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Chair

The Honourable Judy A. Sgro

Standing Committee on Transport, Infrastructure and Communities

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● (1530)

[*English*]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call to order meeting number 68 of the Standing Committee on Transport, Infrastructure and Communities of the 42nd Parliament. Pursuant to Standing Order 108(2), we are doing a study of an update on infrastructure projects and the investing in Canada plan.

Welcome to you all. It's nice to see everyone back, smiling and happy to be here, in spite of the weather.

From the Office of the Parliamentary Budget Officer, we have Negash Haile, research assistant; Jason Jacques, senior director, costing and budgetary analysis; and Chris Matier, senior director, economic and fiscal analysis. Gentlemen, welcome. We're happy to have you here.

Who would like to lead off?

Mr. Jason Jacques (Senior Director, Costing and Budgetary Analysis, Office of the Parliamentary Budget Officer): I have very brief opening remarks, which hopefully the translators will do justice to, given my potentially highly questionable French.

[*Translation*]

Madam Chair and members of the committee, thank you for the opportunity to appear before your committee today regarding phase 1 of the national infrastructure program.

My name is Jason Jacques. I am chief financial officer and senior director of the Costing and Budgetary Analysis team at the office of the PBO. With me are Negash Haile, the lead analyst on this report, and Chris Matier, the senior director of Fiscal and Economic Analysis.

Budget 2016 announced the creation of the government's NIP. The NIP is being delivered in two phases. Phase 1 focused primarily on infrastructure investments over 2016-17 and 2017-18, and provides a boost to economic activity in the short term. Phase 2 directed funds to the government's broader, long-term infrastructure plans.

In December 2017, the PBO submitted information requests to 32 departments, agencies and crown corporations responsible for all Phase 1 NIP projects. Based on these responses, PBO was able to build an inventory of over 10,000 projects. Of the total $14.4 billion planned budget for phase 1, federal organizations have identified $7.2 billion worth of approved projects that were initiated in either 2016-17 or 2017-18. Thus, about half of phase 1 funding is yet to be attributed to projects.

This data suggests that federal infrastructure spending for phase 1 is delayed compared to the original timelines presented in budget 2016. This delay is also consistent with the spending data published by provincial governments in their budgets, as well as the figures published by the federal government in budget 2018.

Based on the updated spending profile provided in budget 2018 and our own monitoring, we estimate that budget 2016 infrastructure spending raised the level of real GDP by 0.1% in 2016-17 and 2017-18, increasing the overall level of employment by between 9,000 and 11,000 jobs in 2017-18.

Consistent with the delays in implementing NIP phase 1, these figures also suggest that the money originally intended to be spent in 2016-17 and 2017-18 will be pushed out to 2019-20 and 2020-21. As noted in our report, it also raises the risk that some of these economic gains may now be offset by the Bank of Canada's monetary policy.

Thank you for your attention. My colleagues and I will be happy to answer any questions you may have about this report.

● (1535)

[*English*]

The Chair: Thank you very much.

Mr. Liepert, would you like to lead off?

Mr. Ron Liepert (Calgary Signal Hill, CPC): Oh, we'll give it a go, Madam Chair.

You didn't go into any detail on some of the reasons by the bureaucracy for these delays. Can you expand a bit on that?

Mr. Jason Jacques: On the reasons for the delays, again, we did not specifically request that information from departments and agencies. That said, we have had conversations with provincial governments. We can also point to the historical track record and potential challenges of the federal government in implementing infrastructure projects going all the way back to 2002. I think the first reason that's always identified is that the government will announce these programs, and there often ends up being a delay in the announcement of the program and the signing of agreements with subnational governments, or provincial governments and municipalities, who of course are responsible for close to 90% of public capital and infrastructure investment across the country. There is always potentially a delay on that front.

As well, something important that we've noted in previous reports and testified to in previous committee appearances, in particular before the finance committee in the other chamber of Parliament, is that in the current context, some of the feedback we received from some subnational governments was that there wasn't necessarily the same degree of slack in the economy. The government's announcement of a significant increase in infrastructure investment was certainly potentially welcome as additional funding, but in terms of the capacity of provincial governments and municipalities to move exceptionally quickly to identify not only existing projects but also, of course, new projects.... That is something that the federal government has identified. They don't want the laundry list of what provincial governments were already planning on spending, but want new incremental projects, which in itself takes some time for subnational governments, or provincial governments and municipalities, to also implement.

Getting back to the core part of your question, after all that work has been done and the agreements have been signed and provincial governments have actually identified projects, there in turn end up being discussions with the federal government and federal public service on the nature of the projects that will actually be funded.

● (1540)

Mr. Ron Liepert: Just jog my memory here. Are these projects contingent on equivalent funding by provinces and municipalities?

Mr. Jason Jacques: Ostensibly, there should be matching funding at the very least.

Mr. Ron Liepert: Right. Did you identify that as an issue?

Mr. Jason Jacques: As part of the information request, we did ask for the allocations by the federal government. As well, we received information with respect to the matching funds identified by the provincial governments for those specific types of projects.

To your point, we did not actually identify it as an issue in this report per se, but we have testified in the past on the extent to which we actually see that matching of funds, which again is a federal policy objective, spilling out across the economy. If it is supposed to be dollar for dollar, with one dollar of new federal infrastructure spending begetting at least an additional dollar of spending from subnational governments. That's two dollars that should be showing up in the economy that otherwise would not have happened. Something we've identified in the past is the fact that it's challenging to actually see that pickup. That's not necessarily with respect to the list of projects identified by the federal government. As I mentioned, we have a list of 10,000 projects for which you can see the federal contribution and you can see the contribution from provincial governments and other levels of government, but in terms of the aggregate figures, we're challenged to actually see those figures panning out in terms of actual contributions.

Mr. Ron Liepert: It seems to me that maybe we have a policy issue here. If I understand you correctly, you have provinces and municipalities who have already allocated their dollars over a period of time. I mean, any government should have a five-year plan for allocating dollars to infrastructure. Then you have the federal government coming in after that and saying, “Oh, we're going to commit all of this money, but you have to match it.” So then you're asking the other levels of government to in some cases maybe literally double their commitment. From a policy perspective, does that make sense?

Mr. Jason Jacques: Of course, within the PBO we never comment on policy. It's certainly not within our remit. That said, I will point out that it is a 12-year plan. Something that we've testified to in the past at other committees is that although there might be a challenge up front—as you quite correctly point out, any large municipality or any provincial government will have a multi-year plan in place well in advance—and there may be additional friction or pressure points at the outset when somebody comes to the table with new money, over a 12-year period of time, one would conceivably imagine that the additional money could actually be incorporated as part of the multi-year plans.

Mr. Ron Liepert: In doing this study, is that something this committee should look at and possibly suggest, namely, that maybe it shouldn't be for new projects but could be blended with what the provinces and other levels of government have already budgeted for?

Mr. Jason Jacques: It's certainly not for us to make a recommendation with respect to what the committee should study. That said, from a technical perspective, it's a very interesting and important question from our forecasting perspective. Again, the key challenge for us at the outset was trying to determine, based upon the historical track record of the federal government lapsing between 15% and 40% of its infrastructure spending since 2002 every single year, how much money would they lapse in 2016 and on a go-forward basis. Any additional technical clarity on that point would certainly be helpful to us.

As well, something we pointed out in the past is that it would be helpful for parliamentarians, when they're deliberating on the probity of moving quickly on infrastructure, whether it's feasible to move very rapidly and in a very targeted way around infrastructure projects.

The Chair: Thank you.

Mr. Badawey.

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

I appreciate the comments by the member opposite. As a mayor for 14 years in my former life, I found that one of the biggest frustrations was the topic that we're speaking about today. I want to dig a bit deeper and put some reality to some of the experiences that I'm sure many are going through on a day-to-day basis when it comes to the distribution of infrastructure funds.

The fact of the matter is that this has become a sustainable funding envelope for municipalities. We, as upper levels of government, depend on municipalities establishing strategic plans that make up, primarily, their community improvement plans. As the member opposite alluded to, those are expected to be there three to five years in advance. The application for funds is made both to the province and the federal level, and the province is the steward in distributing those funds.

The two questions I have are with respect to just that, the distribution of the funds.

First, has the PBO taken into consideration the provinces and/or territories taking some time in signing bilateral agreements? For example, the second phase was introduced a few months ago, and we've only had seven provinces or territories sign on to their bilaterals. It is a frustration to get those signed so that the money can start to be distributed.

Second, we often see project delays happen. Is the PBO taking into consideration that project delays do occur and, of course with that, the receipts that would otherwise be expected to then be reconciled, meaning that funds are not spent? I'll repeat myself: Funds are not spent until the projects are expensed to the upper levels of government that are financing those projects. Is the PBO taking that into account as well?

● (1545)

Mr. Jason Jacques: The short answers to your question, because I tend to be grandiloquent occasionally, is yes to one and yes to two.

With respect to the delays and the signing of the bilateral agreements, we take do take that into account. With respect to accounting for project delays, and to your point with respect to the accounting differences between cash and accrual, we also take that into account.

Mr. Vance Badawey: If I may say, your report speaks often about projected versus actual spending. I'm wondering if you could expand on this historically. It goes to my other question: is it common or uncommon for governments to experience this?

Mr. Jason Jacques: With respect to the delays or the gap between what is announced in a federal budgeting document versus what actually occurs when you look at the public accounts at the federal level around infrastructure spending, it is absolutely not new. This is something that, I think, in our first committee appearance or shortly after budget 2016, we flagged as a risk associated with the delays for the reasons that you enumerate.

Again, 90% of the money that's spent on public infrastructure across the country is spent directly by provinces and municipalities. Those organizations tend to have a plan between three and five years going out. In some situations, it can go out over a longer period of time, so their ability to turn things around very quickly and accommodate a significant material boost in federal infrastructure spending, federal infrastructure transfers, is somewhat limited, especially in comparison to 2009, when there ended up being a significant gap in the economy. There was a lot of slack, firms were going bankrupt very quickly, and people were losing their jobs very quickly.

In the current context, we don't have the same slack in the economy, so as one sizable municipality pointed out to me, it's not as if they can let a contract and there'll be 10 firms bidding on it immediately to go out and do the work, and they're able to spend the money very quickly in a competitive way. They can let a contract, and they know that the bids coming in will more than likely account for additional overtime, so the firms can certainly take on the work, but it's not part of their regular order book. They would have to take on, pay extra, and have the work done within set periods of time.

Mr. Vance Badawey: They may come in earlier, but about policy, of course, the PBO is not in a position to give an opinion on policy. However, there's something I always found in my former life that would be more advantageous than the one-offs. Every time a government gets into power, they announce these big, grandiose infrastructure programs, which are great, but they would be more beneficial to the beneficiaries, the people who are getting the money, if in fact these were sustainable and were on more of an annual basis, something like the gas tax fund.

I know you might be hesitant to answer this question, but would you find it advantageous for municipalities to receive infrastructure funding on more of an ongoing basis as a sustainable funding envelope, similar to the gas tax fund, versus what we've been seeing, as you say, since 2002?

● (1550)

Mr. Jason Jacques: Going back to the first part of your question, it's not for us to opine upon policy or instrument choice. That said, when you're actually looking at assets that potentially have a lifespan of between 10 and 40 years, that certainty with respect to a funding source is just a basic question. If you're an accountant, when you're looking at capital budgeting and you're actually drawing up a capital budget around your assets, you want to have a forecast of the cash flows coming in over the same period of time as the assets that you're actually managing.

Mr. Vance Badawey: The longer the program—five, 10, 15—the better in terms of managing the assets.

Mr. Jason Jacques: As well, I know one of the witnesses you're going to hear from after us, from the Institute of Fiscal Studies and Democracy, published work specifically looking at other jurisdictions and the fact that at the national level, they actually have longer-term infrastructure plans. That seems to be a good or a leading practice.

Mr. Vance Badawey: Thank you.

The Chair: Thank you very much.

Madame Sansoucy.

[*Translation*]

Ms. Brigitte Sansoucy (Saint-Hyacinthe—Bagot, NDP): Thank you, Madam Chair.

I would like to thank the witnesses for being here to answer our questions.

The infrastructure plan and major investments announced by the government have created many expectations in the municipal world. As my colleague said, municipalities have plans to replace their infrastructure: they know very well where they are going and they need that money.

In your most recent report, you indicated that the government does not have a plan to spend the $186.7 billion it has set aside for infrastructure over the next 10 years. I've been listening to you for a while now, and I must admit that I don't understand how it is conceivable to spend so much money without having a structured plan.

In light of your experience, do you think it would be possible to spend this $186.7 billion over the next few years?

[*English*]

Mr. Jason Jacques: To the crux of your question, with respect to whether there's a plan in place or whether you need to have a plan, I think, if we look at any other federal government program, there's absolutely an internal requirement consistent with government policies to actually have a plan in place for the spending of any significant sums of money.

As well, and this is something that we focused on in the past, in addition to having a plan with respect to the spending of the money, it also actually needs to be linked to results. That's something, going back to budget 2016, that the government focused on. The idea is that it is a considerable sum of money, which they indicated would be clearly linked to results both in the short term around economic stimulus and in the long term around other productivity benefits and social benefits across the economy.

From our perspective, up to this point we have focused on the potentially boring aspect of how much was budgeted and, in comparison to what was budgeted, how much is actually being spent and then potentially getting at the questions around why there is a gap or a delta between the two.

Another really good question the committee could look at, again looking at the experience of other jurisdictions, is the issue of what a 10-year or a 12-year plan actually looks like and what the data look like around the anticipated results that are actually going to be achieved by the government.

[*Translation*]

Ms. Brigitte Sansoucy: On March 19, your office asked the Canada Infrastructure Bank to provide a list of federal infrastructure projects by March 31, 2018. According to budget 2018, those projects totalled $149 million for the 2017-18 fiscal year.

We checked your website just before the committee meeting, and it seems that you haven't received a response. How do you explain the Canada Infrastructure Bank's silence?

[*English*]

Mr. Jason Jacques: We followed up with the infrastructure bank earlier today, and we're still waiting for an explanation from it on the delay in responding to us. I can commit to the committee that, once we do have an explanation on the delay in the response, we can certainly provide an update to the committee.

[*Translation*]

Ms. Brigitte Sansoucy: We really appreciate receiving this information.

The purpose of the Liberal promise to invest heavily in infrastructure was to stimulate the economy. However, as you said earlier, your analysis revealed that the GDP has increased by only 0.1%, which is very little. What is the explanation for the fact that the money that has already been invested in infrastructure hasn't stimulated the economy more?

● (1555)

[*English*]

Mr. Chris Matier (Senior Director, Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer): The main reason those impacts are so much lower than initially presented in budget 2016 is simply that less than half of that money—it looks like—actually appeared in the time frame that it was planned for, so in 2016–17 and in 2017–18.

Another reason is that, at the time of budget 2016, the economy was operating well below its capacity, and at the time interest rates were lower and, therefore, if the planned amount of money had been spent, those impacts would have been larger and would have been in line both with estimates that Finance Canada presented in budget 2016 and with our estimates that we had at that time too.

So the situation changed economically, and also the funds that were spent were less than expected.

[*Translation*]

Ms. Brigitte Sansoucy: Okay.

The government was committed to giving more information to the parliamentary budget officer. What specific measures should the government take to ensure better communication of data to the parliamentary budget officer?

[*English*]

Mr. Jason Jacques: Very recently we have had an opportunity to have several additional meetings and conversations with the office of Infrastructure Canada. We have received an undertaking and a commitment from the Minister of Infrastructure that they will be furnishing us with more comprehensive information in a more timely way.

[*Translation*]

Ms. Brigitte Sansoucy: It has committed—

[*English*]

The Chair: I'm afraid your time is up, Madame Sansoucy.

Go ahead, Mr. Hardie.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you, Madam Chair.

How often does the PBO look into, say, an infrastructure program and do the kind of analysis that you've done?

Mr. Jason Jacques: This is the second time over the past two years, and for us it ends up being very much a function of the interest of the committee and of parliamentarians, as well as the extent to which, from our own fiscal forecasting perspective and our own view of the Canadian economy, the context has changed.

Mr. Ken Hardie: I see.

When you undertook this study, what question were you trying to answer?

Mr. Jason Jacques: It was one that came to us squarely from your counterparts in the Senate at the national finance committee. Their question was about the impact on the federal fiscal plan of federal infrastructure investment from phase one, both in the current term and over the medium term—so over the next five years or so—as well as the overall impact on the Canadian economy, taking into account the potential related effects or additional contributions made by provincial and municipal governments.

Mr. Ken Hardie: This may be an unfair question, but I'll ask it. Do you think the Senate really understood enough about how infrastructure programs actually work? A federal government can make an announcement of *x* number of dollars, but then that money will be looking for projects to fund. That transaction takes place between, say, a municipality and a provincial government, so they have to come to a landing on what their priorities are. I used to work in the provincial/municipal realm, so I've had some experience with this. That has to take a little while. Then you have to have bilateral agreements wherein everybody agrees what their share is going to be —and you've seen, of course, that the share balance has shifted a little more in favour of the provinces and the municipalities here.

For the Senate to be asking this question two years into a mandate, were they asking too soon?

Mr. Jason Jacques: For our purposes, it's not for me to opine upon what the Senate or members should or shouldn't be asking. What I will say is that we do have a standing request from the House of Commons finance committee. Every six months, on request by that committee, from 2011 we have been expected to produce an economic and fiscal outlook. As part of that, a key input is public sector infrastructure investment.

Mr. Ken Hardie: Why do you cast a delay in spending as a risk?

Mr. Jason Jacques: As we indicated in the note, the delay in spending ends up being a risk with respect to the government's forecasts, both on the fiscal side and on the economic growth side.

As well, something new that we pointed out in this note in more detail and from a more technical perspective is the idea that it matters when you spend the money. From an economic stimulus perspective, when you spend the money and also the amount of slack in the economy will directly determine or have a direct influence on the amount of stimulus affecting growth and affecting the economy.

● (1600)

Mr. Ken Hardie: It could be just as easily an opportunity and not a risk, depending on what happens when the money is spent, correct?

Mr. Jason Jacques: It could be.

Mr. Ken Hardie: Okay.

Mr. Jason Jacques: Again, "risk" is a term we use with respect to our or anyone's forecast being slightly higher or slightly lower.

Mr. Ken Hardie: Ah. So the risk is in the forecast, and in the stars, perhaps.

Given that a lot of what the federal government money is used for depends greatly on what municipalities and provincial governments want to do with it, how granular would you like to see a federal government plan? I mean, your report has surfaced complaints and criticisms that the federal government plan isn't robust enough. Well, how granular would you like to see that federal government plan, given that so much depends on the funding partners that we work with?

Mr. Jason Jacques: I think it's not up to the parliamentary budget office to opine about. It's not up to us to opine upon the granularity of the plan. It's obviously up to parliamentarians to decide whether they're comfortable with the plan that's being brought forward.

Certainly, to go to back to a point you raised earlier, when you're looking at $186 billion being spent over 12 years with the dual objectives of economic stimulus and productivity improvements, and recognizing that those productivity improvements are directly linked to the nature of infrastructure investments that are being made—for example, a hockey rink potentially doesn't provide the same type of productivity benefit as a new border crossing does—it would behoove the government to provide to parliamentarians more of a comprehensive plan around that for their decision-making.

It's certainly not up to us to opine upon that. It's up to parliamentarians to decide what the adequate level of decision support information is that should be provided before they appropriate the money.

Mr. Ken Hardie: The issue of lapsed funding is one that every government deals with. In this case, though, it's my understanding that this funding won't lapse. It's committed. It's there. In a particular cycle, unspent money would go to the gas tax fund. In that scenario, what's your assessment, then, of the utility of that particular strategy of putting the money into the gas tax fund?

Mr. Jason Jacques: The PBO did publish a report with respect to the precedents of lapses and the nature of lapses in the past. Again, for us, the focus isn't necessarily on whether lapses are good or bad or the instrument choice; it becomes a question simply around timing. Something we've pointed out in the past is that, again, the timing of when the money flows ends up being important. In terms of the stimulus effects, when you spend the money will have an impact.

As well, with respect to the lapsing of the funds, the point you've made is one that we've made in the past. It's not necessarily a good or a bad thing. It's simply that what was originally budgeted—and what Parliament originally appropriated—has not come to pass. There might be good reasons for that and there might be bad reasons, but a lapse in and of itself is not an indication of anything untoward.

The Chair: Thank you very much.

Mr. Sikand.

Mr. Gagan Sikand (Mississauga—Streetsville, Lib.): Jason, I read your report prepared in November 2015 titled "Why Does the Government Lapse Money and Why Does It Matter?" In your executive summary, you wrote, "Each year, billions of dollars approved by Parliament are not spent." You wrote that "this unspent funding totaled $9.3 [billion]" in 2013-14.

I want to focus my question on infrastructure capital projects. The parliamentary budget office stated that these projects "have a lapse rate of up to five times that of other spending". Why does it take longer to spend infrastructure money than money for other programs?

Mr. Jason Jacques: I'm gratified that you read the report. I think that's you, my mom, and probably my supervisor in the office who have.

Voices: Oh, oh!

Mr Jason Jacques: In particular, the reasons that infrastructure money lapses and federal infrastructure transfer programs tend to lapse at a higher rate have been identified by your colleagues around the table.

First, with standard programs, the government will come to Parliament, and Parliament will provide them with the legal authority to spend. That will happen with infrastructure, but the next step out of the gate is to actually sit down and negotiate something with other levels of government, recognizing that the federal government isn't implementing on their own.

If there's a new piece of public transit infrastructure being built in Vancouver, the federal government isn't taking the money into its own budget, letting a contract, and going out the door. It actually needs to sit down with the Province of British Columbia and the City of Vancouver, make sure there's matching money brought to the table, and move forward on it. That certainly complicates things.

As well, by their nature, many infrastructure projects are more granular than other types of government spending, so you're looking at potentially larger projects, which take more time for the federal public service to perform due diligence in regard to. You'll have a situation where, internally, within the system, once the money is appropriated by Parliament, the federal public service needs to go out and negotiate the agreements. Then, in turn, in the case of infrastructure, the partners for infrastructure need to come back and sit down with the federal public service to work out the details around that.

I think the key takeaway coming out of our 2015 report—just to put a really blunt point on it—is that there's nothing untoward when the government lapses money. It's not as if there's any malevolent intent on the part of the government. It's simply that what was originally planned from a budgeting perspective has not come to pass. In this particular situation, for us, that ends up being important as part of our fiscal forecast. The timing around spending will affect the level of deficits over a set period of time, as well as the stimulus effects, and, last but not least, the actual overall impact.

● (1605)

Mr. Gagan Sikand: Thank you for mentioning that last bit. I have just a quick follow-up question, and then I'm going to give the remainder of my time to my colleague.

Since 2015, has there been any progress made on the use of infrastructure funds?

Mr. Jason Jacques: Vis-à-vis the lapsing?

Mr. Gagan Sikand: Yes.

Mr. Jason Jacques: I would go back to a point made by your colleague, Mr. Hardie, with respect to the historical funds or infrastructure programs that existed prior to budget 2016, the government did make a commitment that, to the extent those funds were going to lapse, they'd be rolled into the gas tax transfer. Again, whether it's progress or not, I can say that for accounting purposes, it makes my life easier as a forecaster knowing when the money is actually going to be spent. For a parliamentarian, it's potentially equally as challenging, because the government comes to you with a plan; you guys approve the plan; and then you probably want to know what it's actually going to be spent on and whether objectives are going to be achieved.

Mr. Gagan Sikand: Thank you.

Unfortunately, I'm going to cut you off because I'm going to share my time here.

The Chair: Mr. Nault.

Hon. Robert Nault (Kenora, Lib.): Thank you, Madam Chair.

I'm not one of those people who's as worried about delays and/or stimulus. I think infrastructure development as a nation is a time-consuming process that increases productivity over generations. Since my time in Parliament, beginning in the 1980s, we have moved to put a lot of federal infrastructure dollars into the hands of municipalities and provincial governments, but in that time, we've never changed the system of how we deal with risk.

We continue to suggest that we have to have three sets of accounting, which of course is partially the rationale for delays. More interestingly, since you're now in this business of making sure it has a stimulus effect on the economy, have you ever done an historical analysis of what benefits it has productivity-wise for Canada since Canada has become a big player on the infrastructure side?

Mr. Jason Jacques: In terms of the productivity benefits of infrastructure, while we do account for that as part of our macroeconomic forecast, we haven't actually gone back and done the retrospective analysis. Again, from our perspective, where it ends up being useful and interesting is on the forecasting side going forward, recognizing that we, as the parliamentary budget office with 20 people, don't want to move into the Auditor General's territory by looking backward and trying to determine the efficacy of what was and what was not done.

Hon. Robert Nault: On the other side, I come from the north. The best time to do infrastructure projects from your perspective would be in the winter when the economy is slow, but of course that's not possible.

When you do your analysis as an accountant, do you base that on Canada's weather patterns, its geography, and its issues, because you skew the whole report. The slowest time for the economy in my region is January and February, but as far as you're concerned that would be the best time for stimulus.

How can I see this as encouraging when in fact it's not possible in regions like mine?

● (1610)

The Chair: A short answer, Mr. Jacques.

Mr. Jason Jacques: The short answer is that as part of our forecasting, we are the federal parliamentary budget office and we look at things on a national basis.

The Chair: Thank you very much.

Mr. Chong.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Madam Chair.

I think there are two issues that you've identified in the reports you've done for us over the last number of months. First is that there is no plan. Your office put a request to the government, asking 32 different departments, agencies, and crown corporations for information relating to infrastructure projects. You only got back information on projects identifying half of the monies committed by the current government.

I think more evidence of a lack of a plan is the fact that the government is lapsing money at a much higher rate than the previous government. In your most recent report, you indicated that the lapse rate for legacy infrastructure programs was approximately 24%, but for new infrastructure programs it is 33%. That, to me, points to the fact that there is a lack of a plan in place.

There seems to be different information and different plans, if I can call them that, coming from the government every six months or so when it comes to infrastructure. It seems to be a constantly changing goal. Last year, we were told that the federal-territorial-provincial agreements would be completed by the end of last month. They've not happened. They're not all yet in place, so it seems that there is the lack of a plan.

I think the second problem is that they're not spending the money they've committed to.

Since 2002, as you pointed out, government have allowed money to lapse, from a range of 15% to 40%. You indicated that in your testimony. The current government knew it was an issue, and that's why they promised the following:

> Near the end of the fiscal year, we will automatically transfer any uncommitted federal infrastructure funds to municipalities, through a temporary top-up of the Gas Tax Fund. This will ensure that no committed infrastructure money is allowed to lapse, but is instead always invested in our communities.

Clearly, that has not happened. There was a half-hearted attempt at it last year, which you can maybe speak to when I finish my opening comments. They transferred some money into the supplementary estimates to top up the gas tax fund. My reading of the supplementary (C)s that went through the House most recently is that there was no top-up this year to the gas tax fund, despite the fact that you've identified lapsed money.

The other comment I want to make is that lapsed money is not without consequence—and maybe you could comment on this as well. A million dollars spent on infrastructure today is going to produce far more economic benefits over the next 20 years than a million spent dollars 10 years from now, because of the wonders of compounding. Maybe you could speak to that in your as well, about the fact that lapsed dollars spent 10 years from now are less effective than a dollar spent today. That's really the heart of the issue here, that the government is simply not spending the money it has committed to.

I'll just finish by saying that that this also has consequences for the fact that millions of Canadians today are stuck in traffic. StatsCan reported last November that commuting times are getting longer in the country's metropolitan regions. In cities large and small, commuting times are getting lengthier because of the inadequate infrastructure.

Maybe you could comment on a dollar spent today vis-à-vis a dollar spent 10 years from now. Could you also comment on the fact that the supplementary (C)s clearly are not topping up the gas tax fund to deal with these lapsed funds and that the government's new infrastructure programs are lapsing at a much higher rate than the previous government's legacy programs?

● (1615)

Mr. Jason Jacques: I will start with your last question first. As I responded to your colleague at the outset, one would anticipate—based upon the historical experience around new federal programs, and in particular new infrastructure programs—that the lapse rates would be higher at the outset. That's certainly not out of the ordinary.

As well, in all humility, I will say, as someone who is paid pretty much on a full-time basis to be in the forecasting business, that it's an art, not a science. To the extent that there have been historical lapses, I'm certain that the diligent public servants who work in the office of Infrastructure Canada are certainly incorporating those into their own forecasts. In looking at our own forecasting track record, we often end up getting it wrong, but hopefully wrong for the right reasons. Hopefully, we improve upon our forecasts.

With respect to your point regarding a plan, it's always important to keep in mind that our snapshot was from December 2017. When we sent out the information request before Christmas, it asked departments to get back to us within about five weeks to tell us at a very granular level what projects were in place and what funding has actually been committed. We gave departments and agencies about five weeks to respond. The response rate was pretty low, so we gave them a bit more time. The response rate improved, but it still was a snapshot from 2017. It's entirely possible, as indicated by the minister of the crown, Minister Sohi, that there had been additional projects signed or committed to over that intervening period of time. One would imagine that's the case.

As well, owing to the delays in response from federal departments and agencies, not all of the data regarding commitments was incorporated into our numbers. There is several hundred million dollars from Indigenous and Northern Affairs, as well as ESDC. In the case of Indigenous and Northern Affairs, they responded last week to our December 2017 request, and we weren't able to incorporate that into the overall report. That said, I will say it doesn't change the overall findings. Out of $14.4 billion, we're looking at a couple hundred million.

The Chair: Thank you very much, Mr. Jacques. If you have something else to add, maybe you can slip it in with the rest of the questions.

Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I want to expand on what I was speaking about earlier. When you look at the possibility of sustainable funding, it makes it a lot more advantageous for the municipalities. Let's face it: at the end of the day, any dollars that come down from the province and the feds are offsetting dollars that would otherwise have to be paid for by property taxpayers and by wastewater ratepayers. With that, it does lend itself to community improvement planning with respect to economic, social, and environmental strategies, etc.

I know that in my riding we recently had an announcement of $81 million for transit alone. In talking to the mayors, they haven't expressed, as I did in my past life, on many occasions, frustration with the funding models coming in—from the federal government at least. Recently, they haven't expressed any concern whatsoever. It's been exactly the opposite: they're quite appreciative of the funds they were getting from both the province and the feds. Of course, those gave them the ability to leverage the funds they're budgeting on an annual basis.

Can you explain to me what you mean? You mentioned earlier that your definition of "delays" didn't lend itself to project delays, or invoicing, or receipts not being submitted. What are you actually defining as a delay in the infrastructure, and the overall funding of the infrastructure projects?

Mr. Jason Jacques: With respect to the delays, we are comparing them against the government's original forecasts from budget 2016. We're using the numbers from the fall economic statement from 2016 against the updates the government provided most recently, in budget 2018. We also triangulate or cross-reference that against what we see at the provincial level. Of course, provincial governments are publishing their budgets and their economic updates as well with respect to the revenues they anticipate coming in from the federal government, the spending they expect to do on their own assets, and the transfers to municipal levels of government. We're comparing what the government is forecasting against what the recipients of the funding, the people doing the work on the ground, anticipate that the actual spending will be.

● (1620)

Mr. Vance Badawey: How does reporting from the departments work when you are compiling numbers for your PBO reports?

Mr. Jason Jacques: In terms of the information requests?

Mr. Vance Badawey: Right.

Mr. Jason Jacques: Negash can probably speak to that in more detail. He was the point person in coordinating them.

Mr. Negash Haile (Research assistant, Office of the Parliamentary Budget Officer): We contacted 32 departments, sub-agencies, and the crown corporations, and we provided them with a spreadsheet for them to fill out. They filled out that information to the best of their ability and provided that information back to us.

Mr. Vance Badawey: I have a quick question with respect to the responses you got, as mentioned earlier. Is that normal going back years? Is that normal with respect to the reporting nature of the departments?

Mr. Jason Jacques: Negash has been with our office for a shorter period of time than me—an office I have been at, for better or for worse, since it was created in 2008—and I would characterize it as not being normal for us to submit an information request for data that departments and agencies are supposed to be tracking and have available, and for us, to give them five weeks to respond with pre-existing data that, for the most part, is non-confidential in nature, and not normal for many departments and agencies, some of which have several thousand employees, not to be able to respond in a timely way.

Mr. Vance Badawey: On the comments earlier about a sustainable funding envelope, with a lot of the funds now being diverted to the gas tax fund, do you find that more advantageous and more sustainable for municipalities to take advantage of it within their three, five, or 10 year plans versus the way it's been distributed both by the last government as well as the current government?

Mr. Jason Jacques: Again, it's not for us to opine upon the instrument choice, but a point that we made in the past, which echoes a point that you've made, is that you are looking at longer term assets. While it's nice for the federal government—and here I'll paraphrase one of the provincial governments with whom we consulted—to show up at the door with a big bag of money, as the person who has to take the big bag of money, let contracts, identify projects, and actually spend the money, what I want to know is that you're going to be there 12 months from now with the same big bag of money, and 12 months after that, and 12 months after that.

You're not simply planting a flower garden; you're building infrastructure that's supposed to last. It will take multiple years to build, and then it's supposed to operate for an ongoing period of time.

Mr. Vance Badawey: So the establishment of the gas tax in the first place—and I think, Madam Chair, you were part of that establishment, if I recall—is to advantage the concept. It is advantageous for infrastructure pointing long into the future versus the current.

Mr. Jason Jacques: Speaking from a capital budgeting, purely accounting perspective, absolutely. When you're drawing together your capital budget with respect to your various infrastructure assets that you're going to hold over a longer term period of time, you need some degree of certainty with respect to the cash flows that are coming in to plan properly.

Mr. Vance Badawey: So the contribution to the gas tax is appropriate.

Mr. Jason Jacques: I think that providing the provinces and municipalities with certainty with respect to funding flows and being able to plan around that is essential—again recognizing that 90% of the $80-plus billion that is spent every year on public infrastructure assets is not spent by the federal government, but by provinces and municipalities.

Mr. Vance Badawey: Thank you.

The Chair: Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Gentlemen, welcome. It's wonderful to have the PBO with us.

There's been a lot of criticism of the government about not providing a plan, a strategic plan. We've heard that from, I think, the C.D. Howe Institute, the PBO, and the Senate as well.

I'm wondering what the government has provided you longer term over the next, say, five or 10 years. Have they provided numbers for intended spending or what they have committed?

Mr. Jason Jacques: About a month ago, as part of our issues note on budget 2018, we identified what I'll call an information gap with respect to the 12-year plan. We did follow up with the Department of Finance to ask for details with respect to the timing of the flows of close to $60-odd billion out of the $187-billion plan.

The Department of Finance provided us with assurances that we should be receiving something—potentially coincidentally—before we appeared before the House of Commons finance committee.

● (1625)

Mr. Kelly McCauley: Did they identify the total of the next five years?

Mr. Jason Jacques: We do have aggregate totals, but in terms of being able to break that down across the categories of the funding sources.... Thinking of the $187 billion plan as part of the pre-2016 programs—

Mr. Kelly McCauley: What I'm getting at is there's a lot of lapsed funding. On page 324 of the budget, it shows the five-year, six-year program for operating expenses. Over that period it's showing an 11% drop in GDP on operating expenses, where this infrastructure money will come from.

On page 13 of the budget, it talks about some drops that the government accredits to changes in departmental outlooks. Is it possible that any of this is from infrastructure money that has been planned but will actually just disappear and not get spent?

Mr. Jason Jacques: In terms of revisions to the forecast around infrastructure money, based upon the experience from 2002 up to today, one would anticipate that it's probably the easiest bet in town that there will be future lapses in infrastructure money.

At the same time, based upon our own analysis of direct program expenses and the operating line, we do have the view that most of the compression with respect to operating expenses over the next five years will have to do with the valuation around changing interest rates, and the changing valuation around employee pension benefits and other related benefits.

Mr. Kelly McCauley: Okay, so not infrastructure spending....

Mr. Jason Jacques: Right.

But keep in mind, of course, it is a forecast, and forecasts are inevitably wrong.

Mr. Kelly McCauley: Right.

The Senate national finance committee said there's no national, strategic plan for the infrastructure spending, and their comment is that the only metrics that Infrastructure Canada uses to measure the success of projects is how much we're actually spending.

Do you agree with that assessment from the Senate that the current infrastructure spending is more focused on just saying that we spent this, rather than that we spent this on items of value to Canadians and to taxpayers, or for increased productivity?

Mr. Jason Jacques: Again, as part of our testimony to the Senate national finance committee, and actually to this committee as well last year, we noted the need to match up the dollars with results. That's something the government did very cleanly and clearly as part of budget 2016, which is part of the motivation around actually tracking the economic stimulus impacts.

In budget 2016, the government brought out phase one, showed how much it was and that it would be rolled out over this period of time, and noted the shorter term economic benefits. They also indicated that there would be longer term benefits around productivity. With respect to the identification of those productivity benefits, or the linkage around specific projects related to phase two, we haven't seen any of that yet, but it's certainly something that we're looking for.

Mr. Kelly McCauley: Have they committed to providing that?

One of the reasons I ask is that we looked at the infrastructure spending on Alberta and thought that we'd done all these projects. Look at the projects: ashtrays at bus stations; new glass on bus stations; new collection bins for buses. It's not the actual infrastructure that's being expanded to improve productivity or improve people's lives. Again, it's more a case of, “Hey, look, we did a thousand projects. Aren't we great?” But it's not actual stuff improving Canadians' lives.

Mr. Jason Jacques: Again, for us, and looking at this report in particular, phase one was focused around short-term economic stimulus while phase two was focused on the longer term productivity impacts. As part of phase two, as more details are provided and agreements are signed with provincial governments, it's certainly something that we're going to be looking at. I think, more importantly, potentially, from the perspective of parliamentarians, before that money is actually appropriated, obviously one would want details with respect to how it's going to be spent and what anticipated results are going to be achieved.

Mr. Kelly McCauley: Just quickly, how much risk do we face from inflation? We hear of lapsed funding, and I understand it's difficult to get the projects done. If we're lapsing at two or five years down the road, how much of this fabled $180 billion will actually get whittled down through the cumulative effect of compounded interest?

Mr. Chris Matier: We don't have specific estimates of that, but in our economic impact assessments we have taken account of inflation picking up, and of those inflation-adjusted dollars. Even though it's $187 billion now, over a shorter time period, it's less than that, and the economic impacts would take that into account. The one dollar spent five years from now would not be worth as much spent now.

● (1630)

The Chair: Thank you very much.

Gentlemen, thank you very much for the information. We appreciate it.

We will suspend for a moment while the other panel comes to the table.

● (1630)

(Pause)

● (1630)

The Chair: Thank you very much. We are reconvening our session.

In this session, by the way, I'd like to ask the committee if we can hold 10 minutes at the end of the meeting just to go over a little bit of upcoming work that we have on our plate, just to review it.

As an individual, we have Bev Dahlby, professor, University of Calgary. As well, from the Institute of Fiscal Studies and Democracy, University of Ottawa, we have Randall Bartlett, chief economist.

Mr. Dahlby, would you like to go first? Could you please keep your remarks to five minutes.

Professor Bev Dahlby (Professor, University of Calgary, As an Individual): Thank you.

Good afternoon. I'm greatly honoured to be asked to appear before this House of Commons standing committee. I'm afraid I probably won't be able to contribute directly to the three key issues the committee has identified, but I will try to address some of the issues around the delay in the spending.

My contribution is really to provide some background on federally funded infrastructure projects based on the project information that's in the database on the Infrastructure Canada website and to provide some comments on the factors that have contributed to the delay in spending on infrastructure programs announced in budget 2016.

I prepared a briefing note that I think has been distributed to members of the committee. At this time I will only summarize a few of the key points.

Comparing federally funded infrastructure projects in the pre-2016 period to the current ones, we see a much larger share of federal contributions to public transit projects, and a notable decline in the share of federal funding for rural and small community projects. The average federal contribution rates are projected to be higher than in the pre-2016 period. The percentage of relatively small projects—that is, projects that are less than $1 million—is higher than in the pre-2016 period. As well, we see from the database that over half of the projects with start dates are projected to have started in 2017, and the projects with start dates in 2018 will account for 38.8% of federal contributions over the period to 2021.

With regard to the issues around the delay in spending, I think it's important to emphasize that, in budget 2016, the government announced a number of measures to provide fiscal stimulus to the economy, including housing investment, measures to support modest and low-income households, and the infrastructure projects.

The fiscal stimulus package arose out of the government's concern about an output gap in the economy in 2015–2016 in light of the decline in investment in the oil and gas industry and concerns about slow growth in the EU, China, and other emerging economies.

The new infrastructure plan was motivated by the desire to provide short-term fiscal stimulus to the Canadian economy in phase one, with a focus on 2016–2018; and in phase two to provide long-term infrastructure projects to increase private sector productivity and improve the quality of life for Canadians.

This was an ambitious—probably overly ambitious—plan. With fiscal stimulus measures, timing is everything. In particular, an increase in infrastructure spending that does not occur when there is deficient aggregate demand in the economy but occurs when the economy is on the upswing would not only be ineffective, but might divert resources—land, labour, and capital—from private sector investments that would have increased the productivity of the economy.

The use of infrastructure spending by the federal government to stimulate the economy is particularly problematic in Canada because 90% of the public infrastructure in Canada is under the control of the provincial and municipal governments.

Increases in infrastructure programs require coordination and agreement with the provincial and municipal governments, and in many cases with aboriginal organizations and governments. Delays are inevitable when plans for projects and funding arrangements have to be made with more than one government. There's also a large number of small projects. That might be a contributing factor for the delays because it is difficult for the federal department to manage a large number of small projects that require agreements with the subnational governments. It would be better, in my view, if the federal government concentrated its efforts on a smaller number of large projects.

For these reasons, I don't think federal funding of infrastructure projects is a useful instrument for short-term fiscal stimulus measures. What we see now is that 38% of the federal contributions are for projects with start dates in 2018, when the Canadian economy as a whole will be experiencing low unemployment rates and there will be little need for additional fiscal stimulus.

● (1635)

With regard to the delay in phase two projects, it should be noted that the Canada Infrastructure Bank is to be involved in financing $35 billion of the $186 billion in spending. Delays in the establishment of the Canada Infrastructure Bank and the appointment of the interim chief financial officer, who was only announced in December 2017, may also account for delays in developmental plans for federal spending on infrastructure.

To summarize, my view is that federal infrastructure spending is not a very effective or reliable instrument for short-term fiscal stimulus in the event of an economic downturn. Long lead times are necessary in negotiating coordinating funding of infrastructure projects with subnational governments, thus making it an ineffective and unreliable fiscal instrument, and these may account for some of the delays in infrastructure projects.

Thank you. I'm happy to take any questions.

● (1640)

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

Mr. Bartlett, please, for five minutes.

Mr. Randall Bartlett (Chief Economist, Institute of Fiscal Studies and Democracy, University of Ottawa): Good afternoon, Chair, Vice-Chair, and committee members.

Thank you for inviting me to speak today on an issue as pressing as infrastructure investment in Canada and the investing in Canada plan specifically.

For many, the significant lapses in infrastructure spending presented in budget 2018 for the past and current fiscal years came as a shock. It shouldn't have, as this scenario has played out in the past. In December 2016, I made a short contribution to *Maclean's* magazine on historic delays in infrastructure investment and how we should not expect the planned infrastructure spending to roll out in a materially different manner this time. Unsurprisingly, delays are in part what we are here to discuss today.

Lapses in infrastructure spending can happen for several reasons.

The first is the delay between when the budget is presented, when the budget implementation act is passed by Parliament, and when Infrastructure Canada identifies projects presented by provinces and municipalities for investment. These delays add months to the start date of any infrastructure plan. We also saw this following budget 2009, when the demand for infrastructure spending was higher in the depths of the great recession and there was coordinated fiscal stimulus within the G20 and beyond.

Second, once the federal government puts cash in the window for infrastructure projects, provinces and municipalities must similarly match the federal contribution. This requires that lower levels of government have fiscal room and also have prioritized infrastructure as the desired use for said fiscal room in a manner that will qualify to receive federal funds.

That brings us to the third point, which is that different levels of government may have different infrastructure priorities. At the federal level, we have five priority areas for infrastructure spending: public transit, green, social, trade and transportation, and rural and northern communities. These priorities were first laid out in the 2015 Liberal Party election platform.

As such, given the limited resources available to the current government at the time, it may be reasonable to assume that consultations with the provinces and municipalities on their priorities were similarly limited, but even if priorities aren't perfectly aligned, one would assume that it shouldn't be hard to fit a round infrastructure project in a square funding hole, if that is the overwhelming desire by multiple levels of government.

This brings us to the fourth reason that infrastructure money may be lapsed: need or, more accurately, a lack thereof. Need may be looked at in a few different ways. If infrastructure spending is to be used for short-term infrastructure stimulus or economic stimulus, one needs to look to the stage of the business cycle. Currently, to paraphrase the Bank of Canada in the press statement that accompanied its recent interest rate announcement, the Canadian economy is operating near its capacity and has little labour market slack, if any. As such, there doesn't appear to be an overwhelming need for short-term fiscal stimulus at this time.

Perhaps there is a long-term infrastructure gap that needs to be addressed. This was argued by the finance minister's Advisory Council on Economic Growth in the fall of 2016, with an estimate of the infrastructure gap ranging from $150 billion to $1 trillion, a wide range by any measure. But the point was clear: the infrastructure gap is large.

However, this assertion was contradicted by a report from the McKinsey Global Institute in June of 2016. In this report, entitled "Bridging global infrastructure gaps", the McKinsey Global Institute estimated that Canada did not have an aggregate infrastructure gap, based on historic and planned infrastructure spending and projected future infrastructure need. Indeed, this conclusion was reconfirmed by the McKinsey Global Institute in a subsequent October 2017 note entitled "Bridging infrastructure gaps: Has the world made progress?"

This conclusion matters because, unlike the Canadian analyses referenced by the advisory council, the McKinsey Global Institute employs the approach that is closest to best practice, and best practice is this: understanding the current stock of infrastructure and its remaining useful life, with a future needs assessment based on projections of demographics, economic activity, environment and climate change, and technological innovation. In Canada, we apply none of these best practices, while other jurisdictions tend to apply some but not all.

In New Zealand, for example, the cities of Wellington and Auckland have developed advanced data architectures that allow you to look at the remaining useful life of pipes under city streets through the use of an app on your smartphone. Meanwhile, the United Kingdom is the country that is literally writing the book on how to do a future needs analysis for infrastructure. In New South Wales, Australia, the public sector is applying analytics to squeeze as much value as possible out of existing brownfield assets while considering new greenfield investments only as a very last resort. Other jurisdictions are moving forward similarly to better understand their infrastructure and future needs.

● (1645)

Where do we go from here? If the federal government wants to support infrastructure investments by other levels of government while maximizing value for taxpayers, it should look to put the right data infrastructure in place to build capacity before putting money for traditional infrastructure in the proverbial window. Otherwise, we may find ourselves once again discussing large infrastructure lapses in the not-too-distant future.

Thank you.

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

On for six minutes, we have Mr. Chong.

Hon. Michael Chong: Thank you, Madam Chair.

Professor Bartlett, I appreciate that you may not think there is a need for stimulus right now, but clearly we have infrastructure needs in this country and an infrastructure deficit that needs to be closed.

I wonder if you agree with the statement that a dollar spent on infrastructure today is better than a dollar spent on infrastructure five years from now, considering the fact of inflation and the returns on investment. Arguing that money being spent sometime in the next 10 years, some five to 10 years out, is the same thing as money being spent today is not accurate. A dollar spent today is much more powerful than a dollar spent five to 10 years from now.

Mr. Randall Bartlett: I think that is the case, generally speaking, but I think it also matters what stage of the business cycle you're in as well. I think that a dollar spent on infrastructure when you are facing some sort of large negative economic shock certainly has much more impact on the economy than a dollar spent when your economy is operating above its potential capacity.

Hon. Michael Chong: Sure, and I would argue that our economy is not operating at its potential capacity in respect to productivity growth. We have productivity growth that has lagged that of many of our economic competitors. Our per capita GDP growth is abysmal. It lags that of the rest of our competitors in the G7. We like to talk about the top line numbers, but when you actually drill down into the per capita numbers, our economic growth is actually quite abysmal.

From the government's own projected aggregate GDP, taking into account population growth of about 1.2% per annum, the most recent numbers for which data is available, you're looking at per capita GDP growth of about half a percent for the next three years. That's not very strong economic growth, particularly in light of the massive inflation of assets on the balance sheet, and particularly in housing in the last number of years. It's no wonder that Canadians are taking on ever-increasingly high levels of household debt to finance their lifestyles, because they're struggling to pay the bills.

The other thing I'm wondering about with respect to infrastructure is that Statistics Canada has consistently reported, most recently last November, that commuting times are getting longer and longer. TD Bank, a number of years ago, did a report on lost productivity as a result of congestion and traffic jams. I think, from what I recall, they said that the annual cost in the GTA alone is in the billions of dollars in lost productivity growth. The problem of commuting and congestion is getting worse; commute times are up in the most recent StatsCan data. So there is a need to fund this infrastructure, and to do it now, rather than five to 10 years from now, setting aside the fact that we are maybe at capacity on industrial production and other measures because of this productivity problem that we have, lost productivity.

One of the things you mentioned, and I think Professor Dahlby also alluded to it in his opening remarks, was the lack of data. I think that's what the Parliamentary Budget Officer is also encountering: we just don't have data. The Budget 2018 documents are incomplete when it comes to the government's own infrastructure projections. Only half the projects in phase one—$14.4 billion—can be identified. A quarter of the money is lapsing in legacy and new infrastructure programs. We just don't have the data. Canadians don't have the data. You don't have the data, and I don't know how we can embark on a $100-plus billion 10-year infrastructure plan without data, without planning. It seems to me that we need a lot more transparency from the government as to what its plans are, and it needs to get on top of this file.

Maybe you could just comment on those two general issues: dollars spent today rather than five to 10 years from now, and the lack of data.

● (1650)

Prof. Bev Dahlby: Well, I think I agree with Professor Bartlett. It depends as well on the motivation for the spending. Again, if it were for fiscal stimulus—and here I tend to disagree with you, from a national perspective, about the need for fiscal stimulus—it's no longer there. Of course, we would like to have the benefits from the infrastructure sooner rather than later, but major projects, such as the ones you've maybe alluded to for reducing congestion in major cities, take a lot of time and planning. They often cannot be forced to meet some other timetable.

I think we need to think of these two types of infrastructure spending quite separately. As I indicated in my remarks, I'm quite negative about the notion that infrastructure spending is an appropriate use for fiscal stimulus.

Mr. Randall Bartlett: Just to add to that, part of the data equation isn't just on the government side. While that's a big part of it and we do need more information, more more timely information, I think part of the information gap, as discussed by the folks from the PBO as well, is that infrastructure spending is often reported by other levels of government on a modified cash basis. It's only when the receipts are remitted that you actually even acknowledge or book the money in the federal framework. That in itself is a bit of a problem—the timing issue of understanding how much money has gone out the door, and where it is, between approval and between getting the receipts.

With regard to data, especially completely understanding what infrastructure we have, what useful life is remaining, where the needs are, and where the pinch points are when you talk about things like congestion, do we have really good data to understand exactly where those are and exactly how we can best address those? When discussing the infrastructure gap, there's the aggregate gap. As well, in some areas we may be overspending significantly while in other areas significantly underinvesting, but we don't have the data architecture in place to really understand exactly where those pieces are. Some we know, because we can look at them, but often we don't know exactly if what we're spending is what we need to be spending in order to address current and future needs in the best and most effective way possible.

The Chair: Thank you very much.

Mr. Hardie.

Mr. Ken Hardie: Thank you, Madam Chair, and thank you, gentlemen.

Canada's performance overall in a lot of different files is uneven. We have our major cities, where things happen a certain way, and then we have large swaths of rural areas dotted with small communities. The challenge, I think, for a federal government that tries to apply programs across the country is in not just in getting efficiencies but also in getting equity.

Professor Dahlby, you were talking about the lack of spending in rural areas. I would point out that in fact the government has talked an awful lot about, for instance, improving access to broadband Internet in rural areas, which is itself a catalyst for a lot of social, economic, and commercial activities. As you may be aware, the share that the federal government is prepared to take on now is 60%. Of course, if you get then a 30% contribution from the province, that leaves the smaller municipality with a really small piece to have to cover—hopefully within their means.

Talk to us a little bit about how you would see us evening out the application of infrastructure funding to lift the places that really need lifted.

Prof. Bev Dahlby: Don't take my remarks about the reduction in emphasis on rural and small communities as a criticism. In fact, maybe it is a good thing. Our previous report from 2015 criticized the pre-2016 infrastructure projects as consisting of too many small projects. We did a review of that, and Nut Mountain, Saskatchewan, which is not too far from my hometown, received $250 or something like that.

To deal with the small community issue, I think there should be other mechanisms, as opposed to the very granular spending on particular projects. In particular, I think the gas tax fund is the appropriate mechanism for providing funding for infrastructure for smaller communities. There is somewhat of a bias towards gas tax funding for smaller communities in my own province of Alberta, because there's a basic $50,000 amount plus a per capita amount. I would say the province could even make the funds more biased towards smaller communities in that way. I think general transfers to the provinces, passing money on directly to the smaller communities, would be by far the best mechanism for dealing with that issue, as opposed to trying to identify lots of small projects in these communities.

Again, I come from a rural Saskatchewan background. Like a lot of proud Albertans, my roots are in Saskatchewan. My sister is a town administrator in Star City, Saskatchewan. I have a deep feeling for rural Saskatchewan and their problems, but I think the mechanism that has been used by the federal government is not really the appropriate one.

● (1655)

Mr. Ken Hardie: In a similar vein, let's take it then more to the international view. Professor Bartlett, you mentioned the fact that in comparison with other jurisdictions, perhaps our performance or just the way we approach and manage these things is found wanting. Can you comment, though, on the challenges posed by our division of responsibilities among the federal government and the other levels of government. Are there some systemic barriers or impediments to meeting perhaps what you see as better performance in other jurisdictions?

Mr. Randall Bartlett: I think in the context of Canada specifically, our federated framework is obviously dissimilar to those of other jurisdictions, but the jurisdictions I'm comparing us to now are also Commonwealth countries. There are some comparisons among those. Geographically a country like Australia is also fairly large and geographically diverse. It has a lot of very similar cultural circumstances and cultural history to Canada's as well. I think there are no legislative barriers to anything that I've been suggesting on the federal government playing a role in working with provinces and municipalities to actually be a catalyst for the development of better data architecture for infrastructure. In fact, arguably, the federal government is best placed in Canada to start doing that, to have a standard system by which all infrastructure is inventoried in Canada.

Mr. Ken Hardie: In the time remaining, could you give us your sense of what that data framework would look like?

Mr. Randall Bartlett: Absolutely. In New Zealand they use a metadata architecture wherein they basically say, okay, you have a pipe for waste water, you have a pipe for clean water, you have all of these various pieces of infrastructure. What we need to do is determine how to account for these on a similar basis. This is ongoing in New Zealand and it's spreading across the country, so there are examples where this is already being done.

Then we can catalogue all of this infrastructure and can actually compile this together to understand exactly where the needs are currently and where the needs are going to be ultimately for infrastructure.

if you look at subnational jurisdictions, often within that same subnational jurisdiction you might see different city departments that are accounting for inventory differently within one specific subnational jurisdiction, so you can't even understand that within that jurisdiction let alone across the entire country.

Mr. Ken Hardie: Thank you.

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

Madame Sansoucy.

[*Translation*]

Ms. Brigitte Sansoucy: Thank you, Madam Chair.

Thank you, Mr. Dahlby, for your intervention. However, my questions are for Mr. Bartlett.

Mr. Bartlett, as you know, the government recently announced the creation of the Canada Infrastructure Bank, in which it will invest $35 billion in public funds. This investment bank will have the primary objective of generating huge profits for the private sector.

I represent a riding that includes 25 municipalities with populations between 500 and 56,000. The criteria that have been established for this bank with respect to the size of the projects and the rate of return, in particular, do not correspond to the reality of my riding. I think that's also the case for most rural ridings. However, in the NDP, we believe that the public funds invested must have repercussions on all sectors of the economy and create good jobs.

We also believe that by funding infrastructure projects itself, the government would have reduced costs for future generations through lower interest rates than the bank, which would have limited the risks. This is all the more obvious in the case of Australia, where a bank of this kind has been created over the last 20 years, and the results have been catastrophic. According to Rod Sims, president of the Australian Competition and Consumer Commission, Australians are still paying the price. Their economy has suffered a hard blow.

As an economist, what do you think about this model to privatize infrastructures, which will be expensive for Canadians but will benefit the private sector?

● (1700)

[*English*]

Mr. Randall Bartlett: When it comes to the infrastructure bank overall, while I agree that small and rural communities may not benefit as much as larger communities, I think the traditional mechanisms for funding infrastructure are still going to be there. I still think that's going to be a consideration, and the infrastructure bank really is just a small piece of that overall, so I don't think there's any real risk on that side of missing out on infrastructure investments that communities would otherwise get.

When it comes to the infrastructure bank, the questions that we ask specifically at the Institute of Fiscal Studies and Democracy are essentially with regard to the business case for the bank, whether or not infrastructure investment will occur in a way that is of most value to taxpayers. If you look at things like comparing the financing cost, the benefit of pulling in the private sector, and whether or not it will lead to additional investment overall and innovation within the infrastructure space, those are the fundamental questions. It's difficult to know, because Canada does not have a lot of experience with this overall.

The one thing we do know is that Canadian pension funds don't have a lot of experience with greenfield investment, and the required rate of return on greenfield investment is quite a bit higher than if you're buying an existing piece of infrastructure that has an existing revenue stream, because they're taking on the revenue risk. Some of the things that we've heard in talking to both the private sector and government officials, as well as just going to conferences and hearing about this, are what the return expectations are going to be and whether or not that's necessarily maximizing taxpayer value. I was at the Public Policy Forum recently, and that was one of the things that was talked about there.

Part of it is putting the cost on those who use it, which is something that is definitely much more efficient in an economic context, but there is also of the question of whether Canadians will continue to use that infrastructure, and whether will we benefit more broadly as an economy and a society from it. Those are open questions still.

[*Translation*]

Ms. Brigitte Sansoucy: We haven't had public-private partnerships in infrastructure for too many years. Has your institute reviewed the experiences of other countries that have been using public-private partnerships for a long time? How could we benefit from these experiences?

[*English*]

Mr. Randall Bartlett: On the topic of public-private partnerships, in the context of the Canada Infrastructure Bank, these are certainly not mutually exclusive. One is a mechanism for designing, building, operating, maintaining, and financing, so they're not necessarily mutually exclusive. The Canada Infrastructure Bank could use public-private partnerships for investment purposes.

In the context of public-private partnerships overall, in the global experience as well as the Canadian, the jury is still out on whether or not the net benefit is there. It seems to suggest that ultimately there's a trade-off between a higher financing cost under public-private partnerships, but also a greater likelihood of having projects delivered on time and on budget. It's sort of a trade-off in terms of what the net benefit is there. If being on time and on budget is a key priority, P3s are seen as a very effective vehicle for doing that, but ultimately that comes at a higher financing cost.

[*Translation*]

Ms. Brigitte Sansoucy: I would like your opinion on something that was discussed in the first hour.

In his recent analysis, the parliamentary budget officer revealed that, although the Liberal government had promised to stimulate the economy by investing in infrastructure, the GDP has increased by only 0.1%, which is very little.

What is the explanation for the fact that the money that has already been invested in infrastructure hasn't really stimulated the economy?

[*English*]

Mr. Randall Bartlett: As the folks at the PBO mentioned, I think there are two parts to that.

The first part is that not as much money has flowed as was expected at the time of budget 2016.

The second is that the economy wasn't at the same stage of the business cycle as it was at the time of budget 2009 when the fiscal multipliers included in budget 2016 were originally released. At that point there was very little risk of seeing a dramatic increase in interest rates on the part of the Bank of Canada.

Also, the gap between Canada's current and trend levels of output was much larger then, so each dollar of infrastructure spending would have had a much larger impact on the economy, because you had a lot of economic slack. You had a lot of resources that were freed up in the construction sector, because people were not investing in housing, were not investing in private infrastructure, and also were not necessarily employed at that time, so it employed a lot of resources that had become available because of the crisis. Had we had as large an output gap, potentially the impact would have been dollar for dollar as significant as it was back then.

● (1705)

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

We'll go on to Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I'm going to continue where I left off with the former witnesses.

For the most part we've seen a lot of money being brought to the municipalities. With that, the infrastructure spending has attached itself to offsetting municipal costs when it comes to municipalities' tax levies, taxpayer municipal rates, water, waste water; and each investment that is being made is offsetting the otherwise emphasis and the challenge on the taxpayers, as Mr. Chong outlined earlier, trying to keep up with respect to their costs on a daily basis within their households.

We also see that it has leveraged both reserves, which quite frankly, are very minimal at the municipal level, as well as equity. For example, in Ontario when deregulation of hydro came about, a lot of municipalities ended up either leasing and/or selling their hydro utilities and therefore were receiving annual dividends that they could also leverage with respect to one-third, one-third, one-third contribution with the upper levels of government.

We've also seen that, for a lot of community improvement plans, the financial requirements attached in aligning with community improvement plans were again being augmented by those investments that the federal and provincial governments were making, again offsetting the challenges and/or the need for property taxpayers as well as water and waste water ratepayers to have to supplement those costs.

Finally, this goes to my question for both witnesses. When we look at the lens we have been looking through, quite frankly, in the last two years as it relates to the triple bottom line—environmental, economic, and social investments—as well as ensuring that we work with municipalities to put in place a disciplined asset management plan based on life cycle of repair, maintenance, and of course, ultimately replacement, would you not find it positive that, as well as we always use those words loosely when it comes to economic stimulus, the proper definition of economic stimulus is new jobs, the balancing of budgets so people can have more affordability for expendable income to then put into the marketplace, and so on and so forth? I think there is an obvious contribution that has been created through infrastructure spending that, in fact, has been the case.

Going back to my question, would you find that a triple bottom-line lens, when it comes to economy, environment, and social, and the returns that attach themselves to those three areas, is something the government should continue looking at? That's question number one.

Question number two is whether we should, in fact, create a more sustainable funding envelope to attach itself to proper and disciplined asset management plans at the municipal level.

Mr. Randall Bartlett: Starting with your second point, if that's okay, working with municipalities to increase capacity in terms of their infrastructure investments and asset allocation is superb, and the more stable and predictable the funding source is for infrastructure or for any transfer is incredibly beneficial because it allows cities to actually make those three-year, five-year, and 10-year plans and predictably be able to ensure that they're able to make those investments and be able to plan going forward. I definitely am supportive of that, of predictability and good analysis underlying investments, absolutely.

When it comes to the various approaches to investing in infrastructure, or the categories for investment, those may be the best approaches to doing that. The approach we take, looking at best practices globally, instead of predetermining what those are and then saying we'll allocate one-third, one-third, one-third to each of those—because to some degree, it's somewhat arbitrary—is more to work with the lower levels of government. We say here's what you have, here's what your needs are—we have an accepted approach to doing this—and let's prioritize those investments, so we know definitely which ones are going to get the biggest either social or economic benefit going forward. That is really the approach to take because they may not be evenly divided. You might find that on the social side it may be where you want to allocate your resources more because they're larger priorities than, say, transportation, trade and transportation, or something like that.

● (1710)

Mr. Vance Badawey: To that point, you find it advantageous and/or correct that the government has been consulting with the Federation of Canadian Municipalities and the provincial associations to ensure that, quite frankly, “It's your plan we're going to put forward, not our plan”, and in trying to validate and/or come to a conclusion on what those areas of investment should be, such that it should actually be coming from them, not us.

Mr. Randall Bartlett: Absolutely.

Mr. Vance Badawey: Second to that, take a look at some of the short-term and long-term projects. For example, here in the city of Ottawa look at the short-term stimulus when it comes to the LRT, the light rail transit, and at some of the other investments that were made in the city of Hamilton and in other parts. I look at the members across here and I think of the millions of dollars that we've outlined here in infrastructure investments in our own ridings. Yes, those could be considered short term; but, ultimately, as well as the long term that was mentioned by Bev, both are advantageous. It all, once again, depends on the planning of the municipalities versus our anticipated expectations that we would impose upon them.

Mr. Randall Bartlett: That's right, and that—

The Chair: A very short response, Mr. Barlett.

Mr. Randall Bartlett: Of course.

I think the role that the federal government can play is helping to build capacity to make sure that the planning framework is done well and that those investments will benefit those municipalities as much as they possibly can.

Mr. Vance Badawey: Great. Thank you.

The Chair: Thank you very much.

Mr. Sikand.

Mr. Vance Badawey: By the way, I'll start talking when you guys are talking as well.

The Chair: Okay, let's just be respectful, folks.

Mr. Sikand.

Mr. Gagan Sikand: Thank you.

Professor Bartlett, I read a blog post of yours entitled, “Is Infrastructure a Public Good? No, Sort Of, and What Role for the Public and Private Sectors”. In this post you suggested that private sector involvement in public infrastructure projects can in theory have many benefits, especially by increasing the likelihood of projects being completed on time and on budget. However, in practice public-private partnerships in Canada frequently fall short of this ideal. As you wrote, “the jury remains out on whether PPPs are actually effective in reaching their stated goals and delivering value for money to taxpayers.”

How much of an influence does private sector investment in infrastructure projects have on meeting project timelines?

Mr. Randall Bartlett: Certainly private sector involvement has been found to benefit public sector investment in both being on time and on budget. I would say that on average it's slightly better. But at the end of the day, the benefits are relatively small and the jury is still out on the financing cost, which is always higher because in Canada the federal government obviously has the lowest cost of financing of any jurisdiction, particularly relative to the private sector, which has a comparatively small borrowing capacity. In that regard there are always going to be trade-offs, and I stand by that statement that the jury is still out on whether or not the net benefit to Canadians and taxpayers is really there.

Mr. Gagan Sikand: Are you able to provide some pros and cons of PPPs?

Mr. Randall Bartlett: Ultimately I think it really comes down to the increased likelihood—I would say not dramatically increased, but the increased likelihood—of being on time and on budget with PPPs, offset in part by the higher financing costs. I think it's those two together.

When it comes to broader private sector investment, that's the one that I'm still not 100% sure of in terms of the CIB, for instance, crowding in private sector investment and all the talk about bringing in private sector innovation and that kind of thing. I have worked on the deal side in the private sector. Certainly there are benefits to private sector investors and I think there is more focus on making sure that you're driving the returns that you want out of the investment. But when it comes to actually delivering more benefit to Canadians, both economically and socially, that's something that I think is still up in the air.

The Chair: Mr. Dahlby, you have time to add a comment here.

Prof. Bev Dahlby: Yes, I probably agree with his assessment of public-private partnerships and their effectiveness.

I think the one thing that hasn't been mentioned, though, is that the cost of public finance is understated, because it doesn't take into account the cost of the tax dollars that have to be raised to finance the government's deficit, or pay for them. Those costs are substantial because higher taxes lead to a slower economic growth, less innovation, etc. When you take those costs into account, it is less clear-cut that PPPs are more costly.

● (1715)

Mr. Gagan Sikand: Okay.

I'm going to share the remainder of my time with the Honourable Robert Nault.

Hon. Robert Nault: Thank you very much.

I come from a riding that's the size of France, and I have 22 first nations that live in isolation. They don't have roads. I'm very interested in this whole concept of what's beneficial, what we used to call, years ago, “nation-building”. Diefenbaker used to call it “roads to resources”. There was an understanding that to build this nation, the federal government had to be directly involved.

About three weeks ago, our government put $1.6 billion into my riding to connect 17 first nations to the power grid. It's fair to say that would never have been done by the private sector, generally, nor would the building of the Trans-Canada Highway, or the roads to resources in northern Alberta and northern Saskatchewan. None of that would have been done.

Why do you think the Government of Canada has gotten away from nation-building as part of the infrastructure development? Is it a fear that somehow we'll be influencing, or that it will be interpreted as the government being involved in, the jurisdictions of the provinces or municipalities? This country is still underdeveloped. If you drive across the nation, as I have a couple of times now, it's totally underdeveloped. It's built in little pieces along the U.S.-Canada border.

We've got a long way to go, and we can be a lot more productive, for sure. I'm just curious as to your analysis of the short term versus the long term, plus our insistence on little municipal projects when there's a lot of nation-building to do.

Prof. Bev Dahlby: I agree with you that there is a large potential for nation-building projects.

My colleagues at the School of Public Policy & Governance have completed a study that showed a huge return from investment in transportation infrastructure in Canada's north. They've documented that very strongly, and there are other proposals for major nation-building infrastructure projects across Canada. Perhaps part of the $186 billion will focus on some of these large nation-building projects. That would be, in my view, a very beneficial outcome.

Hon. Robert Nault: The only criticism I would have, Mr. Bartlett, of what you've been saying all day is that you're comparing such small entities of countries that would fit into my riding three or four times over. When you talk about Wales or New Zealand, I can't get my head around how you can compare them to trying to build infrastructure in the 55 communities that I represent in northern Ontario.

I happen to live in the most successful jurisdiction in North America, almost, as far as wealth is concerned, but we still haven't developed northern Ontario. We should have better comparisons of what benefits there would be if we opened up the north, not just the Ring of Fire—which of course Mr. Ford and everybody are all excited about—because that will get done eventually. We first need to develop the infrastructure for the indigenous populations and people who live there.

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

Mr. Bartlett, maybe you can answer after the meeting is over.

Mr. Randall Bartlett: I'd be happy to.

The Chair: Mr. Liepert.

Mr. Ron Liepert: Thank you, gentlemen.

I want to go back to the questioning around policy. This is not just critical of the current government, but I served in the provincial government from 2006 to 2012. We were always struggling as a provincial government when we had our five-year provincial plan, or maybe even longer than that, for infrastructure, and then the federal government would come in and lay a new program over it, but it had to include new projects. It had to be funded one-third, one-third, one-third.

Do you have any thoughts on whether this infrastructure funding program, the policy that it has to be new is right, or whether these funds should be available for projects that have already been identified, either at the municipal or provincial level, and could this money help those projects actually be realized?

● (1720)

Prof. Bev Dahlby: I think, again, it addresses program design and the total issue around financing the federation, in some way. I think there is a case for matching grants from the federal government in order to shift maybe some of the municipal and provincial government spending in directions that provide national benefits or benefits that often spill beyond provincial or municipal boundaries, because otherwise politicians will naturally favour those projects that are very local. That's their responsibility.

In terms of other projects and maybe, as I mentioned, for smaller jurisdictions, it might be better to have block funding through the gas tax fund or other mechanisms. This also really raises the question of the total package of transfers from the federal government to the provincial sector, that is, the Canada health transfer, the Canada social transfer, and equalization. I think there is a case for increasing total transfers to the provinces given the fiscal pressures that have emerged at that level.

In terms of whether they should fund a new or an existing project that can't get off the ground for, let's say, fiscal reasons, then I think it should potentially be entirely funded if it meets the criterion that it provides significant national or provincial spillovers of benefits.

Mr. Ron Liepert: Are there any quick comments? I want to ask another question around this.

Mr. Randall Bartlett: Absolutely, as we've discussed, it really comes down to working with municipalities and provinces to make sure that you're funding plans and well-thought-out plans so that those municipalities and subnational jurisdictions overall can get the best bang for their buck, including indigenous communities.

I think when it comes to greenfield versus brownfield infrastructure, I think no matter what infrastructure plan, there's often been a significant focus by the federal government on greenfield infrastructure, but ultimately most of us drive every day on brownfield infrastructure that needs maintenance, needs to be refreshed, and potentially needs to be expanded. We need to focus on, I think, deriving as much value as we can for taxpayers by making sure that that's where the investment is made as well.

Mr. Ron Liepert: I have to cut you off because I want to talk about P3s. There were comments made earlier about the P3 model, and I think there have been political views on P3s that have been expressed at this table on which I want to take the opposite view. I know that in Alberta we've had very successful P3 projects. I think there are some real issues with the infrastructure bank using taxpayer dollars to backstop some of these issues.

On the P3 side of the equation, you didn't talk at all about the third phase of it, which is the maintenance phase. Whether it's roads or schools that are built through the P3 model, it's been proven that the long-term maintenance contract for those facilities 30 years down the road will be better at the end than it would have been if they were turned over to the municipalities or the school board. They'll be done at a lower cost than would have been the case with a government entity maintaining that facility for 30 years.

I'd like a quick comment from both of you relative to looking at a P3 project from a 30-year perspective rather than at just the cost of building the project.

Prof. Bev Dahlby: I think that is right. The P3 may create a greater incentive for quality and maintenance of infrastructure than has been the case for much government-funded and supervised construction, so I think that is one area of strength of the P3 mechanism.

Mr. Randall Bartlett: I would also argue, though, that we don't have a long history of these contracts, and of these contracts being taken to completion. While there are examples of ones that have been shown to be quite successful, there are also other examples of ones that have not been successful, not just in Canada but internationally. I think a lot of it comes down to the contract construction on P3s, and getting the contract right really matters a lot. Often there are examples of governments just not getting these right, so they end up on the losing end of the stick.

Mr. Ron Liepert: I couldn't disagree.

The Chair: Thank you very much.

Thank you, gentlemen, for the very valuable information you've provided as we go forward with our meetings on this study.

There are a couple of things for the committee to do now. We need to adopt a budget for this particular study. The clerk is circulating it now.

It's really a lot of money, a total of $22,200. That is a lot of money.

● (1725)

Hon. Michael Chong: I move the budget.

The Chair: You move the budget? You haven't seen it. We have to make sure that we're doing it all right here.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: I need your approval for a small paragraph that's going to go on our website and on Twitter. We're getting sophisticated now with tweets and the website.

Do you all have a copy of it? It's faster if you have it.

Everybody has it. Have you read it?

A voice: Mr. Chong is reading it.

The Chair: It's for the website.

I'm sorry, why doesn't everybody have it?

Madame Sansoucy and Mr. Aubin, do you have it now? Good.

Is it okay?

Some hon. members: Agreed.

The Chair: Minister Sohi will be with us on Monday, April 30, and we expect to have a draft report on the infrastructure study that we're doing May 28 or June 4.

Yes, Mr. Liepert?

Mr. Ron Liepert: Does that mean that the Vancouver-Seattle thing is off?

The Chair: No, we may find out tomorrow. We're still waiting for that.

With regard to ocean war graves, a draft report will be ready for us Monday, May 7.

There is one other thing that I wanted to ask about—Mr. Aubin, in particular. A year ago we had the Transportation Safety Board in to talk about aviation safety, and there were 60 outstanding issues that had been on the books for a very, very long time. It's now a year later, and I suggest that if we can fit it into the schedule, maybe we should invite them back so that we can kind of keep their feet to the fire to make sure that those recommendations, which were quite significant, have been answered. If we can find a slot to do that, if the committee is agreeable, could we do that? Yes? All right.

With regard to the study on automated and connected vehicles, we have to schedule one more meeting. We're looking at possibly Wednesday, May 2, unless we travel, but I'll get back to you on that.

All right, thank you all. We'll see you on Wednesday.

The meeting is adjourned.