



HOUSE OF COMMONS
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CANADA

INVESTING IN CANADA PLAN

Report of the Standing Committee on Public Accounts

Kelly Block, Chair

JUNE 2021
43rd PARLIAMENT, 2nd SESSION

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Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

TWENTY-SECOND REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the committee has studied Report 9, Investing in Canada Plan, of the 2021 Reports of the Auditor General of Canada and has agreed to report the following:



THE INVESTING IN CANADA PLAN

BACKGROUND

The Investing in Canada Plan (ICP or the plan) is the Government of Canada's initiative to provide predictable and sustainable funding for infrastructure projects to build modern, resilient, and green communities. Over the plan's 12 years, starting in 2016, the federal government intends to spend \$188 billion across five theme areas: public transit; green infrastructure; social infrastructure; trade and transportation infrastructure; and rural and northern communities.¹

The ICP's three main objectives are:

- Generate long-term economic growth to build a stronger middle class;
- Improve the resilience of communities, and transition to a clean growth economy; and
- Improve social inclusion and socio-economic outcomes for all Canadians.²

Additionally, its three key components are:

- Phase 1 funding (\$14.4 billion, announced in Budget 2016) – intended to rehabilitate and modernize public transit and water and wastewater systems, improve affordable housing, and mitigate climate change's effects on existing infrastructure. The funding was intended to be spent on projects over five years, mostly between the 2016–17 and 2017–18 fiscal years, to meet immediate needs.
- Phase 2 funding (\$81.2 billion, announced in the Fall Economic Statement 2016 and confirmed in Budget 2017) – aimed at introducing long-term infrastructure investments in small- and large-scale projects. These projects are to be delivered over 11 years to advance Canada's progress

1 Office of the Auditor General of Canada (OAG), [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, para. 9.1.

2 Ibid., para. 9.4.



on the environment, modernize the economy, and create a more inclusive society.

- Legacy funding of \$92.2 billion – already committed before Budget 2016, to be spent on infrastructure programs between 2016 and 2028.³

As the ICP's lead department, Infrastructure Canada collaborates with "federal partner organizations and two central agencies to meet reporting requirements and oversee the plan's implementation. The department also receives funding for some programs under the plan and is responsible for the administration of those programs."⁴ It also houses the "Investing in Canada Plan Secretariat, which acts as a central point of coordination for federal partner organizations. The secretariat is responsible for

- Collecting the plan information from all federal partner organizations for reporting, as a supplementary table, in Infrastructure Canada's annual departmental plan and departmental results report;
- Providing input and responses to ministerial and Cabinet-level requests;
- Organizing and coordinating various governance committees, including deputy ministerial committees;
- Displaying and maintaining mandated and proactive public reporting tools on the plan's progress and results; and
- Acting as the lead on plan-related inquiries and ad hoc requests from federal partner organizations and central agencies."⁵

Twenty federal departments, agencies, Crown corporations, and regional development agencies are responsible for supporting Infrastructure Canada in implementing the ICP, including collecting and reporting performance information to support its secretariat function. They are also responsible for implementing their own programs under the plan.⁶

3 Ibid., para. 9.22.

4 Ibid., para. 9.7.

5 Ibid.

6 Ibid., paras 9.6 and 9.8.

Some of these programs operate through bilateral agreements between the federal government and the provinces and territories; other recipients include municipalities and Indigenous and rural communities.⁷

The Privy Council Office (PCO) and the Treasury Board of Canada Secretariat (TBS) provide guidance and support on horizontal initiatives but do not receive funding for their implementation. PCO provides advice about whether to declare an initiative horizontal and identifies the department that will lead on reporting; TBS provides guidance and support to departments on managing and reporting on such initiatives.⁸

On 29 January 2020, the House of Commons passed a motion requesting the Auditor General to audit the ICP. In March 2021, the Office of the Auditor General of Canada (OAG) released an audit that examined whether “Infrastructure Canada and key federal organizations could demonstrate that the plan was meeting its objectives and whether they were providing complete, reliable, and timely reporting on the plan to Canadians.”⁹ Specifically, the audit “focused on Infrastructure Canada, the Canada Mortgage and Housing Corporation [CMHC], and Indigenous Services Canada [ISC], which together accounted for around 83% of the plan’s \$188-billion commitment.”¹⁰

On 11 May 2021, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit with the following in attendance:

OAG – Karen Hogan, Auditor General of Canada; Nicholas Swales, Principal; and Gabriel Lombardi, Director.

CMHC – Romy Bowers, President and Chief Executive Officer; Paul Mason, Senior Vice-President, Client Operations; Michel Tremblay, Senior Vice President, Policy And Innovation; and, Caroline Sanfaçon, Vice-President, Housing Solutions, Multi-Unit.

ISC – Christiane Fox, Deputy Minister; Joanne Wilkinson, Senior Assistant Deputy Minister, Regional Operations Sector; and Claudia Ferland, Director General, Regional Infrastructure Branch, Regional Operations Sector.

7 Ibid.

8 Ibid., para. 9.9.

9 Ibid., para. 9.11.

10 Ibid., para. 9.12.



Infrastructure Canada – Kelly Gillis, Deputy Minister; Gerard Peets, Assistant Deputy Minister, Policy and Results; and Sean Keenan, Chief Economist and Director General, Economic Analysis and Results.

PCO – Matthew Shea, Assistant Deputy Minister, Corporate Services; and Michelle Lattimore, Director of Operations, Results and Delivery

TBS – Peter Wallace, Secretary of the Treasury Board of Canada.¹¹

The term “horizontal initiative” is used in this report and is defined as “an initiative for which two or more federal organizations receive common funding to achieve a clearly defined shared outcome and that has been designated a horizontal initiative by Cabinet or the Treasury Board.”¹²

FINDINGS AND RECOMMENDATION

Reporting on the Investing in Canada Plan

The ICP has a horizontal reporting framework with two levels of performance information:

- For the ICP as a whole, the framework lists the seven expected results (also sometimes referred to as outcomes in plan documents). Infrastructure Canada, in consultation with other federal organizations, identified the performance indicators for each expected result and identified the Phase 1 and Phase 2 programs that would contribute to meeting it. As some indicators would apply to programs that had not yet been created, the horizontal reporting framework has evolved.
- For each Phase 1 and Phase 2 program contributing to the ICP, the framework identifies the organization that delivers it, the theme it contributes to, the funding allocation from the plan, and the performance indicators specific to that program.¹³

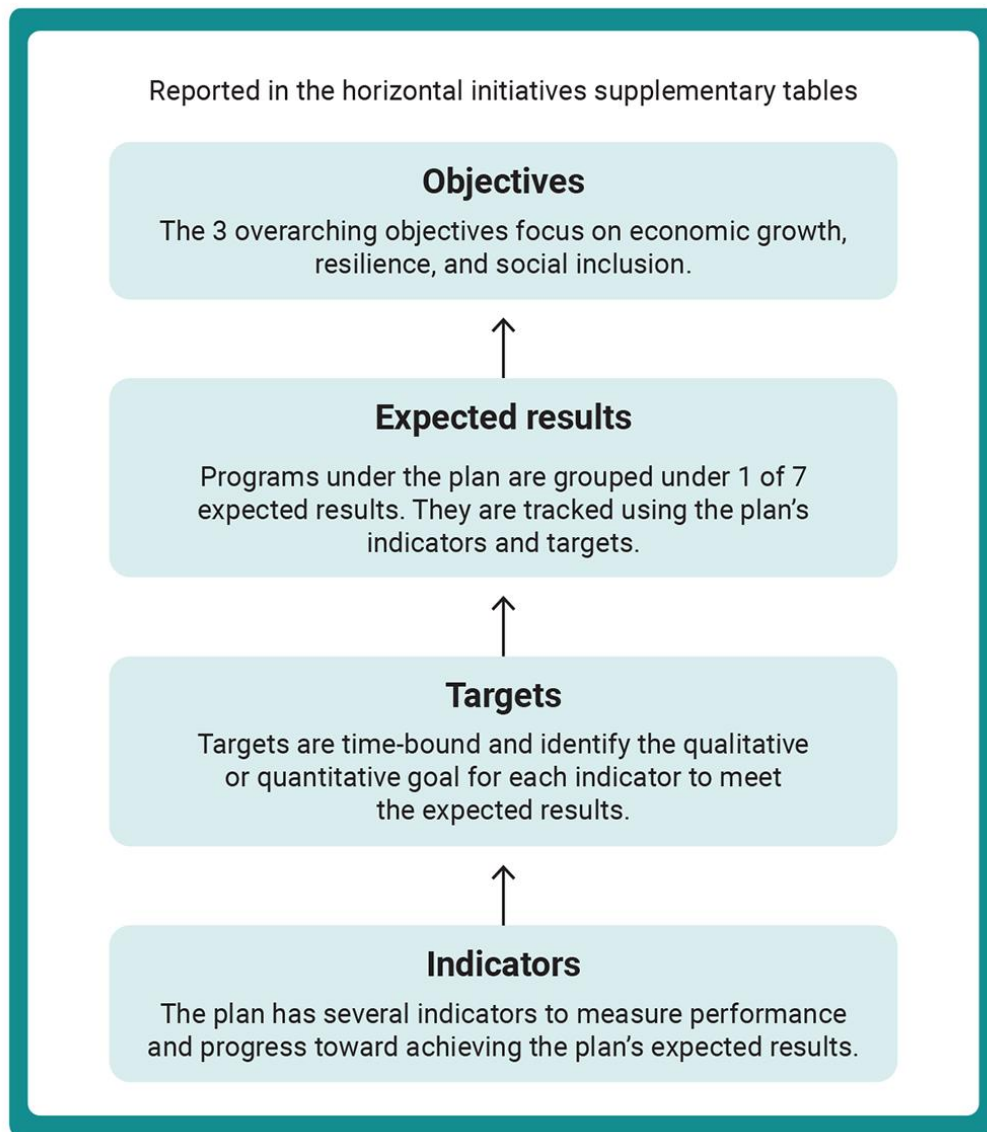
11 House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 11 May 2021, [Meeting No. 31](#).

12 OAG, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, Definition.

13 *Ibid.*, para. 9.23.

Exhibit 1 explains the ICP’s reporting framework.

Exhibit 1—The reporting framework for the Investing in Canada Plan



Note: This exhibit shows how targets and indicators contribute to the expected results of the Investing in Canada Plan. Programs also have their own targets and indicators that are tracked by each organization.

Source: Office of the Auditor General of Canada, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, Exhibit 9.1.



Although this reporting evolved, some of the changes led to year-to-year inconsistencies in the information reported, and some of the reported information was incomplete. For example:

- Performance indicators in some tables aligned with the three plan objectives, while others aligned with the seven expected results or with the five themes.
- Depending on the year, the tables reported against different expected results' performance indicators.
- Depending on the year, between a third and half of the expected results' performance indicators in the table did not have associated targets; however, where they did exist, they were clear and measurable.¹⁴

Notable Finding

Some of the Investing in Canada Plan results were to be reported only after the related programs ended. For example, for the largest program under the plan (the \$33 billion Investing in Canada Infrastructure Program), Infrastructure Canada was not expected to report results until 2028, which is when the plan is scheduled to end. However, with no publicly available interim targets or tracking to measure progress, the department will not be able to demonstrate whether the program is on track to meet its expected results and objectives before 2028.

Source: Office of the Auditor General of Canada, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, para. 9.38.

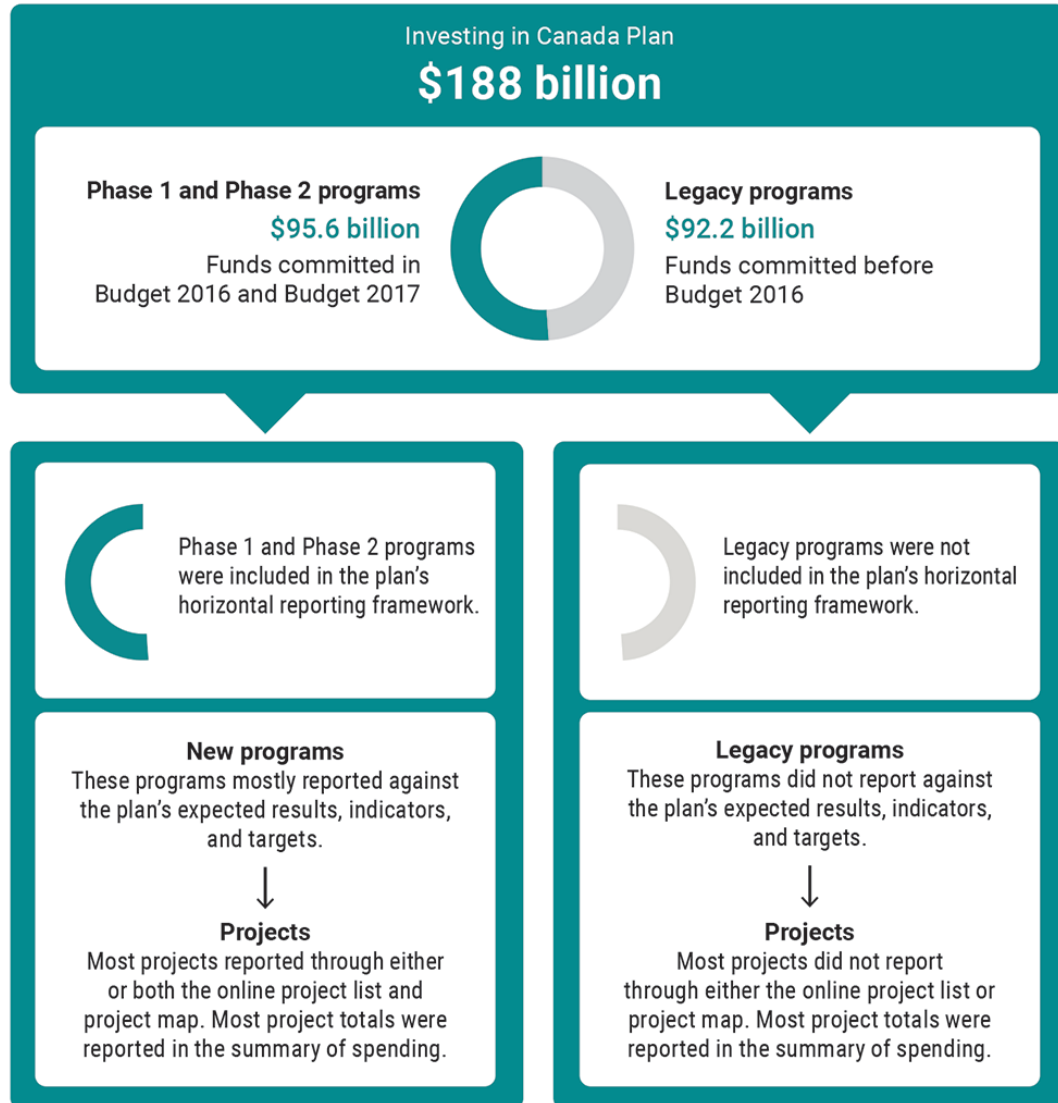
Additionally, the OAG found that Legacy funding (\$92.2 billion) “was not well integrated into the plan. The horizontal reporting framework required reporting only for Phase 1 and Phase 2 programs, while legacy programs continued to operate without explicitly aligning with the plan’s objectives, expected results, or themes.”¹⁵ (See Exhibit 2) Thus, legacy programs, which represent almost half of the total \$188-billion commitment, were not included in the supplementary table on the horizontal initiative.¹⁶

14 Ibid., para. 9.27.

15 Ibid., para. 9.30.

16 Ibid.

Exhibit 2—Infrastructure Canada was unable to capture complete program information



Programs and projects—A program is a group of related activities intended to achieve specific results. Projects are activities that receive funding from programs under the Investing in Canada Plan. Projects can be traditional physical infrastructure or services.

Source: Office of the Auditor General of Canada, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, Exhibit 9.2.



Furthermore, federal organizations did not always align their programs and reporting with the plan's horizontal reporting framework. The OAG reviewed a sample of 32 programs included in the ICP that were administered by Infrastructure Canada, CMHC, or ISC. Fewer than 20% of these programs mentioned the plan in their strategic documentation. This suggests that the federal organizations did not consider how their programs might reflect or affect the plan's overall objectives.¹⁷

Infrastructure Canada acknowledged its responsibility for horizontal reporting and for managing its own programs under the ICP; however, it was not responsible for managing programs under its federal partner organizations.¹⁸

Also, federal partner organizations "did not always align the reporting of Phase 1 and Phase 2 programs with the plan's various reporting requirements."¹⁹ This affected Infrastructure Canada's ability to provide accurate and complete results on programs under the plan; for example:

- ISC "allocated and reported both funding and targeted community infrastructure investments through a portfolio approach, in which projects might be funded from a variety of sources. Although the Investing in Canada Plan was only one of these sources, the department's reporting under the plan reflected results achieved across the whole portfolio.
- Twelve programs included in the plan, representing \$3.4 billion, did not report their performance through the plan but instead through other federal horizontal initiatives."²⁰

The OAG also noted that Infrastructure Canada could publish only a partial list of projects funded by programs included in the ICP; e.g., the project list published online by the department in June 2020 had approximately 33,000 entries and had not been updated since it was first published. Moreover, a "more complete accounting of projects was published in the summary of spending, which reported about 65,000 projects, and had been updated more recently than the project list."²¹

17 Ibid., paras. 9.34 and 9.35.

18 Ibid., para. 9.36.

19 Ibid., para. 9.37.

20 Ibid.

21 Ibid., paras. 9.39 and 9.40.

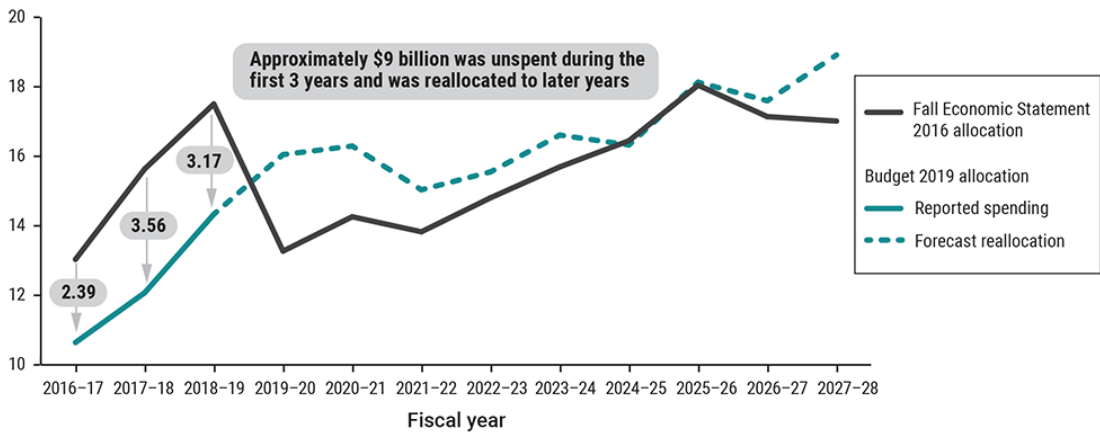
The summary reported totals of projects for most programs under the ICP. It also provided an accounting of the full \$188-billion budget for the plan, although some programs were grouped together.²²

Spending Infrastructure Funds as Quickly as Planned

In the first three years of the ICP, federal organizations consistently spent less than they had initially intended, which led to funding reallocations that increased expected spending levels for later years. (See Exhibit 3) Thus, for Phase 1, Phase 2, and legacy programs, approximately \$9 billion was moved to later years, representing 20% of initially planned spending.²³

Exhibit 3—Federal organizations reallocated plan funding to later years

Plan funding allocation for Phase 1, Phase 2, and legacy programs combined (in \$ billions)



Source: Office of the Auditor General of Canada, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, Exhibit 9.3.

Regarding the challenges associated with the bilateral agreements with the plan’s provincial and territorial partners, Kelly Gillis provided the following:

When we look at the integrated bilateral agreements, there are allocations across each of the provinces and territories. Once agreements are signed, the speed at which

22 Ibid.

23 Ibid., para. 9.48.



provinces and territories determine to prioritize, do intakes and send applications to us is very much within the control of the provinces and territories.²⁴

Similarly, in the fourth year of the plan (the 2019–20 fiscal year), about \$3 billion of Phase 1 and Phase 2 funding was not spent as intended and would therefore have to be reallocated to future years. Budget 2019 included an update of allocated infrastructure funding up to the 2027–28 fiscal year and showed that about half of the total spending was planned for the ICP’s final five years.²⁵

Notable Finding

Infrastructure Canada was not tracking the potential effects of delays in spending on meeting the Investing in Canada Plan’s objectives by the 2027–28 fiscal year. Without ongoing monitoring of these delays and their effects, federal partner organizations might have to spend some of the planned amount after the last year of the plan, compromising some of the results expected by 2027–28.

Source: Office of the Auditor General of Canada, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, para. 9.38.

Lastly, available project data often did not have enough information to determine why spending was often delayed; i.e., it was missing information regarding

- project approval, start, and completion dates;
- when payments had been made; and
- whether projects had been delayed.²⁶

Recommendation

In light of these findings, the OAG recommended that in order to “improve monitoring, tracking, and reporting on progress toward the [ICP’s] objectives, Infrastructure Canada should work with its federal partner organizations in the plan and with central agencies to determine

24 House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 11 May 2021, [Meeting No. 31](#), 1200.

25 OAG, [Investing in Canada Plan](#), Report 9 of the 2021 Reports of the Auditor General of Canada, para. 9.48.

26 *Ibid.*, para. 9.51.

- how to better measure projects' progress toward the plan's objectives;
- which legacy programs are meant to contribute to the plan's objectives and how to report on them; and
- what information the department needs from federal partner organizations to provide public reporting on the plan that is consistent, comprehensive, and easy to understand."²⁷

In response to the first and second elements of the recommendation, Infrastructure Canada stated in its Detailed Action Plan its agreement with this recommendation and that it will work with departmental partners, PCO, and TBS to review indicators/targets and adjust as needed to better align with ICP objectives and outcomes.²⁸ Specifically, it will work with federal organizations to produce the Departmental Plan-Horizontal Initiatives Table for fiscal year 2022-23 with updated indicators, interim measures and targets to better measure progress toward ICP objectives, including those stemming from legacy programs, by January 2022.²⁹

Regarding the third element of the recommendation, the department stated it "will work with departmental partners to provide consistent, comprehensive and easy-to-understand information on the [ICP], in a manner that fully respects existing program requirements and departmental roles, responsibilities and accountabilities. By December 2021, a new online reporting protocol will be implemented, emphasizing timeliness, transparency and consistency across [ICP] initiatives."³⁰

With regard to reporting on the ICP's progress, Kelly Gillis, Deputy Minister, Infrastructure Canada, provided the following:

We have developed a number of tools to report to Canadians and have continued to evolve our reporting, but we know there's room for improvement. In developing our management action plan, Infrastructure Canada is taking careful consideration of the Auditor General's finding and is working with our delivery partners to ensure that

27 Ibid., para. 9.53.

28 Infrastructure Canada, [Detailed Action Plan](#), p. 1.

29 Ibid., pp. 1-2.

30 Ibid., p. 3.



Canadians and parliamentarians have meaningful information about the infrastructure that is being built under the plan.³¹

What we have done with the invest in Canada plan since its inception is to try to look at the different lenses and vantage points that might be of interest with the different programs being implemented under the plan. We put in a geospatial map for any programs or projects that have a longitude and latitude, so people can look up the types of investments that have been made in their communities.

We've put a funding table in place that outlines the 93 programs under the plan, the allocation, how many projects have been approved, how many have started, the funds that have flown to pay for those particular projects. We also have a horizontal initiatives report that has focused on the new programming in budgets 2016 and 2017. When we look at the improvements, we are looking at all those areas to see how we can put out more meaningful reporting.³²

With regard to the specific issues of reporting about the legacy programs, the Deputy Minister explained the following:

In the meantime, we are looking at the horizontal table right now, with the Auditor General's recommendation, to see how we can realign it to fit the horizontal reporting issues that have been addressed regarding legacy programs. We have already started to address reporting regarding legacy programs in our other reports that have been made public.³³

Regarding the challenges of meeting the ICP's reporting requirements, Romy Bowers, President and Chief Executive Officer, CMHC, provided the following:

With respect to reporting requirements it's important to note that we've had the most challenges with respect to some of the reporting on some of our legacy programs for many of the reasons Ms. Gill has mentioned. Many of those legacy programs are bound by bilateral agreements with the provinces and territories, and it's very hard to move away from some of the reporting structures that were established in the past.

With respect to new programs under the national housing strategy, there was clarity from the very beginning. We were targeting vulnerable populations, and seniors were one. As we negotiate bilateral agreements with the provinces and territories, and as we work with our proponents on more of the direct delivery programs, we can ensure that reporting requirements are understood up front and that we collect the information so we can provide granular reporting. That will help us understand the impact of the

31 House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 11 May 2021, [Meeting No. 31](#), 1110.

32 Ibid., 1220.

33 Ibid., 1145.

programs and provide assurance to Canadians and parliamentarians that the government investment is benefiting those who are most vulnerable in our society.³⁴

Lastly, Christiane Fox, Deputy Minister, ISC, while stating that the department “will continue to engage and work with Infrastructure Canada to develop a consistent manner to provide comprehensive reporting on the [ICP],”³⁵ also provided the following:

What we're trying to achieve as a department is getting the right balance between a reporting structure that allows us to have that open and transparent approach, while understanding that there needs to be a balance, given the level of capacity. As you know, the federal government has multiple departments; it's a big machine. We have to think about the reporting requirements from our partners' perspective.

I'll give you the example of the legacy programs. Over time, we have programs that are very much under the investment in Canada plan, and then we have these legacy programs that date back to before that. Much of that money is actually A-base funding; therefore, communities can use it for utility bills and salaries. If we started asking them to report on the details of that, we would lose sight of the importance of getting the detail around the project itself. We try to limit the burden while still being open and transparent to Canadians by posting our information online.³⁶

Therefore, the Committee recommends:

Recommendation 1—on the improved administration of the Investing in Canada Plan

That, by 31 January 2022, Infrastructure Canada provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress on A) the improved assessment and reporting of progress toward the outcomes and objectives of the plan, incorporating data demonstrating the impact of these investments as it becomes available; and B) clarifying and improving reporting on the contributions of legacy programs toward the plan’s objectives.

Recommendation 2—on improved public progress reporting on the Investing in Canada Plan

That, by 31 January 2022, Infrastructure Canada provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress on engaging with its delivery partners on data automation for public progress reporting.

34 Ibid., 1215.

35 Ibid., 1120.

36 Ibid., 1250.



CONCLUSION

The Committee concludes that Infrastructure Canada did not adequately administer and report on the Investing in Canada Plan and thus has made two recommendations in this report to address these matters.

Summary of Recommendations and Timelines

Table 1—Summary of Recommendations and Timelines

Recommendation	Recommended Measure	Timeline
Recommendation 1	Infrastructure Canada should provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress on A) the improved assessment and reporting of progress toward the outcomes and objectives of the plan, incorporating data demonstrating the impact of these investments as it becomes available; and B) clarifying and improving reporting on the contributions of legacy programs toward the plan’s objectives.	31 January 2022
Recommendation 2	Infrastructure Canada should provide the Committee with a report outlining its progress on engaging with its delivery partners on data automation for public progress reporting.	31 January 2022

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<p>Canada Mortgage and Housing Corporation</p> <p>Romy Bowers, President and Chief Executive Officer</p> <p>Paul Mason, Senior Vice-President, Client Operations</p> <p>Michel Tremblay, Senior Vice-President, Policy and Innovation</p> <p>Caroline Sanfaçon, Vice-President, Housing Solutions, Multi-Unit</p>	2021/05/11	31
<p>Department of Indigenous Services</p> <p>Christiane Fox, Deputy Minister</p> <p>Joanne Wilkinson, Assistant Deputy Minister, Regional Operations Sector</p> <p>Claudia Ferland, Director General, Regional Infrastructure Delivery Branch, Regional Operations Sector</p>	2021/05/11	31
<p>Office of Infrastructure of Canada</p> <p>Kelly Gillis, Deputy Minister, Infrastructure and Communities</p> <p>Gerard Peets, Assistant Deputy Minister, Policy and Results</p> <p>Sean Keenan, Director General, Economic Analysis and Results and Chief Economist</p>	2021/05/11	31
<p>Office of the Auditor General</p> <p>Karen Hogan, Auditor General of Canada</p> <p>Nicholas Swales, Principal</p> <p>Gabriel Lombardi, Director</p>	2021/05/11	31

Organizations and Individuals	Date	Meeting
Privy Council Office Matthew Shea, Assistant Deputy Minister, Corporate Services Michelle Lattimore, Director of Operations, Results and Delivery	2021/05/11	31
Treasury Board Secretariat Peter Wallace, Secretary of the Treasury Board of Canada	2021/05/11	31

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 31 and 38](#)) is tabled.

Respectfully submitted,

Kelly Block, M.P.
Chair

