to start?

• (0950)

Mr. Toni Varone (Past Chair, Business Development Committee of Downsview Park): Madam Chair, distinguished members of the committee, my name is Toni Varone and I reside in the city of Toronto.

I appear before you in support of Bill C-227, an act to amend the Department of Public Works and Government Services Act (community benefit). In private life, I own and manage a hospitality company in Toronto as well as a real property business involved in the residential and commercial sectors. In public life, I've served on a variety of municipal, provincial, and federal boards, as well as on charitable non-profit boards. Both my private and public experiences lead me to conclude that the amendment being debated today is not only necessary but essential.

The community benefit mechanism allows for direct investment in local communities by the federal government, which is much too often perceived as being remote and insensitive to local issues. The funds being debated are new funds for the local communities and are not available through traditional means. The community benefit could manifest itself and lead to local improvements to infrastructure as well as benefits to the local environment, to parkland, or even to public art. I'm wishful to think that this community benefit could be as far-reaching as the setting up of local skills development offices or other federal service agencies that far too often seem remote to the local communities.

I understand full well that we are one taxpayer already burdened by taxes from principally all three levels of government. I also believe wholeheartedly that all levels of government should have some tangible focus on local issues, collaborating as much as they can to solve the issues that touch local residents.

In Toronto where I'm active in the business of real property development, I've been involved in what are called section 37 agreements, referring to section 37 of the Planning Act of Ontario. Through section 37, when we as developers exceed local zoning bylaws or impact a community through density or built-form change, we're required to compensate with a community benefit. This benefit can range from improvements to local infrastructure, parks, or public art, to a contribution to affordable housing. It is a local municipal councillor, in dialogue with a developer, that reaches an agreement on the benefit to be conferred to the local community. It is a practice that has yielded many communities benefits not otherwise affordable through their traditional tax bases.

Respectfully, I suggest that this can be emulated at the federal level, and as such, I support this amendment. The onus, however, will be on the local member of Parliament to sensitize himself or herself to the needs of his or her community. The burden will be to use the money wisely so it does not duplicate but enhances other community benefits from other levels of government.

Issues that need to be thought through if this amendment passes are many. I will name a few: whether the community benefit money should be pooled for greater impact or larger projects; whether a balancing mechanism should be adopted to ensure that the benefits reach all communities, since it is inevitable that some ridings or constituencies will have greater resources than others; whether the member of Parliament should be mandated to consult with the local community to search out the benefit; and whether audit and control procedures should be established to make certain that tangible benefits remain in the community.

I close by encouraging support for this initiative. I'm reminded of a saying from the U.S. House Speaker in the 1990s, Tip O'Neill, that all politics is local.

Thank you.

The Chair: Thank you very much, Mr. Varone.

Mr. Cartwright.

Mr. John Cartwright (President, Toronto and York Region Labour Council): Good morning, committee. My name is John Cartwright. I'm the president of the Toronto and York Region Labour Council representing over 205,000 women and men who work in

every sector of the economy. I'm a construction worker by trade, having started as a carpenter apprentice at the age of 18. I'm here to support the amendments that are contained in Bill C-227.

We feel that the billions of dollars in investment that's about to be made through the federal infrastructure program serves a multiple purpose.

For the last two and a half years, the Toronto Community Benefits Network, which I co-chair, has been working with the Government of Ontario and Metrolinx to create a community benefits model for the \$8 billion of construction in the Toronto transit lines. That really focuses on ensuring that the prosperity that will come with that investment is shared adequately in our community, particularly among those who sometimes have been left out of prosperity in past economies. We're looking particularly at historically disadvantaged communities, equity-seeking groups, and military veterans to be included in the apprenticeship opportunities in that work as well as in the white-collar side, the professional, administration, and technical work unique in North America to ensure that graduates and internationally trained professionals can get opportunities for employment.

To create that model, we brought people from the United Kingdom, from the United States, and from British Columbia into a meeting to talk about the different experiences that had been involved in those different jurisdictions in community benefits. There are now over three dozen community benefits agreements working on major infrastructure programs in the United States.

We think we have it right. We have a whole series of commitments through the trades in Toronto to reach out to diverse communities to help engage people from diverse communities to come into our industry. We've already had several hundred young people from those different communities come into the trades, and with the Eglinton Crosstown, we anticipate hundreds more coming into those trades.

This is not a simple task, but we look at mirroring what happened around the health and safety agenda in the construction industry in the past decades. Originally when we created a health and safety regime under Bill 208 in 1990, there were some on the employer side among supervisors and contractors who were resistant to embracing those elements, but three decades later, there's not a major contractor in Ontario that doesn't talk about the importance of having a full health and safety regime as part of its culture. We believe that is a transformation we can do within the construction industry across Canada by helping to change the openness to first nations people, to newcomer communities, to young people, and to youth at risk, to ensure that they actually have a chance to have a decent career.

A similar parallel is really to be made around green construction. I remember when LEED was first brought up as a possible goal for building, and it was very much a small marginal effort at the time. Today there's not a major contractor, architect or engineering firm in Canada that doesn't have LEED specialists on its staff in order to achieve those goals, and every major project is trying to reach some form of LEED standards, including platinum when it can.

We believe that kind of transformation is possible by tasking the construction industry with embracing community benefits, by looking at the major projects that the federal government will invest in, and by making those choices.

We are going to spend billions of dollars. We have crisis levels of youth incarceration in first nation communities across this country. The Globe and Mail today talked about that being 25%. We have a crisis of young people in greater Toronto falling into violence and gang activity. The alternative, instead of spending money on prisons or on the health crisis of diabetes in first nations, is to spend the money on infrastructure and to make sure it gives double value, that is, by creating the infrastructure that our country needs for the 21st century and also by creating the job opportunities that so many young Canadians need in order to be part of a growing industry, and to have a career in an industry that values apprenticeships and training, that gives people portable skills they can take with them for the rest of their lifetime, an opportunity I was fortunate enough to have at the age of 18.

• (0955)

That's my presentation, and I'm happy to answer questions.

The Chair: Thank you very much, Mr. Cartwright.

We'll go to Mr. Rayes, for six minutes.

[Translation]

Mr. Alain Rayes: Thank you, Madam Chair.

First I want to welcome our two witnesses and thank them for being here with us.

Of course, we cannot be against motherhood. Like you, I think it is essential that we support local communities. However, in this private member's bill, we see no obligation or constraint. We are told that the implementation of such a bill will not cost the government a penny.

My question is for each of you.

Could you give me a concrete example of a projet conducted by Public Services and Procurement Canada that had no socioeconomic benefits in communities?

I am talking about strictly federal projects, projects that were not funded by municipal or provincial governments. This is what the member who introduced the bill specified. It is important to clarify that, since some people may not know it.

My question will be addressed to Mr. Varone first.

● (1000)

[English]

Mr. Toni Varone: I would categorize that on two levels. Any investment in any infrastructure in any project is of community benefit by its very nature, but the subset of that is whether the local community will benefit tangentially from that project as well. I am more concerned about the latter being implemented as a matter of course. It is a successful model. If Public Works is putting in a watershed review of a certain area, cleaning up the rivers or other items that can be compiled within that, that would serve the local

community, that is equally important as looking at the whole. I suggest that both elements can be achieved at every project.

[Translation]

Mr. Alain Rayes: You answered my question, but I would like to know what is preventing the government, more specifically Public Services and Procurement Canada, from requiring these economic benefits. Why can it not impose those conditions?

In my opinion those conditions exist, since many experts and organization representatives told us that they already take this into account.

The representative of one organization—I don't remember which one—told us earlier that benefits to communities were taken into account, and that community parks, commemorative parks or parks for recreational activities had been created, and that work was done with first nations communities. They already do all of that. If the minister wanted to, through her department, all she would have to do is add one line, state some requirements and do some verifications.

Is there something stopping the minister from doing that at this time, in your opinion?

[English]

Mr. Toni Varone: I guess it's a question of government priorities of the day, and your operative word was "might" instead of "will". In successive governments, when austerity takes hold, local communities are the losers.

[Translation]

Mr. Alain Rayes: However, I can assure you that with the Liberal government, we are not in a period of fiscal restraint. Far from it, in fact. Mr. Rodriguez can confirm that.

Mr. Cartwright, could you answer my question?

[English]

Mr. John Cartwright: I'm not aware of federal projects ever explicitly mandating community benefits in the way they become meant in the disciplined practice we've looked at through the United States and the United Kingdom.

In fact, we have some examples in Ontario that we've developed over these years. In northern Ontario, Ontario Power Generation has partnered with first nations and there's a requirement of an amount of that work to be done.

[Translation]

Mr. Alain Rayes: In your opinion, would including that incur costs for the government?

The member who came to speak to us about it said that it would cost nothing to ensure that communities be taken into account in all projects.

[English]

Mr. John Cartwright: I don't believe there is any additional cost to this. It's a matter of the construction industry starting to embrace this in their ongoing culture in the same way as I've described that health and safety is now embraced in the ongoing culture with dramatically reduced fatalities, and green building design has been embraced in the culture. These haven't cost anything. In fact, a lifecycle cost analysis would show that these kinds of measures and community benefits will provide dramatic savings to the public purse as we reduce some of the other issues around incarceration and health issues.

[Translation]

Mr. Alain Rayes: Fine.

[English]

The Chair: You have 30 seconds.

[Translation]

Mr. Alain Rayes: To be fair and equitable toward all of the entrepreneurs who submit a bid, how can we verify that what is indicated in that line, the commitment to create socioeconomic benefits for the community and engage it, is really achieved?

Do we have to give all entrepreneurs carte blanche?

● (1005)

[English]

Mr. John Cartwright: You put in a monitoring process, as they've described in the bill. There are reports annually to the minister about what those benefits have been.

[Translation]

Mr. Alain Rayes: We will need people to do that work, which implies costs.

[English]

The Chair: You're out of time.

Does somebody want to quickly answer Mr. Rayes?

Continue, Mr. Cartwright.

Mr. John Cartwright: There's a monitoring process in place, and that will help ensure that the contractors understand what is expected of them and that they report on that. It's no different from any other spec in a major tender.

The Chair: Thank you very much.

[Translation]

Mr. Alain Rayes: Thank you very much, Madam Chair.

[English]

The Chair: Thank you, Mr. Rayes.

Mr. Hardie.

Mr. Ken Hardie: I have two questions that zero right in on the provisions in the bill, because we have to focus on it to send something back that is either amended or accepted as is. I'd ask you to keep your answers relatively short, but if you come bolt upright at 3 o'clock in the morning with "Gosh, I should have said something else", I invite you to send us something in writing as well to flesh out this information.

One of the provisions is that the minister could require bidders on contracts for public works to "provide information on the community benefits". Should we leave that up to the bidders alone? It occurs to me that there are three players here: the bidders, the proponent, and the community. Each one of them should actually have something to input in the whole range of community benefits that are possible.

Is the language in the bill too restricting when it just says "require bidders"?

Mr. Varone, I'll start with you.

Mr. John Cartwright: Could I answer that?

Mr. Ken Hardie: Yes. Go ahead.

Mr. John Cartwright: It's absolutely necessary. In any bid, depending on the complexity of the bid—the bid documents are hundreds of pages long—if you don't put something in the specifications in that bid, then many other issues will oversee that. Then the bidders will say, "That was our best intention, but actually we focused on timeliness, on cost, on technical changes, and other things. We didn't get around to that." There are huge pressures on bidders to complete a job on time and under budget, as you know. Only if there's a clear expectation that community benefits will be part of their bid and part of their practice will we actually elevate this culture within the construction industry as a whole.

Mr. Ken Hardie: It says "to provide information on the community benefits". It sounds to me as though you're asking the bidder what the community benefits are that are arising out of this. Does this language have to be refined?

Mr. Varone.

Mr. Toni Varone: You hope that over time, and hopefully a short period of time, you're going to shift the paradigm whereby this conversation is going to be irrelevant. You want every bidder thinking about community benefits as part of their strategic bid and the reasons they're going to get picked over somebody else. You want it ingrained, and you want it embedded in the way contractors think. You want it to be a reflex and not a necessity: "Oh, look at what they're making me do."

I think Mr. Cartwright is absolutely right. Over time, the bidding community will embrace this. They'll be the ones seeking out the community, looking at what those benefits are, and coming back to the proponent saying, "Hey, this is what I think. This is what we've heard. This is what I think we can pull off with our community benefit section."

Mr. Ken Hardie: Another provision is "the contracting party shall, upon request by the Minister, provide the Minister with an assessment as to whether the community benefits from a project".

Is that too confining? Should we just hear from the contracting party, or should we actually hear from the community as well to get their assessment as to what has been delivered?

As a bit of background, I used to work in the broadcast industry, as my colleague here used to. I worked on promises of performance. I certainly saw licence applications promise the earth, moon, and stars, and all end up playing progressive rock.

It's sometimes what the actual beneficiaries perceive as the benefits. To confine this to the contracting party seems, to me, to be a little bit too narrow.

The Chair: Mr. Varone.

Mr. Toni Varone: Yes and no. Again, you would hope that over time this is a reflex, not just a burden. As for the burden in terms of creating that community benefit, I think it's incumbent on all parties not only to design the bid and the bid structure and to have the contractors bid on it, but to create the preamble whereby all of this is already discussed and fleshed out. You want different ideas and you want the marketplace to see if they can't even elevate that community component part.

(1010)

Mr. Ken Hardie: Shouldn't we ask the community as well what it got or what it perceives it will get?

Mr. Toni Varone: Absolutely.Mr. Ken Hardie: All right.

Mr. Cartwright.

Mr. John Cartwright: I think we are taking small steps here. I absolutely agree with Mr. Varone that over a period of time you will have bidders anticipating that community benefits are required, and they will be bringing them forward. In fact, TCBN made a presentation with three bidders on another major project for Metrolinx, and each of those three bidders had already thought about what the community benefits would look like, their commitment to apprenticeship, and their commitment to outreach to disadvantaged communities, and had developed that as their business plan. Once the contractor provides an assessment, then we would hope that the federal government or those in charge would find a way of asking the community to verify that assessment or to question that assessment.

I think the initial first steps are to make sure that in the whole bidding process, this becomes, as Mr. Varone said, part of the culture, such that there's an expectation that you do this, that you create your bid around this, and then you report this accurately. As we often say, if you can't measure, you don't know what the progress is. This is part of measuring what's actually being done.

The Chair: Thank you very much, Mr. Hardie.

Monsieur Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

I want to welcome the two witnesses and thank them for being here and taking part in our study.

There is a consensus as to the objectives of Bill C-227, but the substance is very vague.

We tried to clear up a certain number of points with the witnesses who preceded you, such as the environmental aspect, which could be included, and the requirements the minister could impose. So I would like to explore a few other avenues with you.

I will begin with you, Mr. Cartwright.

We know that the successful realization of local benefits will in large part be due to communication among the unions, workers and community groups. But all communities are not that well organized.

Do you think that Bill C-227 should allow prior public consultations before any work is done?

[English]

Mr. John Cartwright: I think it depends on the size of the project. What we've achieved in the Toronto Community Benefits Network is a very strong labour-community coalition. We've been supported by a number of charitable foundations in that effort to ensure that the communities are at the table, that leaders from those communities are part and parcel of crafting this plan, and that they help to bring together community members who are seeking apprenticeships or seeking to get into the white-collar job opportunities here, as well as having a conversation about the environmental impact of these projects.

How that will be created at a local level really depends community by community. From Toronto, I can't suggest what that engagement should look like in parts of Quebec or in Atlantic Canada, the Prairies, or the north. I know what we've been able to achieve. Certainly, our experience tells us that the legitimacy of this depends on building organizations on the ground where communities, particularly those who have been historically disadvantaged in terms of access to the great careers that the construction industry offers, are very much part of this conversation.

We hope that we're building a new culture in the way that we say now that we have to look at life-cycle costs when we're talking about infrastructure investment. You can't just ask what the low bid is on the bricks-and-mortar piece. You also have to ask about what the operating cost is and what the maintenance cost is. If your investment dramatically reduces those, then that's the overall review.

We say that the triple bottom line here is the social advantage that's created for different communities. We don't want to see contractors securing a bid and bringing in a workforce from way far away while unemployed young people in that area are standing at the chain-link fence looking in and wondering why they can't get a job. We have to be able to move this paradigm forward.

● (1015)

[Translation]

Mr. Robert Aubin: Did you want to add something, Mr. Varone? [*English*]

Mr. Toni Varone: I agree with Mr. Cartwright. You'll be hard pressed to find every single tender that's on point with the community, and I think you should be building in cash in lieu components where you're not able to meet that community benefit strategically. The people benefiting and the contractors benefiting should be able to contribute to something like a local skills development outreach program for disadvantaged youth and ensure that even though that contract was not on point to create the community benefit, whether it be for jobs or whether it be for the environment, that you do have a mechanism built in where you can take advantage and support community outreach programs.

[Translation]

Mr. Robert Aubin: Thank you.

Let me take advantage of your answer to segue into my next topic, because it seems obvious to me that there is a connection between the Ontario Infrastructure for Jobs and Prosperity Act of 2015 and the bill we are studying right now.

The Ontario act stipulates clearly that bidders on government tenders must indicate the number of apprentices they intend to hire, and the means they intend to use to employ women, aboriginal people, newcomers to the province, young people at risk, veterans, and so on. Do you think we should include this type of criteria in Bill C-227, which would clarify expectations?

[English]

Mr. Toni Varone: Yes.

[Translation]

Mr. Robert Aubin: Mr. Cartwright, what do you think?

[English]

Mr. John Cartwright: I see this as a process that we're involved in now. We're taking our first step with Bill C-227 to start to set the stage for an expectation of community benefits, and these will be different in different regions and in different communities. Eventually, we should put into regulation what those community benefits would include, such as apprenticeship numbers and outreach to diverse communities where we've looked at other considerations. I think those could be put in regulation as we move forward, and then at some point as we've tested this, and as we've seen the areas of strength and weakness as it roles out, then perhaps it would be time to come back to create an infrastructure that has the benefit of real life experience.

The Chair: Mr. Fraser.

Mr. Sean Fraser: Thank you very much to our witnesses.

I would like to start on the reporting mechanism. Mr. Cartwright, I think it was you who drew attention to the need to measure something if we're going to improve it in a significant way. Currently, the bill requires that the minister table a report in Parliament saying whether there were projects where the community benefited. Is this the right methodology to encourage reporting that will improve this culture change that you spoke about and provide for accountability in the process to bidders or builders to make sure they implement the benefits that they said they would?

Mr. John Cartwright: I think this is a very important step in trying to ensure accountability. As a major contractor's bid on infrastructure in this country, nobody wants to be highlighted in Parliament as having failed to produce benefits with the billions of taxpayer dollars they've received. I'd liken it to the whole issue of green standards in construction. In Toronto, I used to head the Building Trades Council's efforts to try and raise green building standards, because we believed they would help substantially reduce operating costs and help the environment as well. It's not that long ago I attended a forum with one of the largest contractors in our country who was seeking to become the greenest builder in this country. They understood that's where the market would be, and they wanted to be able to say to the public and to the owner clients, "If you take us on, we can deliver this because we have a track record". To some degree this is the owner client, the Government of Canada, saying we are looking at the track record of major infrastructure companies in this country, and we are tracking that and reporting on that, and hopefully shining the light on those results will help improve outcomes.

● (1020)

Mr. Sean Fraser: Mr. Varone, do you think this public report card to celebrate or shame the builders is an appropriate way to promote accountability, or is there something else that the bill should have to promote accountability?

Mr. Toni Varone: It's essential that you have it. Auditing and reporting are symbiotic, and I don't think this bill should be moving forward without it. You need to keep people accountable for government money.

Mr. Sean Fraser: Certainly.

Mr. Cartwright, bouncing back, you drew a parallel to the LEED standards for environmental certifications for buildings. I have an easier time understanding how you would enumerate the best practices potentially in regulations, because when you're putting up a building, there's seemingly a finite number of pieces of equipment that could go into the building, whether it's insulation or multi-paned windows or energy efficient heating.

With social benefits, I have a harder time understanding how we could enumerate them, because they're quite literally infinite, and there are probably some that no one's even dreamed of yet that may come. Is there a way we can identify best practices that exist now without closing the door on potential future benefits that could be considered in these kinds of agreements?

Mr. John Cartwright: The basic tenet on which we've started Toronto Community Benefits Network is around job opportunities, ensuring those jobs are adequately shared among the communities where the project is taking place. Apprenticeship is a core piece of that. We still have part of the construction industry that does not commit to apprenticeship training, that takes on people, calls them trainees, but never puts them through the appropriate process. To have reporting on how many registered apprentices were part of this project, there's tracking software widely available that can track those kinds of things. It's very easy to track which people came from various communities, whether they're women, first nations, workers of colour, at-risk youth, military veterans. Those are the kinds of things that I think are the core step.

You can move then to other things, such as whether or not you achieved environmental standards, whether or not it's part of connecting with local economies. Those could be other elements of the accountability, but the core one is around the actual jobs.

I'm sorry. I forgot one other thing. Social enterprise is a part of what we've built into our model in Toronto, because social enterprises often provide people opportunities to engage in the economy in a way they wouldn't normally be able to do. Certainly, in first nations situations social enterprises could be a big part of the solution.

Mr. Sean Fraser: I have a little less than a minute left to go, so I'll wrap up quickly.

Obviously, not every project worth 10¢ needs to have this applied, but where's the appropriate threshold before we start requiring the government to go through this process with bidders?

Mr. John Cartwright: I think it's in the larger projects of \$40 million and above. You want to build a practice with larger projects, and then, as that becomes the culture, you can start to move down a little bit smaller.

Mr. Sean Fraser: We heard previously it was in the range of \$5 million in other jurisdictions.

Mr. Varone, what are your thoughts on the appropriate threshold?

Mr. Toni Varone: I think you can implement it at \$5 million quite easily.

I just want to make one comment with respect to how you dissect the benefits. LEED is a points-based system. When you construct a LEED building—and Mr. Cartwright, you'll know this—you may not be able to do an envelope a certain way, and you'll lose points for that, but if you do a mechanical system another way, then you'll gain points for that. I think community benefits can be scored on a points-based system, and whether the benefits go to job creation or to job training or to the environment, they're still all relevant points to be assessed and monitored.

I'll leave it at that.

The Chair: Thank you very much, Mr. Varone.

Mr. McDonald.

Mr. Ken McDonald (Avalon, Lib.): I have just one question, for both our witnesses this morning.

I'm a former community leader, a mayor of a small town. This bill talks about federal infrastructure and putting a lens on that when it comes to community benefits. Do you think it should be broadened to be even wider than that? The federal government, as everyone knows, partners with provincial governments, municipal governments, or not-for-profit organizations to do various projects at different price tags, in the millions of dollars most of the time, whether it be a water treatment facility, or a new municipal depot, or a fire department building. Do you think we, as a partner in those projects, and sometimes the main partner, putting up the biggest amount of money to see that project done and completed, should be looking at those projects down the road under this lens as well to see what community benefits and social benefits can be attributed to those projects that are part of the work we're doing as a government?

• (1025)

Mr. John Cartwright: I wouldn't want to see this program become too big and entangled in some of the federal-provincial negotiations that are already bedevilling much of what happens in our country. I think the thing to do is stick to the knitting originally of the federal department getting this done right; help to show other levels of government that it is achievable; learn from best practices, and then start to create that culture within the bidding industry, as both I and Mr. Varone have talked about, so that provincial levels of government can then say, "Hey, you've been able to achieve this working directly for federal infrastructure; now we have some joint work, and we'd like you to incorporate that."

A number of provinces already have elements of a community benefits scale within some of their programs. I'm just worried that if we insist that it go to the entire gamut of federal, provincial, and municipal infrastructure joint ventures, we'd get tied up and people would not be embracing this, because they would be looking at the complexity.

Mr. Toni Varone: I would respectfully agree. The last thing you want is an infrastructure project that requires funding from the local to the provincial and the federal levels. You have three different definitions of community benefits, and you are going to strangle the contractor going in.

Over time, I'm sure those definitions will be improved upon and fleshed out so that everybody is under one understanding of what they mean. Until that time, I think it might be premature.

Mr. Ken McDonald: I have one final question to end off with. We are talking about community benefits and whatnot. How would each of you describe community or local?

Mr. Toni Varone: Local...?

Mr. John Cartwright: Local communities reflect the diversity of the population, the reality of the history of that economy, and the local contractors, as well.

Mr. Ken McDonald: Thank you. The Chair: Mr. Hardie, go ahead.

Mr. Ken Hardie: I appreciated what you said about this being a stepping stone, an iterative process, as we kind of infuse a culture into the whole process.

Small businesses represent the majority of employers in the country but, as one of you noted, smaller communities have capacity issues with the ability to actually take on some of this. Do we need a small business strategy to help the smaller businesses make similar contributions?

Mr. Toni Varone: Yes, absolutely.

Mr. Ken Hardie: What would that look like?

Mr. Toni Varone: I happen to be in an inverse situation, where I benefit greatly from my local community. It's the other way around in our hospitality business, because we are fully dependent on our community contributing to us. Reaching out is something we do as a matter of fact. We are part of the Jane and Finch community, and we constantly have workshops to engage people to come in and work in the hospitality sector, because it's a hard sector to find people to work in.

I don't think that's going to burden any small business contractor finding additional capacity in the workforce. I think it's a good thing.

Mr. Ken Hardie: One of the examples given the other day was that in Germany they have people who would come out and work with an apprentice operating, say, for a plumber, an electrician, or a carpenter, and they would take some of the burden of having to supervise and mentor that person off that small business. At the same time, it would open up an opportunity for that person to get work with a small contractor working on a medium to large project.

Mr. Cartwright, would you see something like that as a capacitybuilding process that could be nested in with community benefits?

● (1030)

Mr. John Cartwright: We've looked at the social enterprise side of things, because those are small businesses, trying to ensure that they have a chance to move forward.

One of the issues that has come up around large infrastructure projects in the past is the bundling together of projects so they are very large. For instance, with the hospital that was built in Sudbury, there was real concern that the project was so big that local contractors weren't able to have the bonding to bid on the mechanical, the electrical, or any of the subtrades.

That's part of the question of how you design your ongoing infrastructure works, and I think it's one of the weaknesses of the "biggest is best" approach. I think there has to be attention paid to—

The Chair: Mr. Cartwright, I have to interrupt you.

Mr. John Cartwright: —small business, ensuring that they hire apprentices, not just trainees.

The Chair: Thank you very much.

Ms. Block.

Mrs. Kelly Block: Perhaps you'll be able to complete the answer you were giving when it comes to apprenticeships based on my question.

The sponsor of Bill C-227 stated that Ontario's Bill 6 was the inspiration for this bill. However, Bill 6 does not put the impetus on the contractor to consult when it comes to community benefits. Rather, Bill 6 lists exactly what the province considers the community benefits to be. The contractors must include in each bid how they will fulfill these criteria.

Bill 6 actually says, in subsection 9(2):

A bidder that enters into a procurement process for the construction or maintenance by the Government of an infrastructure asset shall, in the prescribed circumstances, provide to the Government as part of the procurement process a commitment respecting the intended use of apprentices in the construction or maintenance in the event of a successful bid.

The prescribed requirements are basically related to an apprenticeship plan. What other community benefits may be contemplated, and should they be defined by the department prior to seeking the bids?

Mr. John Cartwright: The reason we're focusing on apprenticeships is that we have an aging construction workforce. A lot of them are my age and are ready to retire at some point in time. We want to make sure that we're replenishing the highly skilled trades we have. That's a reason for our focus. It is also to ensure that the construction standards, including safety, are met by having properly trained people.

As I said earlier, we are starting a journey here. We've sought the best advice from people who've been at this for two decades in the United States and for one decade in the United Kingdom. Much of that advice has been that you can prescribe many things, but success comes when the actors involved embrace it because they actually feel that it's right. That becomes part of a cultural shift.

As we explore what "right" can be, we start with the key areas that are easy to look at, such as apprenticeships or the number of people from diverse communities actually brought into a project. Because they come into a project in an apprenticeship system, when the

project is finished, they're not just discarded and thrown on the trash heap. They're part of an ongoing apprenticeship process. How we start to define social enterprise, small business access, and environmental impact, I think, has to be a work in progress.

Mrs. Kelly Block: One of the criticisms of this bill is the vagueness it tends to embrace. Certainly when the sponsor was here, I didn't get a real sense of whether it should be limited to what is contemplated in Bill 6 or whether he envisages something else.

With that, Madam Chair, I'm going to turn the rest of my time over to Mr. Berthold.

• (1035)

Mr. Luc Berthold (Mégantic—L'Érable, CPC): How much time do I have?

The Chair: You have two minutes.

Mr. Luc Berthold: Okay, thank you.

[Translation]

As we have been saying from the beginning, Bill C-227 only applies to the contracts of Public Services and Procurement Canada.

Mr. McDonald spoke about drinking water or aqueduct projects, but they are excluded from this bill. He also mentioned that this was a first step. In my opinion, it is a rather dangerous step.

We all want federal government projects to provide significant local benefits. The government is presenting a minor bill that does not force the other levels of government to do anything but a study. Isn't there a risk that someday it may mention the fact that it adopted Bill C-227 as an excuse, and say that it has done its part for local benefits, and that we should come back to see it in four years? That is what I fear.

Local benefits are very important to the economy of all of our communities. I too was mayor, and I am familiar with the importance of those benefits, both for training workers and for the community. By tabling such a small, weak bill, are you not afraid that we will only be delaying the file, whereas we should demand a real piece of legislation on local benefits?

Mr. Varone, you could answer first.

[English]

Mr. Toni Varone: My simple answer is, if you don't start somewhere, you're still nowhere.

Mr. John Cartwright: I guess I'm somewhat of the same mind. We are working and negotiating here in Ontario, in Toronto, around setting very tangible goals, but again, the advice we've had from colleagues who have worked at this for decades now is to start small, make sure you have it right, and then you can build on that.

To my mind these are first steps. The regulations can help frame some of the things that are sought, but I don't think the federal government can stretch so far as to require the provincial and municipal programs as well to step up to this when they haven't had a track record yet of success.

That's what we're trying to build, a track record of success. Then we can go back to the provincial and federal governments and say, "There is no reason to say no because it has succeeded. Look at the amazing opportunities that young people have had. Look at their pride in saying they've now learned a skill that they can take with them for the rest of their life."

[Translation]

Mr. Luc Berthold: Allow me to interrupt you...

[English]

The Chair: I'm sorry, Mr. Berthold, but I-

[Translation]

Mr. Luc Berthold: I can't interrupt you, it is the chair who is interrupting you.

[English]

The Chair: I'm sorry. I try to give you as much leeway as I can.

Mr Fraser

Mr. Sean Fraser: I just have a quick question before I pass it off to Mr. Hardie.

I think it was you, Mr. Cartwright, who, in your opening remarks, made a comment about the benefits reaching all communities.

I represent an area that's defined by small towns and rural communities. Not every community I represent has a federal government property; in fact, some of them have very few assets, generally speaking.

Is there any danger going down this kind of a road that we give more to those who already have, and exclude rural communities that may have young people who want to work but can't stay in those communities?

Mr. John Cartwright: That's an interesting question. As our country tries particularly to respond to the crisis of climate change and looks at the infrastructure investments around that, I think there is an opportunity in every region to ensure that infrastructure is in place. Whether it's adaptation or mitigation or future climate change work, that has to happen in communities large and small. I think that's part of the long-term goals that this government and any other government should be committed to.

Mr. Sean Fraser: So the answer is to invest in rural communities, too.

I'll pass it off to Mr. Hardie, who has a few questions for you.

Thank you.

Mr. Ken Hardie: Thank you, Sean.

The message I'm getting is that we have to start with something that can be managed, something that we can move forward and build on.

We heard from construction people in our last meeting. What they would really like to see is something where the proponent has an apple-to-apple comparison, where there are no subjective pieces in there where you're going on faith that somebody is going to actually deliver something over and above the essential elements.

Obviously, what you're talking about is getting to a process where the factors, the consideration of community benefits, is so in the culture of the builders, the people actually doing the work, that they will provide this kind of input to the proponent at the bidding stage.

Where do we start? Do we start more toward "Here is exactly what we want, and we want you to bid on it", and then build on that over time, or do you think we're a little further along that continuum to the point that you talk about, where it's ingrained, it's in the DNA of the construction industry to provide this? Where are we now, and what's the process for starting off and then building on it?

● (1040)

Mr. Toni Varone: I think it starts with your definition. Bill 6, in the Province of Ontario, is a limited definition. The City of Toronto, through section 37, is another definition.

If you want to engage the bidders, you want to have a definition that accounts for all aspects of community benefits, and not just jobs, not just environment, not just limited in scope, but something that gets them to being as entrepreneurial as they are in delivering a community benefit that fits the need of that project. That comes in a maturation process in terms of an evolving definition, something that is static and can change over time.

Mr. Ken Hardie: Mr. Cartwright.

Mr. John Cartwright: I like that phrase that Mr. Varone used, a maturation process. When I look at the capacity of the trades in Toronto to supply job-ready folks from these different communities, it's based on 20 years of work. We've had partnerships with first nations organizations, with inner-city youth organizations, and with others. We've had a series of programs in the training centres that have already done that.

However, my hometown of London, Ontario, hasn't had that same history, and you would be starting from a different place. I'm sure in the north it's a different reality as well. As we've heard, whether it's Atlantic Canada or the west coast, those are different starting places.

That's why I don't think you can create a one-size-fits-all requirement early on. I think you need to be able to respond to the realities of each region and each area. Let's set some goals and engage the contractor community by saying, "We want to see those benefits, and we need to work together to be able to raise the standards here." I think that's the most successful approach.

Mr. Ken Hardie: Do you think this bill starts us in the right place?

Mr. John Cartwright: Yes, I absolutely do.

The Chair: Thank you very much, Mr. Hardie.

It has been a very interesting morning. I thank Mr. Cartwright and Mr. Varone very much for taking the time to come and share the information with us. I think the intent of the bill and of the questions you're hearing around the table is how do we make Canada better, and how do we use every opportunity we have as we move forward. Thank you both very much for being here.

I would like to mention that the minister made a very important announcement this morning regarding an issue we're working on with respect to a national transportation strategy. I believe it would be the consensus of this committee that we ask the minister at the first opportunity to appear before the committee and give us an update. Is everybody in agreement with that?

Ms. Block.

Mrs. Kelly Block: Madam Chair, I actually had come prepared with a motion asking the minister to do just that based on what we heard this morning. I only have it in English, and I won't take the time to speak to it.

The Chair: Is anybody objecting to inviting the minister to come and talk about his national transportation strategy announcement? I think we have consensus already, Ms. Block.

Mrs. Kelly Block: Can I read the motion into the record?

The Chair: Go ahead.

Mrs. Kelly Block: It says:

That the Committee invite the Minister of Transport to provide additional details on the transportation strategy announced at the Montreal Chamber of Commerce on November 3rd 2016, that the Minister appear before December 31st 2016 and the meeting be televised.

I will provide that. I know we don't have to discuss the motion today.

The Chair: I'm going to suggest we change where we were going. I thought we had a consensus. You have tabled that motion. We will choose to deal with that motion at our next meeting.

Mrs. Kelly Block: Thank you.

• (1045

The Chair: Thank you all again very much for your participation. Have a good weekend.

The meeting is adjourned.

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