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• (1930)

[English]

The Chair (Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.)): I call this meeting to order.

Welcome to meeting number 80 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, September 18, 2023, the committee is meeting for a briefing on the mandate of the Minister of Housing, Infrastructure and Communities.

Today's meeting is taking place in a hybrid format, pursuant to the House order of Thursday, June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

Colleagues, appearing before us this evening for the first hour are the Minister of Housing, Infrastructure and Communities, the Honourable Sean Fraser, and Kelly Gillis, deputy minister of infrastructure and communities. Welcome to you both.

For the second hour, we have Ms. Kelly Gillis once again, deputy minister of infrastructure and communities, and Marco Presutti, assistant deputy minister of investment, partnership and innovation.

Minister, I want to begin by saying how grateful we are for having you with us this evening. I'll turn the floor over to you, sir, for your opening remarks. You have five minutes.

• (1935)

Ms. Leslyn Lewis (Haldimand—Norfolk, CPC): I have a point of order on one issue.

I just want to clarify a housekeeping issue of whether or not we have one hour with the minister and if we are going to have two rounds.

The Chair: We have one full hour with the minister, and then the minister will be leaving. Mr. Presutti will be coming to sit in his place. There will be another hour with Ms. Gillis and Mr. Presutti.

Ms. Leslyn Lewis: Is there guarantee of two full rounds?

The Chair: Doing the math here, Dr. Lewis, we should be able to get through two full rounds if we turn the floor over to the honourable minister for his opening remarks right now.

Ms. Leslyn Lewis: Thank you.

The Chair: Thank you, Dr. Lewis.

Minister, the floor is yours.

Hon. Sean Fraser: In addition to making sure we have access to clean water and waste-water infrastructure that allows our communities to function, we need to realize the importance of continuing to invest in the things we can't see that unlock opportunities for what I'm sure is a top priority of nearly everyone sitting around this table, which is the need to build more homes. If we don't invest in the water and waste-water infrastructure that communities demand, we can't hope to even sustain the communities that we enjoy today, let alone experience the rate of growth that we would all like to see.

Coming from Nova Scotia, it is particularly important to me that we continue to invest in climate-resilient infrastructure. Over the past 12 months of my life—a little more than a year, as of just a couple of weekends ago—we've seen a once-in-a-century hurricane and once-in-a-century floods and wildfires that we have never seen before. These have caused ungodly consequences for the people who live in my home province. They threaten critical infrastructure. We know that we need to continue to reduce our emissions if we're going to combat climate change, but we also have to build communities that can better adapt to the consequences of climate change that are now baked in, given the pollution that has occurred across the world for the past many decades.

In addition to continuing to invest in infrastructure that moves people and goods, allows us to have livable communities, expands water treatment so that we can build homes, and protects us against the consequences of climate change, we also need to be investing in communities and community assets: recreational properties, cultural properties, heritage properties. When we actually make the kinds of investments that make communities not just places where a person can find somewhere to sleep, but places where they can enjoy a full and meaningful life by engaging fully in their community and participating in activities that allow them to experience fulfilment, we can build healthier people and healthier communities.

We need to work together across levels of government. If we do that, I'm convinced that we can build a more prosperous, sustainable and healthy Canada for everyone in every region of the country.

Mr. Chair, you've given me the signal that my time is up. I'm happy to respect the clock and turn it over to you for questions.

Thank you.

The Chair: Thank you very much, Minister.

We'll begin our line of questioning today with Dr. Lewis.

Dr. Lewis, the floor is yours. You have six minutes.

Ms. Leslyn Lewis: Thank you, Mr. Chair.

Minister, I want to ask you about one of the bank's projects that I find particularly concerning. The CIB has offered \$38 million to KingSett Capital, which is the owner of the Fairmont Royal York hotel in downtown Toronto, to retrofit the building and make it net-zero. Why does the CIB need to fund KingSett Capital, which is a private equity firm that has \$17 billion in assets?

Hon. Sean Fraser: The bank operates on commercial terms. They operate independent of my office, and I think that's essential if they're going to function. One priority of the bank is to invest in energy retrofits.

Keep in mind that when they loan money to a proponent, that money is typically paid back. They may take risks at times, as any commercial enterprise would, but my belief is that by allowing the bank some flexibility to pursue goals, including energy efficiency, we can actually achieve social outcomes that are important to Canadians, even when they engage private sector actors.

Ms. Leslyn Lewis: Okay. Let's talk about social outcomes. How many homes were created for the average Canadian from funding that \$38-million Fairmont Royal York hotel net-zero retrofit project? How many homes were created for average Canadians by doing that?

Hon. Sean Fraser: That project didn't involve homes for Canadians. That was an energy retrofit of a different kind altogether.

Ms. Leslyn Lewis: Well, it is housing, so zero homes for Canadians. I'm going to answer the question for you. Actually zero homes were created from that \$38 million.

Hon. Sean Fraser: Yes.

Ms. Leslyn Lewis: Do you realize that the cheapest hotel room at the Royal York is \$450 a night and that the average Canadian cannot afford to stay at that hotel for even one night?

Hon. Sean Fraser: That wasn't a housing development launched by the government. That was a commercial deal that was reached to improve the energy efficiency of the building that you're talking about.

[*Translation*]

Hon. Sean Fraser (Minister of Housing, Infrastructure and Communities): Thank you for inviting me to appear before you this evening to discuss the government's infrastructure priorities.

[*English*]

Thank you very much, everyone. It's a pleasure to be here with you this evening.

I'll just share that this committee is where I spent the first few years as a member of Parliament after the 2015 election. It was my top choice at the time. I feel very fortunate to be able to serve in the capacity that I currently do. I should point out that Mr. Badawey and Mr. Iacono in particular sat alongside me. It's good to see you guys again.

I'll be short with my comments to open so we can save time for questions and get through as many as committee members would like to have.

I'll start with the very basic premise that investing in infrastructure across this country is incredibly important. It creates jobs in the short term—typically good-paying jobs in industries that provide meaningful work to people. It also leaves communities better off, with assets that make the places that we all call home more livable, sustainable and prosperous.

The reality is that over the past eight years, we've seen a significant increase in the scale of public investments and infrastructure by the Government of Canada. This was principally through the investing in Canada infrastructure plan, which has led to many billions of dollars putting many thousands of Canadians to work and is helping communities in every region of the country build out their communities in ways that serve the needs of their residents.

There are a few specific areas that I think have been important to the work we've done as a government and that will continue to be important in the years ahead.

The first is public transit. I won't regale you with the details of the specific number of projects or dollars spent. I'll only indicate that when we invest in transit, we build communities that work more effectively for the people who call them home. We've seen, in small communities like mine and in big cities across the country, investments that are allowing people to better access the places where they go to work, the places where they live and the services that they rely upon.

The kinds of stories that I'm sure we've all heard in our constituency offices over our time as parliamentarians demonstrate the importance of public infrastructure, and transit in particular. I can't help but think of one of the very first meetings I took in my constituency office where a gentleman told me that he was unable to find work because he didn't have access to transit in our community. He was limited in his job hunt to places he could walk to, because he didn't have access to a car. These are the kinds of social and economic issues that people struggle with at an individual level when they go without the services that so many of us too often take for granted.

By making record investments in public transit, we can more easily facilitate people accessing economic opportunities for themselves, pursuing the activities they enjoy and accessing the services that their families rely upon.

Infrastructure is so much more than public transit. I think about the water and waste-water investments, which rarely capture the public's imagination, but when you deal with a water line that has burst, you know you need it.

• (1940)

Ms. Leslyn Lewis: So you chose to give \$38 million to an organization, a company, that has \$17 billion in assets, to do a retrofit on a luxury hotel instead of funding retrofitted homes for Canadians.

• (1945)

Hon. Sean Fraser: No. There are a couple of objections I take to the pretense upon which that question rests.

First, I made no such decision. The bank operates independently of my office, and I think that's very important.

Second, when the bank loans money on commercial terms, the bank isn't giving money. It is loaning money to pursue an outcome of a different kind, in this case the retrofit of a building.

Third, the money that the bank would be putting into different projects, not just this but others, is typically not designed to build homes directly. We have other programs that contribute to those ends. I don't mean to be—

Ms. Leslyn Lewis: Thank you. I appreciate your explaining how the bank works, which I'm familiar with. However, Minister, my point is that these projects seem grotesquely elitist, and they're impoverishing Canadians. We know that this hotel is a profitable luxury hotel, yet the bank has chosen to fund a hotel to be retrofitted when Canadians barely have food to eat and when Canadians are sleeping in garages because they cannot afford apartments.

Do you not think that this is out of tune with the average Canadian and the need for Canadians to have affordable homes?

Hon. Sean Fraser: I think there are distinct issues. I think I would agree with you that we absolutely need to do more to build affordable housing, to grow housing stock, to support vulnerable people. You and I will be aligned on that until the day I die.

Where I have disagreement is that it may be possible, in my opinion, to both support vulnerable Canadians and build more homes while we have separate programs that operate on commercial terms and loan money—not give away money—to allow institutions, organizations or buildings to make themselves more energy-efficient. In fact, I believe it is essential that we both pursue support for vulnerable people and fight climate change at the same time.

Given that this is an independent entity that is dealing on commercial terms, I don't see that the money that could be loaned and paid back takes away from the ability of the government to fund projects separately.

Ms. Leslyn Lewis: The Infrastructure Bank has given \$38 million, so it does take away from the projects that could be funded outside of that. I would submit to you that these pet projects are out of touch with the reality of Canadians.

I know that, in your role, you would have to meet with CEOs for updates. Have you met with the Fairmont CEO for an update to see how these funds are being spent?

Hon. Sean Fraser: No, I have not had a meeting with the Fairmont CEO on this particular project.

I would point out, though, that there are also a lot of other projects the bank has invested in around energy efficiency, connectivity for communities, reducing emissions in public transit and investing in economic opportunities like small modular reactors. There's quite a range, and I don't think that the individual project you've referred to encapsulates the full scale or scope of projects the bank has invested in to promote public good.

Ms. Leslyn Lewis: How much time do I have?

The Chair: You have 20 seconds.

Ms. Leslyn Lewis: Do you agree that affordability should be a core principle of the national building code?

Hon. Sean Fraser: There's more to it than that, but I think anything we can do to promote affordability is important.

The Chair: Thank you very much, Dr. Lewis.

[*Translation*]

It is Mr. Iacono's turn now.

Mr. Iacono, you have the floor for six minutes.

[*English*]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Mr. Chair.

Good evening, Minister.

I'm a little puzzled with the questioning, and I'd like you to clarify something, because I don't think it's what my friend across is stating with respect to the role and responsibility of the Infrastructure Bank. Can you please clarify that so that we know what limits the government has with respect to the bank?

Hon. Sean Fraser: Sure. We as the Government of Canada created the Canada Infrastructure Bank. The purpose was to find new sources of capital that could be invested in infrastructure or in projects that generate positive social outcomes, whether they are building out communities, creating economic opportunities in growing industries or making our communities more energy-efficient.

Perhaps I'm oversimplifying, but those are the kinds of priorities that the bank would be reflecting upon. It operates independently of government. I don't have the ability to say, "Pick this project, and give them x dollars." We can flag the priorities for the government that they can then invest in.

What we've seen is that the bank has actually attracted billions of dollars in capital that otherwise would not have been invested to make our communities more vibrant, prosperous or environmentally friendly. There is not necessarily an exact limit on the nature of projects, but there are priorities that they will pursue.

For what it's worth, I don't personally drive the investment decisions of the bank—I think that would actually be very dangerous—but its ability to operate independently on commercial terms is proving to be very successful. Despite a slower start, they've really accelerated the pace of investments, and I think it's going to have a very positive impact for the long term for Canadians.

● (1950)

Mr. Angelo Iacono: Thank you, Minister, for that clarification.

Also, you must agree that it is important that housing and infrastructure files be linked under your mandate.

Hon. Sean Fraser: That's a good question.

I do agree. I think it's very important, and I think it's something that's going to create new opportunities. It's really obvious when you sit down and look at the opportunities to fund projects of the nature that we have funded over the last eight years or so in government. I look at the water and waste-water investments that we've made, which unlock housing. I look at public transit. We don't just move people around communities. We move them from the places where they live to the places where they work and receive services, whether it's taking their kids to soccer practice or whether it's taking a bus to a medical appointment and then getting back home.

When we actually think holistically about where we're investing money in infrastructure, we can make better decisions about how we're going to either unlock more housing or make communities more livable for people. I think combining housing and infrastructure into a single ministry is going to allow us to be more efficient with the decisions we make, and we can squeeze more productivity out of every federal dollar as a result. That is my view.

Mr. Angelo Iacono: Minister, what advantages can be attributed to allowing federal regulatory agencies to respond more swiftly to housing cost fluctuations in Quebec in order to promote greater stability in the province's residential market?

Hon. Sean Fraser: Which regulatory agencies are you referring to?

Mr. Angelo Iacono: I'm referring to the ones that...federal regulatory agencies.

Hon. Sean Fraser: Responding quickly to changing dynamics when it comes to housing is extremely important. It's probably more important now than it has been in a very long time, given the rapidly shifting landscape around the need to build homes.

I should point out that province to province, there are also rules that protect the ability of people to remain in their homes in different ways. With maybe a bit of ambiguity built into the question—and direct me if you want me to be more specific—my sense is that when you're dealing with a rapidly changing landscape when it comes to the cost to builders to build, as a result of materials, supplies, land, or interest going up, when you're dealing with an increasing pattern over the last number of years where people are dis-

placing individuals from homes that were previously affordable, having the ability to act nimbly and respond quickly to a changing landscape for whatever reason is very important.

To answer with a greater degree of specificity, we can dig in, perhaps off-line, on the specific agencies that you're most interested in.

Mr. Angelo Iacono: Thank you.

What specific actions were implemented to boost investments in affordable housing within Quebec, and what advantages does this bring to the province?

Hon. Sean Fraser: There's a lot to chew on, and I think we'll have insufficient time to get through it, so I apologize in advance for an incomplete answer.

We have a number of different programs that directly fund affordable housing units. We've had the rapid housing initiative. We've had bilateral agreements with different provinces. We're working now to secure an agreement with the Province of Quebec on the housing accelerator fund. There are other programs, as well, all of which can contribute to building out more affordable housing stock.

Quebec has actually, in many ways, done a good job over the course of the last number of years. This is really important, because essentially my entire lifetime, up until 2017, the federal government—and I should say different governments, both Liberal and Conservative—has really stepped away from its role as a funder of affordable housing in this country.

In working with provincial governments—and Quebec is unique, because we don't deal directly with municipalities as well—we usually try to work out an agreement where we can participate as a funder in different housing projects that will allow more people to have access to a home that they can afford, whether in the market or outside of the market, if their income doesn't allow them to find a home they can afford the way many people can.

● (1955)

[Translation]

The Chair: Thank you, Mr. Iacono.

[English]

Thank you, Minister.

[Translation]

Mr. Barsalou-Duval, you now have the floor for six minutes.

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

Congratulations, sir, on your new appointment as Minister of Housing, Infrastructure and Communities. I am very pleased to see you here among us.

Throughout the summer, I was approached by municipalities in my riding and from all over Quebec. I received copies of resolutions from municipalities regarding the Canada Community Building Fund, which used to be the Gas Tax Fund. You might know where I'm going with this. This fund expires in 2023. It is now October, it will soon be 2024, and we still don't know if there will be any money for Quebec municipalities in 2024 under the Canada Community Building Fund.

Can you assure us that there will be money for our municipalities next year under this fund?

Hon. Sean Fraser: There are certain challenges right now. The situation in Quebec is different from that in other provinces. It is difficult for me to make a direct commitment to municipalities. In accordance with Quebec's Act respecting the Ministère du Conseil exécutif, for instance, matters cannot be handled the way they are in Nova Scotia, for example.

[English]

If you'll allow me, I'll continue in English for more precision.

We are currently re-examining what's now called the Canada community-building fund, previously the gas tax. We're looking to make certain shifts to ensure that we're not just transferring money without having an understanding of what outcomes may be generated. In fact, we want to build in a stronger link with unlocking more housing potential within cities. We are working to establish a flow of money that municipalities can still rely on. Of course, it's typically through agreements with provinces that it goes to municipalities, but my expectation is that we're going to be able to continue to fund, through the Canada community-building fund, with some extra details of that—

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

Since I became the critic on this issue, the committee has heard from representatives of many municipalities. It became very clear, particularly during our infrastructure study, that the Canada Community Building Fund was in fact the one that the municipalities liked the most. According to the municipalities, this fund is simple and easy to use, without complicated conditions. They say it is accessible to small and large municipalities alike, without excessive paperwork.

I think you said that you intend to add a housing component to the Canada Community Building Fund, which is not the case right now.

I am trying to understand what that entails. Will you be adding funding for housing to the Canada Community Building Fund, or will you simply add conditions?

The municipalities have said that there are already too many conditions attached to this funding. As it is, they would like to be able to fund more things than they are currently able to do.

[English]

Hon. Sean Fraser: We're in active discussions now with different provinces, including Quebec, about what will come next for the Canada community-building fund. My view is that across different programs, we need to do more to leverage the social outcomes that we want to see, including unlocking more housing. I do not want to compromise the simplicity of the program, because that is a great strength. I represent small towns and rural communities, and I've heard loud and clear that this program is something that they very much appreciate. It has flexibility and it allows them to focus on priorities.

I don't necessarily envision that the Canada community-building fund will go to constructing new homes with the cash that will be used—in fact, I question how far that would go on its own—but it's about making sure that we're using the fund in parallel with initiatives that will result in more homes and more livable communities. I don't expect that we will further complicate the administration of the fund as a result.

[Translation]

Mr. Xavier Barsalou-Duval: Yes, regarding new home construction, the mayors who appeared before the committee, and even the ones in my riding that I am in touch with, have all said that they often wish they could build new housing and launch new developments, but cannot do so because their water infrastructure is at maximum capacity.

In my view, the best way to help municipalities facilitate home construction is not by adding conditions, but rather by improving funding for water infrastructure. Right now, it appears that Quebec has a deficit of \$38.2 million for the maintenance of water infrastructure. That is a huge gap that prevents us from building the housing we need. Furthermore, the fund I was talking about, the former gas tax, does provide funding for water infrastructure, among other things.

Can that funding be released as quickly as possible to help our cities and get housing built?

Hon. Sean Fraser: I completely agree. Investing in municipalities' waste water treatment systems is very important to allow for the construction of new housing for communities.

[English]

If we actually look at all of our policies and figure out how we can better use them not just to build homes but to build the infrastructure that will allow more homes to be developed in communities that already want to build them, I think there's a gold mine there when we're trying to achieve the goal of making sure that everybody in Canada has a place to live.

These are the kinds of discussions that we're having, not just on the Canada community-building fund but as we develop future infrastructure programs as well.

Thank you.

• (2000)

The Chair: Thank you, Minister.

Thank you, Monsieur Barsalou-Duval.

Mr. Bachrach, the floor is yours. You have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

Thank you, Minister, for being with us this evening.

I really appreciate your taking the time to meet with me and the mayor of Prince Rupert to discuss his city's infrastructure challenges. I know you're aware of the specific challenge that city faces: mainly, the aging condition of their drinking water infrastructure, especially their water mains. The fact is that last Christmas they had to declare a local state of emergency due to several water main breaks. In fact, officials fear the catastrophic failure of the entire system if something isn't done as soon as possible.

The province has come in with an investment of \$65 million to help fix the problem, and the city has applied to the disaster mitigation and adaptation fund for a similar-sized contribution from your government.

I know that ministers don't typically make funding announcements at committee meetings, but I wonder if you could share with the committee and with me your government's posture on the project, how you understand the problem and what's at stake in Prince Rupert.

Hon. Sean Fraser: Thank you for the question and for arranging the meeting with Mayor Pond as well. I very much enjoyed the conversation. As I shared with you earlier today, I again had the chance to speak with him, as well as with my provincial counterpart in British Columbia, about this project and other infrastructure priorities.

This is a great example of how what seemingly looks like a small project on paper can have an immense economic impact. Prince Rupert, as I'm sure everyone around the table knows, is home to a major port that the entire Canadian economy depends upon. To the extent that we have a disaster in the water or waste-water systems in Prince Rupert, it's not just the residents—the residents are important in their own right—but the entire supply chain across the Canadian economy that could be impacted if people who work at the port can't live in the community.

The disaster mitigation and adaptation fund was designed with projects like this in mind, where, if something is to go wrong, we want to protect against the economic consequences that would follow a disaster of the kind you've explained. I won't create a new pattern of ministerial announcements in the middle of a process that's playing out, but my sense is that the fund was designed with projects like this in mind, and I hope to work towards a solution with you as the local MP, as well as Mayor Pond and the provincial government, because I believe that something of national impor-

tance, such as the Canadian supply chain, demands the attention of all levels of government.

Mr. Taylor Bachrach: Thank you, Minister.

Moving on to some other issues that face communities in the riding I represent, we've had Environment Canada and Fisheries and Oceans Canada express concern about communities' waste-water effluent, which is discharged either into the ocean or into rivers, and meeting various federal regulations. Of course, with climate change, this becomes even more of an issue, because we're seeing lower flows in our rivers during drought periods.

The community of Smithers, where I live, applied for a waste-water infrastructure project in 2020. They were denied. They went back to the drawing board, revised their proposal, reapplied in February 2022—over a year and a half ago—and they still haven't heard back with a response on their application. Meanwhile, they're struggling to meet the federal regulations when it comes to discharging effluent into a wild salmon river that is home to a world-renowned steelhead fishery. This is a really treasured waterway, and of course they want to upgrade their infrastructure and do what's right to maintain the environment and treat the sewage properly.

The village of Port Clements has a similar situation with their waste-water project. This is a community of between 300 and 400 people. What they've seen over the years is that the construction cost escalation while they wait for approval of their grant applications has skyrocketed. A project that in 2021 cost \$2.5 million is now estimated to cost \$4.5 million, so they're struggling. I believe that in the case of Port Clements they've been granted a portion of the project.

The problem we're seeing here is that communities are applying to do these projects, but the timeline for getting them done and the construction cost escalations are making it very difficult. I wonder how your government sees that problem and what it's doing to correct it.

Hon. Sean Fraser: You raised two distinct issues, and I'll quickly try to address both.

How much time do I have, Mr. Chair?

• (2005)

The Chair: There's one minute and 10 seconds left, Minister.

Hon. Sean Fraser: I will try to deal with them both swiftly.

When I was the parliamentary secretary to the Minister of Environment, I was involved in some of the waste-water effluent regulations. This is actually a big deal on the west coast, because it's not just the steelhead salmon population that you're referring to. If you actually go up the food chain, so to speak, when pollutants get stored in the salmon that orcas eat, and when the orcas start to run out of food and draw on their fat supplies, it can actually have a damaging impact on the health of vulnerable orca populations as well. We need to deal with waste-water effluent challenges in every region in the country.

We are trying to marry the advancement of a regulatory framework with investments in water and waste water that we have made at a level not seen in a very long time, through the ICIP. From your question, I expect that that's where people have applied to; if I'm wrong, you can correct me. It's a bit challenging for me to speak about how the process works because typically we have the provincial government, which is a signatory to the bilateral agreement, take the applications and then send prioritized projects to the federal government. As long as they're eligible, we tend to fund them.

I'm happy to take this off-line because I have only a few seconds remaining and I don't think we're going to solve it during this exchange. We can follow up on the cost escalation issue if we have more time—because I'm sure I'm out.

The Chair: Thank you, Minister.

Mr. Bachrach, please know that you have two and a half minutes in the next round to allow the Minister to respond.

Next we have Mr. Seeback.

Mr. Seeback, the floor is yours for five minutes.

Mr. Kyle Seeback (Dufferin—Caledon, CPC): Thank you, Mr. Chair.

Minister, I'm going to ask some direct questions, and I hope that you're going to be able to give me answers that are just as direct.

I want to start with your recently announced GST rebate. How many homes has the GST rebate built?

Hon. Sean Fraser: You know that this was announced a few weeks ago.

Mr. Kyle Seeback: Yes.

Hon. Sean Fraser: There have been many thousands announced, but the kinds of homes that we're dealing with can't be built in a matter of weeks; they're typically large developments. However, there have been many thousands of units announced as a result of this policy.

Mr. Kyle Seeback: Those are the 5,000 units that you talked about in the House of Commons. Is that correct?

Hon. Sean Fraser: That project actually isn't the one I was thinking of. That particular project involved 5,000. I've seen others of 3,000, or 1,000, or several hundred. I'm seeing, in every region of the country, significant announcements of thousands and thousands of units.

Mr. Kyle Seeback: How many homes have been built as a result of the housing accelerator fund?

Hon. Sean Fraser: Again, a program that launched a matter of weeks ago won't have completed constructions.

Mr. Kyle Seeback: This was in budget 2022.

Hon. Sean Fraser: Yes, it was funded. I'm sure you are aware that it was in the city of London last month that we began to roll out that fund. That's already yielding plans from cities that will result in thousands and thousands of homes. However, given that it's been weeks, they are not yet complete.

Mr. Kyle Seeback: What's the estimate, then, for the GST rebate? How many homes is it estimated will be built?

Hon. Sean Fraser: The estimates tend to range between 200,000 and 300,000 over the next decade or so from that one policy change.

Mr. Kyle Seeback: How many is the estimate for the housing accelerator fund?

Hon. Sean Fraser: Over the next three years or so, it's about 100,000, but it will have a permanent impact, given that it changes the way cities build homes every year thereafter as well.

Mr. Kyle Seeback: That's about 400,000 units that you're suggesting as a result of these two policies. Is that correct, approximately?

Hon. Sean Fraser: No, it's not, because with regard to the housing accelerator fund, I'm only talking about the next few years. The GST estimate is over the next decade.

Mr. Kyle Seeback: What is it for the next decade for the housing accelerator fund?

Hon. Sean Fraser: I don't have a number for you. If you extrapolate the 100,000 over the next three years to 10 years, presumably you could triple it, but it doesn't operate that way. I can't give you a number beyond the three years because it's too hard to predict how zoning changes will result in behavioural change. There are a lot of market forces at play that would change and that are outside of the control of any level of government, frankly.

Mr. Kyle Seeback: Even if we took it that way, then that would be about 300,000 units for the housing accelerator fund and approximately 300,000 units for the GST rebate. Am I in the ballpark?

Hon. Sean Fraser: You might be, but I can't say that with confidence on the housing accelerator fund because of the explanation I gave you a moment ago.

Mr. Kyle Seeback: Last week at HUMA, you stated that this is a housing crisis. That was in your opening statement. Is that correct?

Hon. Sean Fraser: Yes.

Mr. Kyle Seeback: What you're saying to me is that these signature programs, which you're touting to Canadians are going to solve the housing crisis as you've described it, will provide about 600,000 units. You're aware that CMHC put out a report that we need to build three million more houses than we normally build. Normally, from now up to 2030, we're going to build two million houses. We need to build three million more than that, and the signature program that you are saying is going to solve the housing crisis is going to provide 600,000 units. How can this program have such an absolute lack of ambition?

Hon. Sean Fraser: There are a couple of really important points to understand. First of all, it's about 3.5 million additional homes that we expect we need to build.

The GST removal on apartment construction is an essential ingredient to solving the housing crisis. It won't do it on its own. You've left out, as well, the recent change to the Canada mortgage bonds program, which, in theory, should result in about 300,000 units over the next decade, given that it accounts for about 30,000 additional homes every year.

Mr. Kyle Seeback: Now we're at 900,000.

Hon. Sean Fraser: Here's a key point: No one of these policies is going to solve the housing crisis. We need to pull every lever that we have. There's going to be more to come, but this is also ignoring programs that exist that we've advanced over the past couple of years, such as the national housing strategy.

Mr. Kyle Seeback: You said the housing crisis is now. Why aren't you pulling all the levers now? If the housing crisis is now—and we know it is—why are you saying that we have to pull all the levers, but you haven't pulled them? You, yourself, said it's a crisis.

Hon. Sean Fraser: By your own analysis, in the past few weeks we are responsible for nearly a million new homes, given the math that you've just laid out before the committee.

If I keep up that rate of productivity, we're going to be able to get there.

Mr. Kyle Seeback: That's your estimate over 10 years. They're hypothetical homes. People can't live in hypothetical homes.

You just said that we need to pull all the levers. How are all the levers the sum total of 900,000 homes, when we need to build 3.5 million?

Hon. Sean Fraser: I don't believe we have yet pulled all the levers.

It turns out that when you try to develop a handful of new policies that are going to make a meaningful difference and unlock hundreds of thousands of homes for Canadians, it takes a few days.

Mr. Kyle Seeback: The crisis isn't weeks old. The housing crisis is years old.

Why has it taken you so long to find these levers?

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

Thank you, Minister.

Next we have Ms. Koutrakis.

[*Translation*]

Ms. Koutrakis, you have the floor for five minutes.

• (2010)

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

[*English*]

Thank you, Minister, for joining us at this late TRAN committee. I'm sure you've had a pretty busy day, as we all do on Wednesdays.

I'd like to talk a little about the Canada Infrastructure Bank and how important it is to leverage the dollars, such as those through the CIB and other government programs, to accelerate infrastructure projects.

Hon. Sean Fraser: One of the things that we have to come to grips with is that we have an infrastructure deficit across Canada. Despite making record investments as a federal government over the past eight years, there is more to do. This applies equally to housing and to infrastructure. We should be looking at new ways to pull capital into the Canadian economy that is going to achieve the social and economic outcomes we want to see.

The Canada Infrastructure Bank is a very good idea. In fact, different parts of the world have advanced similar kinds of ideas, some of which are playing copycat, so to speak, after the development of the Canada Infrastructure Bank.

The strength that the bank has, in my view, is that it's able to identify revenue-generating projects that provide some public good. It's able to tap into different sources of investment to fund those projects, which then create revenue that allows the proponent to pay back to the bank over time.

When we start with an initial amount of capital in the bank, this allows it to become self-sustaining. When they earn revenue with interest on loans that they make on commercial terms, they're able to protect the initial investment that the federal government makes, but in perpetuity continue to fund infrastructure that would not have been built but for the creation of the bank.

If we want to pull in big investors, pension funds and private developments that otherwise would not come, we need to create incentives that allow them to do that. When the bank can put competitive financing terms on the table, often for projects that could not get financing through conventional means, then we can actually see projects go ahead that otherwise would not have come to fruition in Canada.

Ms. Annie Koutrakis: Do you have any examples, Minister, that you could speak to?

Hon. Sean Fraser: Yes, there are a number of projects.

I'd suggest that if you want technical explanations of individual projects, we're going to have the department stick around for the second half. They can really dig in as granularly as you'd like.

The kinds of projects that are starting to go ahead now include water and waste water, which we've discussed as having the potential to unlock housing. They also include small modular reactors, which could be part of the solution to generate non-emitting energy that's going to help power the Canadian economy and potentially create export opportunities down the road. The technology is not here today on a commercial basis, but making these big investments could actually create the opportunity to develop an industry that doesn't exist at scale.

The electrification of transit is a tremendous opportunity. We have connectivity, with a major fibre project in Manitoba that is going ahead. We have energy retrofits, as was discussed earlier. There's potential for the bank to deal with projects that improve energy transmission across provincial boundaries in my region of Canada, with projects like the Atlantic Loop or components of it.

There's no shortage of these kinds of projects. I actually would value the perspective of committee members as to what other kinds of projects we might be able to use the bank to fund, including those, for example, that might unlock a potential for more housing to grow the impact of the measures that Mr. Seeback has drawn attention to during his line of questioning.

Ms. Annie Koutrakis: Do I have one minute left?

The Chair: Yes, you have one minute left.

Ms. Annie Koutrakis: Thank you.

In your opening remarks, and throughout your testimony, you've touched upon public transit. I'd like to know, in your opinion, what role you see the federal government playing when it comes to public transit, keeping in mind that there is always a jurisdictional challenge when it comes to public transit.

Hon. Sean Fraser: Communities are going to know their priorities best when it comes to what kind of transit system they need. Local governments are very good at understanding where the bus station goes, what kind of mode of transportation people need and the appropriate place for an active transportation lane to allow people to move through their community in a sustainable way that promotes healthy living as well.

The role of the federal government is not going to be to go in and start dictating where projects go; it's going to be to fund good ideas. If we actually come up with programs that communities can apply to and we can partner with provincial governments to leverage additional investments, we can grow the overall ability of people to move throughout their communities, which will help promote healthy, livable communities.

The short answer to your question is that the role of the federal government is to fund good projects. My sense is that on an individual level, as local representatives, we can work to understand what kinds of projects will work for our communities, but as a government we should fund good projects when it comes to transit.

• (2015)

The Chair: Thank you very much, Minister.

Thank you, Ms. Koutrakis.

[*Translation*]

Mr. Barsalou-Duval, you have the floor. You have two and a half minutes.

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

Minister, I had the opportunity to ask your predecessors, Ms. McKenna and Mr. LeBlanc, about a fund that might have helped a riding such as mine, which was planning a bicycle path to link the Boucherville islands on Montreal's south shore. We could have used the Active Transportation Fund for that project, which was so important to the City of Boucherville. Just recently, however, I looked into the funding allocated under the Active Transportation Fund and discovered that, with a budget of \$400 million, 453 projects received federal funding. Quebec received \$1.7 million. That is just \$1.7 million out of \$400 million, roughly 0.4% of the total.

Can you explain why Quebec received so little under the Active Transportation Fund?

[*English*]

Hon. Sean Fraser: Thanks for the question.

I know it was an extremely competitive fund, but I'm going to have to dig into the details just to make sure I have the numbers correct. The fund took applications on a competitive basis and made different kinds of awards. Until you phrased it in your question, I was not aware of the particular percentage. If you'd like to send a follow-up question, I would happily offer a more fulsome response.

Perhaps I could signal to officials in the room that we could provide clarity during the second half of the meeting. I think that would be appropriate.

[*Translation*]

Mr. Xavier Barsalou-Duval: I have to say that I find it absolutely scandalous that we received just \$1.7 million out of \$400 million. On numerous occasions, I asked your predecessors whether a portion was set aside for Quebec since there was no agreement with Quebec for the awarding of that funding.

Your predecessors never gave me an answer on that. Even when the deadline was reached for funding applications, there was still no agreement with Quebec. Yet it looks as though you decided to award funding to the other provinces and leave Quebec out. As a result, we did not receive our share. This is unfortunate.

I hope I have misunderstood and that you will tell me that in the end there is some money hidden away for Quebec. If not, this is just scandalous, sir.

The Chair: Unfortunately, we have run out of time for an answer.

Thank you, Mr. Barsalou-Duval.

[*English*]

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have two and a half minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thanks, Mr. Chair.

I'd love to fit in two questions in my 2.5 minutes, so I'll go as quickly as I can.

I'd love your thoughts on how your government plans to address the issue of construction cost escalations for projects that see a long time period between application and award.

Hon. Sean Fraser: The way we typically do our funding envelopes is that we can sometimes be flexible on a project-by-project basis with the proponent, but we typically have a ceiling, given the spending authorities Parliament gives us. To the extent that a jurisdiction would request specific changes to a project we make a funding award to, that would eat away at their ability to fund other projects. We don't have the ability, without Parliament authorizing additional spending, to simply say yes to every project that has experienced cost increases, as is happening across Canada right now.

There are some projects we are working through to try to make adjustments where possible, but there is an impact given that there is no increase in the ceiling of the fund.

Mr. Taylor Bachrach: Thank you.

The City of Terrace has applied to the housing accelerator fund to enable the construction of 180 units of housing. On a national scale, that might not seem like a huge number, but for a community of 12,000 people, that's a significant impact on the housing issue in that community.

At a population of 12,000, they fall just over the threshold between the small, rural community stream and the large, urban community stream, so that puts them in the same funding stream as the city of Vancouver, the city of Winnipeg and the city of Toronto. They're concerned that smaller communities in that larger stream are going to be left out. I am wondering what approach your government is going to take to ensure equity between difference sizes of communities within that very large range of community sizes.

Hon. Sean Fraser: This question is everything to me. As a local MP, I live in a community that has just shy of 10,000 people. I represent other communities that have just over 10,000 people, depending on how you define "community". I want to personally engage, to the extent that I can, to find the best applications that are going to build the most homes and provide the greatest value for money. Communities that are just over the threshold that puts them in a new category will still be eligible and will be given full consideration.

There are some very large cities that have been identified as growth leaders, which we are going to be addressing first. Some of them have been announced already. However, those that are not among the growth leaders, which have been experiencing significant population gains in recent years, but still have a population

large enough that they fall into the stream you mentioned will absolutely be eligible and will be given fair consideration.

My constituents would not forgive me if the case were otherwise.

● (2020)

The Chair: Thank you, Minister.

Thank you, Mr. Bachrach.

Next we have Dr. Lewis.

Dr. Lewis, the floor is yours once again. You have five minutes.

Ms. Leslyn Lewis: Minister, the Canadian Home Builders' Association appeared at this committee recently for a study on adapting infrastructure and resilient infrastructure. Several witnesses called for the affordability principle to be a core principle in the national building code.

Your government proposes some changes to the national building code under its emissions reduction plan that have been criticized by home builders as potentially increasing the cost of housing by an average of 8%.

Minister, I'm assuming that your department has done its analysis of the proposed regulations. Can you guarantee Canadians today that the emissions reduction plan won't raise the cost of housing for them?

Hon. Sean Fraser: One thing that I think is fair to acknowledge is that it's cheaper to build a home that will result in more pollution. It's also cheaper to build a home that's dangerous to live in. There are certain minimum standards that I think we need to insist upon if we're dealing with modern buildings.

I can't live with myself if I am going to adopt policies that are going to result predictably in greater risks of the consequences of climate change impacting my community. If we can ensure, when we advance programs that are going to build new homes, that we're building homes that won't make the climate crisis worse and won't endanger families, for example, by ensuring that we have a building code that is up to snuff, then I think it's incumbent upon all of us to do the responsible thing and build homes at a scale that will help achieve the supply to fill the gap but also protect us against the consequences of climate change.

Ms. Leslyn Lewis: Minister, that is a fair answer, that it will cost more to build these types of homes. That's what this regulation, the emissions reduction plan, will essentially do, so the conclusion of the Home Builders' Association was not incorrect, based on your evidence.

I'm going to move on.

In June, your department tabled a five-year review of the CIB, as required by legislation. Your ministry's five-year review of the \$35-billion Infrastructure Bank read essentially like a brochure, a pat on the back for what many people have said is a failed bank.

I submitted an Order Paper question on this review, and I received this document, which was full of blanks, no answers, just completely blank columns.

I asked your department through the Order Paper question for information specific to the submissions that stakeholders made. As I said, I got back 40 pages of just blank, empty columns. I find this lack of transparency very astounding, Minister. I am seeking from you today a commitment that, moving forward, there will be a spirit of transparency in providing this committee with the specific submissions made by the stakeholders that informed your review of the Canada Infrastructure Bank.

Can I get that commitment today, Minister?

Hon. Sean Fraser: I want to approach all things in the spirit of transparency. To the extent I can bring that spirit to the operations of the bank, I would like to.

Just as a further offer, if you want to dig in, we will have officials here during the second half of this meeting who know the bank inside and out. It's hard to comment specifically on the document. I'm not sure which document you're referring to or why there may have been blanks. Whether they were zero values or redactions, I'm not sure. But to the extent we can approach this with the spirit of transparency, I think that's good for all of us.

Ms. Leslyn Lewis: How many minutes do I have?

The Chair: You have one minute and 20 seconds, Dr. Lewis.

Ms. Leslyn Lewis: Minister, I know that Canada Infrastructure Bank projects have been discontinued, yet they did not appear at all in the review. May I understand why you omitted certain projects from that review?

Hon. Sean Fraser: I'm not sure about the specific projects that would have been omitted from the review.

• (2025)

Ms. Leslyn Lewis: There is the Fortis project, for example.

Hon. Sean Fraser: I don't have the information front of mind for every project that would have crossed the bank's desk. If you want to send a follow-up, I'll do my best to give you a fulsome answer subsequent to today's meeting, or feel free to ask the officials who will be joining for the second half as well.

Ms. Leslyn Lewis: I will do that.

The Chair: You have 30 seconds, Dr. Lewis.

Ms. Leslyn Lewis: Minister, with respect to the question that my colleague asked you regarding why your government is just now proposing policies that will deal with the housing crisis when you have been in government for eight years, why is it that these policies are just coming out now?

The Chair: Give a 15-second response, please, Minister.

Hon. Sean Fraser: We started in 2017 with the national housing strategy. It was uniquely focused on low-income housing that was operating primarily outside of the market. We've had a renewed focus because we've seen the landscape change, and more middle-class families need homes as well at a rate that perhaps wasn't as prevalent in 2015 when we formed government.

I'm happy to elaborate in a subsequent answer.

The Chair: Thank you very much, Minister.

Thank you, Dr. Lewis.

Next, we have Ms. Murray.

Ms. Murray, the floor is yours. You have five minutes.

Hon. Joyce Murray (Vancouver Quadra, Lib.): Thank you very much.

I will be sharing the last minute with MP Morrice.

Congratulations on your new assignment, Minister Fraser.

I'm going to be talking about the part in your mandate that mentions investments in green infrastructure. The context I want to put on the table is that we have an urgent imperative to reduce our greenhouse gas emissions in Canada. We have strong targets that we share with the international community. We've been making progress, but we are going to have to find more things to do because some of the low-hanging fruit gets picked in the beginning.

I see buildings, housing and infrastructure, and the embedded carbon as an area that hasn't really been explored to the same degree as, say, energy management—

Ms. Leslyn Lewis: I have a point of order.

I heard the member talk about a mandate and we haven't received a mandate letter yet. Does she have a mandate letter in her possession that we don't have? I'd like to be on the same page. I heard her speak about a mandate.

Hon. Joyce Murray: I have the mandates of the previous minister for housing and the previous minister for infrastructure, so I'm looking at the areas that are appropriate. If I called it his mandate incorrectly, I apologize for that, but that has been in the mandate of the government up until now.

Ms. Leslyn Lewis: Okay, thank you. I accept that. I just heard "in your mandate", so I thought I was missing something not having that mandate letter.

Thank you for the clarification.

The Chair: Thank you, Dr. Lewis.

Ms. Murray, I stopped your time, so you still have four minutes and two seconds left.

Hon. Joyce Murray: Okay, thank you.

On the built form and embedded carbon, we will need as a country to account for our infrastructure and how we have reduced the carbon footprint of infrastructure compared with a previous date. That would be part of the calculation.

We are also aware that building with wood—in other words, mass timber construction—is becoming a solution. It's not so much a solution, but it does replace carbon-intensive steel and concrete. It is also fast to build, compared with previous construction techniques.

I'm interested in your thoughts on how we can advance mass timber construction through your portfolio.

Hon. Sean Fraser: Thank you for this. I absolutely loved the question.

It's incumbent upon all of us, I think, to do everything we can to get creative and fight the climate crisis. One of the things we can do is find technologies or products that have been around for a very long time and can sequester carbon. Wood construction is actually one way we can do this. In my view, it provides an opportunity not only to use cleaner building materials but also to sequester carbon in the final product.

The other piece that is really exciting about this question is that we have an opportunity to fundamentally change how homes get built in this country. We do not build cars today the way we did a hundred years ago. We do not build anything today the way we did a hundred years ago, unless you're talking about houses. If we are going to solve the housing crisis, we need to build more homes and factories, embrace mass timber and embrace 3-D printing technologies that are emerging to figure out how we can build far more quickly.

If we actually scale up by innovating the way we build homes, including mass timber, we can do the right thing to fight climate change, and we can also build way more homes way more quickly. It's something I want to pursue vigorously, because if we don't, there is no path forward that will allow us to build the 3.5 million additional homes we need to solve Canada's supply gap that exists today.

● (2030)

Hon. Joyce Murray: Thank you for being up to speed on that.

I'm a big champion of mass timber, because UBC, in my riding, built Brock Commons, which is a residence that's 18 storeys high. It is a hybrid mass timber construction. I am told that it took three months from when the hole was dug in the ground to when the students were moving into the residence. It is more efficient. It's cheaper. It's greener, and it's actually better for the forest industry as well, because it utilizes wood that might otherwise be waste.

Another question I have in terms of building—

The Chair: I'm sorry, Ms. Murray. I have to make sure that we provide that one minute to Mr. Morrice.

Hon. Joyce Murray: Okay. Am I at my five-minute mark?

The Chair: Yes, you are.

Hon. Joyce Murray: Oh my goodness.

We'll talk later.

Hon. Sean Fraser: It works. It's good for the environment. It's fast, and we should do more.

The Chair: Thank you, Ms. Murray.

Thank you, Minister.

Mr. Morrice, I turn the floor over to you. You have one minute for your question, sir.

Mr. Mike Morrice (Kitchener Centre, GP): Thank you, Ms. Murray, for your kindness.

Minister, I just want to pick up on a significant concern of my community, which we spoke about earlier this week. Back in 2017, the federal government funded \$752 million to the Province of Ontario to build a two-way, all-day GO train service from Kitchener to Toronto. In the time since, though, while folks are being left behind on overcrowded buses, the Province of Ontario has yet to commit even to a timeline to complete the project.

Can you comment on your personal openness, and that of your office and/or officials, to work with my team and me to call for some accountability from the Province of Ontario on these federal funds?

Hon. Sean Fraser: Thank you very much, and thank you for the chat earlier this week.

I've done a little bit of homework on the project. This is one of many projects that seem to have been hit by COVID supply chain snags. I'll continue, and hopefully I'll make you happier by the end of my intervention.

There are a number of different programs that run into delays or challenges for different reasons. The more serious the problem with the project, the more serious the response can be from the federal government, leading up to withholding funding that was committed to a project in circumstances where there is no plan to deal with the problems that do arise. Some problems are dealt with. We work with partners to get through them.

On this particular project, I'm actually happy to make a team of our officials available to you to discuss, top to bottom, where we see the challenges and opportunities to move the project forward. I would rather not get to a place where we have to have conversations about withholding funding. I would rather get to a place where we see the thing get built, and I'll make available to you whomever you need.

Mr. Mike Morrice: I would very much appreciate that. Thank you.

Thank you, Mr. Chair.

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

That brings us to the end of the first round.

On behalf of the committee members, I want to thank you, Minister Fraser, for joining us this evening and for giving us your time.

As well, thank you, Deputy Minister Gillis.

We'll suspend for two minutes as we switch over our witnesses.

• (2030) _____ (Pause) _____

• (2035)

The Chair: I call the meeting back to order.

Colleagues, in the second hour, appearing before us once again, we have Kelly Gillis, deputy minister of infrastructure and communities. Joining Ms. Gillis will be Marco Presutti, assistant deputy minister of investment, partnerships and innovation.

Seeing as we don't have opening remarks, we will begin with a round of questioning, once again, with Dr. Lewis.

Dr. Lewis, the floor is yours. You have six minutes.

Ms. Leslyn Lewis: Thank you for coming here today.

My question is just going to be posed generally, so whoever you think is best suited to answer the question can feel free to do so.

The Canada Infrastructure Bank Act states that every five years “the designated Minister must have a review of the provisions and operation” of the act. We know that the Lake Erie connector project was cancelled. Why wasn't this project, as well as other unsuccessful CIB projects, mentioned in the legislative review?

• (2040)

Ms. Kelly Gillis (Deputy Minister, Infrastructure and Communities, Office of Infrastructure of Canada): Thank you, Mr. Chair.

For that particular project, it was the proponent that cancelled the project.

By the way, we look at the legislative review overall. It's really starting with the premise of the legislation and the mandate. It starts at a higher level than any particular project in and of itself.

We received 40 written submissions. I understand from the OPQ that you had asked for the summary of the submissions, which we didn't have, but we're happy to provide you with the actual submissions, if that's what you're asking for, so you can read what we received from the review itself and take into consideration the mandate of the bank.

Ms. Leslyn Lewis: I think it would have been important in that OPQ to have stated that you do not have a summary because you did not prepare a summary but you do have the actual submissions. What happens is that I get a blank document. The blank document suggests to me that there was no communication and that your report was not based on anything. That's somewhat misleading. I appreciate that you're going to rectify this, but I think there should have been some indication that there was additional information.

In addition to that, even though the proponent took away that project, it's still a failed project, so you could learn from your failures. You could learn from why the proponent took it away. That would have been very instructive in the report, and it was not there.

I'm curious who made that decision and why.

Ms. Kelly Gillis: Thank you, Chair, for the question.

We met with over 80 intervenors and took in a lot of information. In the report, there also are recommendations for improvement with

Canada Infrastructure Bank on how they can be more clear on what their mandate is, how to work with the bank and how they can be more transparent on their results. The bank is taking in all of those recommendations to improve how they work with stakeholders across the country.

Some of the learnings come from what has worked and what hasn't worked with proponents. I think with the Lake Erie proposal, the proponent chose not to pursue that particular transaction. The bank can take that in and see how it can continually improve its interactions to have successful projects.

Ms. Leslyn Lewis: Yes. I would have loved to see that in the report.

Ms. Kelly Gillis: Now, it does have 48 different projects that it has had financial close with. It has 32 projects under construction, so it has been able to advance in many different areas, as the minister spoke about, in the different sectors.

Ms. Leslyn Lewis: Thank you for your answer.

In budget 2023, the government announced that a new round of the smart cities challenge was coming this year. Does the new round of funding criteria take into consideration some of the concerns that Canadians are having and that I'm hearing from municipal councillors about smart cities, smart technologies and issues of privacy?

Ms. Kelly Gillis: Thank you very much, Chair, for the question.

The future of smart cities and the smart cities challenge is being taken into consideration. We always want to take into consideration, even in the first round, the different aspects of data and proper use of data by communities. Privacy and governance are very important.

As technology is evolving, certainly since the first round of the smart cities challenge, its use of data has advanced significantly. Any programs that we would put out would take that into consideration, so thank you very much for the comment.

Ms. Leslyn Lewis: In considering that, have any policies or regulations been proposed?

This is something that we're hearing over and over again in communications with municipal councillors. They want to give Canadians some assurance that their privacy will be protected with smart cities. It's something that Canadians are very concerned about.

Ms. Kelly Gillis: As we look at the policies and regulations from the Government of Canada, we follow all the regulations that are put out from the lead, whether it's from Treasury Board Secretariat... We do have the CIO for the Government of Canada. We have a chief data officer for the Government of Canada. Innovation, Science and Economic Development has also put out guidelines and best practices for use of technology. All of the best practices that we know of would be taken into consideration, and we're making sure that would be shared with municipalities.

We have also worked with Evergreen. We have asked them to work with experts to help municipalities understand privacy considerations.

Ms. Leslyn Lewis: Isn't Evergreen the company that had that failed project?

Ms. Kelly Gillis: Evergreen is a non-profit organization that works with municipalities on training and on looking at different opportunities to make sure they have practices in place within communities. It is not a company. It's a non-profit organization.

• (2045)

Ms. Leslyn Lewis: How will the first round of the smart cities challenge differ from the second round that you're proposing?

Ms. Kelly Gillis: There haven't been decisions on the exact program dynamics of the next round of the smart cities challenge. We're taking the landscape into consideration. We'll be making decisions with the government going forward.

The Chair: Thank you, Deputy Minister Gillis.

Thank you, Dr. Lewis.

Next we have Mr. Rogers.

The floor is yours, sir. You have six minutes.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Mr. Chair.

I was fortunate enough to be in Gander today doing a major announcement on behalf of Minister Fraser. It's an affordable housing project that was done in partnership with the province and the Town of Gander, the municipality. It was a great day and an exciting project for that particular municipality.

From that, I want to ask a couple of questions. First of all, can you elaborate more on our government's ambitious plans to support building homes quickly? Either one of you can speak on this.

Ms. Kelly Gillis: The minister spoke about moving forward in working in partnership with other orders of government, looking at all of the federal levers and putting them in place as being very important to the government. Working from Infrastructure Canada to bring infrastructure and housing together is one of those ways, as we look at communities and the importance of bringing into consideration the necessary infrastructure investments that are required to be able to densify and augment the housing needs within communities.

Then it's about working very much in partnership with the Canada Mortgage and Housing Corporation and a number of the programs that they have in place right now, such as the rapid housing initiative, the rental construction financing initiative, and the co-investment fund. There are a number of programs that exist now.

It's about looking at what more is required as we look at the challenges ahead, very much in partnership with our provinces, territories and municipalities, as well as the private sector.

There is a lot of work to do, but we have put different programs in place, like the GST rebate that just happened or increasing the financing capabilities of the CMHC by raising the Canada mort-

gage bonds. We're looking at what more we can do immediately to make a difference.

Mr. Churence Rogers: Thank you.

I'm looking at it from a municipal perspective, as a former mayor. How important are municipal governments going to be in our efforts to generate more housing in terms of initiating projects or advancing projects with the province and the federal government?

Ms. Kelly Gillis: Municipalities are critical. They're at the front line. Housing and infrastructure are very local. Working in partnership with all three orders of government is going to be critical.

The program I should have mentioned as well is the housing accelerator fund. Those are agreements directly with municipalities, giving them funding to change and address barriers at the municipal level to be able to expedite and accelerate the building of homes in their own communities. It's very much tailored to the issues within that municipality that need to be addressed for them to be able to make a difference within their communities.

Municipalities would be very important in other programs as well, including the project that you just announced today.

Mr. Churence Rogers: Just to follow up on that, communities, as you said, are on the front lines when it comes to the impact of these projects and funding programs, but also the impact of climate change. In particular, in my riding, many of the communities are coastal. They depend on the water for jobs, food and infrastructure.

What can you tell us about the action the federal government is taking to help increase the climate resiliency of communities across the country?

Ms. Kelly Gillis: When we look at the work that we've been doing on resiliency, we see that it's been quite expensive. It's not just about the really important investments in the capital infrastructure to make the actual infrastructure more resilient, but also about how we build. We've invested \$120 million in working with the National Research Council and the Standards Council to develop new standards and guides to help people build for the weather that we're facing now and into the future. We are taking that into consideration, as well as supporting asset management and taking into consideration climate change with asset management so communities have better knowledge and tools to enable them to be the custodians of the infrastructure they have with the weather and the severity that they're facing, to ensure that they have the integrity within the infrastructure.

As well, we have a disaster mitigation and adaptation program that has just closed, which is about \$1 billion. We'll be making more capital investments both in the built environment and in the natural infrastructure in the near term.

• (2050)

Mr. Churence Rogers: When it comes to disaster mitigation, many of the communities in my riding have been experiencing coastal erosion and major problems. Recently I was fortunate to have four projects approved in my riding to do things like coastal work with armour stone and that kind of thing. It's really valuable and important for these communities.

In the future, are we going to continue to fund that or expand that kind of program?

Ms. Kelly Gillis: As I mentioned, we are just doing a final round with the funding of almost a billion dollars. We have, in coastal erosion, invested in 11 projects for \$252 million. It has been a significant investment to mitigate against that particular threat to our communities.

Floods have certainly been the largest threat we've been investing to mitigate, about two-thirds or \$1.7 billion, because we've had a number of projects that have already been approved, but right now we've just closed an application, and we'll be making decisions over the coming months on further investments.

The Chair: Thank you very much, Deputy Minister Gillis.

Thank you, Mr. Rogers.

[*Translation*]

Mr. Barsalou-Duval, you now have the floor for six minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

Welcome once again, Ms. Gillis. I don't know how long you have been with the department, but it seems you are part of the furniture. So you will certainly be able to answer our questions today.

I would also like to ask you something that I did not have the chance to ask the minister earlier. I am referring to the impact of inflation on budgets, particularly municipalities' budgets. A number of them have called to say they have a problem: they issued a call for tenders to build a new sports centre, for example, but in the end the sports centre will cost twice what they budgeted. They have appealed to Quebec to increase the funding it provides. Quebec says it will. They have also tried to find out if the federal government can increase its financial participation. In the end, however, the municipalities are not receiving additional funding so the projects cannot be completed.

Is the government aware of this problem? Do you anticipate reviewing your policies so the projects can be completed? Inflation has unfortunately led to cost overruns. Everything costs more. Since everyone is paying more, so should the federal government.

Ms. Kelly Gillis: Thank you for the question.

We evaluate projects and cost increases on a case-by-case basis. We look at the scope of the project, and determine whether we can work with the community or the province to see what options are available to us. As to future programs, we have to consider unforeseen events to ensure that we take potential cost changes into account.

We work on a case-by-case basis to assess the options, and we work with Quebec. Sometimes we find solutions, but sometimes

there are fewer options. It really depends how far along in the construction process the project is.

Mr. Xavier Barsalou-Duval: Thank you for your answer.

My next question pertains to the fund. We talked about the importance of adapting to climate change, which I consider very important. Yet the witnesses who have appeared before the committee all told us the same thing, that there is not enough money.

Earlier you said that no more applications will be accepted under the fund. What can we tell municipalities who say they need funding to adapt to climate change?

• (2055)

Ms. Kelly Gillis: Thank you for the question.

The call for projects for the Disaster Mitigation and Adaptation Fund has just closed; we received the last applications a few months ago.

First, we will soon be able to invest more in infrastructure adaptation. Further, we will look at the shape of future programs once we have made our decisions for this fund. At the same time, we are investing in codes, standards and tools to help communities better understand how to plan in order to make their infrastructure more resilient.

Mr. Xavier Barsalou-Duval: Thank you.

My next question pertains to the Canada Infrastructure Bank, or CIB.

Among the solutions mentioned to enable the CIB to meet community needs, we could include provinces and municipalities at the decision-making table. Can you tell us whether such a consultation process exists?

For instance, when the CIB decides to invest in a project in Quebec, is there a process requiring it to confer with Quebec? Even though these are federal investments in infrastructure, it is very likely that the project will fall partially if not entirely under Quebec's jurisdiction.

Ms. Kelly Gillis: The CIB's board of directors selects the projects it invests in.

As to the communication process and discussions with the various orders of government, the CIB has many discussions, depending on the project, but not with the federal government. Those discussions are within the CIB itself, so it can make the decisions it considers appropriate for the government of Quebec or communities in Quebec.

I know it has invested in various projects in Quebec and has had discussions with the Quebec government.

Mr. Xavier Barsalou-Duval: So, if I understand correctly, the CIB often has its own discussions with the Quebec government, but there is no directive or requirement from Infrastructure Canada, for instance, for the CIB to do so every time.

[English]

The Chair: Give a 15-second response, please.

[Translation]

Ms. Kelly Gillis: No, the CIB determines its own process.

The Chair: Thank you, Mr. Barsalou-Duval.

[English]

Next we have Ms. Zarrillo.

Ms. Zarrillo, the floor is yours. You have six minutes.

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you so much.

Thank you so much for being here today.

This committee has recently gone through a study on adapting infrastructure to face climate change. From the witness testimony, we heard overwhelmingly that an ounce of prevention is worth a pound of cure.

When I think about the infrastructure deficit in communities across Canada, which the minister mentioned today, it's insurmountable at this point. With the growing impacts of climate change, I'm wondering what Infrastructure Canada is planning to do differently to address this growing deficit.

Ms. Kelly Gillis: As we look at resilience and adaptation, it is a really important area of opportunity for the country and investment need, but as I was explaining a minute ago, not just the capital investment at the end but also what we like to explain as a value chain, doing research. We have our research program to understand what we need to know from the changes in wind, for heat and for green canopies. How do we know that those things are going to make a difference? How do we change that in the way we build? We're investing with the National Research Council and the Standards Council in bringing different codes, standards and knowledge into application for communities and for the construction industry.

We're also working with tools to be able to provide to communities to take.... There's a lot of information out there, but how do you practically put that into use? To be able to know, if I live in this community in this part of Canada, that this is the forecast of change of weather that I'm going to be facing and that these are the types of infrastructure investments and codes that I should be thinking about for my infrastructure...and then also supporting asset management and being able to take that into being good custodians. Then finally, downstream, it's taking that knowledge into consideration and making the right investments for the long term.

That's how we're looking at infrastructure and doing it differently for the future.

• (2100)

Ms. Bonita Zarrillo: In regard to the knowledge, we know that there is indigenous knowledge. We know that there are NGOs on the ground. We know that Public Works has all kinds of information. How is that information getting funnelled up to Infrastructure Canada? I can think of a number of NGOs that are doing the work on the ground and aren't getting federal support.

Ms. Kelly Gillis: As we look at providing more online tools—and this is part of the national adaptation strategy—we aren't looking to do it ourselves. We are looking at doing it through a consortium, and we are working with a consortium of NGOs, because they do have expertise on the ground. It can't all be done by federal public servants. As part of this and the online tools we provide to clients, it's for them to be able to access the knowledge that they have...and then be readily available to help them understand the different investments they have to make for their communities.

I agree 100% with you. There are a lot of really good NGOs out there that have fantastic knowledge, and it needs to be shared and then used by communities. We're working with that objective in mind.

Ms. Bonita Zarrillo: That would be great. I'd love to see you come out to B.C. and look at some of the work we're doing in the watersheds and on watershed resiliency.

I'm going to pivot right now to the Infrastructure Bank because I was disappointed to see that a REIT was funded through the Infrastructure Bank. I'm not sure if that funding came to be, but I do note that the mandate for the Canada Infrastructure Bank talks about how they have to be decarbonized and any savings need to go down to tenants—they even call out tenants in that.

Can you let me know the decision behind funding REITs for retrofits and if any savings are flowing down to tenants?

Ms. Kelly Gillis: The Canada Infrastructure Bank does have a mandate on the built environment to reduce GHGs and to support retrofits and deep retrofits. It is their decision afterwards to determine what types of buildings can get good reductions in GHGs.

That particular program or investment would have been about reduced GHGs. We'd have to get more details on that particular investment from the Canada Infrastructure Bank.

Ms. Bonita Zarrillo: I'd like to request that, then, because the response I received to my Order Paper question said, "Ultimately, savings from energy savings, efficiencies and operating cost savings are passed on to building owners and tenants."

I just want to know how you're tracking that and what happened with that one.

How much time do I have, Mr. Chair?

The Chair: You have one minute and 30 seconds left.

Ms. Bonita Zarrillo: I'm going to pivot to transit right now because Infrastructure Canada itself funded part of a study around the gender lens in relation to public transit. We know, out of that study and even from other studies, that in public transit, women and persons with disabilities are disproportionately affected by lack of transit. At the same time, women use public transit at different times and more often.

I wonder if you could share, when we talk about inclusive Canada, what's happening with persons with disabilities. You probably know that in B.C. right now, in the metro Vancouver area, there aren't enough operating funds to offer the HandyDART anymore. It's become quite difficult for persons with disabilities. They are being asked to take a taxi, where someone maybe doesn't have the skills or even the continuity to work with a person.

Could you just let me know, on the gender lens as well as on the disability lens, what is happening on public transit?

The Chair: You have 30 seconds, please, Ms. Gillis.

Ms. Kelly Gillis: Public transit is a really important investment. We do know it's really important for vulnerable populations. We do use the Statistics Canada multiple deprivation index as we look at where transit is going to be served, to make sure that we understand the different districts. Then, within this particular ministry as we look to the future, bringing in housing as an integrated approach to make sure that we're not displacing those who need the transit is a really new opportunity.

The Chair: Thank you very much, Deputy Minister Gillis.

Thank you, Ms. Zarrillo.

Next we have Mr. Muys.

The floor is yours. You have five minutes.

• (2105)

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Thank you, Chair.

Thank you to both of you for being back at committee. I'm not going to say that you're part of the furniture, although I've been on this committee for a couple of years and I know you've been here a few times.

In my area of the world—in the greater Toronto-Hamilton area and indeed in the greater Golden Horseshoe—gridlock is a daily challenge for many of my constituents and for many people. I know that under the previous government, in the great recession there were a number of investments in transportation and highway infrastructure. I can think of one in my community—Highway 403—where the federal government was the senior funding partner. I know there are multiple levels of jurisdiction in the province. In the particular project I'm thinking about, two-thirds were from the feds and a third was from the province.

What currently exists in terms of transportation infrastructure and highway infrastructure funding programs within Infrastructure Canada? Is there a move away from that? How does that compare to the past?

Ms. Kelly Gillis: In Infrastructure Canada, our mode of investment in urban centres is public transit. We did have the new building Canada fund and the building Canada fund, which did fund roads and bridges in urban centres, but at this point in time, that would be mainly through the national trade corridors fund at Transport Canada.

Within an urban environment, really we are looking for a mode shift to go to public transit, which are the investments we are making for congestion in urban centres.

Mr. Dan Muys: Is that a political direction or is that the decision of Infrastructure Canada?

We're talking about the fourth-largest city on the continent. There used to be a joke that Toronto was an hour away from Toronto. Now Toronto is two hours away from Toronto, or worse.

The minister spoke about moving goods and supply chains. If I read the previous mandate letters, obviously I could infer from those that it is a priority.

Ms. Kelly Gillis: There is one program—the Canada community-building fund—that communities can use to determine how to fund roads and bridges within their communities; it's their decision. That's the \$2.4 billion that is transferred statutorily annually to communities. Since 2015, when our new programming came into being, we separated so that Transport Canada funds infrastructure that deals with mainly the movement of goods, and we fund mainly the commuting of people.

Mr. Dan Muys: The \$2.4 billion, which is not a large—

Ms. Kelly Gillis: The \$2.4 billion is the Canada community-building fund.

Mr. Dan Muys: Switching gears, then, when the previous minister was at committee, we asked him about performance bonuses for the CIB executives. I know the CIB isn't directly under you, although the current minister did say that if we had questions about the CIB, you guys would be here to answer those questions. Have the performance metrics changed, or how have they evolved in the past year in terms of how those executives are being compensated and how that aligns with their objectives?

Ms. Kelly Gillis: The performance metrics are set by the CIB through its annual corporate plan, which is reviewed and put before Treasury Board Secretariat, and then tabled in Parliament. That's how their performance metrics are set on an annual basis—looking at the context and the direction they have been given in the target areas of investment—and then they make their independent project investment decisions.

Mr. Dan Muys: The last we heard, there were no projects completed yet by the CIB. Is that still the case?

Ms. Kelly Gillis: They have projects in use right now. The REM is in use. They also have some zero-emission buses they have supported the financing of that are in use, and they have 32 projects that are under construction right now.

Mr. Dan Muys: There are 34 projects, but two are—

Ms. Kelly Gillis: There are 32 projects that are in construction—

Mr. Dan Muys: And two that are—

Ms. Kelly Gillis: The Réseau express métropolitain is in use, and then some zero-emission buses they have helped finance are in use in the community.

Mr. Dan Muys: Seven years later, there are two projects. Do you find that to be an acceptable rate of progress?

Ms. Kelly Gillis: As the committee knows, infrastructure—especially when you're looking at large infrastructure—takes time to actually design, build and construct and to be in use. As we look at it from the financial close to when they're doing it, I think they're making great progress in investing in infrastructure that we need as a country.

• (2110)

The Chair: Thank you very much, Deputy Minister Gillis.

Thank you very much, Mr. Muys.

Next, we have Mr. Badawey.

Mr. Badawey, the floor is yours. You have five minutes.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chairman.

As an extension of the design, the build and the process, before that is getting the capacity in place, like the infrastructure to support the capacity that the project is going to need. That is what I want to talk about. Quite frankly, I appreciate the discussion, because it is an extension of the discussion we're having during the “Adapting Infrastructure to Face Climate Change” report we're just completing. Of course, we talked a lot about this, and I'm hoping the committee—in particular, some members of the committee—understands exactly what we are talking about when it comes to capacity, asset management, and of course, secondary planning as part of communities. That's what I want to talk about.

Quite frankly, one of the reasons I ran in 2015 to be up here, versus my former life as a mayor, was to expand the ability of the federal government to be more of a partner than it was previous to 2015. Because of the infrastructure deficits, it's important that this secondary planning be in place, which municipalities take on, to then enable success when they're entering into housing projects and asset management—everything we've been discussing today.

More specifically, I want to get a bit more granular on the capacity vis-à-vis infrastructure: water, waste water, roads, gutters, sidewalks, parks, and even the things you don't see that cost money with growth-related costs like policing, fire, EMS, public health, community services, and things of that nature. It's key, because it's bigger than the country when it comes to the cost, to leverage those funds with programs like the CIB, the accelerator, disaster mitigation and GST. Equally important, if not most important, is the Canada community-building fund, which I want to get to in a sec-

ond. Otherwise, basically, the impacts of the finances you need to make all that happen, if you don't leverage those funds with federal, provincial, municipal and private sectors, default on the property taxpayer and the capital fixed charge on the water bills. The bottom line is that it defaults on taxpayers.

I would like you to talk about how important it is that we actually be a partner in that process. Second, speak about the ability municipalities have through the Canada community-building fund to accelerate a lot of this infrastructure work simply because they're able to get an annual—the key word here is “annual”—contribution from the Canada community-building fund that accelerates due to debenturing. Instead of pay-as-you-go, they can take on a \$30-million debenture, accelerate that infrastructure fund, accelerate the housing and everything else that has to be accelerated with respect to the capacity and the capital work, and then pay for that debenture over time with the Canada community-building fund.

Ms. Kelly Gillis: When we look at the infrastructure we have in the country—and we have over a trillion dollars of assets—we see that the majority of it, 71%, is in public infrastructure. Our ability to be good custodians requires good planning. We need to have asset managers who understand the infrastructure that they have, the state it's in, and the state of the environment that it's living in now and into the future.

The Canada community-building fund is a predictable, stable source of funding so that communities can actually save from one year to the next, and they can plan against.... It also supports planning, so they can actually use that to be able to do asset management plans. They can use it to understand the technology that they need in order to invest, and understand where the investments need to be made. It's a very flexible program. It has a number of different asset classes that it can invest in for the hard infrastructure, but it also supports the capacity that you're talking about, to do the thinking and the thought leadership to be able to put the plan in place so that they're making the right investments at the right time.

Going back to the integration of housing and infrastructure together, as we look at the need for housing, we have to have that core infrastructure in place to be able to support the increased number of houses, so the water infrastructure you're talking about is critical, and the minister mentioned that as well. We are hearing about that from different communities: What are the dependencies to be able to make that a realization?

The investments that we've been making—since 2015, \$79 billion in investments from this department in those types of infrastructure—are really important.

Mr. Vance Badawey: I think it's key to that, Ms. Gillis, and I thank you for that. This is the bottom line, the discussion that we're having today. If we don't have those mechanisms, those levers, in place with all these programs that we've introduced since 2015—whether it be the disaster mitigation fund, the CIB, the accelerator, the GST, and of course, lastly, the Canada community-building fund we spoke of—simply put, it ends up on the property taxpayer. When you look at your water bill at the end of the month and you see those two charges, one is your operating charge that you can control, based on what you use, but the other one is an actual capital fixed rate you can't control. If, in fact, we don't have these programs in place, when you look at that water bill, you see that that capital fixed rate just gets bigger and bigger, because of the work that has to be done. On the other side of that is your property tax bill. Both rise without these programs.

With these programs in place, it mitigates some of the challenges that the property taxpayer and the water bill payer would otherwise pay.

• (2115)

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

[Translation]

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

Ms. Gillis, as noted earlier, you have quite a bit of experience. As deputy minister, you are the main architect of activities and what happens in cabinet. You are the executive director, in a sense. The minister is not necessarily directly involved in the operations and the way things work, but you are. I bring this up because someone mentioned the mandate letters earlier.

Have you ever received such a letter from the Prime Minister?

Ms. Kelly Gillis: Thank you for the question.

No, ministerial mandate letters from the Prime Minister's Office go directly to the minister. I don't see them until after that.

Mr. Xavier Barsalou-Duval: I am trying to understand how a country can be governed with mandate letters that date back to 2021.

As I recall, we were still in the midst of the pandemic in 2021 and inflation wasn't rampant as it is now. Objectively, I think a lot has changed since 2021.

As I understand it, without a mandate letter from 2023, you are still following the one from 2021.

Is that correct?

Ms. Kelly Gillis: We are continuing to work with the programs we have, such as the Disaster Mitigation and Adaptation Fund. For the whole country, with regard to housing needs, for instance, we are continuing to work on the government's priorities.

Mr. Xavier Barsalou-Duval: Okay.

So you are continuing to work on what was already in progress. So I gather there is no new direction. Even though there was a cabinet shuffle, there is really no direction.

I have one last question for you, regarding the Canada Communities Building Fund, which is coming to an end on December 31.

What will happen to municipalities in Quebec on January 1, 2024? What will they do if they need funding for their projects?

[English]

The Chair: Excuse me, Mr. Barsalou-Duval.

Just quickly, before you answer that, Deputy Minister Gillis, I want to make sure the translation is working correctly for everybody.

Is it working for everybody?

Okay. The floor is yours, Ms. Gillis.

[Translation]

Ms. Kelly Gillis: I want to thank the member for his question.

The program will end on March 31, 2024, not December 31, 2023. We are engaged in many discussions with all the provinces and territories. That started a year ago and I expect the necessary agreements will be in place before March 31, 2024.

The Chair: Thank you very much.

Thank you, Mr. Barsalou-Duval.

[English]

Next we have Ms. Zarrillo.

The floor is yours for two and a half minutes.

Ms. Bonita Zarrillo: Thank you, Mr. Chair.

I wanted to revisit that knowledge base and just having those voices at the table, and some of the work you're doing around the planning and asset management that you spoke about. I want to talk about the Canadian Public Works Association.

The Canadian Public Works Association has come to see me multiple times, saying that they would like to have a seat at the table to talk about what's happening with their workers on the ground. We also have mayors around that advocacy table who talk about the fact that they can't even do asset planning because they don't have computers to do it. They don't have the software and they're not funded for that through Infrastructure Canada.

I think there's a lot of good knowledge there. Could I ask Infrastructure Canada to please have a meeting with the Canadian Public Works Association and include them in some of these discussions and planning? It's early days, and they deal with the aftermath of climate change all the time.

Ms. Kelly Gillis: I would be happy to meet with them.

Ms. Bonita Zarrillo: That would be awesome. Thank you so much.

Also, you mentioned the planning, and I know that first nation communities have a very difficult time planning because their funding comes year by year. It's very hard for them to plan out. Is there any change planned for first nation communities to give them longer planning windows so they can actually plan for the infrastructure that's needed?

• (2120)

Ms. Kelly Gillis: For Infrastructure Canada, we work closely with Indigenous Services Canada, who are the primary infrastructure funders for first nation communities, and they are changing the framework to be able to work with first nation communities, for them to have longer lead times and autonomy over the types of infrastructure they're investing in for their communities.

Ms. Bonita Zarrillo: That's great. Thank you.

I'll close with this. The minister mentioned the word "social", which did come up in his presentation today, and you've mentioned it a couple of times. I'm just going to say, for the Bloc member who raised it today.... How can the mandate still be the same? I think there is more focus on social infrastructure and why it matters to build community social safety nets.

Is there a way for the ministry to advise the minister on making changes to the mandates that are given to you? Are you able to see things happening in the data and say, "Send that up to the minister himself"?

The Chair: We'll have a 10-second response, please, Ms. Gillis.

Ms. Kelly Gillis: Yes.

Ms. Bonita Zarrillo: Thank you.

The Chair: Thanks to both of you.

Finally, we have Mr. Seeback.

The floor is yours, Mr. Seeback. You have five minutes, sir.

Mr. Kyle Seeback: Thank you, Mr. Chair. I want to thank you for giving me nine minutes to take us right to 9:30, as I'm a new member—

Voices: Oh, oh!

Mr. Kyle Seeback: No, I'm joking.

I want to go back to the questions my colleague asked about the retrofit of the Fairmont Royal York. Obviously, the mandate for the Infrastructure Bank allows for a project like this, which is a \$17-billion equity fund getting a super-discounted interest rate for a project. This project is inside the mandate that was given by the government to the Infrastructure Bank. Is that a fair assessment?

Ms. Kelly Gillis: As I mentioned before, the Infrastructure Bank, through the growth plan, was given a mandate to do retrofits and look at the built environment to reduce GHGs and look at different types of investments to be able to allow that to happen.

Mr. Kyle Seeback: Okay.

Was there ever a policy rationale put forward within the department when they were determining this mandate that said it's a great idea that a \$17-billion property equity firm should get below prime interest rates to do a renovation that they could already afford to do

themselves? Did that policy rationale ever get looked at when they were setting the mandate for the bank?

Ms. Kelly Gillis: That wouldn't be a policy. That's an investment decision, and that's under the board of directors' accountability and stewardship, and independent of the government.

That's an investment decision for a particular project, versus a policy decision, which is looking at how we can reduce GHGs in the built environment by retrofitting buildings. We know, from both the private sector and the public sector, that we have a huge challenge in that regard and it can't all be done on the public purse, so looking at alternative financing mechanisms is a way to do that.

Mr. Kyle Seeback: But a \$17-billion hedge fund could probably afford a renovation on its own, so I'm trying to understand why the mandate the government gave to the bank was so broad as to allow highly profitable equity firms to access these low-interest loans. Is there an answer to that? There might not be.

Ms. Kelly Gillis: I've already answered the question from a policy perspective. In terms of the investment decisions themselves, what I can do is ask the Canada Infrastructure Bank to provide the clerk and the committee with a rationale for why they chose that investment.

Mr. Kyle Seeback: That would be great.

How does this particular funding project address the infrastructure deficit we have?

Ms. Kelly Gillis: As I mentioned, the built environment has significant GHGs, and from a climate perspective we do need to reduce our GHGs in the country, so we are looking at alternative financing and a way of financing that supports both private and public buildings in reducing their GHGs.

Mr. Kyle Seeback: Was there any internal department analysis on how many homes the GST rebate would build?

Ms. Kelly Gillis: The GST and tax are under the Department of Finance, but the minister mentioned the number of homes, when you were having a discussion with him, as being 200,000 to 300,000 over a decade. The analysis would be for Finance Canada because they are the department that does all of the tax changes for the federal government.

• (2125)

Mr. Kyle Seeback: What about for the housing accelerator fund? Was there internal analysis on how many houses the housing accelerator fund would produce, and, if so, would you table or produce that analysis for the committee?

Ms. Kelly Gillis: That analysis would be under the Canada Mortgage and Housing Corporation, which is the proponent for that particular program. Certainly I can ask for CMHC to provide more information on the 100,000 homes under that program.

Mr. Kyle Seeback: That would be great. Thank you very much.

Would you know why the bank is choosing to give money to a large hedge fund to retrofit a luxury hotel as opposed to investing in homes for people who have financial challenges, in order to try to reduce their carbon emissions?

Ms. Kelly Gillis: With regard to the investment decision on that particular project you mentioned, we will ask the bank for a follow-up. The bank itself does not invest in homes; it is the CMHC that invests in homes.

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

Thank you, Ms. Gillis.

We'll turn it over to Mr. Badawey for one last question.

Mr. Vance Badawey: Thank you, Mr. Chair.

I just want to give Ms. Gillis the opportunity to actually clarify a lot of the misconceptions the opposition might have in terms of the question just now with respect to housing versus investments. Earlier, we heard some confusion about some of the programs, how they operate and what their mandates are, etc. If you want to reach back and provide any clarifications, I'll give you that opportunity with my time right now.

Ms. Kelly Gillis: Thank you very much for the question.

When we look at the investments at Infrastructure Canada and the importance of those investments, as you said before, to make communities more vibrant and to make sure that the tax base of municipalities is not putting too much pressure on the bills of Canadians, our programs have been able to make a huge difference. Since 2015, there have been 79 billion dollars' worth of investments in infrastructure that makes a difference in communities every day, in terms of water, sewer, transportation, renewable energy and a number of different active transportation projects that are important for Canadians.

When we look at the infrastructure challenges and the investment needs across the country, we do need to look at different types of tools. The Canada Infrastructure Bank is another type of tool that relies not on grants and contributions but on financing, which is returned to the organization so it can make further investments.

It's good to have a range of different levers at our disposal to deal with the challenges the country has with respect to important infrastructure investments.

Mr. Vance Badawey: With that said, the Infrastructure Bank, frankly, is money that comes back. It's not money that's coming from the taxpayers; it's simply encouraging development, leveraging dollars that would otherwise not be available, and taking care of a lot of the infrastructure for housing and the other projects that apply for it to accelerate those projects.

Ms. Kelly Gillis: That's correct.

Out of the 48 projects on which they've come to a financial close, they have financing in place of almost \$10 billion, but 28 billion dollars' worth of investments are being made.

Mr. Vance Badawey: And it's up to them to actually apply for those projects; it's not up to the government.

Ms. Kelly Gillis: It's not up to the government.

Mr. Vance Badawey: Thank you, Mr. Chairman.

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

I would like to thank the deputy minister and the assistant deputy minister for their testimony this evening and for staying so late with us.

With that, this meeting is adjourned.

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