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Chair

Mr. Larry Miller

Standing Committee on Transport, Infrastructure and Communities

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• (1545)

[English]

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

Mr. Sullivan.

[Translation]

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, Mr. Chair.

I would like to introduce a motion, which reads as follows:

That the committee conduct a study on the factors contributing to the decline in passenger rail service and the future prospects of passenger rail service in Canada.

[English]

The Chair: The interpreters just informed me that they don't have a copy of that, but anyway, a notice of motion has been given.

With that, we'll have our witness, Mr. Scott Clements, from—

Ms. Olivia Chow (Trinity—Spadina, NDP): Do you want me to move the motion for the budget?

The Chair: Yes, okay. I was going to do it at the end, but I'm willing to entertain it right now.

Ms. Olivia Chow: Yes, Mr. Chair—

[Translation]

Mr. Ed Holder (London West, CPC): In French, please.

Some hon. members: Oh, oh!

[English]

The Chair: This is a housekeeping item. We need to pass this budget to pay for witnesses to come here.

Are you so moving, Ms. Chow?

Ms. Olivia Chow: Yes, I am, for the grand total of \$13,800, which is the amount—

While I have the floor, it would be great, if we could, to make sure that the picking of the witnesses, as between the government side and the opposition side, will be, as I hope it will be, balanced.

The Chair: Ms. Chow, there will be balance. You and I discussed this on Tuesday. There are many opposition witnesses invited, starting on Tuesday.

Ms. Olivia Chow: Are they coming?

The Chair: I will tell you that a number of the opposition witnesses have been asked up until now who were not available, and we had to move forward, just so that you're aware of that.

We will give them another chance to come and we are doing so.

Ms. Olivia Chow: All right.

Now that the parliamentary secretary has arrived, we are ready for the vote.

The Chair: This is just a housekeeping motion, Mr. Poilievre, on the budget for witnesses.

Is there any discussion on the motion?

(Motion agreed to)

The Chair: We shall move to our witnesses. We have Mr. Scott Clements here from the Fort McMurray port authority.

I hope I have your title right.

Mr. Scott Clements (President and Chief Executive Officer, Fort McMurray Airport Authority): It's "airport", but that's close enough.

The Chair: What did I say? Oh, port—and I knew that, as well.

My apologies. Thank you very much, Mr. Clements, and congratulations on something you're going to receive later today. We don't usually have our witnesses dressed up quite as finely as you are dressed. Welcome.

Also, Mr. Taylor has committed to being here and I'm sure he will be here shortly.

Mr. Clements, please take 10 minutes.

Mr. Scott Clements: Thank you, Chair.

I'm going to attend Canada's Aviation Hall of Fame dinner tonight. A couple of my former acquaintances and colleagues are being honoured. I'm going directly there from this occasion. That's why I'm all dressed up.

I'm from Fort McMurray, Alberta, the oil sands area. Of course, most of you have at least read quite a bit about what's going on there. Some of you have visited. The chair and I shared a jet boat on a nice summer day and saw Fort McMurray at its best, from the rivers. It's an absolutely fabulous place to visit in the summer, not so much in the winter. I'm pleased that Brian Jean is bringing so many of his colleagues to see the magnificent sites and the scope of what's going on in that region.

In fact, I was at one event, and it was termed “the largest industrial project in world history” by whoever was speaking. I wish I could remember. Anyway, whoever it was, I've been quoting him ever since and I haven't had anybody argue with me too much.

If you go onto the CAPP, the Canadian Association of Petroleum Producers, website you'll see some statistics that probably would prove the point. In 25 years, Canada's economy will benefit to the tune of \$2.1 trillion because we have the oil sands. It'll go from the 85,000 jobs that we have today in Canada, to just under a million jobs in 25 years. This, of course, assumes that we go from just under the two million barrels per day that are coming out of the oil sands, progressively through to six million barrels a day. Even at that rate, there are over 125 to 150 years of production that will continue this great wealth generation in the country.

Anyway, that's all happening but it's not happening easily. Your subject matter today is vitally important to the success of that particular region, as it obviously is to the success of Canada in general.

I've spent a lifetime, 53 years, in the transportation business, heavily oriented toward aviation. In that time, particularly over the last 20 years or so, I've talked often about the subject matter in front of us today. How do you approach things in a better way to get maximum bang for your buck when you're dealing with billions of dollars of spending? That's fundamentally what we're after. The problem is that we're challenged by jurisdictions, by modes, by the fact that we're all people with all of the failings that come with people and groups of people.

It would be simple if you could take the whole oil sands area and say that we understand what the problem is, so let's sit down with all of the stakeholders around the table, create a 40-year plan that would take advantage of technology, of assumptions that we can work together, and devise a multi-modal way, triggered by the amount of oil that's coming out in the growth curve, and come up with a plan to spend money efficiently and at the right time and in the right modes to facilitate the growth of that product with minimum cost and minimum investment.

Well, you know, the good news is that's actually happened. The Government of Alberta has spent three years coming up with a 40-year plan for the region. It's called the comprehensive regional infrastructure sustainability plan. It's doing the same thing for the other regions where the oil sands exist. They've approved it at the cabinet level. The bad news is that it's totally unfunded and there was no attempt in the study to say the industry will do this and the government will do that, and so on. So there it sits.

There is a high expectation, of course, because it is an approved plan, that it will be implemented. The pressure is on industry and the government at three levels to sit down and say, “Okay, this is a good idea. Let's get on with it”.

● (1550)

They have created a committee. It's called the Athabasca Oil Sands Area Transportation Coordinating Committee. I sit on the committee representing aviation. It is a senior enough committee. It includes three deputy ministers sitting around the table as well as all of the important people in industry and in the municipality. We've

met three times, and we're having trouble getting going because of all of the failings that I talked about earlier, not to mention the provincial budget that just came down and pretty much poured cold water on the whole plan for the next three years.

We have not given up. In particular, industry hasn't given up. It's pushing the hardest to take this plan and move it somewhere. In a second charge at the issue, which is industry-led, we are looking at ways of funding to at least identify the first seven or eight years of the \$11 billion that has been identified against the plan and to get some consensus around what the projects will be and who will play, and then we'll try to get down into how much and when.

I've always been an optimist. I think we've done the right things to get to where we are with this particular plan called CRISP, and with some leadership. Leadership is absolutely key in having this kind of macro push to do things the right way. I'm sure we're going to get it done.

The alternative is that it will happen haphazardly as it has in the past. There are 47 airports in the region of Wood Buffalo, of which at least a dozen are pretty busy. The top five actually have almost 2.5 million passengers—mainly workers—moving in and out of the region every year. That's an enormous number.

In building those airports—they were built by oil companies—they went to the province, and the jurisdiction that approves airports approved them. The problem was that it wasn't done on a systems basis. Transport Canada, the people who have to manage the airspace and oversee the safety of the region, were not sufficiently consulted. What we've ended up with is basically uncontrolled airspace in which you can't really see the aircraft, and for a while you couldn't talk to them. It's a very difficult situation for Nav Canada to manage.

As part of this transportation coordination committee—and I was the aviation lead—we asked for a study to be done over eight months with the right people who knew what they were doing, and they came up with a set of recommendations—with all of the oil company interests represented and the province and the federal government watching—that was bought into. The whole focus is to establish a group that will meet often with the right level of people to actually talk about the airspace and the plans, and to share information and cooperate and coordinate.

That particular committee has had three meetings already in only four months. There is great confidence.

● (1555)

The Chair: This is on how to make infrastructure dollars go further, so if you could—

Mr. Scott Clements: This is precisely where it's leading.

The Chair: Okay.

Mr. Scott Clements: It's at a very high level, which is where you wanted me to be. I'm way up there at about 40,000 feet.

The Chair: Okay.

Mr. Scott Clements: To make the situation safer, hundreds of millions of dollars have to be spent. They could have been spent, as I say, individually by companies going to build their own airports, and we ended up with so many.

We're going to end up with many fewer airports. We're going to end up spending on what we call the poor man's radar—a bunch of towers that can triangulate and see aircraft and that are able to make the situation much safer. By being able to see the aircraft, we're going to be able to increase the number of aircraft processing through there. Finally, we're going to be able to do all this—this is an example of what I'm talking about—with a lot less money than if we had not gotten together and agreed on a systems approach.

The same thing is going to happen with the \$11 billion that needs to be spent on the ground infrastructure to have more people living in Fort McMurray and commuting to work every day, instead of the millions who are flying in and out from all over the place.

I'm a member of the Alberta Economic Development Authority. I've been a member for nine years. My term will end next year. This agency has existed for 20 years. It advises the premier every six months.

We have been looking at exactly the kind of thing you've been looking at for some time. The most recent briefing—and it went to the premier, and she liked it—was all about congestion management. Congestion management is another construct that more or less does the same thing as I described with the other example. Using technology in an extensive way, it brings together.... The City of Toronto, for instance, with the massive transportation and congestion issues that it has, probably is already using congestion management, but may not be using it enough.

This study would be very worthwhile for your staff to look at.

The Chair: With that, I'm going to have to cut you off. Maybe you can add more in questions.

Mr. Stephen Taylor from the National Citizens Coalition, you may have 10 minutes, please.

Mr. Stephen Taylor (Director, National Citizens Coalition): Thank you, Mr. Chair.

The National Citizens Coalition is a supporter-based organization founded in 1967 and counts tens of thousands of supporters in its ranks. Our organization is founded upon the principle of more freedom through less government. We advocate on issues of reducing waste in the public sector for the more efficient delivery of services to Canadians.

We applaud the Standing Committee on Transport, Infrastructure and Communities for taking on an important study on how competition can make infrastructure dollars go further. Indeed, basic economics teaches that competition reduces price, while it increases quality. As competition relates to the construction industry, it should be the objective of any legislator to optimize price for the taxpayer with the quality of work. Indeed, Canada's construction industry makes up 7.1% of the Canadian workforce and accounts for 6% of its GDP.

The 2009 budget saw the economic investment of approximately 2% of Canada's GDP in stimulus projects, many of which were construction-related. With the latest budget, the finance minister has set Canada's infrastructure trajectory for the next decade, establishing long-term spending in Canada's construction industry.

Of course, many of these projects and much of the funding will be realized at the provincial and municipal levels. If so, many federal dollars are to be allocated to infrastructure projects. If they are, it is in the best interests of the taxpayer to attain the best price for these projects. With the construction of roads, bridges, hospitals, and schools, a fixed budget means that fewer projects will be completed, that is to say, fewer schools, fewer hospitals, bridges, and roads constructed when the costs are not optimized.

It is our view that closed construction procurement has the effect of inflating infrastructure costs. When projects are put to tender to a limited or restricted labour pool, competition is reduced, limiting bidding to a favoured few.

Canada's unionized labour rate, as of 2011, was just over 31%. Closed tendering or limited bidding on contracts to contractors with collective agreements closes out nearly seven out of 10 Canadians. These Canadians also contribute taxes towards these infrastructure projects and are just as entitled to work. Indeed, many infrastructure projects are touted as make-work projects. However, this work is often only accessible to a fraction of the workforce. Further, according to Cardus, 26% of Ontario residents live in jurisdictions that are bound by construction labour monopolies.

Union status is not a guarantor of quality. Construction companies are already bound by jurisdictional regulations and bonding requirements, let alone the fact that reputational effects that follow shoddy work can result in fewer contracts in the future.

In a 2001 study of a closed-shop construction tendering process in the New York area, Ernst & Young found that, "There is no quantitative evidence that suggests a difference in the quality of work performed by union or open shop contractors."

It is our view that the federal government, if it is to spend billions on infrastructure development, should place conditions upon infrastructure spending that are transferred to the provinces and municipalities. Opening up the tendering process makes the infrastructure dollar go farther. Closed tendered bidding processes are, at the worse end of the spectrum, a kickback scheme for organized labour in return for electing union-pandering governments. At the very worst, it's the sort of corruption that is currently being investigated by the Charbonneau commission in Quebec.

I was recently made aware of perhaps the most egregious example of Ontario's backward process for tendering contracts. Two workers in Waterloo signed union cards on some particularly tranquil Sunday, but because they represented over 55% of the workforce at work sites in the city at that particular moment, Waterloo became a closed-shop zone, binding the city to the collective agreement of that particular union.

Take the labour woes of the City of Hamilton. Because of restrictive labour agreements in that city, construction budgets are out of control, adding up to 40% in extra costs to those projects. For example, in the industrial, commercial, institutional, residential, and heavy engineering sectors, the City of Hamilton estimates an annual inflated cost between \$4 and \$10 million.

•(1600)

Even workers in other unions are shut out of closed tendering systems. The favoured few are set up and are able to bid higher on projects, shutting out the vast majority of the labour pool in both union and non-union shops. In a 2007 City of Hamilton report, only 17 out of 260 large construction firms were affiliated with the United Brotherhood of Carpenters and Joiners of America, which is the city bargaining unit. The city estimated that its closed bid association with the union would cost it hundreds of millions of dollars and harm the economic development of the city.

In 2012, Hamilton does not fare much better, with \$147 million under the labour monopoly, according to the “Cardus Construction Competitiveness Monitor”. When that number is projected province-wide under restricted labour markets, it amounts to \$747 million that is not accessible to seven out of 10 Canadian workers who have chosen not to join a union.

Almost everyone's understanding of economics suggests that reduced competition leads to higher costs and lower quality. We've seen Canadian and American examples where labour monopolies lead to fewer projects completed, with highly inflated budgets. The federal government is responsible for moving billions to the provinces under the building Canada fund. We recommend that these funds be allocated to projects that do not impose a restrictive closed bidding process. By imposing an open tendering process attached to infrastructure dollars, we can ensure that those dollars go further and that there is greater transparency in the process, to avoid collusion and corruption in monopolistic construction schemes.

Thank you very much.

•(1605)

The Chair: Thank you.

We'll move into questioning.

Ms. Chow, go ahead for seven minutes.

Ms. Olivia Chow: Mr. Clements, I take it you haven't quite finished talking about what you recommend we do.

One of the things we debated about a year or more ago, was what role the federal government should have under the Transportation Act to deal with airports that are starting up. Right now, there really isn't a specific process whereby the federal government would be involved, so it's not that coordinated, and you talked a bit about that.

At the time, we suggested that perhaps the best way is to have some kind of process whereby the local municipality or Transport Canada would have a team to look at whether the establishment of this airport complements the entire picture. But that requires changing the Transportation Act.

Is that something you are interested in? I know you talked about the 47 airports that are just growing, and sometimes it's very difficult to coordinate it.

Mr. Scott Clements: Yes, in the context of the Fort McMurray example, brand new airports are built in the bush. Actually, Transport Canada doesn't approve those. That's the Province of Alberta, in this case.

Ms. Olivia Chow: Do you think the federal government should be involved in dealing with it, or should we leave it to the provincial government?

Mr. Scott Clements: Transport Canada's director general in Winnipeg, Kate Fletcher, I know well. She has been watching Fort McMurray for some time and has expressed her discomfort that she doesn't have the regulations she needs to look after that very special situation, and she's actually said that in public.

Ms. Olivia Chow: Okay.

Mr. Scott Clements: I couldn't agree more with her. Otherwise, how on earth would we have ended up with the situation we have right now?

She is very pleased, as I am, that we have had that study, that we have that group together, and that, by and large, we have people understanding what we need to do, moving ahead.

Ms. Olivia Chow: Perhaps your team, the group you work with, could come up with some suggestions on how the Transportation Act can be amended so that the federal government has the regulatory power to help coordinate when the situation starts, so that we don't wait until after the airport is built and then try to coordinate it. At least there would be a plan and growth that's according to a plan. If not, it will just be chaotic.

Mr. Scott Clements: If it is to be a certified airport, then Transport Canada is certainly involved. It's the private airports they are not involved with, and quite frankly, in certain cases they should be. If the act needs to be changed, so be it.

Ms. Olivia Chow: We're finding it's not just in Alberta. We're finding it in other parts of the country that sometimes people would just come and start up an airport without consulting with the local government or the neighbours, and as a result—

•(1610)

Mr. Jeff Watson (Essex, CPC): I have a point of order, Mr. Chair.

The Chair: On a point of order, Mr. Watson.

Mr. Jeff Watson: While this is an interesting topic, it has nothing to do with the actual topic at hand in terms of orders of the day, which is how competition makes infrastructure dollars go further. It might be a nice item of interest, but that's not the item in front of the committee today.

Ms. Olivia Chow: I know, Mr. Chair, but—

Mr. Jeff Watson: I know. She missed it.

Ms. Olivia Chow: —Mr. Clements spoke about that very specifically. I thought in respect to the witness, who came all the way from Alberta, we should at least respect what the witness has to say, which is why I asked the question.

The Chair: For the record, we did speak to Mr. Clements. The remarks and questions today are about making infrastructure dollars go further, so we should keep to that. Mr. Watson has a good point.

Ms. Olivia Chow: Mr. Clements, following that up, do you think the federal government should impose conditions on infrastructure grants? For example, your airport authority. If the airport authority wants to apply for funding under the federal government infrastructure plan, should there be some kind of condition to say that you need to make sure there's a public-private partnership or any other number of conditions that the federal government may want to impose, in order for you to get any federal funding? Do you think that's a good way to go?

Mr. Scott Clements: Related to my remarks about systems integration and congestion management, my suggestion would be that you ask the question of the applicants, particularly where it's applicable, of how they considered congestion management and how they considered systems integration in their proposals.

Ms. Olivia Chow: Can you tell me a bit more about systems integration and congestion management, because it's very interesting. What does that mean?

Mr. Scott Clements: Sure. There are many modes of transportation, and each one of them is in its own silo. There are many jurisdictions involved. The trick is to get them all together as best as possible where it's applicable—and it's certainly applicable in the Wood Buffalo region—and if you have grant dollars and you have leverage, somehow force the consideration, which might not otherwise happen, of people talking together, and putting a little water in their wine, and selecting an approach that doesn't particularly favour one or the other but gets the job done with less money spent.

Ms. Olivia Chow: Does that mean something like if there is a discussion about building railway tracks or—

Mr. Scott Clements: Yes.

Ms. Olivia Chow: —roads versus airports, there would be some kind of coordinated effort so that the mode that makes the most sense and gives best bang for the buck would be what the federal government would support? Is that your example?

Mr. Scott Clements: That's a good intermodal example, but even within the mode of building a road to handle traffic if you consider congestion management you may well build a road for about two-thirds the cost if you have done the right things.

Ms. Olivia Chow: Do you think that should be the job of the provincial government, the local municipal government, or should it be the federal government that actually considers it?

Mr. Scott Clements: Yes, all three.

Ms. Olivia Chow: It should be all three.

Mr. Scott Clements: Yes.

Ms. Olivia Chow: Because so far the discussion has been that it should be up to the provincial and municipal governments. The federal government really shouldn't have any say over it. But you're saying the federal government needs to take a leadership role so that it could be planned properly, because the funds are coming from the federal government also. It's cost shared I assume.

Mr. Scott Clements: Yes.

Ms. Olivia Chow: Do I have any more time left?

The Chair: You have half a minute if you want to use it.

Ms. Olivia Chow: In that case who should initiate the congestion discussion? Would it make sense for the federal government to provide some kind of seed grant through the infrastructure funds to say to a region that if you are considering spending billions of dollars or millions building roads or tracks or whatever, there should be a congestion study done first? Once you have a plan, then we'll move forward with the plan. Because often without that kind of incentive, some areas may not want to work together. They may see each other as competition. As a result they just do their own thing and we end up wasting our money. Right?

Should there be some kind of incentive so that you have to do the congestion study before you can move ahead?

• (1615)

Mr. Scott Clements: You have to demonstrate—and it would be compulsory—that you have considered it. By doing that, who knows? You may get one-third of the projects where it is applicable, where it actually happens.

The Chair: Thank you.

Mr. McGuinty, you have seven minutes.

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Mr. Chair.

Mr. Clements, Mr. Taylor, thank you for being here.

Mr. Clements, I want to thank you for your testimony today. It's very insightful, in terms of the growth challenges you're facing in the region.

Again, I want to pick up where my colleague left off. This time it's directly relevant to the question of value for money, in terms of infrastructure. It may not be the pointed question that I think members of the Conservative caucus would like, which is whether closed bidding systems are less value for money than open bidding systems.

I want to take it, in your words, to 40,000 feet. There is this CRISP process you mentioned. Has the federal government been involved in any of this at all, or has it been observing from the sidelines?

Mr. Scott Clements: It's very much on the sidelines.

Mr. David McGuinty: Has it been asked to get engaged or participate in the process?

Mr. Scott Clements: That would be up to the Province of Alberta. I don't know what interaction they've had with their counterparts in the federal government. I think that until the province decides they're actually going to step in with both feet, they probably wouldn't engage too forthrightly with the federal government, but it's there to be done.

Mr. David McGuinty: Fair enough.

The Mayor of Wood Buffalo testified in another committee here on the Hill that the pace of growth in the area is now making it very difficult to control costs, very difficult to set in motion the kind of 40-year trajectory you described, which helps with good planning and good quality of life, the right pace of economic growth, the right kind of environmental protection systems we want in place.

Given that pace, you said it's going so quickly that without that multi-modal 40-year plan, we'll be continuing to grow haphazardly. Is that what I heard you say?

Mr. Scott Clements: There is a certain amount of chaos involved with the pressure and it has produced some pejorative results. Yes, it is true.

Mr. David McGuinty: Some difficult results, especially for good folks like yourself who are running an airport authority and you say there are 47 airports in the Wood Buffalo catchment area, in the municipality, which I think you said you hope to wean down to the top five.

Mr. Scott Clements: Let's say there are six or seven that are really busy. A systems approach might have come up with two.

Mr. David McGuinty: It might have come up with two airports to work with—

Mr. Scott Clements: Maybe three.

Mr. David McGuinty: —one of which would be the one you're managing, presumably.

Mr. Scott Clements: Oh, yes. It's the certified airport, the only one in the region.

Mr. David McGuinty: The work that's been done at the airport authority that you oversee, what is the bidding system you have in place now?

Mr. Scott Clements: Absolutely competitive. I couldn't agree more with everything that's been said here. It's a union town. We have a strong competitive process, in our case a stipulated fixed price. If you don't take that approach when you only have a certain amount of money—and we do—you're going to get cooked. We're very motivated to do that.

From what I can see, the municipality in its considerable spending is doing exactly the same thing. I think they're compelled to. Most of the oil companies are starting to figure out that they need to control costs and there's a lot more interest in doing that, rather than getting on with the job and to hell with the price.

Mr. David McGuinty: Is there a closed bidding problem in Wood Buffalo?

Mr. Scott Clements: No, I don't think so. I haven't seen any closed bidding that is evident to me, anyway.

Mr. David McGuinty: I can't recall the words used by your colleague, Mr. Taylor, in testifying today, but it was something about unions being.... I can't recall the word. I didn't think it was particularly helpful, in terms of the wording. I'm simply trying to get a handle on whether there's a problem here, or how big the problem might be in your area. What I'm hearing is that there isn't a closed bidding problem in place.

Mr. Scott Clements: No, it's usually open bidding.

Mr. David McGuinty: Do you have unionized companies that are bidding on those contracts?

Mr. Scott Clements: Oh, yes.

Mr. David McGuinty: Are they winning those contracts?

• (1620)

Mr. Scott Clements: Well, most of them are unionized. Most of the companies are unionized.

Mr. David McGuinty: I'm sorry?

Mr. Scott Clements: Most of the companies are unionized.

Mr. David McGuinty: Right! So unionized companies are bidding on an open bidding system and they're winning those contracts fair and square.

Mr. Scott Clements: Yes.

Mr. David McGuinty: They're performing the work as required under the contract, and that's all working quite well.

Mr. Scott Clements: The challenge in Fort McMurray is not winning contracts. It's finding the workers to execute them.

Mr. David McGuinty: The human capacity problem is the big one you're facing. Is that driving up costs?

Mr. Scott Clements: Oh, yes.

Mr. David McGuinty: How is it driving up costs?

Mr. Scott Clements: An indicator of growth is—

Mr. David McGuinty: I want to get it on the record for my colleague, Mr. Adler.

Mr. Scott Clements: As for folks coming through the airport, we grew by 25% last year, and we're at 30% so far this year. That's unheard of. The average in Canada is 4%. Those are workers flying in and out, and there are more coming. So, yes, when that kind of heat starts to take place, the competition starts between companies, robbing from each other.

Mr. David McGuinty: So on the question of value for money, using public dollars, the question of human capacity to perform the contracts has to be examined at the same time as we look at the question of open or closed bidding systems.

Mr. Scott Clements: Yes, absolutely.

Mr. David McGuinty: You're telling me that they both have the potential to have a profound effect on costs.

Mr. Scott Clements: It goes back to the reference to the mayor. The fact that we have to bring these people in from all over North America is highly problematic. If more people lived in Fort McMurray, in a supply-and-demand housing situation that was more normal, a lot of these problems would go away.

Mr. David McGuinty: In the CRISP 40-year trajectory that's been developed by the province of Alberta in conjunction with partners, it is a round table process. We used to have an agency in Canada called the National Round Table on the Environment and the Economy, which was actually charged to do did this with the federal government and with different folks. Senior players in energy, industry, government, labour came together and looked at these trajectories. But in the 40-year trajectory that you have, tell us more about the growth.

How do you project the growth? Does this plan address growth? Is it saying that the growth is too quick?

Mr. Scott Clements: The growth assumptions came from surveying the people who will cause the growth. They gave us the various scenarios: high, medium, and low. Against that, the detailed report shows the various growth levels and the consequences of each one, as well as the obligations with each one.

Mr. David McGuinty: So it gave options for low, medium, and high rates of growth. They didn't actually come to ground on a position about pace of development.

Mr. Scott Clements: They did make an assumption for purposes of drawing recommendations against a set of numbers. It was probably the medium assumption.

The Chair: Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Mr. Clements, you make me feel very underdressed today.

Some hon. members: Oh, oh!

Mr. Pierre Poilievre: It's good to see you here. You look great, as do you, Mr. Taylor.

Mr. Clements, you're familiar with procuring work for large projects. If you were faced with a situation where only companies represented by a single union were allowed to bid on projects for either your authority or the City of Fort McMurray, would that increase or decrease the price?

Mr. Scott Clements: That's so hypothetical. Every union that exists is in Fort McMurray, I think. We just don't have that situation there.

Mr. Pierre Poilievre: But if all but one were banned from bidding...? The reason I ask is that there are some municipalities where that is increasingly the case as a result of provincial labour laws. Given your experience with procurement and large projects and infrastructure, I wonder how you think it would affect costs if only one of the unions were allowed to work on all of the infrastructure of Fort McMurray or the airport.

Mr. Scott Clements: I think you'd have the obvious effect. Any monopoly situation is going to cause problems.

Mr. Pierre Poilievre: Okay, so you think it would increase prices?

Mr. Scott Clements: Absolutely.

Mr. Pierre Poilievre: You also said that union bidders can win contracts fair and square, sometimes against union-free bidders.

• (1625)

Mr. Scott Clements: I don't think unions are bidding on contracts. I think companies are bidding on contracts, but they have unions working for them. That's the way it works.

Mr. Pierre Poilievre: Right. As it relates to the 40-year infrastructure plan, is it possible to allow the private sector to build some of this infrastructure?

Mr. Scott Clements: It's not only possible, but absolutely expected.

Mr. Pierre Poilievre: Could you give us some examples of major projects that could be privately driven?

Mr. Scott Clements: Sure. They're behind closed doors right now because they're working out deals. Cutting roads through the bush

and building expensive bridges across these large rivers costs a lot of money, and it's servicing an oil company making money, so they're obviously going to be at the table and investing quite a bit of money. In some cases, they wouldn't even mind doing it on their own, but then you run into the problem of building your own airport and not sharing it. So you want a combination of government money and private sector money in a situation like this. That's what is being worked out right now in phases.

Mr. Pierre Poilievre: Are there any completed projects that have been done in this way in Fort McMurray?

Mr. Scott Clements: We can't take any credit for CRISP yet.

Mr. Pierre Poilievre: Sorry?

Mr. Scott Clements: That's the acronym for the 40-year plan.

Mr. Pierre Poilievre: But are there private infrastructure projects that have come to fruition in your jurisdiction?

Mr. Scott Clements: The airport for sure and also all of that roadway work up in the work area, they're all private roads....

Mr. Pierre Poilievre: Is there a user-pay principle to cover the cost to the builder?

Mr. Scott Clements: For the road that would cross the Clearwater River, there is a proposal to make that a toll road so that the users pay for it.

Mr. Pierre Poilievre: There are a lot of examples of private infrastructure combinations.

We have a private highway near Toronto, the 407, which has been very successful. Mr. McGuinty, who is giving a strange look to me right now for that, might find it interesting to learn that his brother, the premier, actually expanded the private road, the 407, after witnessing the success of private sector infrastructure. The number one shareholder in that road, it turns out, is actually the Canada Pension Plan. So when Canadians drive on the 407, they're actually contributing to their pension at the same time.

The Canada Line in B.C. had a third of its money come from the private sector. In Coquitlam, a pension fund that owns a shopping centre actually has agreed to build a station on the light-rail project so that it can bring more traffic to its retailers. So this is being done in other parts of the country.

Mr. Taylor, do you believe that we will see more attempts to impose construction labour monopolies across Ontario as we've seen in Hamilton and now Kitchener?

Mr. Stephen Taylor: The number of labour monopolies by jurisdiction are quite few. I mean, it does represent 26% of the population of Ontario, but jurisdiction-wise, Toronto being one jurisdiction out of many municipalities, there are only a handful of city councils that have approved this type of system or bidding process. But as to your question, which if you can remind me—

Mr. Pierre Poilievre: Really, it is so easy for a union to certify absolutely every employee in the jurisdiction.

Mr. Stephen Taylor: I did refer to that, yes.

Mr. Pierre Poilievre: They can do it with two or three employees, against the will of the remaining 2,000 or 3,000, and against the will of the local council, it turns out. Is it not safe to assume that this approach of enforced labour monopolies could be expanded, given the ease with which they've been imposed and the consequences with which they've been met?

Mr. Stephen Taylor: Yes, as the example from Kitchener-Waterloo illustrates, it's quite easy to go knock down jurisdiction by jurisdiction and bring them under that sort of scheme.

• (1630)

Mr. Pierre Poilievre: Right, and so we could be dealing with a much larger problem. Right now, about a quarter of Ontarians are living under construction labour monopolies and paying 20% to 40% price inflation on their local infrastructure as a result. Given that the entire province is under the identical certification scheme that led to these monopolies in Hamilton, Sault Ste. Marie, Waterloo, and Toronto, is it possible that other municipalities could fall victim to the same construction labour monopolies?

Mr. Stephen Taylor: Yes, it is very possible.

Mr. Pierre Poilievre: Then we could be dealing with bigger... For example, Ottawa has a large light rail project coming. If a construction labour monopoly were imposed in this city, and if the consequential increase in price of 20% to 40% is replicated here, what would be the outcome, in your view, of the city's light rail proposal?

Mr. Stephen Taylor: Perhaps the light rail would not extend as far as previously planned. There could be cost overruns. The infrastructure dollar wouldn't go as far. It would be a bit of a political scandal for everyone involved. People would shrug and say, "This is politics as usual". I hope Ontarians and the rest of Canada don't concede this. I hope that sort of fatigue hasn't set in, and that they're not willing to accept that. I do think that the end effect, particularly in the Ottawa case, would be that the light rail wouldn't extend as far as originally planned.

The Chair: Okay, thank you.

Mr. Holder, you have seven minutes.

Mr. Ed Holder: Thank you, Chair.

I would like to thank our guests for being here today.

You know, it's rather interesting. Over the last number of weeks, as we have studied this issue of how competition can make infrastructure dollars go further, we've had a wide range of perspectives. The Union of Quebec Municipalities was here, and CUPE, FCM, Merit Canada, Linden Concrete Forming, Canadian LabourWatch, Melloul-Blamey Construction, and Canadian Construction Association, just to name some. I share those with you because we have discussed at some length the issue of competition. Mr. Taylor, I understand that the National Citizens Coalition's credo says, and I'll quote from what I believe is your documentation, "free enterprise, free speech and government that is accountable to its taxpayers".

I kind of have a sense of where you may be going in this perspective, but aside from just the issue of competition, making infrastructure dollars go further, one of the things—and I thought you started to touch on it—is the issue of fairness. I look at it, and frankly, to me, it doesn't matter who does the infrastructure work, whether it's labour, organized, closed shop, or open shop. That's not the issue to me if they all bid, and they all bid fairly. My concern is that when there is an organization that includes taxpayers who contribute to the moneys—and it is just one taxpayer who contributes those moneys that allow those projects to be built—and those taxpayers are somehow excluded because they aren't part of a group, and again, frankly, I don't care which group it is, to me that becomes an issue of fairness.

I've spoken in the past at some length about the moral imperative—in other words, the responsibility that we have as those responsible for the public purse—that there be a fairness quotient in this so that all qualified labour has the right to quote on this.

I didn't hear you comment much about that, but I would be grateful if you could give me some sense of your view on that, please.

Mr. Stephen Taylor: Yes.

Sir, it would also be an issue of cronyism. I've read of examples where, if only a handful of firms are affiliated with the particular framework in a municipality, it leaves nine out of 10 of the available workforce out of the mix, out of being able to bid for those projects.

You mentioned we're for free enterprise and free speech, but we're also for free association. Of course, these projects should be available to anyone who has the merit to bid on these projects, and municipalities should be able to associate with those organizations that can fulfill that tender.

• (1635)

Mr. Ed Holder: "Cronyism" probably isn't the word I would have used—

Mr. Stephen Taylor: Okay.

Mr. Ed Holder: —and I acknowledge that you do, but I still haven't heard you talk about fairness. So perhaps—

Mr. Stephen Taylor: Oh, sure, I can talk on it.

Mr. Ed Holder: Would you? Because to me it's more like a human right, the right to be able to work regardless of your status within a closed or an open shop. Again, you may well have a direction due to your organization, but if your organization has a view on that from the standpoint of fairness, that's the piece. Fairness also then delivers some other things, too, as a direct result. Some of that might be absolute competitiveness. But I'd like to get your sense of it, if you do have a brief comment on that.

Mr. Stephen Taylor: I'll speak to the statistics; 31% of Ontario's workforce is unionized. At my count, four significant municipalities in Ontario have closed tendering procedures: Toronto, Kitchener-Waterloo, Sault Ste. Marie, and Hamilton, if I remember correctly. That means in those jurisdictions, seven out of 10 Canadians are unfairly excluded from that work, even though they pay their tax dollars into those infrastructure projects.

I think it behooves the federal government that is moving those infrastructure dollars to the municipalities via the provinces, whether or not there needs to be some sort of condition of fairness, to ensure that anyone who is able to fulfill the parameters of the request for that particular type of work, be able to bid on those projects.

Mr. Ed Holder: Thank you, that's clear to me.

Mr. Clements, you spoke quite affectionately about your airport authority. We have our own airport authority in the 10th largest city in Canada: London, Ontario. We're very proud of our own efforts as well, with what it has done. I say this with my great colleague, Mr. Preston, from the great riding of Elgin—Middlesex—London beside me here.

You've obviously had tremendous expansion or at least stressors to the airport, since obviously Fort McMurray is deemed to be one of the places where you're hiring and can't seem to get enough workers. With the growth you've had at your airport, has the construction around the airport where you've had responsibility been through an open or closed tendering process?

Mr. Scott Clements: Open tendering.

Mr. Ed Holder: Has it always been such?

Mr. Scott Clements: I've been there just under four years, so I can state that for sure for four years it's been that way.

Mr. Ed Holder: Again, this is not a closed versus open perspective, but in the bidding for your airport, have union groups successfully bid on the business at your airport?

Mr. Scott Clements: Not as unions.

Mr. Ed Holder: Not as unions? Why is that?

Mr. Scott Clements: I'm not aware that a lot of that goes on in Fort McMurray.

Mr. Ed Holder: Is that so. So it's all open bidding? Is that fair?

Mr. Scott Clements: Of course there are companies that have union workers working for them.

Mr. Ed Holder: Do they work at your airport?

Mr. Scott Clements: Yes.

Mr. Ed Holder: I come back to the point I was suggesting with Mr. Taylor, that to me whether you're a union member or a non-union member is irrelevant, it's an issue of whether you are qualified and then there should be a fairness to your ability to work. You're

suggesting, Mr. Clements, that just because you belong to a union it should not exclude your ability to do qualified labour at the Fort McMurray airport.

Mr. Scott Clements: I think you said it best when you said it doesn't matter. I would be agnostic as long as the work gets done.

Mr. Ed Holder: Maybe we should all be a little more agnostic when it comes to that—

The Chair: I'll let you finish your remark, but you are out of time.

Mr. Ed Holder: Shame, we were just getting on so well.

I appreciate the comment. We should all be a little bit more agnostic as it relates to getting qualified people in to do the job. I think competition then takes care of itself.

Thank you both.

The Chair: Thank you, Mr. Holder.

Mr. Aubin, you have five minutes.

[*Translation*]

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

I want to thank our esteemed guests for joining us.

I only have five minutes, and I would like to have a quick discussion with Mr. Taylor. So let's keep the questions and answers short, if possible.

I don't think Quebec has a counterpart to the National Citizens Coalition. Who makes up your membership? Are we talking about citizens, associations, companies? Who can become a member of your coalition?

• (1640)

[*English*]

Mr. Stephen Taylor: We count tens of thousands of average hard-working Canadians within our ranks and if you donate to our organization and sign up for our newsletter—I'd be happy to sign you up today, if you'd like.

[*Translation*]

Mr. Robert Aubin: Thank you. We can discuss that later.

Unless I am mistaken, in your opening remarks, you established a quick link between competition and the labour movement—as if true competition could not exist among unionized companies. In any case, that is how I understood your remarks.

Am I mistaken or is that really what you said?

[English]

Mr. Stephen Taylor: I would say there is competition among unions. Closed tendering cuts out other unions who are not part of those favoured few, who aren't able to bid on the same projects. Closed tendering not only hurts non-union jobs, it also hurts unions.

[Translation]

Mr. Robert Aubin: I understand the principle you are invoking to illustrate the difference between open and closed tendering. However, I have a problem with the connection established between open and closed tendering, and unionized and non-unionized companies.

In your presentation, you also talked about the opinions you are sharing with our committee. I understand your message, but I am looking for objective advice and not opinions. How could we turn your opinions into objective advice?

For instance, you are saying that costs skyrocket by 40%. We have been hearing about those figures in this committee for weeks now. But what study or statistical base are you getting that information from? A distinction should also be made between fraud, patronage and competition.

[English]

Mr. Stephen Taylor: What is your specific question?

[Translation]

Mr. Robert Aubin: You yourself said that you were expressing an opinion. How could we turn your opinion into objective advice that could be used in our current study?

[English]

Mr. Stephen Taylor: I quoted from statistics. I quoted that—

[Translation]

Mr. Robert Aubin: But where did you get this 40% increase? Does that information come from the Cardus study?

[English]

Mr. Stephen Taylor: Yes, I can refer you to the City of Hamilton report from 2007 or I can refer you to the “Cardus Construction Competitiveness Monitor” from 2012 for these statistics. I believe the “Cardus Construction Competitive Monitor” is one of the only empirical studies done on open versus closed tendering processes in Ontario.

[Translation]

Mr. Robert Aubin: So I will ask you another question, as we have already received that study.

Do you think this study that covers a few Ontario examples—which we hear plenty about—applies to all Canadian cities?

[English]

Mr. Stephen Taylor: I think many of the principles are the same. As I said, unfortunately, with respect to the way most people who study economics understand competition.... In Quebec, for example if I can speak specifically to that, I believe an entire commission is studying problems within the construction industry and the collusion that is occurring because it is a closed system. There are people who are being cut out of it. There is a lack of transparency, a lack of being

able to bid on those projects. Unfortunately for Quebeckers, who are quite ashamed of what's going on in that system and are calling for—

[Translation]

Mr. Robert Aubin: Allow me to add something.

[English]

Mr. Stephen Taylor: Yes, go ahead.

[Translation]

Mr. Robert Aubin: That is what I take issue with. Are you trying to tell me that, had only open tendering been held with private, non-unionized companies in Quebec, corruption would have been impossible?

[English]

Mr. Stephen Taylor: No. Of course it's not a magic wand. It's not to say if it were more open, all of the problems in the construction industry in Quebec would disappear. Of course they would not. But should things be cleaned up in Quebec, it certainly would help the process to become more competitive and allow for infrastructure dollars allotted to projects there to go further.

● (1645)

The Chair: Your time has expired; I'm sorry.

Mr. Adler, you may have five minutes.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair. Thank you, gentlemen, for being here this afternoon.

I want to begin my line of questioning with Mr. Clements.

I was in Fort McMurray last year, and one of my colleagues, the MP for Fort McMurray, Brian Jean, whom you probably know, gave us a comprehensive tour of the Fort McMurray oil sands.

What is striking about that part of the country is just how significant, when you see it first-hand, the amount of natural resources is that is being extracted from the ground and supplying the North American market, with a hope to supplying beyond it. I was really surprised to learn from Mr. Jean also that Fort McMurray is one of the most highly unionized cities in the country—I think the most highly unionized in the country. What would it do, if the Americans, as the NDP would want them to do, just stopped buying our natural resources?

As you know, they sent the delegation down to Washington about a year and a half ago, and their leader was just down there a few months ago talking down the Canadian oil sands. What would this do to the economy of Fort McMurray, the economy of the oil sands, the Canadian economy?

Ms. Olivia Chow: Mr. Chairman, I have a point of order. What does that have to do with the infrastructure and competition?

Mr. Mark Adler: More than your questions did.

Ms. Olivia Chow: I don't know.

The Chair: I'm sure it's leading into that.

Mr. Adler.

Mr. Mark Adler: Absolutely.

Ms. Olivia Chow: I'm sure it is.

Mr. Scott Clements: We wouldn't get, over 25 years, \$2.1 trillion added to the Canadian economy. It has been quantified. That's \$87 billion a year.

Mr. Mark Adler: Yes.

Mr. Scott Clements: It's a big number.

Mr. Mark Adler: Workers would be laid off.

Mr. Scott Clements: Absolutely.

Mr. Mark Adler: There would be a huge drain on the economy.

Mr. Scott Clements: The Alberta economy is still not diversified enough.

Mr. Mark Adler: Not only the Alberta economy, but how many other parts of Canada get the spinoffs from what is being done in the oil sands—

Mr. Scott Clements: That's all quantified on the CAPP website, as well. It's a considerable number.

Mr. Mark Adler: Yes, absolutely.

Clearly, it's a benefit to both unionized workers and non-unionized workers to have a booming resource sector in our country. What I don't understand—and I'm trying to wrap my mind around this—is this whole concept of closed-shop tendering. Maybe, Mr. Taylor, you could jump in on this.

We used to read about this, I remember, in university. We learned about the Soviet Union. They had these lists called “protectia”. The workers would have to get on these lists in order to be eligible to work.

How did we get to the place we are now, where 70% of Canada's workers are being excluded because they're not on a union list? How did we get to this point?

Mr. Stephen Taylor: I would suggest it might be getting worse because while the unionization rate of Canadian workers is decreasing—it has actually decreased by about 4% in the last number of years—the pool of qualified labour within the closed tendering process is actually getting smaller. Fewer organizations, fewer companies, are going to be able to bid on those projects, driving the costs up and up.

Mr. Mark Adler: What would that do to the quality of the work that's being done?

Mr. Stephen Taylor: As I understand competition, when competition is allowed to flourish, costs go down and quality goes up.

Mr. Mark Adler: And quality goes up.

Mr. Stephen Taylor: That's probably in the first chapter of any economics textbook.

Mr. Mark Adler: Yes.

I would suggest, given the objections of the NDP a minute ago, it would serve them well to pick up a basic economics textbook 101 and begin to read it. This is simply basic economics that we're talking about here.

You mentioned that it's getting worse, so fewer and fewer workers are able to participate in, if we take the oil sands example, the bounty

of what we have out in western Canada. I imagine that can't be a good thing, can it?

• (1650)

Mr. Stephen Taylor: If the federal government is to allocate, bring it within the scope of the federal government and its building Canada fund, the infrastructure dollars that are going out, those dollars simply won't go as far on those projects. That leads to fewer hospitals, fewer schools, fewer roads, and the rest. When you have fewer dollars left, or fewer dollars.... If you are looking to build 10 projects and closed tendering allows you to build only seven, that's the result right there.

Mr. Mark Adler: Do many—

The Chair: Your time has expired, Mr. Adler. I know you're on a roll, but we now have to move to Mr. Stoffer.

You have five minutes.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Chair, I must say it's an honour to be among a group of esteemed parliamentarians today.

First, I very much want to thank Mr. Clements for his service to our country as a military person. Thank you very much for that, sir. I congratulate you. You should get your third bar pretty soon, so we don't confuse....

When you go back to Fort McMurray, perhaps you could give a big hug to Frances Jean for me. She's Brian Jean's mom. She's fabulous, so if you wouldn't mind.

Mr. Scott Clements: Yes, absolutely.

Mr. Peter Stoffer: Mr. Adler was kind enough to say that we should take an economics lesson, and I'd like to give him one right back. In 1998-99, the provincial Liberals were running in Nova Scotia, and they promised that they would build schools through a P3 system. They built 23 schools with three different contractors. All those schools were paid for within seven years of completion. The Nova Scotia taxpayer now still has over 20-something years of paying for those schools.

The Liberals put that in. The PC government under John Hamm got in and cut that immediately, knowing full well the extreme high cost of those schools down the road. At the end of it all, we're going to get those schools for \$1 and they probably won't be worth anything. So it doesn't mean that a P3 system, where you go to a public-private partnership, is necessarily always successful.

Waste Management Inc., now in Nova Scotia, controls all the waste in Nova Scotia. When that was privatized, the cost skyrocketed, and it's still skyrocketing, because of the long-term objections to it. So it's not necessarily that the private sector does everything perfectly.

One last thing about unions, Mr. Taylor, is that Polar Seafood had three fish plants in P.E.I. They were going to shut down two of them and keep one open. The one they kept open was the unionized plant. Why? Because the workers were organized. The workers had an investment in that plant, and the company kept that one open because they had a very good relationship with those unionized workers. So yes, there are examples of where unions do very well.

But my question for both of you is this. I find that one of the most frustrating things in this country is that we have 10 provinces and three territories and we put up walls among ourselves. Isn't it true, in your opinion, that one of the major costs of infrastructure and infrastructure concerns is the lack of mobility for workers in all sectors? These provincial trade barriers that we put up among ourselves are historic in nature, and I don't blame any government for that. They've been around for a long time.

If we could knock down some of those barriers and move to something more uniform in terms of regulations, in terms of taxes, and in terms of mobility of workers, etc., would that not bring down the cost of all of this and then open up competition? For example, a firm in Manitoba could bid on something in Nova Scotia. A firm in P.E.I. could bid on something in Alberta. Would that not bring down the cost in some regards?

I thank you both for coming.

Mr. Stephen Taylor: Thank you for your question.

I'm all for knocking down interprovincial trade barriers, and where harmonization between provincial regulatory regimes can be accomplished and agreed upon, I encourage those discussions. Thank you for asking a question I can agree with.

Mr. Peter Stoffer: Thank you.

My last question...what was it? I'm forgetting my own question.

Voices: Oh, oh!

Mr. Peter Stoffer: Oh, yes. Sorry.

Mr. Clements, this is about the airport authority of Fort McMurray. In Nova Scotia, the Halifax airport has a 70-mile radius around it, such that no other commercial airport can operate in that 70 miles. Do you have the same thing in Fort McMurray?

•(1655)

Mr. Scott Clements: I wish I had—

Mr. Peter Stoffer: You don't?

Mr. Scott Clements: —but you have to remember that they're not commercial airports. They're private airports.

Mr. Peter Stoffer: I realize that—

Mr. Scott Clements: That's the key.

Mr. Peter Stoffer: —but do you have it in your airport authority regulations that no other commercial airport can operate there?

Mr. Scott Clements: I'm sure we don't.

Mr. Peter Stoffer: Thank you very much.

Again, I hope you have a great night tonight.

Thanks, Chair.

The Chair: You have a minute left if one of your colleagues wants it.

Go ahead, Mr. Sullivan.

Mr. Mike Sullivan: Mr. Clements, one of the things you've talked about is that the Province of Alberta started to build a kind of infrastructure strategy or a strategy for growth, essentially, for the region, and without any money, because the budget is backing away.

If we were to spend federal, provincial, or municipal money on infrastructure, would it be advantageous that there be a long-term strategy attached to it, whether it's federal, provincial, or municipal?

Mr. Scott Clements: Absolutely.

Mr. Mike Sullivan: Absolutely—

Mr. Scott Clements: The strategy should come first.

Mr. Mike Sullivan: —and we have in this committee discussed the idea of a long-term strategy, but unfortunately the other side has said that they don't want to have a strategy. It is difficult for us to go forward when there is a reluctant partner not willing to have a strategy in regard to how it spends its infrastructure money.

Mr. Scott Clements: I'll choose not to comment on that. It sounds like it's a problem.

Voices: Oh, oh!

Mr. Peter Stoffer: What a smart guy.

Mr. Mike Sullivan: It is a problem.

The Chair: Your time has expired, Mr. Sullivan. I don't think I heard a question in there.

Mr. Preston, welcome to the committee.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you. It's great to be here. It has been a while.

Certainly, I'll lead off with Mr. Sullivan's last strategy question. As a business person my whole life, and we're talking about competition here today, I love competition.

First of all, I love competition in the things I buy because it means I can increase the quality of the things I buy and lower the price of the things I buy, because there's more than one person trying to offer it to me. On the other side of the equation, as a business person I love competition because I love to say that as long as one of my competitors is still doing \$1 in sales, I have room for growth, because by being better than him, I can take the business.

That's really all we're talking about here in infrastructure, and the competition level in infrastructure. It's not about who it is. I don't think about who the competitor is. I think about whether I can get a better price for a higher-quality piece of goods.

Would either of you disagree with what we're saying? That's all we're trying to say here. Whether it's municipal, provincial, or federal dollars, it all comes out of one taxpayer's wallet. Why would we ever not want to spend that dollar as thinly as we possibly can?

Mr. Scott Clements: Hear, hear.

Mr. Joe Preston: Right.

We talked about P3s. I like to think of myself as a P1. I don't have to have the public-private partnership. As a private businessman, I can make those types of decisions. It's seldom in the P3 situation that the private business part gets in the way of the success of it. It's quite often the "let's add government to the mix and see what happens".

I'll leave it at that, but I just really wanted to make clear that what we're talking about here is spending money wisely, when there are fewer dollars to spend wisely.

Thank you.

The Chair: There are three minutes left of Mr. Preston's time.

Mr. Joe Preston: Would somebody like some of my time?

Maybe Mr. Taylor wants to answer my question.

The Chair: Mr. Taylor, go ahead.

Mr. Stephen Taylor: I'd like to add testimony to clarify perhaps some of the concerns from Mr. McGuinty and from Mr. Holder regarding my remarks on unions and their relationship with government.

I think when you have a closed system and when it benefits a few players within that system, we have seen examples where those favoured few that are allowed to play do work with and enable and even help elect governments that help them. I know there are examples in Ontario, for example, where this has happened.

That is really just what I was referring to, and if that generates any other questions, I'd be happy to answer them.

The Chair: Okay. You're finished, Mr. Preston?

Mr. Joe Preston: Yes, I am, thank you.

The Chair: Mr. Sullivan.

• (1700)

Mr. Mike Sullivan: Thank you, Mr. Chair.

For Mr. Taylor, essentially, when it comes to infrastructure spending, you're advocating that with regard to the end result of the spending, this government, when it sets aside some money, put some strings attached to that money. One of the strings should be that there is some kind of open process, so that the municipality wouldn't get the money if it didn't have an open process.

Mr. Stephen Taylor: Yes. I hope that whatever power the government has over the dispensation of money that it allocates to the provinces, it suggests to those provinces that they create an open and fair bidding system.

Mr. Mike Sullivan: Your statistical analysis left me a little bit woody in terms of trying to get to the same numbers you got to. You suggested that with 31% of the private sector organized, somehow seven out of 10 Canadians are not able to work.

Mr. Stephen Taylor: Well, within a closed system that excludes

Mr. Mike Sullivan: Right, within a closed system. Are those seven out of 10 Canadians qualified? Are you suggesting that somehow we've expanded the ability for somebody to be a skilled tradesman, for example, to seven out of 10 Canadians? Clearly that's not the case.

Mr. Stephen Taylor: These statistics, of course, are according to human resources on the government's website. While 30% of the workforce is unionized, the pool of qualified workers is shrinking over time and this just exacerbates the problem.

Mr. Mike Sullivan: Right. Okay.

Mr. Clements, one of the suggestions from the federal government more recently is that when there are infrastructure dollars to be spent by the federal government, a good thing would be to create apprenticeships with the money.

In my riding, we've discovered that the non-union contractor that was used by one of the provincial crowns doesn't want to have apprentices. We've been trying very hard to get an apprenticeship program going with a \$2.5 billion infrastructure spend, and we're not having any success. Unionized workforces tend to have a robust system of apprenticeships. If the government is suggesting that apprenticeships be a part of their infrastructure spend, that would be a good thing, particularly in a place like Fort McMurray, where skilled workers are hard to find.

Mr. Scott Clements: I know Alberta well. I'm happy to report that the apprenticeship programs in Alberta are very strong.

Mr. Mike Sullivan: They're very strong.

Mr. Scott Clements: They're based out of both NAIT and SAIT, and Keyano College.

Mr. Mike Sullivan: Good.

Mr. Scott Clements: And they're industry-led.

Mr. Mike Sullivan: They're industry-led.

Mr. Scott Clements: Yes.

Mr. Mike Sullivan: I'm glad to hear that, because that's one of the things that is causing temporary foreign workers to be a big issue—

Mr. Scott Clements: So do we get a little more money on that score?

Voices: Oh, oh!

Mr. Mike Sullivan: I'd love to.

One of the suggestions that's been made in this committee and in others is that if we're going to spend billions of dollars on infrastructure, and if we have identified that there is a shortage of skilled trades, we ought to try to kill two birds with one stone and spend the money where it needs to be spent—that is, to create the apprenticeship and the training programs as part of that infrastructure spend. I think the finance minister listened to us, and has hinted that this might be coming.

To Mr. Taylor, one of the things that I believe Mr. Adler quoted from your mandate was that government be accountable to taxpayers.

Mr. Stephen Taylor: Yes.

Mr. Mike Sullivan: So do you have any comment on the missing \$3.1 billion, some of which might have been spent on infrastructure?

An hon. member: Mr. Chair...

The Chair: I don't think that has anything to do with infrastructure.

Mr. Mike Sullivan: Well, I'm not sure whether it was or not, because we don't know where it was spent. It might have been spent on infrastructure.

The Chair: I think we know it wasn't, so....

You have a minute left, Mr. Sullivan.

Mr. Mike Sullivan: To Mr. Clements again, one of the difficulties that Fort McMurray is facing is that it doesn't have the infrastructure to support the size of the workforce that is needed by the resource extraction that's going on around it.

Mr. Scott Clements: That's an understatement.

Voices: Oh, oh!

Mr. Mike Sullivan: We heard the same from Timmins, in fact. The Mayor of Timmins told us that they don't have the housing to support the Ring of Fire that is going on around them.

In days gone by, when somebody wanted to do resource extraction in Canada, we had something called "company towns". The company would actually build the houses, would build the infrastructure. It had a whole bunch of other problems associated with that, but.... Is that happening in Fort McMurray?

• (1705)

Mr. Scott Clements: Oh, my goodness. We have probably eight company towns up in the north. They're mobile, but they're towns with all the amenities. I mean, national unions love that, because their workers are being looked after really well. They're flying in, flying out. The tax dollars are going back home. It happened that way because of the lack of foresight and the lack of a strategic plan to do this thing properly. It will be difficult to undo.

The Chair: Your time is well over, Mr. Sullivan.

Mr. Stoffer, you had a brief question?

Mr. Peter Stoffer: Yes. Thank you very much.

The Chair: It came back to you, you said?

Mr. Peter Stoffer: Yes, it actually came back to me.

I'd just like your view on this issue, because with the cost of infrastructure and development in especially Fort McMurray.... We just spoke to the Nova Scotia home builders here, and they have difficulty finding tradesmen in that regard. The issue of temporary foreign workers came up.

Mr. Taylor, I'd like to know what the NCC's view is on the use of temporary foreign workers in terms of making projects like the oil sands or anything else that happens out there.

Mr. Clements, if you have any thoughts on that, that would be helpful as well.

Thank you, and I thank the chair for his indulgence.

Mr. Stephen Taylor: I'll just defer to Mr. Clements on that. We don't have any published view on that as of yet.

Mr. Peter Stoffer: Fair enough.

Mr. Scott Clements: You know there's no lack of work in Fort McMurray. We have lack of workers. We go and get them where we can. The temporary foreign workers program is exploited to the maximum.

As I recall the Minister of Immigration, he was pretty keen on helping Alberta with some flexibility to make it even better when he was up there. I was actually sorry to read that it's being abused elsewhere, but it's certainly not being abused in Fort McMurray. It's necessary.

Mr. Peter Stoffer: As you know, sir, they're called temporary foreign workers, but the work is permanent. As you're saying, it could go on for many years.

Mr. Scott Clements: A lot of them bring their families over after the two years and become Canadians.

Mr. Peter Stoffer: Thank you.

The Chair: Thank you very much. I think the long week has caught up with us all. There's nobody on our speakers list.

Gentlemen, thank you very much for being here. Mr. Clements, I hope you have a great evening tonight.

Safe travels back, Mr. Taylor.

I wish everybody a good weekend. The meeting is adjourned.

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