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# Standing Committee on Public Accounts

EVIDENCE

**NUMBER 124**

Thursday, May 23, 2024

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Chair: Mr. John Williamson





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Thursday, May 23, 2024

• (1530)

[English]

**The Chair (Mr. John Williamson (New Brunswick South-west, CPC)):** I call the meeting to order.

[Translation]

Good afternoon, everyone.

[English]

Welcome to meeting number 124 of the Standing Committee on Public Accounts.

Today's meeting is taking place in a hybrid format pursuant to the Standing Orders. Members are attending in person in the room and perhaps remotely using the Zoom application, although I don't see anyone online yet.

I would like to ask all members to consult the cards on the table for guidelines to prevent audio feedback incidents.

Please take note of the following preventative measures in place to protect the health and safety of all participants and in particular our interpreters. Only use the approved black earpieces that are in front of you. The former grey earpieces must not be used. Please keep your earpiece away from the microphone at all times. If you're not using your earpiece, place it face down on the sticker to your right generally, although there's one on the left as well.

Thank you for your co-operation in this matter.

Pursuant to Standing Order 108(3)(g), the committee commences consideration of "Report 4: National Trade Corridor Fund—Transport Canada", of the 2024 reports 2 to 4 of the Auditor General of Canada referred to the committee on Tuesday, March 19, 2024.

Before I bring in our witnesses, I'm going to truncate the fourth round a little bit. We don't always get to it anyway. I understand there are some time pressures, and I want to make sure we have enough time with our delegation that's coming in. If we do get to our fourth round, instead of five minutes, it will be three minutes, three minutes, and then 90 seconds each for the other two parties. I understand people need to leave here by 6:15 p.m. instead of 6:30 p.m.

Without further ado, I welcome our guests.

From the Office of the Auditor General, we have Andrew Hayes, deputy auditor general; Susie Fortier, director; and David Norman, principal. Thank you all for coming.

From the Department of Transport, we have Stephanie Hébert, assistant deputy minister, programs; and Joshua LaRocque, director general, transportation infrastructure programs.

Each organization will be given a maximum of five minutes for their remarks, after which we will proceed to the rounds of questions.

As is customary, Mr. Hayes, you have the first five minutes, please.

**Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General):** Mr. Chair, thank you for this opportunity to discuss our report on the national trade corridors fund, which was tabled in Parliament on March 19, 2024.

I would like to acknowledge that this hearing is taking place on the traditional unceded territory of the Algonquin Anishinabe people.

Joining me today are David Norman, the principal responsible for the audit, and Susie Fortier, the director who led the audit team.

This audit examined the design and implementation of the national trade corridors fund, which is intended to improve the movement of goods across the country by strengthening the network of roads, rails, airports and seaports.

The fund was launched in 2017 with an initial budget of \$1.9 billion. This budget was later expanded and currently stands at \$4.6 billion.

At the time of our audit, Transport Canada approved \$3.8 billion to fund 181 transportation projects for completion by 2028.

[Translation]

Overall, we found that Transport Canada did a good job in designing and implementing the fund. The department collected and used evidence on the state and performance of transportation corridors to identify bottlenecks and other fluidity constraints. This evidence-based approach supported the selection of projects to address infrastructure gaps.

However, weaknesses in the way Transport Canada monitored and reported on performance made it difficult to determine whether the projects were having the desired effects. Infrastructure programs, such as the national trade corridors fund, take years to deliver results. Since time is running out, it is all the more important to have a rigorous system to track performance so that Transport Canada can determine the extent to which the fund has contributed to improving freight transportation.

We would now be pleased to answer any questions the committee may have.

• (1535)

**The Chair:** Thank you very much, Mr. Hayes.

I now give the floor to Stéphanie Hébert for five minutes.

**Ms. Stéphanie Hébert (Assistant Deputy Minister, Programs, Department of Transport):** Good afternoon. I would like to acknowledge that we are gathered today on the traditional territory of the Algonquin Anishinabe peoples.

Thank you for inviting me to speak about the national trade corridors fund.

I am Stéphanie Hébert, and I am the assistant deputy minister of programs. I am responsible for the oversight and delivery of the national trade corridors fund.

[English]

I am pleased to be accompanied today by Joshua LaRocque, DG responsible for the transportation infrastructure programs at Transport Canada.

[Translation]

As you may know, the fund is key to ensuring that Canada's supply chain functions effectively.

[English]

The national trade corridors fund supports projects that are designed to help improve Canada's supply chain, making it more seamless, efficient and resilient to disruption. Since its inception in 2017, Transport Canada has launched seven calls for proposals focused on the following themes: enabling the movement of goods along trade corridors, addressing the unique transportation needs and priorities of Canada's Arctic and northern region, alleviating port congestion and optimizing supply chains through digitization.

Through the national trade corridors fund, more than \$4 billion in federal funding has been invested in 213 projects. The projects span all provinces and territories across Canada. The projects are under way at ports, airports and highways. They range from infrastructure and construction projects to technical or feasibility studies and to projects that aim to bring partners together to use data and information to alleviate supply chain congestion.

I would like to thank the Auditor General and her team for this report. Transport Canada found that the audit and its findings were very informative and equally found working with the Office of the Auditor General to be very helpful. The OAG examined all seven calls, project decisions, contribution agreements and our processes and controls.

[Translation]

I was very pleased to see that the report found that Transport Canada did a good job of designing and implementing the program. While the audit had positive findings, it also shared two areas for improvement. Transport Canada agrees with the two recommendations included in the report.

[English]

The first recommendation, as you have heard from the OAG, is about improving Transport Canada's documentation processes. The audit found that the calls were designed using evidence and that the criteria were transparent and open. I'll quote the Auditor General, who in an earlier appearance before this committee, noted that the program was "a great example of well-informed decision-making".

[Translation]

That being said, Transport Canada needs to do a better job of documenting elements of the decision-making process. The department has not always documented its methods for project prioritization.

[English]

Transport Canada has developed a plan to address this recommendation, and we will ensure that all processes and guidance for staff are updated. The approach will be used for the next call for proposals, and all guidance and process changes will be made this summer.

The second recommendation focuses more on how Transport Canada tracks the results of projects and then collects and analyzes them to understand the overall impact of the program.

[Translation]

We agree with the Auditor General that there is more to do and that now is the time to do it. Since the launch of the program, completed projects represent less than 10% of the total funding envelope of the program, so there is ample time for us to improve.

As noted in the report, we have completed some work to identify consistent project-specific indicators such as the number of jobs created, or the length of road or rail constructed and what additional capacity is added to the transportation network.

[English]

For all agreements going forward and for ongoing projects, we will work with recipients to include these indicators so that we can better understand the impact of projects and the program overall. We will also introduce tools and guidance for staff to ensure that we collect and can easily report on and analyze the results of projects. We expect this work to be completed by September 2025.

To conclude, we thank the Auditor General and her team for the work on this report. It is extremely important and will help inform our work as we continue to deliver this program for Canadians.

Thank you, Mr. Chair.

• (1540)

**The Chair:** Thank you very much for your opening testimony.

Mr. Muys, you're the first one off the bat. You have the floor for six minutes, please.

**Mr. Dan Muys (Flamborough—Glanbrook, CPC):** Thank you, Mr. Chair, and thank you to the folks who are here as witnesses today.

We're talking about a program that is over \$4 billion in taxpayer funds. I hear there are 213 projects. However, the report from the Auditor General found important weaknesses in how the department, Transport Canada, tracked and reported on performance. That's what we're going to zero in on. As a result, it was unclear whether these projects had the intended impact, which is important, because the fluidity of our supply chains is critical to trade and the Canadian economy.

Given this, what specific challenges did the department face in tracking and reporting these outcomes?

**Ms. Stephanie Hébert:** Within the project agreements, or the agreements we had with recipients, we had project specific indicators. These were indicators that the proponent had provided and that we used to sort of manage the agreements and performance.

What was found was that our ability to take these project specific indicators and ultimately roll them up in a consistent fashion so we could tell the overall program story was lacking. We have since developed that, so it's noted in the report. We have established five themes, and within those five themes there are 16 indicators. We have now included them in our contribution agreements going forward.

That said, though, we do acknowledge that we will have to go back. There are some agreements that we will have to negotiate with recipients to be able to include that consistent set of indicators which will allow us to tell the consistent story in terms of how the program is doing, and the overall impact of the program.

**Mr. Dan Muys:** I think, as you've alluded to, the original performance indicators in the Auditor General's report indicated that these were either impractical or not measurable.

Can you specify and elaborate on why these indicators were deemed impractical? How are the revised performance indicators going to address this going forward?

**Ms. Stephanie Hébert:** Part of it is in the creation of a new program and in working with recipients. We really worked with recipients to try to have indicators that were measurable. With time we learned, and we had very good feedback in terms of how they needed to be approved, so that they could be more measurable. The consistency across all of the projects was something we also needed to introduce.

To give a tangible concrete example, economic impact is an important outcome we want to have. It's an acknowledged role of this

program in terms of facilitating trade and supporting the Canadian economy.

Some of the indicators which we are now looking for and are tracking with specific projects are jobs created, investment we have leveraged through federal investment, impact on the gross domestic product, and the movement of additional goods. Those are some examples of specific indicators we will be using to really be able to tell the story of the economic impact of a particular project.

**Mr. Dan Muys:** You've indicated that, according to the criticism from the audit, there was not a demonstrable impact of these projects on the fluidity and resiliency of trade corridors. You've indicated some of the indicators, like jobs created, GDP, etc.

How can Transport Canada better align these indicators to reflect the actual improvements in these areas?

**Ms. Stephanie Hébert:** I'm sorry, but I'm not sure I completely understand the question.

**Mr. Dan Muys:** Maybe there were complicating factors in the first few years of the program. You've indicated there's been a revision in some of those indicators and metrics and that you're tracking them.

What can we expect to see?

• (1545)

**Ms. Stephanie Hébert:** What you can expect to see from the department is the ability to tell the overall story of the cumulative impact of the 213 projects we have funded and what that means in terms of facilitating trade, transportation fluidity and how we're ensuring that our trade corridors are resilient to climate change impacts.

It now gives me the ability to go from a specific project with specific outcomes to really rolling it up and being able to say that this was the result of the investment and these are the results we are achieving for Canadians.

**Mr. Dan Muys:** You indicated there were seven different calls for proposals and projects. What was the process for prioritizing that? That was certainly one of the criticisms from the audit, that there wasn't necessarily good prioritization in terms of what a deserving project was.

What were the flaws that you've seen, and how have they been improved?

**Ms. Stephanie Hébert:** What we heard or what we understood was that, in many ways, we didn't well document how we did that prioritization.

When we do a call and when we have an evaluation, the evaluation is usually done in two steps. First and foremost, we look to make sure that the application is eligible and that the application or the project that is being put forward is well aligned with the program objectives and is going to help us advance the goals.

After that first eligibility assessment, we tend to have multidisciplinary review committees where we bring to bear knowledge and expertise that represent the different modes of transportation that can really help us assess the merits of a proposal. These meetings tend to happen more on a regional basis, so we're looking at all of the projects in a specific region wanting to understand those projects, and then we do it again at a national level so we can take a holistic national approach.

In that process, these various elements were discussed. I think where we really fell down was properly documenting how we may have calibrated and how we may have adjusted. If we felt that one region was particularly generous in its assessment and one region wasn't, we didn't do a good job of documenting how we calibrated that to make sure the assessment process was fair and transparent, but what I would say is—

**The Chair:** Madam Hébert, I'm going to stop you there, because we're well over the time—

**Ms. Stephanie Hébert:** Okay, I'm sorry.

**The Chair:** —but I'm sure a member will come back to you.

In the meantime, Ms. Bradford, you have the floor for six minutes, please.

**Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.):** Thank you, Mr. Chair.

Thank you to the witnesses for joining us today.

Ms. Hébert, I have a couple of questions for you.

Transport Canada approved \$3.8 billion to fund 181 transportation projects, yet about 20% or \$711 million of the approved budget was all that was spent between 2017 and 2023. Can you elaborate as to why such a small amount of a \$3.8-billion budget was expended over those multiple years?

**Ms. Stephanie Hébert:** I'm going to turn to my colleague, Joshua LaRocque, to explain our investment strategy.

**Ms. Valerie Bradford:** Sure, thank you.

**Mr. Joshua LaRocque (Director General, Transportation Infrastructure Programs, Department of Transport):** Thanks, Stephanie.

Through successive budgets, the program's overall envelope was increased over time. We had projects and calls that were launched ranging from that initial period in 2017-18 until the most recent call on digital projects. Early projects that were funded in 2017-18 and some of the Arctic and northern call projects did see some delays resulting from supply chain issues or pandemic labour market issues, and that resulted in a bit of a slowdown in spending.

We've now seen an acceleration in the rate of spending for projects. We have been working with recipients very carefully to look at the project schedules to understand the rate of spend and the rate of execution for those projects.

Stephanie did note there are about 45 projects completed to date. In the scope of the audit, for example, there were 30 projects completed by the time the scope ended in August, so we can even see an acceleration in the rate of completion of projects.

We think we're getting things back on track, for sure, and that rate of spending will increase.

**Ms. Valerie Bradford:** Thank you for that clarification.

How has the national corridors fund impacted the efficiency and reliability of the supply chain?

**Ms. Stephanie Hébert:** To answer this question, I would bring it back to the program objectives, and I would bring it back in terms of how we are achieving those objectives.

Through the various projects that we have funded, we can really demonstrate that we've improved the flow of goods and people and make sure that this is done in a very efficient and cost-effective manner.

Also, we recognize the importance of trade to the Canadian economy. I think this program was really designed and seeks to increase the flow of trade within Canada but also between Canada and other nations. This was something that was acknowledged in terms of the importance of the program in terms of its contribution to the GDP and its contribution to the economy.

We are estimating that, through this program, we're going to create approximately 95,000 jobs.

I think it really underscores our reputation as a valued trading partner when you can have that reliability and that predictability in terms of the movement of goods.

It's also important to underscore that the program is really helping to ensure that our supply chain is able to withstand the impacts of climate change. It's really important to make those investments to have that predictability and that fluidity, but we also have to position our supply chain and our transportation system to be able to adopt new technology and really seize those opportunities to make sure it is a modern and efficient system.

The last thing I would say is that, through targeted calls and investments, we've really acknowledged the unique needs that are encountered in the transportation system in Canada's Arctic and Canada's north. We've made some strategic investments there to make sure that they're able to participate in and benefit from Canada's transportation system.

• (1550)

**Ms. Valerie Bradford:** Thank you.

Can you give us some perspective on the diversity of recipients of the national trade corridors fund?

How has the program supported transportation projects in different regions of Canada?

**Ms. Stephanie Hébert:** In terms of eligible applicants, we work really closely with provinces and territories. We work really closely with the private sector. We also work closely with indigenous organizations and not-for-profit groups. There are many entities that are able to participate in and benefit from the program.

It's a program in which we've been funding all different modes, be it marine, rail, road or air. Oftentimes, we also will have multi-modal projects, which really speaks to the interconnectedness. Part of it, too, is about the movement of goods and the movement of people.

Just to give a tangible, concrete example, through the national trade corridors fund, we are funding a road project with the Province of Nova Scotia. This is the Trans-Canada Highway, Highway 104. It's really about tackling a bottleneck that we were seeing on the highway. We know that this was an area where we had 15,000 vehicles, including 5,000 trucks. When you have that trade alongside the vehicle traffic, that can become a safety issue, so it was really important that we tackle that.

We knew that in tackling that jointly with the Province of Nova Scotia, we were actually facilitating trade and the movement of goods in the Atlantic region. This was an area where we saw 50% of the trade going up to Newfoundland. We were able to see how these strategic investments led to a safer transportation system, but also helped move and enable the movement of goods and the safe movement of people.

**Ms. Valerie Bradford:** How has the fund helped attract private sector investment to transportation infrastructure in Canada?

**Ms. Stephanie Hébert:** One of the characteristics embedded in the program is that the federal government is not the sole funder for projects. We provide a percentage of funding and our funding has been able to leverage funding from other sources, be it public sources or private sources.

Through the \$4 billion that the federal government has invested, we have been able to leverage over \$10 billion overall. I think that really has made these investments go much farther, but it also just makes sure that we're working very closely and collaboratively with our partners in the transportation system.

**The Chair:** Thank you.

That is the time, unfortunately.

[*Translation*]

Ms. Sinclair-Desgagné now has the floor for six minutes.

**Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ):** Thank you, Mr. Chair.

I want to thank the witnesses from the Office of the Auditor General and the Department of Transport for being here.

This report is very nuanced because it shows both the positive and negative sides of the national trade corridors fund. However, it does not show, as that is obviously not its role, that Canada is woefully behind in transportation. It does not show that Canada is light years behind the modern world when it comes to rail transportation compared with other parts of the world.

Ms. Hébert, you mentioned transportation safety several times, whether it be the safety of goods or the safety of individuals. This committee has considered that issue a number of times in rail transportation, as well as Transport Canada's work in that area. It is clear that this committee has received only incomplete, if any, answers to its questions on rail safety.

A lot of money has been invested in the national trade corridors fund, although only a tiny portion of what was budgeted has actually been invested. Why have you not invested that money in rail safety? Why not take the time to answer this committee when it asks you questions as crucial as those that could help prevent spills and explosions, like the one in Lac-Mégantic, which unfortunately cost human lives just a few years ago?

Please answer our questions.

• (1555)

**Ms. Stephanie Hébert:** To answer your question, I will give you some figures and details about the national trade corridors fund program. I can also ask my colleagues to talk a bit about other programs that Transport Canada is implementing to improve rail safety in collaboration with the communities.

[*English*]

Projects that help improve the fluidity of trade by rail is one area that we have focused on. We have over 43 rail projects that we are doing. We have invested about \$475 million.

Some of these will include additional capacity—the additional ability to move goods—but oftentimes it's also about grade crossings. It's also about how these trade corridors intersect with communities and how to make sure that is safe. Through these investments, we are helping to support that through the national trade corridors fund.

[*Translation*]

As I mentioned earlier, we also deliver other programs. We would be happy to provide the committee with the information on the projects that have been funded through these other programs to increase rail safety. These are projects that we are carrying out jointly with the communities.

**Ms. Nathalie Sinclair-Desgagné:** Thank you for the answer.

In many cases, it is not really a question of new investments, but rather of enforcing the rules in place.

We have repeatedly asked questions about the compliance rates of various modes of transportation that have not been verified. The committee did not receive the 2022-23 compliance rates. We have received no response despite the various calls we have made to Transport Canada. I am all for hearing about new investments—all the better if there are any—but the problem is that we don't even have answers about the enforcement of existing legislation to be able to guarantee safety.

Once again, it is good to hear about new programs and other programs that will surely, perhaps or eventually help the Quebec economy and the Canadian economy, but what about safety? It should take precedence.

[English]

**Ms. Stephanie Hébert:** Mr. Chair, what I would say is that in my role as ADM of programs, I am responsible for working with different organizations and communities, including railway operators, to look at projects to increase the fluidity of the supply chain, as well as the safety of our rail operations.

With regard to the question—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Can you give me some concrete examples? For example, when you say you're working on rail safety, do you have any concrete examples for me?

[English]

**Ms. Stephanie Hébert:** Mr. Chair, I want to be very careful about not stepping out of my mandate in responding to the question. In my mandate, I'm responsible for program delivery. I don't do the safety and security oversight.

What I can tell you, though, is that rail safety is a priority for Transport Canada. It is something we are committed to. There are a number of measures that the department has put in place, like lowering train speeds in metropolitan areas. In terms of strengthening train security and uncontrolled movements, there are a number of different requirements that are put in place.

However, I am not the ADM of safety and security. If I spoke to these different elements, I would really be stepping out of my authority.

• (1600)

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** That will be all, Mr. Chair.

**The Chair:** Okay, thank you very much.

[English]

Up next is Mr. Desjarlais.

You have six minutes.

**Mr. Blake Desjarlais (Edmonton Griesbach, NDP):** Thank you very much, Mr. Chair.

I want to thank the auditors and their team for producing this audit. It's not often, to the government's credit, that a program has received such a, let's call it, positive review.

There are some recommendations present here, and we've heard from the transport officials that they accept those recommendations. I hope those recommendations, particularly with regard to transparency, are actually met.

I want to turn my attention to the principle of collective bargaining, something that Transport Canada is likely well aware of. It's a constitutional right for Canadians. Everyone in the transport ministry is likely aware that the greatest risk to our supply chains isn't just the crumbling infrastructure that this program, I'm happy to

note, deals with but the actual treatment of who operates that infrastructure, who operates those trains and who works on the rails.

You're likely aware that there's an existing strike. It's a strike that's put the good workers, the Teamsters, in a position where they're being forced to get to a new collective agreement. My understanding is that the collective agreement is being delayed. Just in the past few hours, for example, there's been a concern that the government, through Transport Canada, may recommend back-to-work legislation. This is an area in which we often see Liberals and Conservatives join forces. They love to legislate workers back to work. They love to make sure that workers never have a chance to actually make powerful paycheques.

The Conservatives like to talk about powerful paycheques—don't get me wrong. They say that Canadians need powerful paycheques, but they never speak about how you get powerful paycheques. I'll inform Conservative members that you get powerful paycheques by making sure we have powerful unions. Powerful unions get powerful paycheques.

The Premier of Alberta is looking to the Prime Minister to be an ally. She wrote a letter to him on May 6. The premier wrote:

The Government of Canada must do everything in its power to support the parties in reaching negotiated settlements. In the event of a work stoppage, your government must be prepared to use all the tools at its disposal to terminate it rapidly, including, if necessary, back-to-work legislation.

This is an example of the corporate coalition that has existed in Ottawa and that has put workers into the ground for generations. As a member of our country's labour party, I am deeply concerned by this issue. While Canadians are faced with the cost of living crisis, we see the potential of a massive disruption to our supply chains because companies, like the mega-profitable CN Rail, which just generated in the last 12 months over \$9 billion in profit, do not want to give their fair share of money.

I know it's likely that the representatives here will suggest this is outside their mandates, but before they comment on that, I would suggest that the Constitution, which all of us here are sworn to protect, is a mandate that all of us must uphold.

In any of your conversations with the deputy minister you report to, have you ever, in particular with respect to your mandate of creating resiliency in our supply chains to prevent disruption, in any way, shape or form contemplated recommendations that would protect workers' rights to collective bargaining?

**Ms. Stephanie Hébert:** Mr. Chair, what I can say in terms of where I am involved and how I support is that, first of all, we do monitor and track when there is potential for a labour disruption and the impact that can have on a supply chain. What I can say to the committee is that we do work very closely with Labour Canada in these particular situations.



Second, we also work with partners in the federal family to look at how we can make sure that Canadians have access to quality jobs, where there are labour shortages and how we can provide opportunities to fill those labour shortages within the transportation sector. That is another area we support.

The third and last point is that we have a newly stood-up supply chain office, which is working very closely with all partners within the supply chain continuum.

Just to be—

**Mr. Blake Desjarlais:** Ms. Hébert, I have to stop you just because of the time. Don't get me wrong; I do appreciate your answer. I appreciate your commitment to making certain that in the instance, for example, of a supply chain disruption by way of a labour dispute, that.... My question, more particular to that issue, is whether you have recommended in that review that there be no instance in which constitutional rights for workers be suspended or whether you have, in fact, recommended that the constitutional rights of workers be suspended.

• (1605)

**Ms. Stephanie Hébert:** Mr. Chair, my job, my role and my focus are about the management of the national trade corridors fund. In this particular instance, my recommendations would specifically pertain to funding and different projects that we would recommend funding.

**Mr. Blake Desjarlais:** Do you support the constitutional right of workers to collectively bargain?

**Ms. Stephanie Hébert:** I think, Mr. Chair, what I've said previously is that Transport Canada will work very closely with our colleagues in Labour Canada as we navigate this and any potential labour disruption, and we will balance that with other considerations. We will work closely through our colleagues at Labour Canada.

**Mr. Blake Desjarlais:** It massively disrupts workers' ability to properly collectively bargain when they know, like Premier Danielle Smith is recommending, that the government can just pull out a card that says they're going back to work, that they're not getting the safety they're asking for, that they're not going to get the wages they're asking for, that they're not going to get the work-life balance they're asking for.

The crux of the issue here is that we need to have a whole-of-government approach to upholding our constitutional rights for Canadians. It's not that I'm disappointed with your answer. I just hope that in your review of disruption to the supply chain.... In my view, it is not just the infrastructure that is important to look at; it's also the people who operate that infrastructure. The most important investment a government can make is in ensuring that they have safety on the rail, that they can get good wages, and that they can go home with powerful paycheques because they have powerful unions.

That's common sense. That's the real power we can give workers in this country.

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

**Mr. Blake Desjarlais:** I hope that we can find ways in my next round to speak to how we can make this better.

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

We are beginning our second round.

Mr. Viersen, you have the floor for five minutes, please.

**Mr. Arnold Viersen (Peace River—Westlock, CPC):** Thank you, Mr. Chair.

I want to thank the witnesses for being here today and the Auditor General's office for its report on this. I do appreciate the work they've done on this.

I'm excited to have the Department of Transport here today so that I can ask them some questions. My questions around the report last time were more about policy, and the Auditor General assured me that they do not wade into areas of policy. However, I'm sure that the department does, so I'm happy to have them here.

The report talks about monitoring the fluidity of our transport trade corridors, and I thought it was very interesting, given the words “fluid” and “fluidity”, that pipelines don't really show up in the report at all. We have ports, airplanes and highways, but no pipelines. It seems to me that the government policy to oppose pipelines carte blanche across the country would have dramatic impacts on our ability to get Canadian products to market.

When I was elected in 2015, there were 14 major pipeline projects under review. One of those pipeline projects has actually been built—after the government bought the project from the company that was trying to build the project. We've seen the dramatic impacts of pipelines not being built affecting other areas of the transportation system. As oil didn't run through pipelines, it was then ending up on the railway. We heard about Lac-Mégantic as one of the results of that. However, we've also seen repeatedly where lumber or grain is unable to get out of northern Alberta because oil is consuming all of the rail traffic.

I guess we have Bill C-69, which has affected the ability to build pipelines, and we have Bill C-48, which, even if we could build the pipelines, we may not be able to ship the product out because of Bill C-48.

Have you noticed that some of the projects that have been approved to receive the funding haven't been able to go ahead because of Bill C-69 and Bill C-48?

**Ms. Stephanie Hébert:** No, that has not been our experience.

**Mr. Arnold Viersen:** How would you assess that this hasn't been the experience?

**Ms. Stephanie Hébert:** To date, we've only had eight project proponents withdraw. Oftentimes, when they withdraw, it could be a variety of factors. Sometimes the scope of the project has changed or project financing has changed. There may be cost escalations that they are no longer able to bear. There are different circumstances that are brought to bear.

Ultimately, if there is a challenge that a project proponent is facing, we really try to work proactively with them to look at whether there are solutions that we can help broker and that we can help find. In the case of cost escalations, for instance, that have been caused by the pandemic and by different supply chain constraints, we've often tried to do two things. One is that we look at whether we can amend the scope of the projects. Also, can we help them find other funding partners who can come so that the project is able to continue? If not, if we are in a situation where we maybe have to look at providing increased funding, then we really need to make sure that we have a very robust justification for any increased costs for the project and to support a decision of why we would provide increased funding.

• (1610)

**Mr. Arnold Viersen:** Pipelines seem to be a major factor in getting our products to market, yet I didn't notice anything in.... Is that because pipelines are regulated or organized by somebody else rather than the Department of Transport?

**Ms. Stephanie Hébert:** Generally speaking, it's the Department of Natural Resources that would be responsible for pipelines, working in collaboration with others. We've never had an application related to pipelines, so I think it's something that folks have generally seen as falling out of the scope.

That said though, as I mentioned earlier, because we recognize the interconnectivity of the transportation system, we do really try to foster the multimodal projects where you have those connections and where you have those efficient and effective hand-offs, be it between rail and a port or rail and road. We do try to foster those types of connections through multimodal projects.

**The Chair:** Thank you very much. That is your time.

Next up is Ms. Shanahan.

You have the floor for five minutes, please.

**Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.):** Thank you very much, Chair.

I, too, would like to thank the witnesses for appearing here today.

I'd like to get back to the report, actually, so I have a couple of questions for Mr. Hayes.

In the overall message, the first line is, "Overall Transport Canada did a good job of designing and implementing the National Trade Corridors Fund but did not track and report on its results well." Then it goes on to talk about some of the strengths and weaknesses that the Auditor General's Office found.

Could you expand a little on what you found?

**Mr. Andrew Hayes:** Yes, thank you.

This was a good-news story from the perspective of using information to inform decision-making. We saw that the fund was designed using an evidence-based approach. Likewise, the calls for proposal were based on evidence that the department had gathered.

I would point to some examples. Along the way, for example, the department had information about regional transportation assessments that helped them to highlight opportunities for improvement

in transportation infrastructure, monthly economic dashboards that showed where there might be opportunities to improve performance, and some research that showed where digital investment can help to make the whole system more efficient. We saw that the calls for proposals and the proposals received were treated in a very transparent way. The criteria were established at the outset and they were followed. There were evaluation grids.

We did identify an opportunity to improve the documentation in the assessment process because, as my colleague has mentioned, there were two stages to that process. The first one was well documented, the first stage when eligibility and initial assessment were done. When it gets to the committee stage, and there are a number of committees that look at these proposals, there were a few cases where the documentation did not exist where we could see where a recommendation or an assessment differed from a previous position on a proposal. That's a documentation issue that would support transparency and accountability.

Where we would say the biggest opportunity for improvement is, it's in the reporting, in the performance measurements and reporting. Why is this important? At the outset, if you can establish measurable performance indicators, you will be able to identify whether your program and the projects under it are contributing to the objectives you want to achieve. In this case, the initial program measurement framework was a little too general to be able to attribute progress to projects. The department has taken some of that criticism and tried to make some improvements, which hopefully can be implemented into the existing and upcoming agreements.

Ultimately, what you want to see from that is attribution for the results that are being attained by the projects that are being funded by the government.

• (1615)

**Mrs. Brenda Shanahan:** Thank you for that, Mr. Hayes.

It seems to me it's kind of the classic situation, isn't it? A program is created, funded, and I can appreciate it's a substantial amount of money. It's very complicated, as the variety of projects are literally all over the map, and yet there has to be some kind of evaluation criterion and so on. There's something to be learned here, and I dare say some best practices that can be applied to other departments doing similar type work.

Talking about the indicators, and I know that Madam Hébert touched on that before, what were some of the improvements you saw? Maybe we can go back to Madam Hébert on that?

**Mr. Andrew Hayes:** Yes. I would say that making the indicators more specific, measurable, attributable, relevant and time-bound would be something where we saw some improvement over the course of time. I'll give you an example.

Instead of saying that there should be an increase in efficiency in the transportation system, what we saw in some examples would be that the number of cars or the volume of materials that pass through will increase from  $x$  to  $y$  over the course of a year. It's that kind of thing. There would be a specific and measurable element to the target or the indicator. In our view, that's an improvement.

**Mrs. Brenda Shanahan:** That sounds like an ideal, but sometimes it's easier to say than to do. Am I correct, Madam Hébert? What are some of the challenges that the department has found in putting into place indicators? Or is it coming along? It's an evolving science, I would say, if not an art.

**Ms. Stephanie Hébert:** I would say that we have learned with time. That is noted in the audit results of how we had started improving it. It didn't quite hit the mark, but we did keep at it. We have now come with our five themes: economic impacts, capacity, efficiency, environmental and technology and then supporting subindicators.

I think we are getting much better into the space of having specific, measurable, attributable and time-based indicators that are going to allow us, across all of these projects, to be able to roll it up and tell that story.

The other thing that I didn't mention in one of my previous responses was—

**The Chair:** I'm going to have to stop you right there, because you're over the time.

**Ms. Stephanie Hébert:** I'm sorry.

**The Chair:** We'll come back to that, I'm sure.

[*Translation*]

Ms. Sinclair-Desgagné, you have two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** I'm going to discuss a topic that is diametrically opposed to that of my colleagues here on the right, no pun intended.

Mr. Hayes, you mention in paragraph 4.42 of your report that the department “had not reported any concrete results on the contribution of the fund to achieving the sustainable development targets”.

Can you confirm or deny that none of the \$711 million invested in this fund between 2017 and 2023 helped meet the United Nations goal 13 on combatting climate change?

**Mr. Andrew Hayes:** As I was saying to Ms. Shanahan, without performance measurement, it is impossible to attribute progress on sustainable development goals to funded projects and to report on them.

Therefore, the findings in this part of our report are related to the other findings I mentioned.

**Ms. Nathalie Sinclair-Desgagné:** But can you confirm that this was one of the original goals of the fund in question?

**Mr. Andrew Hayes:** Yes. I would say that the department uses sustainable development goals, as all departments must.

Having said that, I would like to clarify something.

In our audit, we found that there were gaps in performance measurement. I hope that, with the improvements that have been made,

it will be possible in the future to attribute progress toward achieving sustainable development goals to funded projects.

• (1620)

**Ms. Nathalie Sinclair-Desgagné:** Okay.

Mr. Hayes, what should be done, apart from establishing performance indicators and follow-up measures, to ensure that the fight against climate change will be a priority and that the projects funded will really contribute to it, since several billion dollars are being invested in transportation?

**Mr. Andrew Hayes:** Performance indicators are important and should be part of any agreement with a company that receives public funds.

It is also important to mention that, when projects are completed, the department must be able to gather information on the progress made.

In the case of the 30 projects that had been carried out at the time of our audit, we found that there was no plan to do that follow-up. That's an important element.

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

[*English*]

Mr. Desjarlais, you have the floor for two and half minutes.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I want to turn my attention to the grave risks of climate change as another motivator to the potential disruption in our supply chains.

We often hear as a matter of debate that climate change on one hand is this massive threat of which we see the impacts. When I was first elected, not that long ago in British Columbia we were faced with a massive flood that destroyed parts of the interior of British Columbia. The following year we saw massive wildfires.

It seems to me that in addition to the incredible challenges of labour disruption and the incredible challenges that climate change presents Canada, your jobs at Transport Canada are immensely difficult. I want to sympathize with the challenges of a changing environment.

This year in Alberta, for example, we've already seen wildfires during the rainy season in Fort McMurray, forcing thousands to evacuate. I had to house my friends last year during the very devastating wildfires that threatened Yellowknife.

The crisis of climate change is getting more deadly. It's getting more serious. I fear that my generation and the ones to follow may suffer a weakened economy, continually weakened by the fact that our supply chains are becoming more diminished.

Deputy Auditor General Hayes, why didn't you include recommendations about climate resiliency, or a review of some of the funds in terms of whether or not they hit the sustainable objectives that Canada has put forward?

**Mr. Andrew Hayes:** My answer to that would be that this is baked into our recommendation on having strengthened project level performance evaluation and monitoring. To your point about climate resiliency, identifying the measures that should be in all of these agreements, or that should be standard for a subset of projects, is important. Likewise, identifying where measures can be specific to the amount of greenhouse gases that are being reduced should be part of strengthening the performance measurement framework. That's baked into our recommendation.

**Mr. Blake Desjarlais:** Officials, with the time I have, could you provide some evidence on how you wish to improve that information?

**Ms. Stephanie Hébert:** Absolutely.

As I indicated, we definitely accept the recommendation that was put forward. I wish to assure the committee that when we do project evaluations.... One of the findings was that the evaluations were merit-based. They were very transparent with clear evaluation criteria. We do consider the impacts of climate change, when we look at project proposals and assess them. We do look at how some of these projects will help ensure climate change resiliency and whether the project will result in a reduction of GHG emissions.

If time permits, I can turn to my colleague to give one or two examples of projects we are funding that directly target this.

**The Chair:** Pardon me, but I'm afraid we'll have to come back to that.

Mr. Nater, you have the floor for five minutes, please.

• (1625)

**Mr. John Nater (Perth—Wellington, CPC):** Thank you, Mr. Chair, and through you, thank you to our witnesses for joining us here this afternoon.

I want to start with you, Ms. Hébert.

I want to talk a little bit about municipal drains. I am a former rural Ontario municipal councillor, and municipal drains are a hugely important aspect of rural infrastructure. They are important for municipalities, the county and farmers.

What we've found over the last number of years is that CN Rail and the railways are not coming to the table. They're not participating in the process. What is required of them under the Ontario Drainage Act is to pay their fair share of costs associated with municipal drains. They seem to think they're above provincial law because they're a federally regulated entity. They don't think they need to pay their fair share.

The challenge we have is that rural municipalities, like those in Perth County, seem to be stuck footing the bill rather than the national railways.

What is Transport Canada doing to ensure that the railways pay their fair share of the municipal drain projects?

**Ms. Stephanie Hébert:** Mr. Chair, I can't speak to the specific case that was presented, but through our funding support programs, like the national trade corridors fund, we're able to bring a variety of partners to the table to address critical infrastructure problems. Our funding through this program is more about the transportation system, the transportation infrastructure and the supply chain corridors.

The municipal drains that you're speaking about would more likely involve some of my colleagues at Infrastructure Canada and the work they do in that space. We seek to bring people to the table to address these types of problems as they pertain to the transportation system and as they pertain to the supply chain.

**Mr. John Nater:** I think the issue is that the railways are not coming to the table with municipalities to pay their fair share, so it's not an infrastructure issue. Municipalities are undertaking these municipal drain projects. The farmers through whose property the drains traverse are paying their fair share. The municipality or the county, depending on the case, is paying its fair share, and then the municipalities are stuck footing the bill for the railways' share because they're refusing to pay. They're refusing to come to the table.

This is really an issue of ensuring that the federal government ensures that the railways, which are, of course, federally regulated, comply with their obligations under the Ontario Drainage Act.

I would like to know what tools Transport Canada has. I know municipalities met with the former minister of transport in the past. What tools will the federal government be using through Transport Canada to ensure that the railways pay their fair share?

**Ms. Stephanie Hébert:** Mr. Chair, what I would offer is.... Just given my accountability, I'm happy to speak to our funding support programs, but if the committee would like, I would be happy to work with officials to follow up with the committee and answer this question in writing. It just exceeds my area of authority.

**The Chair:** Thank you. We'll look forward to that.

**Mr. John Nater:** I appreciate that. I would be interested in that and eager to hear a follow-up specifically on the municipal drainage issue.

Turning now briefly to the report, exhibit 4.6 talks about "incomplete or missing" performance measures. It breaks them down by national projects and then, specifically, Arctic and northern projects. I would say it's pretty concerning that only 5% of northern or Arctic projects had a complete performance measurement strategy in place, and the remaining 95% of those projects that the Auditor General's office studied had some form of incomplete information, whether it was indicators, the target or the baseline.

I'm curious to know, in the immediate term, since you've had this report, if any of that additional information has been found. Has that been brought to light to try to reassure folks that there are actual measurements being taken for these Arctic and northern projects, which I would say are especially important for northern communities?

**Ms. Stephanie Hébert:** Very briefly, yes, we have those indicators. We track those projects.

Since we have the report, I can tell the committee that those indicators are now reflected in over 45 agreements. We have set a target of making sure that overall, for all the projects—not just for the Arctic projects—we do the same. There are 80 agreements that we are targeting.

I can turn to my colleague to supplement this in terms of the Arctic-specific projects you mentioned.

• (1630)

**Mr. Joshua LaRocque:** Thanks, Stephanie.

Thanks for the question.

I think that's partially because the Arctic and northern calls occurred longer ago than the most recent calls, for which the performance measures were already included. However, as Stephanie has said, our commitment is to work with those recipients whose projects are ongoing to include the performance indicators.

Thank you.

**The Chair:** Thank you.

Up next is Mr. Sorbara.

You have the floor for five minutes, please.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Chair.

I'd like to welcome the officials to the committee.

On the national trade corridors fund, I'll bring this full circle. We all come from different regions of the country. The region that I was blessed to be born and raised in is the north coast of British Columbia. I'm from the wonderful port city of Prince Rupert.

I have many friends who still work there at the container port in the capacity of longshoremen and so forth. My understanding today is that the Infrastructure Bank—there's a story in *The Globe and Mail*—has made a \$150-million investment in the container port. That \$150-million investment was announced as part of a larger \$750-million expansion of the port of Prince Rupert, and it's great to see. Those are really good, high-paying jobs. We know international trade draws and creates jobs that pay above average and have great benefits and futures for Canadians, which is great to see.

I know people have asked a lot of questions on certain details, but if we take a step back and think about the billions the government has chosen to invest in Canadian infrastructure and in Canadians, and the confidence it's demonstrated in doing so, how important is a program like the national trade corridors fund to that? I will say the port of Prince Rupert has a three-day quicker shipping time to the ports of Asia than Long Beach, Seattle and Vancouver.

Let me throw that out there. Whoever wishes to answer that first may do so.

**Ms. Stephanie Hébert:** I'll build on that point, Mr. Chair.

The program is very important. We have also made some very strategic investments, specifically in parts of the country that I would say are more remote or rural.

I would be happy to turn to my colleague, who can talk about some of the projects we are funding in the port of Prince Rupert, working in collaboration with the port authority as well as the province.

What I would say is that, in terms of some of those more rural and remote ones, we've invested \$1.6 billion in funding and have been able to leverage \$3.4 billion. As you noted, it's resulted in the safe, reliable and efficient movement of goods in and out of Canada. You provided a great statistic in terms of the downtime that has subsequently been reduced. It definitely supports the creation of quality jobs and regional economic development.

**Mr. Francesco Sorbara:** Before Joshua comments—I do want to hear your comments, Joshua—it's even more important in the sense that the port of Prince Rupert is attached to the CN rail line, which literally goes from Prince Rupert all the way to the city of Vaughan and the MacMillan yard. The MacMillan yard is the largest facility CN has in the entire country, if I'm not mistaken. I stand to be corrected, but I think it's the MacMillan yard. We also have the CPKC intermodal facility located in my riding. It is so interconnected, because the MacMillan yard is literally the feeder for CN's routes across North America.

Joshua, can you comment on the investments, please?

**Mr. Joshua LaRocque:** Thank you for the question.

Maybe I'll work quickly through the Ridley Island export logistics platform project that was funded at the Prince Rupert Port Authority. That's about a \$50-million project that will have significant economic benefits, alleviate some congestion and increase the capacity at the port.

For example, this project in particular is likely to accommodate the forecasted growth in transloading activity and will increase the TEU—20-foot equivalent units—capacity at the port from 28,400 TEUs to an estimated 536,000 TEUs. That's a big increase and speaks to the power of the program and its impact.

**Mr. Francesco Sorbara:** Of course.

I have to get this on the record regarding the Ridley Island coal and grain terminal. About 33 years ago, I got to spend four summers of my university life working at that grain facility. It was a wonderful facility and wonderful experience.

Chair, is that all the time?

• (1635)

**The Chair:** You have 30 seconds.

**Mr. Francesco Sorbara:** If there are any other comments you'd like to make, Stephanie, on the national trade corridors fund, I'll leave it to you. You can use up those last 20 seconds.

**Ms. Stephanie Hébert:** In the case of Prince Rupert, one of the things I would like to emphasize is the involvement of indigenous partners. This is something we seek to encourage. Oftentimes, there are benefit agreements that can accrue from various projects. There's the opportunity to participate in some of the project activities. We have an example in the port of Prince Rupert, where the Metlakatla are actively participating. You can also see how reconciliation and participation are being advanced.

**The Chair:** Thank you.

Next up, again, is Mr. Muys.

You have the floor for five minutes.

**Mr. Dan Muys:** This is directed to the Office of the Auditor General.

My understanding is that the audit included on-site visits for on-going projects and completed projects. What did you see there that helped inform the overall conclusions of the audit? Where were the gaps, and what remedies...?

**Mr. Andrew Hayes:** To talk about our on-site visits, I'll ask Mr. Normand to provide some details.

What I would say is that, in most of our audits, we try to make on-site visits to understand the realities that are faced.

**Mr. David Normand (Principal, Office of the Auditor General):** Thank you for the question.

Initially, during our audit, we visited a few infrastructure projects in Calgary and Edmonton to see the status of completion and the impact this infrastructure would be having on the fluidity and resilience of the transportation system.

**Mr. Dan Muys:** I'll turn back to the Department of Transport.

We talked about trade corridors. You talked about fostering interconnectivity and multimodal.... Obviously, highways and roads are important parts of that trade infrastructure. Certainly, in my area, the border crossings at Niagara are not far, just down the 401. Of course, there are the border crossings at Windsor and Detroit. We know the vast majority of Canadian trade, and a very sizable chunk of our Canadian economy, rolls across those border points by truck.

We know that, back in February or March, the radical Minister of Environment and Climate Change said the quiet part out loud, that there's a new no roads policy in the government. That has been, of course, the case for some time. We know from Global News that department officials at Infrastructure Canada were shocked to learn this and were sent scrambling. Those emails were reported on.

What was your reaction at Transport Canada? Were you alarmed or concerned?

**Ms. Stephanie Hébert:** Mr. Chair, what I can say is that we recognize, through the national trade corridors fund, that road infrastructure is a critical component of Canada's transportation system. It really plays a vital role in the movement of goods. That's why you have seen that we have funded, through the program, over 42 projects that are road-specific. That represents a billion dollars in investment through the national trade corridors fund.

We think these projects are really important in terms of the twinning of highways and the building of interchanges, on ramps, underpasses and overpasses. It really allows for safe transportation on roads and the safe movement of goods.

**Mr. Dan Muys:** How much of that is going to the 400 series highways in Ontario where the bulk of the trade is happening? We know that gridlock is the biggest impediment to trade in Ontario.

**Ms. Stephanie Hébert:** Mr. Chair, with that level of detail, I would have to get back to the committee.

I could cite different project examples, but I don't have that readily available to be able to respond to the committee at this moment.

**Mr. Dan Muys:** You indicate that roads and highways are an important part of trade infrastructure from your perspective.

Has there been any pressure applied from the overall government's no roads policy to you to look at different modes of transportation and steer away from investments through the national trade corridors fund to roads and highways?

**Ms. Stephanie Hébert:** In implementing the program, the direction we have always been given and that we have worked under is really about tackling bottlenecks and supply chain constraints.

As noted by my colleague in the Office of the Auditor General, we really did a robust analysis to be able to ground where some of those areas were and to really target our recommendations at tackling those bottlenecks. We took a very evidence-based approach in selecting and ultimately recommending the projects.

• (1640)

**Mr. Dan Muys:** Can you give some examples of that?

**Mr. Joshua LaRocque:** Sure. Thank you.

As Stephanie mentioned, we have quite a few examples of road projects that allow for the movement of goods throughout Canada or from Canada to the U.S.

For example, in Saskatchewan there's the highways 6 and 39 project that moves goods towards the U.S. border. In northern Saskatchewan, there is a different type of project. It's a project that facilitates the movement of forestry products on three key routes through northern Saskatchewan.

In Nova Scotia there have been a series of projects to twin highways, particularly the 100 series—101, 103 and 104.

There are quite a few projects in the road space that have helped move goods.

**The Chair:** I'm afraid that is the time.

Ms. Khalid, you have the floor for five minutes, please.

**Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.):** Thank you very much, Mr. Chair. I feel like I'm very far away from you. I'm not sure if that's on purpose, but I'm very close to our witnesses. I'm very glad that you are all here today.

I want to start with Transport Canada and ask about decision-making.

When we talk about a lot of these recommendations the Auditor General has provided, we have heard the rhetoric around the Liberal government this and the Liberal government that.

What is the actual decision-making of a minister in the implementation of the reports as outlined in the OAG's report?

**Ms. Stephanie Hébert:** I will approach the question in terms of how we seek direction from the minister in implementing the authority delegated to the department.

First and foremost, in all of the seven calls we have done, what we do is provide recommendations on where we think there are bottlenecks and constraints, and where we should target the investment. There are very clear criteria that we present. There are very clear priorities that we present that are ultimately approved.

As noted by my colleague, those criteria are then translated into how we assess the projects, how we undertake evaluations and how we make recommendations to the minister, so that we're able to show how we have taken the program objectives, terms and conditions and ultimately the targeted priorities that were established for a specific call. With each call we have varied it based on where we felt there was the need for that intervention.

We take that ministerial approval, apply it to the evaluation process and then come back with our recommendations to show how we have respected that direction with the projects that we have put forward for decision-making.

I would just underscore the point that the calls were designed using evidence. The assessment was very transparent and open, and the evaluations were all merit-based. I think that the audit also talked about the fact that no ineligible projects were funded, so it really just speaks to the fact of how evidence drove the entire process.

**Ms. Iqra Khalid:** How much do ministers intervene in that process that you've outlined as open and transparent?

**Ms. Stephanie Hébert:** When we send up a call and when we outline the criteria and the priorities, it is natural for the minister to want to be briefed and to want to understand to inform the minister's decision-making in approving the call.

We would normally also provide updates in terms of where we are. These calls tend to be very oversubscribed. We also tend to get a lot of requests for extensions, so we would keep the office up to date in terms of where we're at in terms of the call process.

When we have finished our assessment process and we provide recommendations, it is very reasonable for the office of the minister to want to be briefed to be able to fully understand how we've respected the minister's original direction, how we've applied it to what we have recommended and to be able to understand and

maybe challenge officials in terms of how we came to our conclusions and how we came to our recommendations.

**Ms. Iqra Khalid:** What happens when a minister disagrees with your recommendations?

**Ms. Stephanie Hébert:** When we provide advice and recommendations, we provide the project, so it's all merit based. We will recommend projects that we feel should be prioritized for investment. Ministers are able to choose from a list of projects, including ones that are not recommended, as long as they are eligible and they meet the terms and conditions of the program. Ministers can do that.

What I think this audit has found—and that's what I really want to underscore—is that we did not have any ineligible projects that were funded. All of the projects that we have recommended have been meritorious.

• (1645)

**Ms. Iqra Khalid:** I appreciate that.

As elected officials, we come and go, but the bureaucracy stays the same.

I'm sorry to say that I've heard from bureaucrats who say that if ministers don't agree with their projects, they'll just wait until the next one. Is that something that is within the bureaucracy? Is that the culture to say that they are permanent and the government comes and goes?

**Ms. Stephanie Hébert:** Absolutely not.

**Ms. Iqra Khalid:** Thank you. I really appreciate that, and I would like you to expand on that a little bit further in terms of how you deal with the changing nature of our democracy and different ministers coming in with different objectives or different viewpoints, perhaps.

How do you at Transport Canada, which is, in my opinion, the most important part of how we function as a country, deal with that?

**Ms. Stephanie Hébert:** How we deal with it is to undertake an analysis of what we feel is needed in this particular case in the transportation system and in the supply chain system. That's often informed by a lot of collaboration and consultation. Through the Council of Ministers, we work very closely with provinces and territories, and we've been seeking their input in terms of transportation priorities and infrastructure investment priorities. The supply chain office is doing the same to get input from stakeholders.

We're able to roll up what we hear, our own analysis and the evidence that we have undertaken to be able to provide advice and guidance to ministers in terms of where we feel government may need to make an investment or may need to intervene.

**The Chair:** Thank you very much. That is the time.

[*Translation*]

Ms. Sinclair-Desgagné, you have the floor for two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

I want to follow up on the previous line of questioning and the fact that the projects that have been funded have been value-based.

In the report, we see that the department was unable to show what value criteria were used to prioritize projects. In addition, project selection was subjective, in that it was up to the minister or Treasury Board to make final decisions on funded projects.

How can a taxpayer ensure that the projects funded were truly based on value, given the subjective element and the lack of evidence to support the selection?

[*English*]

**Ms. Stephanie Hébert:** I will go back, Mr. Chair, to comments and observations offered by the Office of the Auditor General in the sense that the calls were designed using evidence. How we prioritized what we wanted to fund and what the particular focus of the call would be was guided by evidence and research. That the assessment criteria—

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** What do you mean by evidence and research?

[*English*]

**Ms. Stephanie Hébert:** Economic analysis is done to—

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** I'm an economist, so you can get into the details.

**Ms. Stephanie Hébert:** That analysis has been done and it has guided us.

[*English*]

It's where there might have been bottlenecks, supply chain constraints, so we could really look at how we target those specific areas so that we could really show where we were making recommendations to address the specific issues.

[*Translation*]

The criterion we use to evaluate all proposals is published in a public guide for the benefit of applicants. We use the same grid and the same guide for project evaluation.

I think we made a mistake when making adjustments after the national committee meeting. We did not properly document the reasons why we made slight adjustments in the score given to such a project.

• (1650)

[*English*]

This is a recommendation we accept. I think this is an area where we can do better to show how, through calibration exercises, we've adjusted evaluation scores through that exercise.

[*Translation*]

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

[*English*]

Next up we have Mr. Desjarlais.

You have the floor for two and a half minutes.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

Again, I want to return to the questions that young people ask me often. How are we going to get around in a Canada that hopes to achieve a position where we can actually start to bring down our emissions, start to combat the climate crisis and try to build a future where we can continue to fish, hunt, do the good things that many Canadians currently enjoy? The fact that climate change is continuing to take those opportunities away from Canadians is deeply heartbreaking. I know that young people, in particular when it comes to roadways, are often curious. They often ask me why Canada doesn't invest more in passenger rail.

We heard recently that Via Rail, for example, was going to take out its western rail passenger train from Edmonton to Vancouver, one of the most frequently travelled tourism pathways in Canada. One of my colleagues on the transport committee, Mr. Taylor Bachrach, actually rode that portion of the rail. By plane it takes about an hour and 20 minutes to 40 minutes. By train, sometimes it can take up to 24 hours to 48 hours. This is largely due to the right-of-way for cargo, and I understand that. However, wouldn't the solution be to create a process where passenger rail would be more efficient, at least more trustworthy?

**Ms. Stephanie Hébert:** Mr. Chair, in answering the question, I'm going to touch on two things.

First, I'll go back in terms of how we ensure that the environmental considerations inform our evaluations. Second, though—and, again, it's the responsibility of a colleague—Transport Canada is working on the high-frequency rail project.

I'm happy to speak to our remote passenger rail project, and the support and work that we do, and that's where I would turn to my colleague, Joshua.

I would just emphasize again that when we do our evaluations and we do solicit projects, we make it very clear that climate change resiliency and environmental sustainability are front and centre and are very important in the national trade corridor fund and how we deliver the program. When we evaluate projects, we do look at the impact of the projects on the climate and on the environment, at how the project will help with climate change resiliency. We do look at how the project will ultimately reduce greenhouse gas emissions. Those are things we look at and evaluate. Those are things now, in terms of performance measures, that we are going to more systematically track and roll up in terms of telling the program performance story.

I'm not sure if my colleague has anything he'd like to add.



**Mr. Joshua LaRocque:** Yes.

As Stephanie mentioned, we do have some programs that are focused on remote passenger rail service. Budget 2024 renewed one of the key programs, the remote passenger rail program, which provides funding for two indigenous organizations: one, the Keewatin from The Pas southwards in Manitoba; and two, the Tshiuetin, in a rail line from Quebec to Labrador. These are key programs that allow people to participate in food, social and ceremonial practices, and that equally allow for egress from a community in the case of an emergency where there's no road.

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

Once again, Mr. Viersen, you have the floor for five minutes.

**Mr. Arnold Viersen:** Thank you, Mr. Chair.

I again want to thank the witnesses for being here.

Greece, South Korea, Ukraine, Japan, Germany, Poland and Latvia have all showed up asking Canada to provide them with LNG. I'm interested a bit more around how the government comes up with.... I see the number of different calls they've set up. How do they come up with the proposals? Where and how do they decide which area of transportation they want to pursue? Has there been a proposal by Transport Canada to the minister, which the minister has rejected, around getting LNG to market?

**Ms. Stephanie Hébert:** In terms of designing calls, as previously mentioned, we work really closely with our policy colleagues to look at where there are constraints and issues in the transportation system that need to be addressed, and where potential federal participation can assist that. You'll see in the different calls—and I think that's even reflected in the Auditor General's report—that one of the calls we did was about trade diversification. It was really focused on how to diversify and to support access to overseas markets. At the time when that was done, between 2019 and 2021, that was seen as a really important priority to advance.

Later on, with the fifth call that we did—when we did the call that was really targeted at the fluidity of Canada's supply chains—there again we had strengthening Canada's connections to global markets, but we wanted to also look at how we build internal trade corridors, and so that became the focus of the call that we had. Part of that was based on feedback we had received from different partners, including a partner like Alberta, for instance, that they wanted to, through others, get their goods to market, and that sometimes, based on how we did the other calls, it might have more favoured ports and provinces that have a lot of ports. All of that is guided by economic analysis and research to help us. What we seek to do is to try to have some consistency, but as well to be agile and adapt to where we feel the Canadian economy is and to how we can best support that through different investments and trade corridors.

• (1655)

**Mr. Arnold Viersen:** It was noted that Canadian LNG could displace coal-fired power generation around the world, which would have dramatic environmental implications for the whole world. Do you know whether the department will be pursuing a call eight? What will it take for it to pursue an LNG proposal?

**Ms. Stephanie Hébert:** LNG could be part of the proposals. In terms of an eighth call, I don't have a line of sight at this moment of when we would be doing another call.

What I can tell you is that, in the interim, to inform our thinking for that call there are two things that we are currently doing as a department. One is that a commitment was made to work through the federal councils of ministers to consult and work with provincial and territorial partners to understand their priorities for the transportation infrastructure. That was reinforced in the communiqué that was issued by the transportation ministers after their annual meeting. Two, the supply chain office has been very active in its engagement directly with stakeholders to also understand their needs and priorities. That input, along with the analysis that we will do, are really what will inform our thinking in terms of where we need to take the program and, if we were to do another call, what that call would focus on.

**Mr. Arnold Viersen:** Have the LNG requests from these other countries made it across your desk at all?

**Ms. Stephanie Hébert:** In terms of my involvement, it would be that, if there were a specific LNG project and if the proponent had submitted a national trade corridor fund application, we would be looking at it based on the merits of the call. LNG is something that would be eligible if it were able to demonstrate that it met the merits of the call, so it's not something that we are prioritizing but it is not something that is ineligible. It is something that, through the assessment process, we will most definitely consider.

**Mr. Arnold Viersen:** Thank you.

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

Ms. Yip, you have the floor for five minutes, please.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you. Thank you to the witnesses for coming.

Ms. Hébert, I noticed that twice you tried to finish your statements for a previous question. Do you still have a statement you'd like to finish?

**Ms. Stephanie Hébert:** That's very kind, Mr. Chair, but I must confess that I have lost my train of thought, so I welcome the question.

**Ms. Jean Yip:** In your opening statement, Ms. Hébert, you talked about optimal supply chains through digitization. Can you elaborate on that?

**Ms. Stephanie Hébert:** Yes. I'll start with the broad strokes in terms of what we wanted to achieve through the advancing of the supply chain digitization call, and then I'll turn to my colleague to provide some tangible, concrete examples.

What we wanted to do was really look at how, through industry-led projects, we could improve asset and operation management. Fundamentally, it was about coordination and optimization and how we could encourage people to work together through data sharing, information sharing and collaboration to alleviate bottlenecks and really help boost network fluidity.

• (1700)

**Mr. Joshua LaRocque:** As Stephanie mentioned, the call targeted proposals that would prioritize industry-led projects in this case. The provinces and territories were encouraged to participate as funding partners or to endorse the projects, but it really prioritized those industry-led projects that would strengthen digital infrastructure but also start building networks of partners together so that we would use digital tools, systems and practices to achieve greater supply chain fluidity, instead of only infrastructure solutions.

Like all of the calls so far, it was very successful. It was oversubscribed significantly, but 23 projects were approved for about \$57 million through that call.

If I have time, I'll give a quick example of a network of partners that submitted a proposal. The Western Canadian Shippers' Coalition submitted a project requesting about \$2 million. That coalition represents 28 different groups who are coming together to share information and build partnerships so that they can prevent supply chain bottlenecks from occurring just because someone doesn't have information about a particular good, a particular route or a particular arrival time.

These are great projects, where we're really interested in their impact and how we can encourage this type of work with partners in the future.

**Ms. Jean Yip:** Do you have any examples from the greater Toronto area?

**Mr. Joshua LaRocque:** I don't have one on hand. We did have projects throughout the country, but there is certainly a project at the Hamilton-Oshawa Port Authority. I just don't have the details off the top of my head, but I'd be happy to provide those details to you in writing.

**Ms. Jean Yip:** While we're on the thought of projects, what do you think are the top three projects Canadians would want to know about that would provide value from this fund?

**Mr. Joshua LaRocque:** That is a tough question. I think there are some projects that are immediately responsive to some economic development initiatives of the government.

For example, at Bécancour in Quebec, there is a port project that is aiming to encourage and facilitate some of the battery production activities around that area. When we see co-operation between projects and other initiatives of the government or of the private sector, we're really happy about that co-operation, because it means there's a meaningful impact.

Certainly, there have been a number of projects at the Vancouver Fraser Port Authority, for example, that allow for the movement in and out of the country of the vast majority of goods that come into the country. That connected infrastructure that brings goods from all parts of the country outside of Canada is an effective example of the sort of integration.

Those integrated projects are the most impactful, I would say.

**Ms. Jean Yip:** I know you spoke briefly on the Arctic and Canada's north being able to participate in this fund. How are the indigenous communities involved?

**Ms. Stephanie Hébert:** To address this question, what I'd like to do is offer four points, but I think first and foremost it's really important for us that we facilitate indigenous interests and participation both in the economy and in the supply chain. We've looked at how that can help us and how that can inform project selection but also project implementation.

First, on eligible recipients, in terms of the eligibility, indigenous organizations are an eligible recipient. They are eligible to apply. I did refer earlier to a project that is being led by the Metlakatla Development Corporation. That is in Prince Rupert, where they are leading a project. This is a project to convert lands to an export and import logistics facility and a container yard. I think it's a concrete example of how, as a recipient and as a project proponent, they're actively participating in the program.

Second, what I would say is that when we do evaluate project proposals that we receive, we do look at community support. Depending on where the project is located, if we're not seeing an indication of support from first nations, Inuit or Métis who may be living adjacent to or by these projects, we will follow up with the applicant to find out what is that level of support, what is that level of involvement and what is that level of engagement.

The third thing I would say is that our clauses, also in the agreements, require that each project proponent fulfill its obligations in terms of duty to consult, in terms of that they uphold any recipient rights that may be impacted by the project. That rests with the recipient and that's something that we do monitor and oversee.

Last, what I would say is that oftentimes when projects are implemented—and we see this I think more with port projects—there often is an existing benefit agreement, where there is the opportunity to benefit from, where there is an intersection with rights or the opportunity to participate in the execution of the project. Sometimes that is done through participation, through contracting and procurement, where indigenous organizations are given the opportunity to bid first to participate in the project delivery.

Those would be the four areas where I would say we're actively ensuring indigenous involvement in projects.

• (1705)

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

I understand there are questions from two other members.

Mr. Desjarlais, you have the floor for two minutes, if you like,

[Translation]

Afterwards, Ms. Sinclair-Desgagné can speak if she wants to.

[English]

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I appreciate the support of our colleagues to ensure that I can ask this important question.

It's related to climate change. We see that affecting the Northwest Territories, the jurisdiction just north of where I am from. Also, we see that the Mackenzie and the Slave rivers are at an extreme low, and I mean an extreme low. I remember going up there.

There's a famous ferry, the *Lafferty*, that would take you across the Mackenzie. It's something that a lot of folks look forward to, but it's been dragging on the bottom of the river and is no longer operable. I'm sorry. It's the Deh Cho River. The community is trying to build a bridge. I understand that some of this funding might be supporting the bridge over the Deh Cho River.

In terms of ensuring there's acceleration to projects in particular regions that are more impacted by climate change, is there a plan or do you have changes or recommendations that could make it more resilient, to be more adaptive to the fact that climate change is affecting particular regions more than others?

**Ms. Stephanie Hébert:** I will start, and then I will turn to my colleague to maybe speak to some specific examples of projects that we have under way in collaboration with the Northwest Territories.

First and foremost, what I would say is that we try to move as quickly as project proponents, and that includes in terms of the agreement set-up and the agreement negotiation. We are respectful of the fact that oftentimes in doing these projects recipients also have environmental assessments that they need to undertake and they need to complete.

Because that's part of their requirements that they have to meet, we need to also allow them time to be able to complete some of those various processes, including in the territory. That sometimes impacts the pace of how quickly a project moves, but when we construct the agreement, when we construct the financing by fiscal year, we really make sure that it is led by the project proponent in terms of what their financial needs are, so that we can help accelerate the project.

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

[Translation]

Ms. Sinclair-Desgagné, you now have the floor for two minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

Ms. Hébert, I'm curious. Do you have, as a percentage, the breakdown by province of the \$700 million that has been invested? What is Quebec's share? Do you know those percentages?

[English]

**Ms. Stephanie Hébert:** Mr. Chair, I don't have an exact percentage, but I am proud to say that we have 40 projects in Quebec valued at \$848 million.

[Translation]

The Government of Quebec is an active participant in this program. We're happy to work with it on the infrastructure needs of Quebecers.

[English]

As well, while a lot of these projects are within Quebec, we look at them from a network point of view and the connections beyond Quebec to other parts of the network. We look at that connectedness across the network. With 40 projects valued at \$848 million, Quebec is actively participating.

• (1710)

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** I would like to ask you one last question, which I have already put to the Deputy Auditor General.

Ms. Hébert, I would like you to confirm that sustainable development projects are the priority. How can we ensure that liquid natural gas projects will not be included in future Transport Canada projects?

[English]

**Ms. Stephanie Hébert:** Again, as outlined for the committee, our evaluations look at the project's impacts on the environment, such as how it will improve climate change resiliency and reduce greenhouse gas emissions.

[Translation]

This is a criterion that currently exists. It is also an indicator that we use. It's part of our contribution agreements. We'll continue to monitor that and make sure those indicators are helping us get results.

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

[English]

Mr. Hayes and his colleagues from the Office of the Auditor General and Ms. Hébert and Mr. LaRocque from the Department of Transport, thank you for your testimony today in relation to our study of the Auditor General's report on Transport Canada's national trade corridors fund.

[Translation]

You can send additional information to the clerk. For any questions, please also consult the clerk.

[English]

Members of the committee, our schedule indicates that we are to do draft reports on Tuesday, May 28. It is my intention to reschedule the spring cleaning we were supposed to do on Tuesday. We need to get this done, and I would like to do it while we're still sitting and not call you in right after Saint-Jean-Baptiste Day. That is my intention.

Ms. Shanahan, please go ahead.

**Mrs. Brenda Shanahan:** I very much appreciate, Chair, that we need to get those reports done, but we want to get the draft reports done as well. Luckily, we still have a couple of sessions, so I would suggest June 13 for the draft reports.

**The Chair:** I'm leaving for a flight right now, if you want to take this up...but I'm not joking. If I need to bring us back in after we rise, I will do that. I need to get this done. I have promised the analysts it will get done. The line-by-line is critical as well. I'm not go-

ing to go over the calendar now, but that is my intention. If you don't like it, we can object on Tuesday and work through it.

On that note, I'm going to adjourn the meeting and turn things over to Ms. Yip, who is going to chair the next bit of the meeting with our delegation from Indonesia.

This meeting is adjourned.

Thank you.

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