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Chair

Mr. Larry Miller

Standing Committee on Transport, Infrastructure and Communities

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● (1530)

[*English*]

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

Thank you very much, Mr. Makuc, Mr. Moore, and Ms. Tanton for being here.

Mr. Moore, the floor is yours.

Mr. Jeff Moore (Assistant Deputy Minister, Policy and Communications, Infrastructure Canada): Good afternoon, Mr. Chair, committee members. I'd like to thank the chair and committee members for inviting us here today.

My name is Jeff Moore and I'm the assistant deputy minister of policy and communications at Infrastructure Canada.

Joining me today is Stephanie Tanton, director of strategic policy, and Bogdan Makuc, acting director general for program operations.

[*Translation*]

In the context of this committee's study on infrastructure investment in Canada, I would like to take a few moments to provide you with an overview of the investment in provincial, territorial and municipal infrastructure that Infrastructure Canada has made over the past 15 years.

I would also like to provide you with a sense of what the impact of investment in public infrastructure from all levels of government has been, and how Canada's level of investment compares internationally.

Finally, I would like to give you an overview of the new building Canada plan and our progress in its implementation.

[*English*]

I would like to note that my remarks will be limited to federal investments in provincial, territorial, and municipal infrastructure. Infrastructure Canada transfer payment programs do not target federal assets.

The majority of Canada's core public infrastructure is owned by provinces, territories, and municipalities. ln fact, over 95% of public infrastructure, including highways, local roads and bridges, public transit systems, and water and waste water infrastructure is owned by provinces, territories, and municipalities.

If we look over the past 20 years, there's been a significant change in the approach of the Government of Canada toward investment in provincial, territorial, and municipal infrastructure. A chart which illustrates this change in federal support is contained in chapter 3.4 of budget 2015 on page 190. In case you don't have the budget with you today, we do have some charts that we could circulate or have been circulated for your information.

The mid to late 1990s marked a period of relative underinvestment in public infrastructure by all levels of government. ln fact, gross investments in public infrastructure were at their lowest—as a percentage of GDP—since the late 1940s. However, an improved economic situation laid the groundwork for a major turnaround in public infrastructure investment by the early 2000s by all levels of government.

lt aIso marked a new policy approach for the federal government in recognizing the essential role public infrastructure, including provincial, territorial, and municipal infrastructure, plays in supporting national goals of economic competitiveness, a cleaner environment, and strong communities.

ln the early 2000s, the Government of Canada created a number of infrastructure programs to support infrastructure across the country. The most significant of these programs included: $2.05 billion for urban and rural municipal infrastructure through the Infrastructure Canada program; $4.3 billion for large-scale infrastructure projects that support economic growth provided through the Canada strategic infrastructure fund; $1.2 billion in funding for smaller-scale municipal infrastructure projects, such as water and waste water treatment, and cultural and recreational projects, mainly for smaller municipalities and first nations communities through the municipal rural infrastructure fund; and $600 million in funding for infrastructure projects that help sustain and increase the long-term efficiency of the Canada-U.S. border through the border infrastructure fund.

[*Translation*]

In August 2002, the Government of Canada established Infrastructure Canada as a new department to provide a focal point for infrastructure issues and programs.

● (1535)

In 2005, the Government of Canada established the federal gas tax fund. This fund provided $5 billion over 5 years for municipal infrastructure including public transit, road, and water and wastewater infrastructure. The design of the gas tax fund included predictable upfront funding for municipalities, who were responsible for choosing projects based on their own priorities. Funds were allocated largely based on population.

[*English*]

In 2007, the Government of Canada created the seven-year, $33-billion Building Canada fund, composed of a suite of complementary funding programs, which included: $8.8 billion in targeted funding through the Building Canada fund for national and regional projects through a major infrastructure component and targeted funding for local projects through a communities component; $20 billion in base funding through the gas tax fund and the provincial-territorial base fund programs, and the GST rebate; over $3 billion in funding to support Canadian trade transportation infrastructure through the gateways and border crossings fund and the Asia-Pacific gateway and corridor initiative; and $1.25 billion for P3 projects through the P3 Canada fund.

Finally, announced in January 2009, as part of Canada's economic action plan, the $4-billion infrastructure stimulus fund supported over 4,000 projects as a short-term boost to the Canadian economy during a period of global recession. The infrastructure stimulus fund was one of a number of infrastructure programs created and delivered via economic action plan 2009.

Over the past 10 to 15 years, we have therefore seen a significant increase in federal support for provincial, territorial, and municipal infrastructure from $400 million in spending in 2002 to over $4.7 billion in spending in 2013.

In that context, though, it is important to bear in mind that the federal funding share of combined provincial, territorial, and municipal infrastructure investments continues to be small. Federal investments rose from a 1990s average of around 2.5% to close to 13% at the peak of stimulus funding in 2010-11 before falling.

[*Translation*]

Before talking to you about current infrastructure investments, I would like to tell you how Canada's investments compare with those of other G7 nations and share information on the average age of infrastructure across Canada.

[*English*]

How does Canada compare with other countries in terms of level of investment?

According to the Organisation for Economic Co-operation and Development, the OECD, from 2003 to 2013, Canada has significantly increased public sector capital investment in relation to the GDP. In fact, Canada has seen the most increase out of all of the G-7 countries, up 0.7 percentage points to 3.9% from 3.2%. At 3.9% of GDP, Canada ranks as one of the highest among the G-7 countries, second only to France.

While these numbers seem to be good news, there are some limitations. They do not take into account key national differences, including levels in public ownership and geography, nor do they provide any indication of the optimal level of investment needed to support a competitive and resilient economy. Furthermore, these numbers include a broad range of fixed capital investments, including buildings and equipment, assets outside of what we consider core public infrastructure in Canada.

In terms of average age of core public infrastructure, support from the Government of Canada has helped provincial, territorial, and municipal governments contribute to the ongoing renewal and improvement of Canada's core public infrastructure. Data on the average age of core public infrastructure over the past 10 years shows a decline of 2.8 years, from 17.5 years in 2003 to 14.7 years for 2013.

To break this down, from 2003 to 2013, data shows that the average age of road infrastructure has decreased from 16 years to 12.7 years; the average age of public transit infrastructure has decreased from 13.8 years to 11.4 years; the average age of waste water infrastructure has decreased from 17.7 years to 16.6 years; and the average age of drinking water infrastructure has decreased from 19.5 years to 15.6 years.

● (1540)

While this appears to show a positive trend, I would like to point out that there are limitations to the data. Most importantly, it does not tell us anything about whether infrastructure assets are meeting existing needs, will meet future demands, or satisfy broader policy objectives.

[*Translation*]

Now to current federal investments in infrastructure.

The success of the 2007 building Canada plan laid the foundation for the design of the new building Canada plan—a $53-billion, 10-year infrastructure plan announced in the 2013 economic action plan focused on supporting projects that enhance economic growth, job creation and productivity.

The new building Canada plan is made up of a number of funding programs with complementary objectives. The community improvement fund, which consists of the federal gas tax fund and the incremental goods and services tax rebate for municipalities, provides $32 billion in base funding to municipalities.

[*English*]

The gas tax fund was made permanent in the new plan to provide long-term, predictable infrastructure funding to Canadian municipalities. Furthermore, the fund was indexed at 2% per year to be applied in $100-million increments. This means the fund will grow by $1.8 billion over the next decade, providing a total of $21.8 billion for municipal infrastructure.

Finally, the number of eligible investment categories under the gas tax fund was expanded from six to 17, including sport, tourism, and culture, to increase flexibility for municipalities.

[*Translation*]

Next we have the $14-billion new building Canada fund, which consists of a national and a provincial-territorial envelope. The national infrastructure component, or NIC, allocates $4 billion for large, nationally significant infrastructure projects that result in positive economic activity.

Eligible investment categories include highways and major roads, public transit, disaster mitigation, and rail, airport and port infrastructure. There are no provincial or territorial allocations under the national infrastructure component; potential proponents apply directly to Infrastructure Canada for funding.

The provincial-territorial infrastructure component, or PTIC, is a $10-billion fund for national, regional and local projects that contribute to economic growth, a clean environment and stronger communities. Under this component, each province and territory receives an allocation that consists of $250 million in base funding and a per-capita allocation. Eligible investment categories are broader than under the national infrastructure component and include highways and major roads, public transit, connectivity and broadband, drinking water, wastewater, solid waste management and green energy.

The PTIC is separated into two specific envelopes, the national and regional projects component of $9 billion and the small communities fund of $1 billion for local projects in communities with populations under 100,000.

● (1545)

[*English*]

Finally, the new building Canada plan provided an additional $1.5 billion in funding for the P3—otherwise known as public-private partnerships—Canada fund, administered by PPP Canada, which provides support for provincial, territorial, municipal, and first nations public-private partnership infrastructure projects.

As you know, the new building Canada fund was launched just over a year ago, on March 28, 2014. Since that time, the focus of Infrastructure Canada has been to work with our provincial, territorial, and municipal partners to bring forward projects for funding consideration.

To date the Government of Canada has announced over $68 million in federal funding under the national infrastructure component for projects with total estimated project costs amounting to $207.5 million, as well as $1.06 billion in federal funding for national and regional projects under the provincial-territorial infrastructure component towards projects with total estimated project costs amounting to $5.79 billion.

Under the small communities fund, we have concluded 11 agreements with the provinces and territories, and all but two jurisdictions have begun the project selection process to date.

ln addition, the new gas tax fund agreements have been signed in all provinces and territories, and the $2-billion national allocation for 2014-15 has been transferred from the federal government to each province and territory. Notably, the new gas tax fund agreements contain commitments by provinces and territories to improve asset management in their respective jurisdictions.

Before I conclude I would like to mention that budget 2015 has proposed to provide PPP Canada with $750 million over two years starting in 2017-18, and $1 billion annually ongoing thereafter for a new public transit fund. The fund will provide support to projects that are delivered through alternative financing and funding mechanisms involving the private sector that demonstrate value for money for taxpayers, including public-private partnerships.

[*Translation*]

At Infrastructure Canada, our plan for the upcoming year will be to continue to work diligently to deliver the new building Canada plan.

[*English*]

I hope my remarks have been helpful for the committee, and my colleagues and I are happy to answer any questions you may have.

Thank you very much.

The Chair: Thank you, Mr. Moore.

We'll now move to questioning.

Mr. Kellway.

Mr. Matthew Kellway (Beaches—East York, NDP): Thank you very much, Chair, and thank you very much to you folks for coming and speaking to us today and providing such a comprehensive overview.

I was wondering if we could start with some basics and get some of the terminology and definitions straight for my benefit. The distinction is made in your presentation, Mr. Moore, between infrastructure and core public infrastructure. Is that right? What is that distinction actually?

Mr. Jeff Moore: Normally when we talk about core infrastructure or core municipal infrastructure we're talking about basic infrastructure for municipalities such as drinking water infrastructure, waste water, solid waste, the type of infrastructure that's required by municipalities to be sustainable.

Mr. Matthew Kellway: So when we go through your report, and we look at that distinction, core infrastructure would not include public transit as core infrastructure?

Mr. Jeff Moore: No. We would include public transit in that as well as core infrastructure.

Mr. Matthew Kellway: Okay. So what sits outside core public infrastructure then that we're talking about?

Ms. Stephanie Tanton (Director, Strategic Policy and Priority Initiatives, Infrastructure Canada): For a lot of the data that Stats Canada collects, they define core to include the following asset classes: roads, bridges, transit, water, waste water, culture, and recreation and sport infrastructure. That would be included in the definition of core.

Mr. Matthew Kellway: Culture, recreation, and sport. In all the funding described in here under the new building fund, is there any funding that is outside of those asset classes then, or is it all considered to be...?

Ms. Stephanie Tanton: Broadband infrastructure is funded under our programs as well as airports, port infrastructure, as well as rail.

● (1550)

Mr. Matthew Kellway: All right. I think you said about 95% of this infrastructure is at the municipal level, or was that municipal and provincial?

Mr. Jeff Moore: Provincial and territorial as well.

Mr. Matthew Kellway: And territorial. Has that percentage changed over time? I think in this study we're doing a kind of 20-year retrospective. Has that shifted significantly over that period of time? I think your presentation goes back to 1940s data. Maybe over that longer historical period has that share shifted from...?

Mr. Jeff Moore: It has shifted, but I can't give you the exact numbers in terms of how the percentage has shifted. The federal share of infrastructure has decreased as the federal government has divested itself of certain asset classes.

Mr. Matthew Kellway: Okay. Which asset classes would be divested and when?

Mr. Jeff Moore: Examples would be airports and ports as well. They would have been done over the last couple of decades, or the last decade or so.

Mr. Matthew Kellway: Do you have that data in-house at Infrastructure Canada, that historical share and the shift?

Mr. Jeff Moore: We can try to get that information for you. We don't necessarily have all of it. I believe that Transport Canada would have some information in terms of the timing of the divestitures and some of the percentages as well.

Mr. Matthew Kellway: I asked because I have seen in other studies some assessment of the shifting share of infrastructure between orders of government. Whatever you have, I would very much appreciate to see it.

On the total value of the infrastructure under Infrastructure Canada's purview, do you have a figure on that? Have you costed this out?

Mr. Jeff Moore: I'm trying to understand your question. You're asking about the value of the types of assets we support through our programs.

Mr. Matthew Kellway: Yes. Do you have a sense of what that total asset value is?

Mr. Jeff Moore: No, we don't, and I'm not sure if we're able to get that information either.

Part of the challenge is the fact that municipalities have some capacity issues with respect to asset management. Even knowing the kind of infrastructure they have, the value of the infrastructure, and the state of that infrastructure means that because of that knowledge gap it would be difficult for us to ascertain what the value of those asset classes would be. It's definitely a data gap that we come up against frequently.

Mr. Matthew Kellway: Right. Would that be useful data in your role of managing the fund?

Mr. Jeff Moore: From our perspective, it would be very useful to have that information. Probably even more so, it would be useful for provinces, territories, and municipalities, in particular I would say municipalities and smaller municipalities so they can make better decisions in terms of how and when to invest in new infrastructure versus the existing infrastructure assets they have.

Mr. Matthew Kellway: In terms of the sustainability of funding for infrastructure, how do you measure that? How do you get a sense, for example, of growth in the value of the assets to date? How do you plan for that kind of growth going out into the future and determine appropriate funding for that?

Mr. Jeff Moore: From our perspective, we don't manage any of the projects or any of the assets. We're basically a funding partner with provinces and territories. From that perspective we provide some funding through the provinces and territories to municipalities. The gas tax fund would be a great example of that, where predominantly the funding flows through provinces and territories, and then on to the municipalities based on a prorated perspective. The gas tax fund we've indexed now, so there's a growth factor involved in that to meet the increasing needs of infrastructure in municipalities.

Mr. Matthew Kellway: Kind of as a policy perspective, if you're —

The Chair: You're right on the cusp, but finish your comment.

Mr. Matthew Kellway: Thank you very much.

From a policy perspective, given your comments about how critical infrastructure is to the environment, social issues, and economic issues, how then do you determine what kind of investments need to be made to maximize the benefits of that infrastructure?

Mr. Jeff Moore: Can I answer the question?

● (1555)

The Chair: Yes, you can. Give a brief response.

Mr. Jeff Moore: You have to look at our programs as kind of a continuum of interventions on the part of the federal government. If you look at the gas tax fund, it's a transfer of funding to municipalities, which allows the municipalities to make their own decisions with respect to their priorities. We don't get directly involved with municipalities in terms of priority setting.

The same thing could be said with our provincial-territorial infrastructure component program under the new building Canada fund, where we leave it up to provinces and territories to determine priorities within their own jurisdictions. They will more than likely consult with municipalities and other asset holders to determine what the priorities are going to be. They provide us with priority lists of products, which we then do a review on.

The only case in which we prioritize projects to a certain extent would be under the national infrastructure component of the new building Canada fund, or the $4 billion fund, where we assess projects that are of national significance in Canada. Those could be port projects, road or major highway projects, rail projects, and so on.

The Chair: Mr. McGuinty, you have seven minutes.

Mr. David McGuinty (Ottawa South, Lib.): Thank you.

Mr. Moore and colleagues, are you in a position to comment on numbers, budgets? You're the ADM of policy—isn't that right?—so you have a pretty good grasp of the numbers.

Mr. Jeff Moore: We can certainly try, yes.

Mr. David McGuinty: Our reading of the estimates for 2015-16 is that there's an $80-million cut at the Office of Infrastructure of Canada—a 2% cut. Is that a correct reading?

Mr. Jeff Moore: Let me begin by saying that the question typically is: why is Infrastructure Canada's spending decreased since the end of the 2007 Building Canada fund? When you look at the 2013-14 main estimates they show that our authorities were about $3.9 billion in voted appropriations. In 2014 our voted appropriations dropped to $1.3 billion, and in 2015-16 we plan to spend about $1.6 billion. I'm assuming that's the question you're trying to get at. The explanation behind the decrease is that it's not a program cut in itself.

Mr. David McGuinty: What is it?

Mr. Jeff Moore: The way to explain it is that between 2013-14 and 2014-15, the main estimates showed a $2.5-billion decrease in the level of Infrastructure Canada's contribution funding under voted appropriations. This is funding for our infrastructure programs. The most significant reason for this drop is that the gas tax fund was made permanent through legislation and thus no longer appears as a voted appropriation in the main estimates but rather as a statutory item. That explains $2 billion of that decrease.

Mr. David McGuinty: Okay. I'm looking at plain reading of the 2015-16 estimates. That's a pretty convoluted answer for any Canadian who is watching or listening or reading this. They don't understand a word of what you just talked about. In 2015-16, it shows an $80-million drop, a 2% drop. Is that a proper reading of the estimates? Have I got this right or wrong?

Mr. Jeff Moore: Again the way to explain it is that there hasn't been a funding cut. What's happened is that—

Mr. David McGuinty: Has there been a decrease?

Mr. Jeff Moore: Overall, there has not been a decrease in our funding.

Mr. David McGuinty: Okay. Let's move on. We're not making progress on that. Let's go to the next question.

You have an interesting presentation here on comparative expenditures here in the OECD. You say it's 3.9% of GDP. Is that number, 3.9% of GDP, all federal support, or is that federal, provincial, municipal combined support to hit the 3.9% number? It's in your notes.

Ms. Stephanie Tanton: I believe it's all public funding.

Mr. David McGuinty: So it's coming along.

Ms. Stephanie Tanton: I'd have to confirm.

Mr. David McGuinty: I think that's probably right—3.9%. So that's not the federal contribution at all. That's a combination of federal, provincial, and municipal together. Isn't that right?

What would be very helpful for this committee is to actually get a number in terms of what the federal government is putting into infrastructure and what percentage of GDP that is compared to OECD countries and their federal contributions. Can we get that number?

● (1600)

Mr. Jeff Moore: I will certainly endeavour to provide that to the committee.

Mr. David McGuinty: That would be great.

Can I also ask another question around that? It's almost irrelevant in my view to talk about where Canada fits with other OECD countries in terms of what we're spending combined—what percentage of GDP—unless you're in a position to tell Canadians what the needs are. What are the real needs in infrastructure? One of the things your presentation skirts around, Mr. Moore, with all due respect.... Perhaps you don't have the number, which is fine. Maybe you can get it for us.

What would be very helpful for this committee as it looks at this study is what the needs are. What criteria and metrics are you using to assess the needs? I'm going to be very specific here. What metrics are you using to assess the needs? What is the gap? We hear all kinds of numbers thrown around by any order of government, any city, to be frank. It's very convoluted. We don't really know whether we're comparing apples and oranges.

Do you have or can you get a number and an explanation with real statistics and metrics to tell Canadians what the gap is, say, going out 10, 20, or 50 years? It's irrelevant to tell us that 3.9% of GDP is going to infrastructure because you have to compare it to something. I would submit that comparing it to other countries is one way to do it, but the more important comparison for me would be—and for us, I think—comparing it to what in terms of needs.

You say in your presentation on page 8 that numbers don't provide any indication of the optimal level of investment needed to support a competitive and resilient economy. Well, isn't that what we're supposed to be doing here with infrastructure investments? Aren't we really supposed to achieve the optimal level of investment so that we have a competitive and resilient economy? Can you get us a number? Can you give us what the indication should be in order to have an optimal level of investment to support a competitive and resilient economy?

Mr. Jeff Moore: It would be very difficult to do that. A number of think-tanks and organizations have tried to quantify what the infrastructure gap, deficit, or need is in the country. Depending on who you ask, you'll get a different number, whether it's $200 billion, $100 billion, or whatever the case may be.

Mr. David McGuinty: Where does the problem lie in achieving that outcome? Is it metrics, is it data, is it StatsCan information? Where is the problem?

Mr. Jeff Moore: The key problem goes back to how municipalities and other asset owners collect information and if they're able to collect information. There's a bit of a capacity issue there in terms of various organizations and municipalities being able to tell us what kind of infrastructure they have, what they own, how much it is worth, what kind of deferred maintenance they are involved in, what the condition of the asset is, what the remaining service life of the asset is, and what they are going to fix first.

It all comes back to the issue of asset management. If communities and municipalities had proper asset management in place, we'd be able to have a better idea in terms of what some of the challenges might be in the municipalities.

Mr. David McGuinty: In conclusion, Mr. Chair, we don't have an assessment nationally in terms of.... If someone stopped you on a city bus in Winnipeg and asked you, “How great are these shortfalls? What's the order of magnitude of the challenge here in terms of infrastructure?” We don't have an answer, do we?

Mr. Jeff Moore: We only have the answers that may have been provided to us by the Federation of Canadian Municipalities or other national think-tanks that have tried to do some work on this.

The Chair: Mr. Braid, you have seven minutes.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

Thank you, Mr. Moore, and officials from Infrastructure Canada for being here today. It's really helpful as we embark on our study on infrastructure that we begin with this presentation by you. It's been a very helpful and comprehensive overview. Thank you as well for your role in helping and, as you concluded your presentation by saying, working diligently to deliver the new building Canada plan.

With respect to the new building Canada plan, could you outline the objectives of the new building Canada plan, simply put?

Mr. Jeff Moore: The objectives of the new building Canada plan are really to increase the economic competitiveness of Canada. There are also other objectives in terms of the type of asset classes that we're supporting, support for the environment, and support for other key objectives of the Government of Canada. I guess you could say there are a number of sub-objectives to the plan as well.

The plan is very comprehensive in terms of its approach because we have the gas tax fund, which supports a variety of asset classes for municipalities.

As I said previously in my other answers, as you move your way up though the spectrum of the type of support we can provide through the plan, we get much more into areas of economic development. A good example of that is the national infrastructure component in the new building Canada fund, where we actually look at increases in economic activity related to projects we might support. We look at trying to mitigate potential disruptions related to economic activity and we also look at increasing economic productivity through the national infrastructure component of the NBCF.

There are a variety of objectives that are contained within the plan itself, but at the end of the day, it's about improving the economy in Canada.

● (1605)

Mr. Peter Braid: Is that why, even though 95% of infrastructure in this country is owned by municipalities and provinces, the federal government is participating in this space?

Mr. Jeff Moore: Yes, I would agree with that statement. That's one of the key reasons.

The Government of Canada does have a role to play in the space of economic development, so the new building Canada plan does support those types of objectives, yes.

Mr. Peter Braid: With respect to the new building Canada plan, could you outline or explain the role of other levels of government with respect to applications under the plan; so the role of the municipality and the role of the province? For example, under the provincial-territorial infrastructure component of the plan, could you outline the respective roles and responsibilities?

Mr. Jeff Moore: Under the new building Canada plan, as I said, we have three key funds. We have the community improvement fund, which includes the gas tax fund as well as the GST rebate. Infrastructure Canada has nothing to do with the GST rebate because that's administered by CRA.

In terms of the gas tax fund, that funding is allocated on a per capita basis and actually flows through the provinces and territories for the most part. There are some exceptions to that, of course. In Ontario, we actually flow the gas tax fund directly to Toronto, as well as through the Association of Municipalities for Ontario. In B. C., there's an exception where we also work through the Union of B. C. Municipalities.

The provinces and territories act as a facilitator through the gas tax fund to ensure the funding gets out to municipalities and to ensure that there's proper reporting done as well in terms of the types of projects that we're supporting under the gas tax fund.

The other key fund that we have under the new building Canada plan is the new building Canada fund. Under that, we have the national infrastructure component, or NIC, as we like to call it.

The way that NIC works is that applicants come directly to Infrastructure Canada. Whether it's a province, territory, Canada port authority, or the private sector, they come in directly to Infrastructure Canada. It's a merit-based program. We look at projects as they come in and assess them. There's not necessarily a direct role for provinces and territories through NIC, but they can certainly apply for funding through the program.

Then we have the provincial-territorial infrastructure component, or PTIC, as we like to call it. Under PTIC, we have two components. One is the national-regional component, which is made up of $9 billion, and the other is the small communities component, which is $1 billion. The way we allocate the funding under PTIC is that each province and territory receives base funding of $250 million, and what's left of the $10 billion in total is allocated on a per capita basis. Then we look at the allocations for each province and territory, the federal set-aside for each, and 10% of that is for small communities. That is funding for municipalities with a population of 100,000 or less.

The way the relationship works with provinces and territories under the PTIC national-regional, which is the $9 billion, is that it depends on how the provinces and territories want to determine their priorities. In some cases, they may refer back to their 5-year or 10-year capital plan. In some cases they may consult with the municipalities in terms of their priorities. In other cases, they may have an outright intake process where municipalities and other eligible recipients may apply for funding.

Once provinces and territories have gone through that process, they then come to the federal government with a list of priority projects related to the funding we've set aside for them, and we do a basic review of the project to make sure it's eligible. Once we determine that it's eligible, we'll require a business case in order to do full due diligence on the project to make sure it's a sustainable and viable project. Once we have approved the project, or if a project is approved, then we enter into an agreement with the province or territory, or directly with the recipient, if, for example, the recipient is a municipality or some other eligible recipient.

In terms of the small communities fund, which is the $1 billion of the $10 billion under the provincial-territorial infrastructure component, we negotiate agreements with each province and territory. It's like a very high-level contribution agreement, which will outline the terms and conditions of the relationship—the governance, decision-making process, auditing, due diligence, and so on—undertaken in terms of the small communities fund projects.

Once that agreement is signed, the province or territory may decide, again, to have a distinct intake process for small communities with a population of 100,000 or less. Or they may already have projects that are prioritized, which they may want to bring to the attention of the federal government.

Usually we will get a list of projects from a province or territory under the small communities fund. We will do our assessment, as we always do. Assuming that the projects are eligible and viable, we will fund those projects through the province or territory, or in some cases maybe even directly with the municipality.

● (1610)

The Chair: Okay—

Mr. Jeff Moore: That's basically how the relationship works.

The Chair: I'm sorry, I thought you were done.

I didn't mean to cut you off.

Mr. Jeff Moore: I'm good. Thank you.

The Chair: Mr. Watson, you have seven minutes.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

Mr Moore, you said that full due diligence is conducted on projects to determine whether they are “sustainable and viable”.

What do you mean by sustainable and viable?

Mr. Jeff Moore: I'll back up a little bit because one of the first things we do when we receive a project is look at the eligibility. We determine if the requested—

Mr. Jeff Watson: I want to know what “sustainable and viable” means, though.

I understand the other metrics. I just don't know what you mean by sustainable or viable.

Mr. Jeff Moore: Sure.

We will look at the governance related to the project to make sure they have a viable governance structure in place to manage the project. We also look at their fiscal capacity and all sources of funding to make sure they have the financial wherewithal to support the project. We also look at the technical requirements related to the project, and the technology being used, to make sure it's viable and sustainable technology, and that the technology will actually solve the issue they're trying to solve by either expanding the asset or building a new asset.

Those are some of the key things we look at from that perspective.

Mr. Jeff Watson: I appreciate that.

One of the challenges I think we're trying to zero in on here is the idea of an infrastructure deficit and how one properly would define it in order to appropriately measure our progress against it. I think we can all measure how much money and how many projects we do.

I remember when we started this, I think the infrastructure deficit was somewhere in the neighbourhood of $40 billion. Once the federal government got into being a funding partner with municipalities and provinces it escalated, notwithstanding the amount of money being put in, to somewhere upwards of almost a quarter of a trillion dollars in terms of a deficit now. So this is not an unimportant question for us to be able to settle on.

The 95% ownership of infrastructure being at the municipal, provincial and territorial level, what's the breakout between municipalities and the province and territory in that ownership?

Mr. Jeff Moore: We don't have that number here, but we can certainly try to get that number for you.

Mr. Jeff Watson: I'd appreciate knowing the split on that as well.

How much do we know about how municipalities are doing, for example, in properly amortizing their infrastructure, that is their ability year over year to account for replacing their infrastructure, not only current but even new infrastructure they're contemplating? How much do we know about that question?

● (1615)

Mr. Jeff Moore: We know a little, but I don't think we know enough. I think it comes back again to the issue of asset management.

Mr. Jeff Watson: Sure.

Mr. Jeff Moore: If we had proper asset management in place across the board we could much more easily answer that question.

Mr. Jeff Watson: I ask because my local municipality, my home town of Amherstburg, has just been grappling with this in terms of their budget and decisions about whether to float debt or become a pay-as-you-go community. But no one had ever taken a look at what the asset inventory looks like, what its needs might be, nor whether the budget takes into account year over year their ability to replace and whether they set aside reserves sufficient enough to replace. Therefore they're amortizing their infrastructure. That's an important question for us to understand if the municipalities own the lion's share of infrastructure.

Mr. Jeff Moore: Some municipalities do asset management very well.

Mr. Jeff Watson: Right.

Mr. Jeff Moore: Edmonton has been cited as a best practice in terms of asset management, and obviously larger municipalities perform very well. Our concern is the smaller municipalities, where, to give you probably the worst example, there's an individual in the community whose name is Joe Smith, who works for the municipality, and who is the asset management knowledge container of where everything is underground and how the asset works. If that person were to leave that municipality, that knowledge leaves with that individual. We're very concerned about those municipalities and the type of asset management intelligence they have.

Mr. Jeff Watson: The other question linked to that, of course, is that if municipalities are not properly amortizing their infrastructure, then what is their incentive if there are matching programs to ever manage their assets at a top-notch level? Municipalities that manage them very well out of their own funds wind up being penalized, because they're not accessing shared-cost programs. These are not unimportant questions for us to grapple with.

How much of this so-called infrastructure deficit is based on replacement cost of existing infrastructure? Is that what it's entirely about, people figuring out what their existing inventory is and what it would take to replace it, or are they adding on that new infrastructure that they think they'd like to have? Can you give us a sense of what goes into defining what the so-called deficit looks like?

Mr. Jeff Moore: Part of it is the state of the current assets themselves and the cost to replace them, as well as, I believe—and my colleague can correct me if I'm wrong—new assets that are required.

Mr. Jeff Watson: Is it even fair to call it an infrastructure deficit if it includes new assets not yet funded? Who should decide whether something is necessary or to be accounted for as well? Should that solely be a decision of a municipality and they therefore throw it into the deficit number, or do we have an interest in whether or not we think an asset might be necessary and therefore included in that measurement?

Mr. Jeff Moore: It's a good question. I think we would have an interest in that, and I think from a capacity-building perspective we want to do as much as we can to ensure that municipalities have the capacity they need in order to make those decisions.

Mr. Jeff Watson: Are we helping them with that?

Mr. Jeff Moore: Through the gas tax fund, we do have an eligible category called “capacity building”, so—

Mr. Jeff Watson: They have to choose it.

Mr. Jeff Moore: They have to choose it. Yes, they have to prioritize it. Under that element, they can actually support introduction of software to try to manage assets better, and they can pay for better planning processes or plans themselves.

Mr. Jeff Watson: When considering new growth projects, should municipalities be required to evaluate whether they can amortize them successfully over time? Will growth actually pay for itself, not just to build it now but to replace it later? An infrastructure deficit could be literally an unending number. Infrastructure is always aging. It is expanding, and we are putting more in. Will we ever eliminate the infrastructure deficit?

Mr. Jeff Moore: It is a tricky question for us because, as a federal government, we want to respect provincial and territorial jurisdictions, and municipalities are creatures of provinces and territories. We hope that the gas tax fund and other programs we have might help them in terms of building some capacity to be able to answer some of those very good questions that you have.

● (1620)

The Chair: Thank you.

Mr. Sullivan, you have five minutes.

Mr. Mike Sullivan (York South—Weston, NDP): Thanks.

Thank you, Mr. Moore, and the rest.

In terms of transit and the upcoming P3 transit fund, is there a recognition that transit generally is not sustainable? It doesn't fund itself. It requires a municipal subsidy to continue. How will that work with a profit motive on a P3? For example, with the York Region bus system, the province entered into a P3. The provider provides it. It is a four-dollar fare, but the province gives the provider five dollars per rider to subsidize that bus. Is that what we are anticipating with the P3 system that is coming up?

Mr. Jeff Moore: The devil is in the details. Unfortunately, we don't have the details yet. Those are still being worked out.

What I can say is that you have to look at the merits of a project on its own. On a project-by-project basis, you have to look at what the revenue-generating capacity of that project is and how it relates to the public benefits of that project. How can you combine the two? You have to answer questions like, what is the tolerance of risk transference? The financial risk transference is transferring the risk for making sure that the project gets done on time and on budget. There are a lot of questions that you have to ask yourselves as you think about what kind of financing model you want to apply to projects like this. I am sure that if PPP Canada were to come forward as a witness, they could give you a very robust answer in terms of some of the aspects.

Mr. Mike Sullivan: I'll leave it to them.

In 2013, we had some pretty serious flooding in my riding, and in a lot of Toronto, that was clearly the result of very inadequate infrastructure. The drain pipes just aren't big enough to handle the kinds of storms that are now coming with climate change.

Has Infrastructure Canada asked the municipalities to evaluate what they would do if the 100-year storm comes every 10 years, and what they will need in terms of infrastructure to expand the capacity of the drainage systems?

Mr. Jeff Moore: We have not asked municipalities to evaluate that. We more or less depend on municipalities, provinces, and territories to undertake that work on their own, identify their priorities, and bring them forward. Certainly, if stormwater management was a priority of the City of Toronto or Ottawa—for example, in Ottawa we just funded a project related to expanding the capacity of stormwater management—we would look at that project. Potentially, it would be an eligible project, given the nature of the project we are talking about and the nature of the recipient. Again, it all comes down to prioritizing the types of projects that eligible recipients want to bring forward.

Mr. Mike Sullivan: On the matter of the budget of 2013, the finance minister, Mr. Flaherty, rest his soul, said that, going forward, the government would attach a requirement to infrastructure spending that would require apprenticeships to be part of builds that are coming. A few weeks ago, the minister suggested before the committee that there is a conversation with the provinces happening as we speak. I haven't heard any more about that. Can you fill us in on where that is?

Mr. Jeff Moore: Yes. In economic action plan 2013 three commitments were made to create opportunities for apprenticeships. One was through federal procurement practices. Another was in requirements under the investment and affordable housing program. The third one related to a commitment to encourage provinces, territories, and municipalities to support the use of apprenticeships in infrastructure projects receiving federal funding.

Recognizing that apprenticeship is really a provincial-territorial responsibility and that approaches related to apprenticeship can vary from jurisdiction to jurisdiction, we're working currently with provinces and territories to increase mutual understanding of opportunities to use federally funded infrastructure projects to further jurisdiction-specific apprenticeship objectives. At this time, it's mainly an awareness type of work that we're doing with provinces and territories. That work will continue.

● (1625)

Mr. Mike Sullivan: So there are no firm commitments as of yet.

The final question, because I probably don't have any more time, is concerning the GO Transit infrastructure renewal in and around the city of Toronto and the air-rail link, which was partially funded through Infrastructure Canada or through the federal government. Both the province and GO have indicated that they will be electrifying this system but that they will be looking to the federal government for help in doing so.

That's one of the reasons they keep stalling. It has been stalled now for going on five years, maybe six since the province agreed that they were going to electrify the system, and now they're pointing to the federal government. Have they actually asked the federal government for any help with electrifying the rail system in Toronto?

Mr. Jeff Moore: We haven't received a formal application related to the SmartTrack system or that system in its entirety. There may be certain components that we might look at supporting, but for the time being there are still some discussions going on within the municipality, and probably between the municipality and the province, concerning the way this project or series of projects may or may not be prioritized under our programs.

There are a number of doors they could consider. They could consider coming through the national infrastructure component, if it's deemed that this project may be nationally significant; they could prioritize the project under PTIC; they could go to PPP Canada; or they could wait for the public transit fund to come online. There are several options available to them, once they know how they want to engage the federal government on this.

Mr. Mike Sullivan: It has not been asked for yet?

Mr. Jeff Moore: No, not for the entire system.

The Chair: Ms. Young, you have five minutes.

Ms. Wai Young (Vancouver South, CPC): Thank you for being here and for the extensive information you've given us already.

Economic action plan 2015, of course, includes the new permanent transit fund. Coming from Vancouver in British Columbia, where we currently have a referendum under way on transit, I'd like to ask you to tell us, if you can, whether Vancouver has applied for funding and also provide the number of transit projects that have received federal funding and what the amounts are.

Mr. Jeff Moore: We can certainly give you the information in terms of how many transit projects we have supported. That's not a problem.

Are you asking about transit projects in Vancouver or the surrounding area that may have come in through the public transit fund, or are you asking in general?

Ms. Wai Young: I'm asking in general.

Mr. Jeff Moore: In general in B.C. we haven't received any transit project proposals yet under the new building Canada fund. We're waiting to see whether anything will be coming shortly from them.

Ms. Wai Young: I was also particularly interested in the discussion previously about asset management. Given the range of projects in both small communities and large, and for transit as well as water and sewage, etc., if a system like this were to be put into place, how would you envision it occurring, or through what bodies? Would it be a federal system? Would it be through the Federation of Canadian Municipalities? Has anybody given any thought to this?

Mr. Jeff Moore: I think it really depends on how the municipality wants to look at this as a priority. There are certainly municipal associations at the provincial and territorial level that have some expertise and knowledge in this area, whereby they can assist municipalities with asset management. The Federation of Canadian Municipalities also has some knowledge in this area that could be of assistance to municipalities.

Again, as I said, we can provide some support to municipalities through the gas tax fund to help them with capacity building to put together an appropriate asset management plan.

Provinces and territories—thank you, Bogdan—also have a lot of knowledge and some support mechanisms that are available to municipalities for asset management.

Ms. Wai Young: To your knowledge, how many municipalities, provinces, or territories have such a plan in place?

● (1630)

Mr. Jeff Moore: I don't know the answer to that question, but the Federation of Canadian Municipalities might know the answer.

Ms. Wai Young: Mr. Chair, how much time do I have left?

The Chair: You have two minutes.

Ms. Wai Young: That's great.

Just to further explore previous conversations, what I heard—and correct me if I'm wrong—was that we really don't have a set of metrics that is accepted across the board to measure our infrastructure deficit and that this is linked to the asset management piece because it seems to play a role in it.

Given that these are two fairly large pieces that we don't seem to know about in Canada, I guess my question to you is what you as Infrastructure Canada would recommend so as to move forward to gain these pieces of knowledge, so that we can set down a strong infrastructure plan for our future.

Mr. Jeff Moore: One way we might do this is by using our federal convening power and bringing various organizations together. I know that the Federation of Canadian Municipalities, in partnership with the Canadian Construction Association, the Canadian Public Works Association, and other partners are working on an infrastructure report card.

There was an infrastructure report card published back in 2012 that gave some limited insight into the state of some of the issues with respect to various infrastructure assets. But it was a very targeted survey, I would say, because it only targeted I believe four asset classes, which included local roads, drinking water, waste water, and maybe one or two others. Only a limited number of municipalities actually responded to the survey, which in fact could present some data challenges as well.

Moving forward, the FCM in partnership with other key partners has been looking towards the 2015 infrastructure report card, for which they've expanded their survey to include several other infrastructure assets. We're hoping we might be able to get some more robust information through this next iteration of the infrastructure report card. Doing so might help us in some of our policy thinking as we move forward.

Ms. Wai Young: How does Canada compare with other countries regarding this? Are we unique in not knowing this information, or is not knowing pretty standard internationally?

Ms. Stephanie Tanton: I'm not entirely sure, to be honest with you. The thing to take into account in the Canadian context, however, is that most of this is not federally owned infrastructure, and I think that makes us fairly unique. Much of it is owned by the provinces, territories, and municipalities. When you're doing international comparisons, that fact adds an extra complexity to ensuring that we have appropriate data.

The Chair: Thank you.

We'll now move to Mr. Mai.

[*Translation*]

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Mr. Chair.

I'd also like to thank the witnesses for being with us today.

When you consider infrastructure projects, you assess the spinoff they will generate. When Mr. Braid asked about the plan's objectives, you made it clear that Canada's economic competitiveness was an important element.

When you consider the funding invested through different programs or directly by Infrastructure Canada, do you look at the economic benefits of projects, in other words, their potential to create jobs in Canada? Does that factor into your assessment?

Mr. Jeff Moore: Yes, absolutely. That's one of the things we look at when reviewing a proposal from a province, territory or municipality. We look at its economic impact.

We look at other factors, as well. In the case of a groundwater artery, for example, we also consider the effects on the municipality.

Mr. Hoang Mai: When the Minister of Infrastructure, Communities and Intergovernmental Affairs appeared before the committee, I asked him about the future Champlain bridge. I asked him whether the assessment criteria for the project included job creation in Canada. Obviously, the amounts associated with the project are going to be huge. The minister said the criteria didn't include job creation. Those bidding on the project won't receive an advantage for generating jobs in Canada. That's what I can't seem to wrap my head around. If job creation is ultimately important to you, why not incorporate it into the assessment criteria for Infrastructure Canada projects?

● (1635)

[*English*]

Mr. Jeff Moore: When we evaluate our projects, and I'll take an example in terms of the national infrastructure component, we will look at what kind of increased economic activity will result from a project, how we're going to manage disruptions in the economy, as well as how it's going to increase economic productivity.

In many cases it's about the speed at which people, goods, and services can travel, whether it's by plane, rail, or road, or through a port. Speed is very important because the private sector relies on speed these days to be more productive.

We emphasize the productivity aspect more in the increase of economic activity. Of course jobs will always be created through these infrastructure projects, whether they're short-term construction jobs or indirect jobs in the service industry, as well as longer-term jobs and the longer-term impact on the gross national product.

[*Translation*]

Mr. Hoang Mai: The Canadian Manufacturers and Exporters association made a good point with respect to the Champlain bridge. On Montreal's south shore, whether in Longueuil or Boucherville, they make steel. If Canadian-made materials were used for the project, not only would it create jobs here, but it would also generate direct economic benefits.

You said that, to some extent, speed overrode the increase in economic activity.

[*English*]

Mr. Jeff Moore: I wasn't necessarily speaking about the speed with which the project is completed. It was more about how the project can impact on goods and services moving more quickly. It also depends on the nature of the project itself. For example, if we are funding a drinking water system we will want to look at how many households are being connected to that system, the quality of the water, as well as some of the economic impacts of that project.

Mr. Hoang Mai: I have a question that is related to the new building plan. We got complaints from the ferry association, which moves 55 million passengers annually and operates across the country. There is an issue with the building Canada plan in that it excludes passenger ferries operating outside urban centres from receiving funding. Can you tell us why?

Ms. Stephanie Tanton: My understanding is that nothing precludes ferry providers from being eligible recipients; however, under our categories, ferries are eligible only as part of public transit systems. Is that what you're referring to?

Mr. Hoang Mai: Yes, but our understanding is that they can't access the funding from the building Canada plan, and even though they are a major economic contributor, moving millions of passengers, they can't access that fund. Their complaint is that they don't fall under the criteria.

Ms. Stephanie Tanton: As I said, yes, the issue is that currently under the public transit category we fund ferries. It requires them to be part of a public transit system, so the ferries that are outside that.... That is my understanding of the issue you're raising.

Mr. Hoang Mai: Is there any plan—

The Chair: You're out of time but if you're very brief....

Mr. Hoang Mai: Very briefly, is there a plan to include them? Because I think it is important to include ferries even though they're not in urban centres.

Mr. Jeff Moore: We have a business guide that shows what's eligible and what's not eligible in our programs. Under the public transit category of our program we say we can support:

> Transit infrastructure and rolling stock, including but not limited to bus rapid transit (BRT), light rail transit (LRT), subways, buses, urban passenger ferries and regional commuter rail.

● (1640)

The Chair: Thank you.

Mr. Yurdiga, you have five minutes.

Mr. David Yurdiga (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair, and to Infrastructure Canada for being here today.

Mr. Moore, on the gas tax fund, funds are allocated largely based on population. What other criteria are used in determining the amount of funds a municipality gets?

Mr. Jeff Moore: That's pretty much it.

Mr. David Yurdiga: That's it?

Mr. Jeff Moore: That's based on a pro-rated population base in terms of allocations, yes. The funds flow through us to provinces and territories, and they flow the funding to municipalities. But it's purely population based unless—

Mr. Bogdan Makuc (Director General, Program Integration, Infrastructure Canada): Yes, from the federal government to the provinces it's population based, with exceptions for the smallest: the three territories and P.E.I., which get a fixed amount of 0.75% of the total amount.

But how they transfer to municipalities varies a lot, actually by jurisdiction. Some provinces do have a minimum floor that each municipality will get; some provinces do not. There's actually quite a bit of range as to how the funds are flowed from within each jurisdiction. We could spend a lot of time going through it blow by blow. It's pretty much different I think for almost each jurisdiction, slight nuances, but primarily, as Jeff said, it's on a population basis.

Mr. David Yurdiga: Is the province involved at all in determining the amount that goes to a municipality?

Mr. Bogdan Makuc: The allocation formulas are all included in the agreements that we negotiate and sign with each of the provinces and territories. It's an agreed-upon formula.

Mr. David Yurdiga: That was my concern because a lot of these smaller communities are a service centre and they may have a population of less than 1,000 but what happens is that they're servicing an area of 20,000. There's a lot of pressure on them to provide infrastructure to meet the needs. That was why I asked that question, because some municipalities expressed some concern on that.

Moving on, but still on the gas tax fund, who else qualifies? Do first nations qualify? Do the Métis settlements qualify for the gas tax fund?

Mr. Bogdan Makuc: Under the gas tax fund there is a specific allocation amount that is taken out of the program off the top and provided to Aboriginal Affairs and Northern Development Canada to manage for on-reserve groups, for first nations on reserve. That is managed outside of our department and not only through the gas tax fund. There are allocations taken off other programs as well under the provincial and territorial infrastructure component under the NIC.

Beyond that, the gas tax fund that we then deliver to provinces that flows to municipalities, it goes to the municipalities as defined by each jurisdiction. They will decide who the recipients are within that jurisdiction.

One thing that is encouraged under the gas tax fund is collaboration and working together to try to address some of the issues you mentioned about these very small jurisdictions. We know that some provinces, and Saskatchewan is a great example, have encouraged small municipalities to work together, whether it be with first nations or other groups, to try to promote infrastructure that makes sense on a regional basis.

Mr. David Yurdiga: I have a municipal background, and some of these smaller communities.... As a county we actually shared in infrastructure costs because we recognized the importance of helping our partners, because we're one community, a community within a community, so you always like to look after each other. Some communities do that and some don't, and that was the concern of mine.

Moving on to the P3 projects, how successful is the program? Are there a lot of P3 programs being implemented around, say, the province of Alberta?

Mr. Jeff Moore: It's funny you should ask that because the first project we actually approved under the new building Canada fund was a P3 project in Edmonton for their light rail project. That was our first and our only one so far. There will be others. We hope there will be others.

The way that we deal with P3s through the new building Canada fund is that we look at projects that hit a threshold of a total project cost of $100 million. Once you hit that threshold, we do a P3 assessment to see if the project would be viable as a P3. It means we have to go through a suitability assessment with the proponent, make sure that we do almost like an initial screen and then, if that's positive for a P3, we do a procurement options analysis that will tell us what kind of procurement method would be best suited for that type of project.

If the analysis shows that it's going to be a P3, then that's going to affect our cost-sharing ratio. In most cases we will cost share at 33% for a project. If it's a P3, it would be at 25%.

● (1645)

Mr. David Yurdiga: Further on the P3, what can qualify for a P3? Is it any type of infrastructure or is it only for programs that don't qualify under other programs?

Mr. Jeff Moore: Again, it all depends on the situation. Every project is assessed on its own merit. Some asset classes perform better as P3s than others. It also depends on size. The bigger a project is probably the more viable it might be as a P3. That's why we use the $100-million screen for total project cost. Again, it all depends on the merits of the project and what's involved.

The Chair: Thank you.

Mr. Komarnicki, you have five minutes.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you.

We hear a lot about the infrastructure deficit—whatever that might mean—and the estimates vary quite widely. I see in our notes here that the size of municipal infrastructure deficit, based on surveys published between 1996 and 2012, has been estimated at between $44 billion and $238 billion. That's quite a variance and hardly anything that you can specifically rely on. To my way of thinking, an infrastructure deficit would mean that if you had to replace an asset and hadn't replaced it after whatever its lifespan was, you're in some kind of a deficit situation. Therefore, most municipalities amortize their core infrastructure, whether it's a water or sewer line or a waste water management plant. The aging of it maybe has some significance.

When I look at your speaking notes, you talked about the average age of core infrastructure over the past 10 years, and you show a decline of 2.8 years. At least that would tell me that we are making progress. Similarly, when you look at the spending on the infrastructure base to GDP, if you're going upwards, that's progress.

When you look at the amount of money you've spent—in your speaking notes you said it's risen from 2.5% in the 1990s to 13% at its peak—you can say that's progress.

How do you arrive at the aging formula relating to core public infrastructure? Where do you get your information? What does it mean? How do you assemble the specific age of an infrastructure project across the country? Can you get into that detail a little bit for me?

Mr. Jeff Moore: In terms of the average age for infrastructure, the best data that's available to us is from Statistics Canada. They use a number of key variables to determine the average age. They look at the amount of investment that's made in public infrastructure. They also look at the year in which the investment was made, and they also look at what we call year-end gross capital stock. Year-end gross capital stock is measured by value, not by the number of units. It's not by the number of assets that you have; it's the value of the assets that you look at.

Mr. Ed Komarnicki: It is somewhat of an objective way of saying, "What's the state of your inventory at a given point in time?"

Mr. Jeff Moore: Yes.

Mr. Ed Komarnicki: So we know from what has happened on the infrastructure side that we've actually been making some good progress, at least on that metric.

Mr. Jeff Moore: Yes, particularly in certain asset classes, as I said. In terms of road, transit, water, waste water, bridge, culture, and recreation, those are all asset classes where the average age has seemed to decrease.

Mr. Ed Komarnicki: I suppose that brings me to the core assets and infrastructure, mostly assets dealt with at the municipal level. You need to be directing funding at that level if you want to decrease the age of the asset or make progress on that line. When you look at the gas tax fund, for instance, would you agree with me that's a direct way to address whatever the deficit might be in infrastructure because it's going to all communities based on population for a wide range of core assets that you've indicated?

Mr. Jeff Moore: It is a tool in our tool box that we can use to address some of those situations, and hopefully, potentially, reduce the age of infrastructure.

Again—

● (1650)

Mr. Ed Komarnicki: In effect, when I looked at municipalities, every municipality has issues with waste water, water treatment plants, water pipelines, sewer lines, and their streets. Every community knows issues. One community may, on its own accord, build a water treatment plant at a million dollars. Then a program comes out and the sister community applies and gets one-third share from the federal government and one-third from the provincial government to build that same water treatment plant, or whatever it is.

You're addressing one municipality's problem but not the other's. The beauty of the gas tax fund is that you're giving the communities the opportunity to decide what needs to be done, but eventually you'll address the water treatment plant, the road, the sewer, the water line, and so on.

Wouldn't you agree that making the gas tax permanent and servicing a whole range of core services is a very direct and very positive way in addressing the infrastructure deficit, whatever it might be?

Mr. Jeff Moore: It's direct, it's positive, and it also provides a predictable source of funding for the municipalities as well, so they know what's coming.

Mr. Ed Komarnicki: When you look at the $1-billion small community component of the Building Canada fund, you now have the application process in which a community has to apply. Then I gather from what you were saying, the province ultimately makes a decision about who succeeds and who doesn't.

Of 15 applicants you have one that succeeds. You have 14 who have to deal with the issue somehow, who may not be able to deal with it and defer it. So wouldn't even that fund, the $1-billion small communities fund, be something the communities would want to get across the board per capita, as they do with the gas tax fund?

The Chair: That's your question, so the answer please.

Mr. Jeff Moore: Yes, that would most definitely be another tool they could most definitely use as well. I would also add they could potentially use the provincial-territorial infrastructure component's national and regional component, the $9 billion, if they can demonstrate that the project is regionally significant.

A good example of that might be three small communities getting together to construct a new drinking water system.

Mr. Ed Komarnicki: The important thing is that you're gaining ground.

I want to thank you, Mr. Chair.

The Chair: Mr. Kellway, you have five minutes. We're starting into the next round and I'm keeping everybody to five minutes so we can get everybody in.

Mr. Matthew Kellway: Sure. Understood, Mr. Chair. Thank you.

Perhaps I could try to summarize a bit of what we've heard today, that the objective of the new building Canada fund is the economic competitiveness of Canada, but the determination of how to meet that objective, the projects put forward as priorities for meeting that objective, are done by provinces and territories.

Mr. Jeff Moore: With the exception of the national infrastructure component, which we administer directly through Infrastructure Canada, yes. In terms of the PTIC, national and regional, the small communities fund, those elements are really driven by provinces and territories providing us with their priority projects.

Mr. Matthew Kellway: So remind me, is the national infrastructure one completely determined by Infrastructure Canada?

Mr. Jeff Moore: Absolutely. It's a merit-based program. Projects come in, we assess them on their merits, and make decisions.

Mr. Matthew Kellway: Projects from...?

Mr. Jeff Moore: It could be from the private sector, from a Canada port authority, from a public sector body such as a province, territory, or municipality, as well as first nations—

Mr. Matthew Kellway: But still it's application based; it's other people suggesting to you.

Do you have an in-house policy that determines your own sense of priorities for investment in infrastructure in Canada and how to meet the objective of economic competitiveness?

Mr. Jeff Moore: Some of the filters we use, obviously, are in and around the type of project we're going to support. Under the national infrastructure component we're very much interested in highways and major roads, as well as rail, local and regional airports, and ports. Those can be fairly significant in terms of contributing to the economy. So can disaster mitigation, because a good disaster mitigation project can prevent economic losses and economic injury.

We also have public transit as an eligible category, which can also contribute to relieving congestion in communities, and so on. What we look at in terms of that fund, again, goes back to how this project is going to increase economic activity. Does the project cross provincial-territorial boundaries in terms of its impacts? Is it going to increase economic productivity as well?

● (1655)

Mr. Matthew Kellway: What I take from that list is that it's largely transportation and transit-related projects that you've identified as a national priority for improving the economic competitiveness of Canada.

Mr. Jeff Moore: Yes. For example, we provided funding to the Port of Montreal for some expansion activities.

Mr. Matthew Kellway: On that basis, then, from a policy perspective what determines the level of funding that goes into these funds? For example, I'm a Toronto MP and we throw this number around all the time, because it stuns most of us who come from Toronto. It has been estimated that loss of productivity from gridlock in Toronto is somewhere between $6 billion and $11 billion annually. That, it would seem, would call for significant investment in public transit in Toronto.

From your perspective, a policy perspective, what says that this is how much you think ought to go into this infrastructure fund in order to meet the objectives of that fund? On level of funding, do you have any policy on that, ?

Mr. Jeff Moore: At a macro level in terms of the actual programs themselves, that's the decision of the government, and as good bureaucrats we will implement those decisions in terms of the level of funding that's provided to us.

Mr. Matthew Kellway: But as policy people what do you say or recommend around these matters?

Mr. Jeff Moore: Again, it all comes down to the budget process and what's recommended through the budget process. We basically implement whatever policies are developed that way.

Mr. Matthew Kellway: Do you have a policy in-house on asset management, for example? I was a bit surprised by the statement about how "an improved economic situation laid the groundwork for a major turnaround in public infrastructure investment".

I would think engineers would have a bit of a heart attack at that statement, because I would think someone responsible for asset management says you don't wait for an economic turnaround. Then there may be economists who say exactly the same thing. You don't wait for an economic turnaround in order to maintain your investment in your assets.

Should you have any kind of funding recommendations around asset management? What do you have to say about that?

Mr. Jeff Moore: I would say in terms of asset management that we need to continue working through the gas tax fund on that. We have an actual category under capacity building, so we would encourage municipalities to continue to take advantage of that capacity-building component given the flexibility it affords municipalities in terms of improving their asset management situation.

We've been using, again, our convening powers of the federal government to bring together provinces, territories, municipal associations, and others to have frank discussions around asset management, explore what are some of the best practices out there, where are some of the challenges, and try to establish a forum where we can actually share those best practices with other municipalities, whether it's through us or through the Federation of Canadian Municipalities, so they have a good understanding of what good asset management practices are and how those can be implemented.

The Chair: Thank you.

Mr. McGuinty, you have five minutes.

Mr. David McGuinty: Thanks, Mr. Chair.

Can I go to the question of conditionality before moneys are transferred from the federal government to another order of government to move forward on infrastructure projects?

But first you were asked earlier, Mr. Moore, about jobs. What are you told? What do you require in terms of conditionality from recipients of money on the jobs front? What information are you getting, or are you getting any specific information on job creation?

Mr. Jeff Moore: What we do is, if we go back to some of our material that we provide to folks, there are certain outcomes we're looking for. A good example would be, let's say, public transit, so a public transit project comes in. What we're looking for is how this project is going to reduce urban congestion, for example.

● (1700)

Mr. David McGuinty: I hear you on all those. In the five minutes I have I want to talk specifically about employment and jobs. What are you getting from the recipient of the money in terms of metrics, or analysis, or numbers on jobs?

Mr. Jeff Moore: Do you want to...?

Mr. David McGuinty: If the answer is we don't hold out anything specific on jobs, that's okay.

Mr. Jeff Moore: Yes. There's no conditionality with respect to jobs.

Mr. David McGuinty: Okay.

Mr. Jeff Moore: We're looking basically at key outcomes like the public transit in terms of congestion, ridership, safety, mobility.

Mr. David McGuinty: I ask because on March 10 the minister came here to this committee, and in his speech he asserted that quote:

> We are committed to having the new bridge for the St. Lawrence in service by 2018 and to having the remainder of the corridor project completed by 2020. The project is expected to create 30,000 jobs....

Many people were skeptical when they heard that. What you have just confirmed is, frankly, the minister is not in a position to assert anything of the kind, because there is no conditionality attached to the funding of that kind of specific project.

I want to go to the second question.

Mr. Jeff Moore: That's a specific project, though.

Mr. David McGuinty: Do you have the analysis?

Mr. Jeff Moore: We're not involved in that project, not me personally.

Mr. David McGuinty: Right, but the department is.

Mr. Jeff Moore: The department is, so I can't speak to the jobs with respect to that.

Mr. David McGuinty: Can you get the analysis to substantiate that 30,000 jobs? Do you have access to that and can you produce it for this committee?

Mr. Jeff Moore: I'll have to check and see if that can be provided.

The difference between the bridge and these programs is that these are transfer payment programs, so the conditionality for these could be very different from—

Mr. David McGuinty: Okay.

Mr. Jeff Moore: —the P3 capital project that's administered by the department.

Mr. David McGuinty: I want to go the second theme in conditionality, and that is the question of publicity.

Do you ask the provinces or municipalities that are receiving federal funds to advertise the investment made by the federal government in these projects?

Mr. Bogdan Makuc: Sure. Under the gas tax fund, we work with provinces and municipalities to ensure that there are—not in all cases—potentially signs or other markers that identify there is a contribution from all partners in the project.

Mr. David McGuinty: Who pays for the signs?

Mr. Bogdan Makuc: It depends on the program, but generally it can be a cost-shared part of the program. It's an eligible cost.

Mr. David McGuinty: There's a challenge we're having because every Canadian has seen one of the 9,850 billboards erected around the country, which we've costed at just under $30 million. We're trying to get a better sense of who pays for this.

Several years ago, the City of Ottawa had to erect all kinds of signs, those vanity blue billboards that we've all seen. I wrote to the mayor of Ottawa and I asked the mayor of Ottawa who paid for those. He wrote me back and he said the City of Ottawa was forced to as a condition of receiving the money for this infrastructure project. They were forced by the federal Conservative government to spend $50,000, just in Ottawa, to put up these billboards.

How does this work in practice for Canadians who frankly find this kind of expenditure obscene when it comes to advertising and billboards? Canadians are asking why they're spending so far, by conservative estimates, $30 million in billboards. How does this work?

The Chair: Do you want him to answer the question?

Mr. David McGuinty: Yes, absolutely. We want an answer, sir.

Mr. Jeff Moore: In some cases, the costs for signage are eligible costs under a project. The recipient would pay for a portion of the cost of that sign, potentially. In other cases we may pay for it ourselves, in my understanding.

Mr. David McGuinty: Okay, but always tax dollars?

The Chair: Let him finish the question.

Mr. David McGuinty: Always tax dollars...?

The Chair: You're out of time, so let him finish the question.

Mr. Jeff Moore: It would be under our transfer payment program, if it's an eligible cost under our transfer payment program. The funding for the signs is coming through the transfer payment program, not potentially the entire sign because we're cost-sharing. Some components of the costs of the signage could be also coming from the province, territory, and/or municipality as well, if we're assuming, let's say, a one-third, one-third, one-third cost-share of a project.

The Chair: Thank you.

Mr. Braid, you have five minutes.

Mr. Peter Braid: Thank you very much, Mr. Chair.

I like to see economic action plan signs in my riding. I know my constituents appreciate when they see that levels of governments are working together.

There's also—

Are you okay, Mr. McGuinty? Can I get you some water?

● (1705)

Mr. David McGuinty: I'm just choking on the ludicrous nature of that comment.

Mr. Peter Braid: With respect to the issue of jobs, when investments in infrastructure are made, jobs are created in the construction industry, in the trades, and in engineering, etc. If I'm not mistaken, is there not a formula that one of you may be aware of, a sort of x investment in infrastructure dollars equals y number of jobs? Are any of you familiar with this formula and what the formula is? Do you know?

Mr. Jeff Moore: There is a formula used by Statistics Canada. It's a modelling equation they use to determine the number of jobs created based on the level of investment made. I have my pseudo-expert here who might know a little about this.

Ms. Stephanie Tanton: All I'll add to that is that it's fairly difficult to be able to show with any certainty how many jobs are created from dollars spent on infrastructure. There are some methodologies out there, but my understanding is that how solid those numbers are is fairly difficult to say.

Mr. Jeff Moore: There are many models out there, but they all have their limitations.

Mr. Peter Braid: Something does exist at Statistics Canada though?

Mr. Jeff Moore: Yes, and if a number was created out of that there would be probably two caveats that you would have to put around it.

Mr. Peter Braid: Okay.

In terms of the provincial-territorial infrastructure component, PTIC, provinces need to prioritize projects before they come to the federal government. Are some provinces further ahead than others in the country under the PTIC component on the new building Canada plan?

Mr. Jeff Moore: Yes, I would say that some are more advanced than others, absolutely.

Mr. Peter Braid: Why is that? Why are some more advanced than others?

Mr. Jeff Moore: There have been some challenges along the way. We've been in business now for about a year in terms of the new building Canada fund. Some provinces and territories have been through elections, and changes of leadership, and so on. That's created some transition in terms of thinking and prioritization around projects. We've had to wait in some instances to get a clear signal from some of these jurisdictions about what their priorities may be.

The important thing, at the end of the day, is that we have strong partnerships in place with provinces and territories. We do rely on them to communicate their priorities to us. We work at the pace of provinces and territories, and try to respect their thinking and priorities right now.

Mr. Peter Braid: Great. Thank you.

The issue of increased frequency of flooding has come up. Could you confirm that disaster mitigation is an eligible category under every component of the new building Canada plan? Is that correct?

Mr. Jeff Moore: Yes, it is.

Mr. Peter Braid: Great.

Finally, when Infrastructure Canada, when the Government of Canada, does participate in a project under the new building Canada plan, could you explain how the reimbursement process to the municipality works?

Mr. Bogdan Makuc: Sure.

Generally we have an agreement in place before any payments can be made or any reimbursements are made. We always have to have that condition in place. A municipality will go ahead and proceed with the project, construction will occur and take place, and they will submit the appropriate documentation to our organization, Infrastructure Canada. We do some reviews, ensure that we have the appropriate information, and we issue a payment. It's quite a simple process.

Mr. Peter Braid: But it's only after work is commenced and specific milestones have been achieved. Is that correct?

Mr. Bogdan Makuc: Yes, that's the approach.

Mr. Peter Braid: Depending on the nature and the size of the project or projects across the country, that will determine our level of investment under the estimates process, for example, or the budget process. Is that not correct?

Mr. Bogdan Makuc: Yes.

Mr. Peter Braid: So the nature of the projects, the size, the complexity, and how and when municipalities apply will drive the money that is being reimbursed to them.

Mr. Bogdan Makuc: Yes. We work with and have agreements with the proponents who provide the projects. They tell us what their planned expenditures are. We use that information to then put it into our estimates process so that we can determine the appropriate level of funding needed for the department for the following year.

Mr. Peter Braid: Fascinating.

● (1710)

The Chair: Mr. Watson, you have five minutes.

Mr. Jeff Watson: Thank you, Mr. Chair.

You presented this committee with information. Is this is your graphic here presented to the committee?

Mr. Jeff Moore: Yes.

Mr. Jeff Watson: Okay.

For those who aren't able to watch the proceedings today, this is a chart sourced from Infrastructure Canada and the Department of Finance looking at federal spending on provincial, territorial, and municipal infrastructure. It begins in 1990-91 and goes out to 2022-23.

I notice on the left-hand side of the graph, from about 2006 back to 1990, there's not a lot of infrastructure spending there. There's one small spike in about 1995. That is a short federal infrastructure spike when the Liberals were in government.

Then policies came in to devolve airports in 1995 from the federal infrastructure downward, without dollars. I know that the 1990s saw CN privatized. There was a national marine policy in 1995 to divest ports from federal care to regional and local municipalities, again, the dollars not funding them. Perhaps that was to ensure that the federal government wouldn't have to spend. That may have been a policy decision of the Liberals back then, but there's been a very deliberate and different policy approach, if I'm reading the graph appropriately, particularly from 2006 onward, where that trend, both through the building Canada plan and the new building plan beyond, involved massive federal investment, topping in 2022-23, where it's at about $6 billion that year, estimated.

Am I reading that correctly, Mr. Moore?

Mr. Jeff Moore: Yes.

Mr. Jeff Watson: Okay, so deliberate policy decisions of this government have been decidedly different in terms of tackling infrastructure needs and taking a strong federal responsibility. That's good.

I hope that the graph makes it into any report from this committee, Mr. Chairman.

I know that Mr. McGuinty mentioned something about signage. I do have a picture of one of the gas tax fund's signs. I notice that for Mole Rd./County Rd. 12, bridge reconstruction 104703, the partners are Canada, the Town of Essex, and the Government of Ontario, and it's noted that it's administered by the Association of Municipalities of Ontario.

For anyone who's wondering how their tax dollars were actually put to work, there are four partners who were involved in the gas tax fund. I think that's pretty good transparency for projects. Would you agree, Mr. Moore?

Mr. Jeff Moore: That definitely identifies the funding partners.

Mr. Jeff Watson: We have an accountability as well for how the money is spent and that ensures that everyone knows that the gas tax fund has multiple partners even though the project decision might rest with a particular municipality. I think that's a good partnership and a strong partnership, some would say.

We've tracked.... That chart I was looking at, which talks about federal spending. Obviously that's public spending. Do we have a sense of how much private capital we're attracting into public infrastructure? What is the trend line on that? Are we getting more private infrastructure funding as a result of leveraging with public dollars? What does that trend line look like going out to say 2022-23? How can you help us understand what the trend is with that private infrastructure investment?

Mr. Jeff Moore: We don't have that information but generally speaking we're in the business of funding public infrastructure that's owned or operated by municipalities, provinces, or territories. Interestingly enough, the private sector is an eligible recipient at least under the national infrastructure component and under PTIC as well. So we'll have to wait and see.

● (1715)

Mr. Jeff Watson: At some point we'll have some historical reference to be able to track the trend.

Mr. Jeff Moore: At some point, we hope to have some kind of a track record on how we leverage private sector investment and this kind of infrastructure.

Mr. Jeff Watson: Mr. Moore, thank you.

The Chair: Thank you.

Mr. Sullivan, you have five minutes.

Mr. Mike Sullivan: Thank you again, Mr. Moore.

The new 10-year building Canada plan has been in existence since sometime in the spring of 2013, by the looks of the little line on the chart here that Mr. Watson was holding up for the cameras.

Can we get the data since that time: what has been applied for, what has been granted, how much was applied for, what was the total value of each of the projects, and whether or not there were P3s?

Mr. Jeff Moore: That should be fairly easy to do.

Mr. Mike Sullivan: From 2013 forward. I'm not looking beyond that but just since the new 10-year.... Who applied and how—

Mr. Jeff Moore: How much they received...?

Mr. Mike Sullivan: It's how much they asked for, how much they got, and what was the total value of each of the projects. This is for federal, provincial, territorial, and community-based projects. Obviously all four types are involved in that.

Mr. Jeff Moore: And if it were a P3.... I understand.

Mr. Mike Sullivan: And if it were a P3, exactly.

Your reference to private being available, private companies being eligible during the stimulus period, I did some research in my own riding and discovered that a meat packing plant got stimulus money. Is that what you're referring to? They got $2 million. Only $5 million was spent in the riding, and $2 million went to a meat packing plant to improve their equipment. Did Infrastructure Canada spend that money?

Mr. Jeff Moore: Probably not. I can only assume that maybe it was Agriculture and Agri-Food Canada or maybe the Canadian Food Inspection Agency.

Mr. Mike Sullivan: It was stimulus spending. That's how it was —

An hon. member: How big was the sign?

Mr. Mike Sullivan: That's a really good question.

The remaining $3 million that was spent in the riding was the City of Toronto's water main replacement project, so it was a big project that was divided up; $3 million was available to my riding.

Your comment about encouraging projects to come forward. Is that like the $600 million that was put forward for the extension of the Scarborough subway that came out of the blue? Suddenly there was $600 million. There was an announcement before. The province wasn't asking for it, the city was, and a fight was going on between the province and the city over what kind of funding and what kind of project was going to go forward.

The city then got an announcement of $600 million, which we understand is still floating in a budget somewhere. Is that the kind of thing you're talking about when you say you encourage projects to come forward?

Mr. Jeff Moore: Well, we always encourage projects to come forward, and that's the dynamic that we have with provinces and territories. We encourage them to bring forward their priority projects as quickly as possible so we can start assessing them and start making funding commitments.

As I said, we basically work at the speed of the provinces and territories, but we do engage with them on a fairly regular basis, and always with the view of bringing forward projects that we believe will be eligible under our programs.

Mr. Mike Sullivan: I'll come back to my last question in my last round, the electrification of the GO Transit system, and in particular the air-rail link, which was partly a federal infrastructure project way back when. It has now morphed into a $1.5-billion project, and thus far, as far as I can tell, there's been no specific request for electrification from the province for that particular project. You mentioned SmartTrack, and I'm not talking about SmartTrack. I'm talking about the fact that we're going to be the only city on the planet that has a diesel train to its airport. Has there been no request at all from the province for that?

● (1720)

Mr. Jeff Moore: In terms of the air link, my understanding was that this was a project supported by Transport Canada, so you'd have to have some conversations with them about that.

In terms of the transit project you're referring to, again we haven't seen the project in its entirety come in. We're still waiting for the municipality, provinces, and territories to determine what, if anything, they want to do about the regional express rail, the electrification of the GO rails, as well as the SmartTrack project itself. It's all a little bit up in the air, I think, in terms of what exactly is going to come forward, and which door it's going to come forward through as well. Is it going to come through the Infrastructure Canada door, the PPP Canada door, or the public transit fund door, which is also going to be administered by PPP Canada?

The Chair: Thank you. Your time has expired, Mr. Sullivan.

Mr. Komarnicki, you have five minutes.

Mr. Ed Komarnicki: Thank you.

One point I want to carry on that was asked earlier by Mr. Braid is that when you have a new program coming out and you're looking at the estimates of what will be spent in a particular year, or the amount of spending, it's fair to say that you have to put that in context or perspective. That's simply because there's an application process that has to take place and there has to be some kind of a vetting process to accept a particular project. There must be a tendering process where you actually get contractors to bid on the project, and then there must be some work completed before you start getting invoices and payments are actually paid.

What's generally the lag time? What do you expect in terms of when a commitment is made in terms of how it compares to payments actually flowing across, when you're looking at how much is spent in a particular year? What's the context of all of that? Could you maybe deal with that for me?

Mr. Jeff Moore: It all depends on the size and complexity of the project in terms of how long it takes to get from the initial application phase up to the point where we have a negotiated contribution in place with the recipient. But even after you have an agreement signed, as you said, we have to wait for the work to start, invoices to come in, and then invoices get paid. We're talking quite a few months, I would think, before you actually see actual public funds being spent or being transferred from us to the recipient of a project.

What this means is that when we do have a new program that comes into being, you're usually going to see a ramp-up in terms of funding.

Mr. Ed Komarnicki: If you were to take the first year, for example, you wouldn't expect the spending to be as substantial as you might in the second year of the program because there needs to be a bit of uptake time before public dollars are actually spent.

Mr. Jeff Moore: Correct, and there has to be some education as well. People have to understand the program and how it works, what the criteria are. That takes a bit of time as well before they actually start applying under the program.

Mr. Ed Komarnicki: When you're looking at whether or not you're meeting a particular infrastructure deficit, if you want to call it that, it's not how much you've spent in the first year of the program, so much as how much is committed in a block of time.

Mr. Jeff Moore: Yes, it's over an extended period of time. That's correct.

Mr. Ed Komarnicki: The other aspect I was going to talk to you about is that there are two parts of the program. There is the national aspect of the program, where you say there is an optimum level of investment needed to support a competitive and resilient economy. Of course, you will probably never get the optimum, but you will get a set amount and then you have to decide among the applicants what would be the optimum. Obviously, it is something that Infrastructure Canada needs to make decisions on.

When you are dealing with the provincial or regional aspect, the same kinds of principles can apply, but when you are dealing with local projects or core infrastructure projects, would you agree with me that there are different kinds of considerations?

Mr. Jeff Moore: In terms of...?

Mr. Ed Komarnicki: I mean in terms of making the award for a particular project or not.

Mr. Jeff Moore: There are multiple considerations that go into that. I think it would be important to note that the national infrastructure component is merit-based. Projects come in, and we deal with them one at a time. Under the current situation, it is not a competitive process where we have a start date, in terms of an intake process, and an end date. We look at the merits of the project that comes in as it stands.

● (1725)

Mr. Ed Komarnicki: I noticed the municipalities are really keen on the gas tax fund because they are able to decide what their local priority is.

In a sense, the gas tax fund does actually address the local infrastructure needs and has perhaps different considerations than you might have for the regional program, where you look more at the economic side of things and the resilience of the economy to ensure that it can prosper, and so on.

Mr. Jeff Moore: It's like a spectrum.

The gas tax fund starts at the local level, and we look at local priorities based on their process. We work our way up to the small communities fund, which is again local in nature. Then there is the provincial and territorial infrastructure component, which is more regionally based and in some situations may be national. Then we have the national infrastructure component, which looks at national priorities and how it achieves national economic priorities.

There is a broad spectrum of the types of projects we can support, depending on the nature of the wicket that you can go through within the new building Canada plan. Does that answer your question?

The Chair: If you want, you can follow up on the same theme, but be brief.

Mr. Ed Komarnicki: On the small community component, obviously if you get 50 or 60 applications and you have funding sufficient for only three, would the gas tax fund be better suited for those unsuccessful applicants?

Mr. Jeff Moore: Yes, it could be, potentially.

The Chair: Thank you.

I would like to thank all three of you for being here today. We had a good round and a half here.

Thanks again very much.

The meeting is adjourned.